



Our value creation journey

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PERFORMANCE INDICATORS

Throughout this integrated report, performance against target is indicated as follows:

- Met or exceeded target
- Almost met target (within a 5% threshold)
- Did not meet target
- SC The key performance indicator is included in our annual compact with the shareholder

ADDITIONAL CONTENT

- [!\[\]\(0d11e49c561fa84a6677bf9d4d629be0_img.jpg\) Additional information](#)
- [!\[\]\(ef9c29ef42528ebedc716879fbee1e10_img.jpg\) Content available online](#)

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Our reporting suite and approach

OUR SUITE OF REPORTS

Eskom's 2025 reporting suite covers the financial year ended 31 March 2025 and considers significant events up to 29 September 2025, being the date the Board of Directors approved the reports.

The suite of reports, available at www.eskom.co.za/investors/integrated-results/, comprises:

- Integrated report
- Annual financial statements
- Sustainability report

Each report is tailored to a specific audience, guided by relevant frameworks and regulations, and subject to defined materiality thresholds and assurance levels.



INTEGRATED REPORT PURPOSE AND AUDIENCE

The integrated report provides a comprehensive overview of Eskom's value creation journey, strategy, governance, risks and opportunities, performance and outlook. Supplementary information is also included. We believe in providing a balanced, transparent and complete account of the group's performance, by focusing on matters material to our ability to create or preserve value, or to limit the erosion of value over the short, medium and long term.

The report aims to provide information to our stakeholders, the most notable of which is the people of South Africa, both as our indirect shareholders – represented by the Minister of Electricity and Energy – and as our customers. It is further aimed at providers of financial capital – lenders, bondholders and investors – as well as our broader stakeholder base. The information provides a means of accountability to stakeholders and allows them to make informed decisions.

FRAMEWORKS

The integrated report is prepared in accordance with the Integrated Reporting Framework (January 2021) and aligns with:

- The South African Companies Act, 2008
- Regulations issued by National Treasury covering comprehensive disclosure under the Public Finance Management Act, 1999 (PFMA) of irregular expenditure, fruitless and wasteful expenditure and losses due to criminal conduct
- King IV Report on Corporate Governance™ for South Africa, 2016¹ (King IV)
- Global best practice

We are assessing the implications on future reporting of the IFRS® Sustainability Disclosure Standards SI and S2 which deal with general sustainability-related disclosures and climate-related disclosures respectively, issued by the International Sustainability Standards Board (ISSB) in June 2023.

MATERIALITY

We apply the principle of double materiality in the integrated report:

- *Financial materiality*: External factors impacting financial results
- *Impact materiality*: Internal matters affecting the external environment

Materiality is assessed both qualitatively and quantitatively, aligned with strategic objectives and risks.

ASSURANCE

The report is reviewed by subject matter experts from the business, as well as by management, Exco and the Board. Furthermore, Internal Audit provided reasonable assurance on quantitative non-financial data disclosed in the report. Deloitte & Touche, our independent external auditors, provided reasonable assurance on a selection of key performance indicators (KPIs) disclosed in the integrated and sustainability reports. All but one of the 35 KPIs scoped for reasonable assurance received an unqualified opinion. Deloitte & Touche also reviewed the report for any statements contradicting the annual financial statements or for inconsistencies with the sustainability report.

IR The full list of KPIs selected for reasonable assurance by Deloitte & Touche are disclosed from page 150. Their independent assurance report is included from page 153 and includes their basis of conclusion on the qualified KPI

ANNUAL FINANCIAL STATEMENTS PURPOSE AND AUDIENCE

The consolidated and separate annual financial statements intend to provide a fair and comprehensive view of the financial position, performance and cash flows of the Eskom group and company for the year ended 31 March 2025.



The financial statements include:

- Reports by the Board of Directors and the Audit Committee
- Statements of financial position, profit and loss, changes in equity and cash flows, together with detailed notes
- Events after the reporting date, PFMA disclosures for the current year, the impact of new accounting standards and details of reportable irregularities raised by the external auditors

The financial statements serve a wide audience, including shareholders, investors, creditors, regulators, analysts, employees and the public by providing decision-useful information to users while ensuring transparency and comparability across reporting periods and entities.

FRAMEWORKS

The consolidated and separate financial statements have been prepared in accordance with IFRS® Accounting Standards issued by the International Accounting Standards Board (IASB) as well as the requirements of the PFMA and the Companies Act.

MATERIALITY

The consolidated and separate financial statements are prepared using the principle of financial materiality. Information is considered material if its omission or misstatement could influence decisions by the users of the financial statements.

ASSURANCE

In conjunction with the review by management, Exco and the Audit Committee on behalf of the Board, the consolidated and separate financial statements have been audited by Deloitte & Touche, acting on behalf of the Auditor-General of South Africa. They issued a qualified opinion regarding certain PFMA-related disclosures. Except for this qualification, the financial statements are considered to be fairly presented in terms of IFRS Accounting Standards. The audit report also highlights several matters. One of these concerns a material uncertainty regarding Eskom's ability to continue as a going concern, which is due to its dependence on Government support, uncertainties related to the achievement of operational assumptions and the determination of regulated revenue by NERSA, as well as the financial risk associated with municipal arrear debt and energy losses. These matters do not affect their opinion.

AFS The independent auditor's report is included in the annual financial statements



SUSTAINABILITY REPORT PURPOSE AND AUDIENCE

The sustainability report expands on the integrated report by detailing Eskom's sustainability impacts. It targets a wide range of stakeholders interested in our environmental, social and governance (ESG) performance.

FRAMEWORKS

The sustainability report is guided by the reporting principles of the Global Reporting Initiative (GRI) and considers our contribution to the United Nations' Sustainable Development Goals (SDGs). It includes climate-related disclosures which have been incorporated into IFRS S2 *Climate-related Disclosures*. As indicated earlier, we are assessing the implications of IFRS SI and S2 on future reporting.

Our reporting suite and approach *continued*

Our internal ESG framework sets out the material ESG risks and opportunities we face and the governance structures that provide oversight on the plans in place to address these. We measure our performance through targeted metrics.

MATERIALITY

The sustainability report focuses on the principle of impact materiality, highlighting the group's most significant effects on the economy, environment and people.

ASSURANCE

The report is reviewed by subject matter experts from the business, as well as by management, Exco and the Board. Furthermore, Internal Audit provided reasonable assurance on quantitative disclosures. Selected KPIs subject to reasonable assurance by the external auditors have also been disclosed in the sustainability report. Deloitte & Touche also reviewed the report for any statements contradicting the annual financial statements or for inconsistencies with the integrated report.

OUR APPROACH TO INTEGRATED REPORTING

We adopt an integrated thinking approach, by evaluating the business holistically and balancing trade-offs across financial and non-financial dimensions.

REPORTING PERIOD

This integrated report reviews our financial, operational, environmental, social and governance performance for the financial year from 1 April 2024 to 31 March 2025 and considers the outlook for the future where appropriate. Performance data in this report relates to the 2025 financial year (FY2025) unless otherwise stated. Significant events after year end to the date of approval by the Board have been included.

In this report, *short term* means within one year after year end, *medium term* within one to five years, and *long term* more than five years. When reporting on KPIs in this report, we have included the short- and medium-term targets. Where applicable, we disclosed the targets agreed in the annual compact

with the Department of Electricity and Energy (DEE) as representative of our one direct shareholder, the South African Government, acting on behalf of the people of South Africa. This is indicated where applicable with ^{SC}.

REPORTING BOUNDARY AND COMPARABILITY

The report includes the performance of Eskom Holdings SOC Ltd and its major subsidiaries, with the risks, opportunities and outcomes related to relevant stakeholder interactions. Financial data is presented in South African Rand, our functional and presentation currency. Information is comparable to prior years unless otherwise noted.

Although the integrated report contains a set of condensed financial statements, it should be read in conjunction with the comprehensive financial statements for a complete overview of financial performance.

PREPARATION PROCESS

The integrated report is prepared by a team from the Group Finance Division under supervision of the Group Chief Financial Officer, Calib Cassim CA(SA).

The report draws on inputs from across the business and the content is influenced by the identified material matters. It is informed by Eskom's strategic Corporate Plan, as well as quarterly reports to the shareholder submitted in compliance with National Treasury regulations and the conditions of the Eskom Debt Relief Act, 2023. KPIs reported herein are based on internal measurement specifications. Financial figures are sourced from the audited group annual financial statements, which are prepared in accordance with IFRS Accounting Standards.

IR The definitions of KPIs assured by Deloitte & Touche are included from page 150

The report is reviewed by subject matter experts from the business, as well as by management, Exco and the Board, in conjunction with the assurance provided by Internal Audit and Deloitte & Touche.

GOVERNANCE AND APPROVAL BY THE BOARD

The Board approved the 2025 integrated report on 29 September 2025, after having considered the completeness, transparency and reliability of the report and its alignment with the Integrated Reporting Framework. The approval was based on the recommendation for approval by the Audit Committee and took account of input from the Social, Ethics and Sustainability Committee and the Human Capital and Remuneration Committee.

Mteto Nyati

Chairman of the Board

Dan Marokane

Group Chief Executive

Calib Cassim

Group Chief Financial Officer

Fathima Gany

Chair: Audit Committee

Lwazi Goqwana

Independent non-executive

Clive le Roux

Chair: Business Operations Performance Committee

Ayanda Mafuleka

Independent non-executive

Leslie Mkhabela

Lead independent director

Dr Tsakani Mthombeni

Chair: Risk Committee

Bheki Ntshalintshali

Chair: Social, Ethics and Sustainability Committee

Tryphosa Ramano

Chair: Investment and Finance Committee

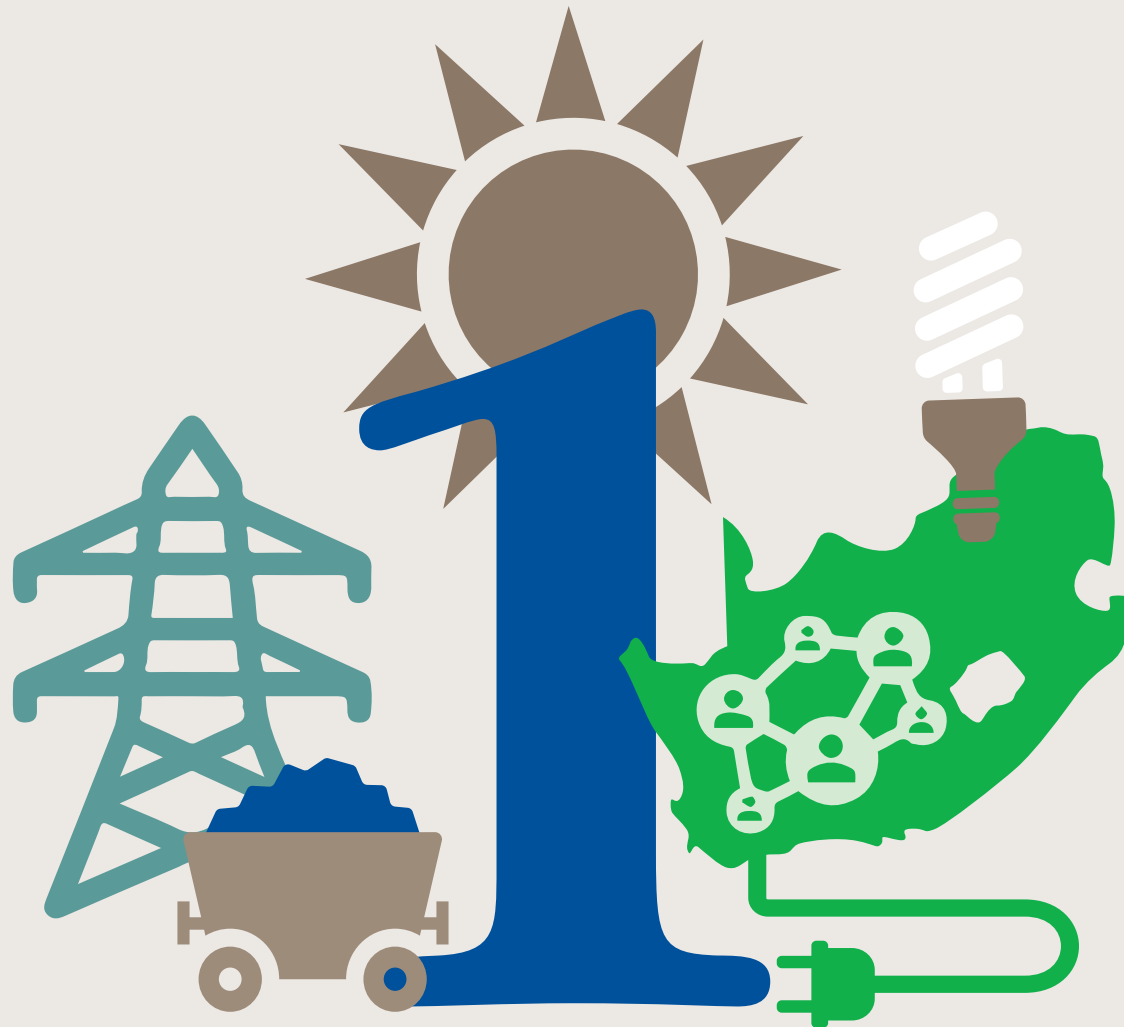
Dr Busisiwe Vilakazi

Independent non-executive

Dr Claudelle von Eck

Chair: Human Capital and Remuneration Committee

Transforming energy to create value



Who we are and what we do

OUR MANDATE, VISION AND PURPOSE

Eskom has a dual commercial and social mandate to drive both growth and socio-economic objectives, as set out in the figure below. This ensures that the organisation remains reliable and sustainable, while contributing to the growth of the South African economy and transitioning responsibly to a lower-carbon future. The mandate is set out in our memorandum of incorporation (MOI) which is prepared by the Board and accepted by the shareholder.



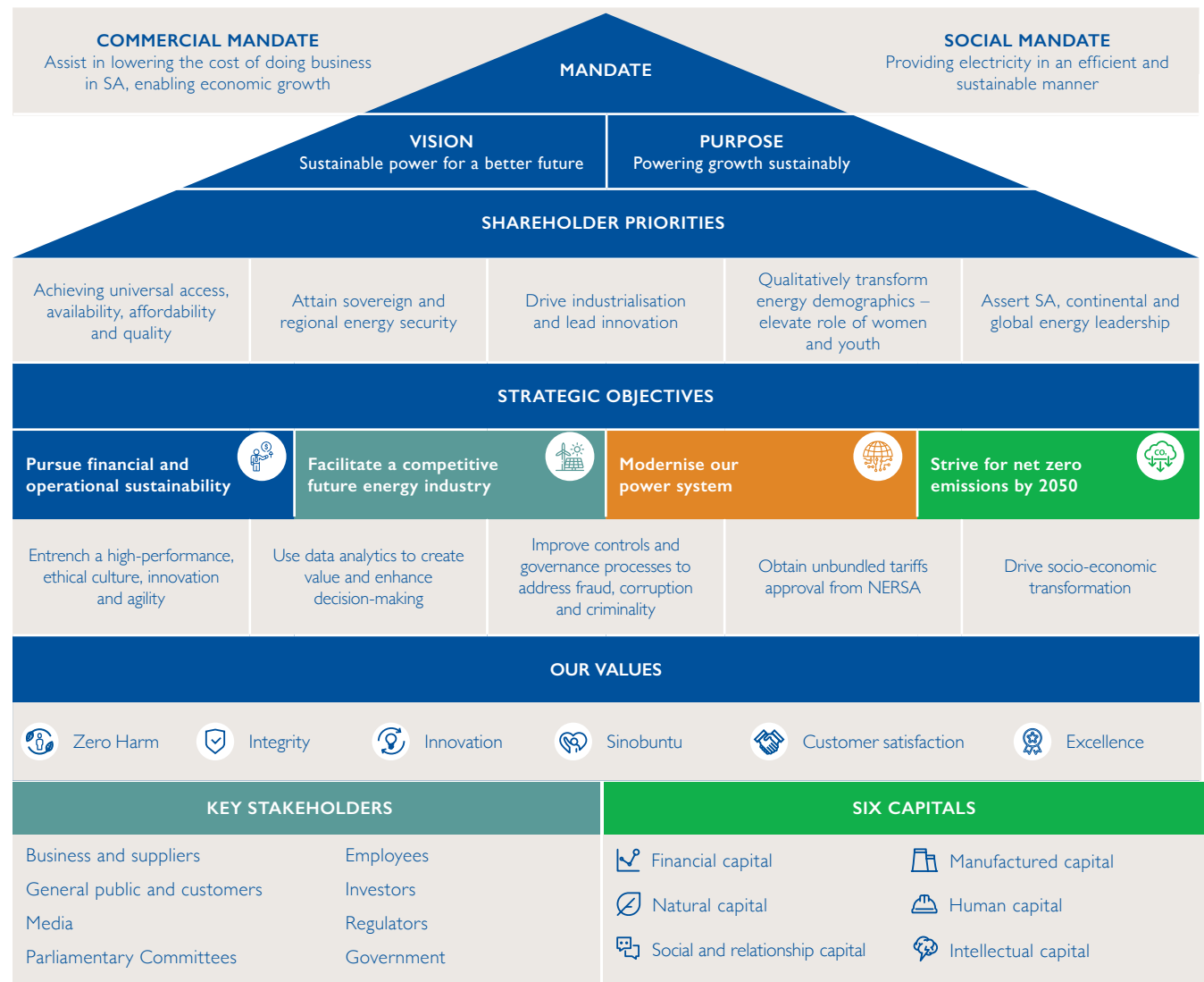
Eskom's MOI is available at www.eskom.co.za/about-eskom/company-information/

Our vision and purpose support our mandate. Four strategic objectives have been developed to achieve the mandate, vision and mission; these are aligned to the five strategic priorities defined by the shareholder.

WHO WE ARE

Eskom is South Africa's national electricity utility, operating across the country and across the border with several of our neighbouring countries. Our mandate enables us to positively influence the economy and improve the daily lives of most citizens. We are a key contributor to national development initiatives, such as direct and indirect job creation, workforce transformation, skills development programmes, broad-based black economic empowerment (B-BBEE) and other initiatives. Eskom also plays a key role in rural electrification, having electrified over six million homes, and aims for universal access to electricity, which improves living standards and unlocks economic opportunities. Our activities also support several United Nations Sustainable Development Goals (SDGs).

SR Our sustainability report, which is available online, provides more information on how we affect the SDGs



Who we are and what we do *continued*

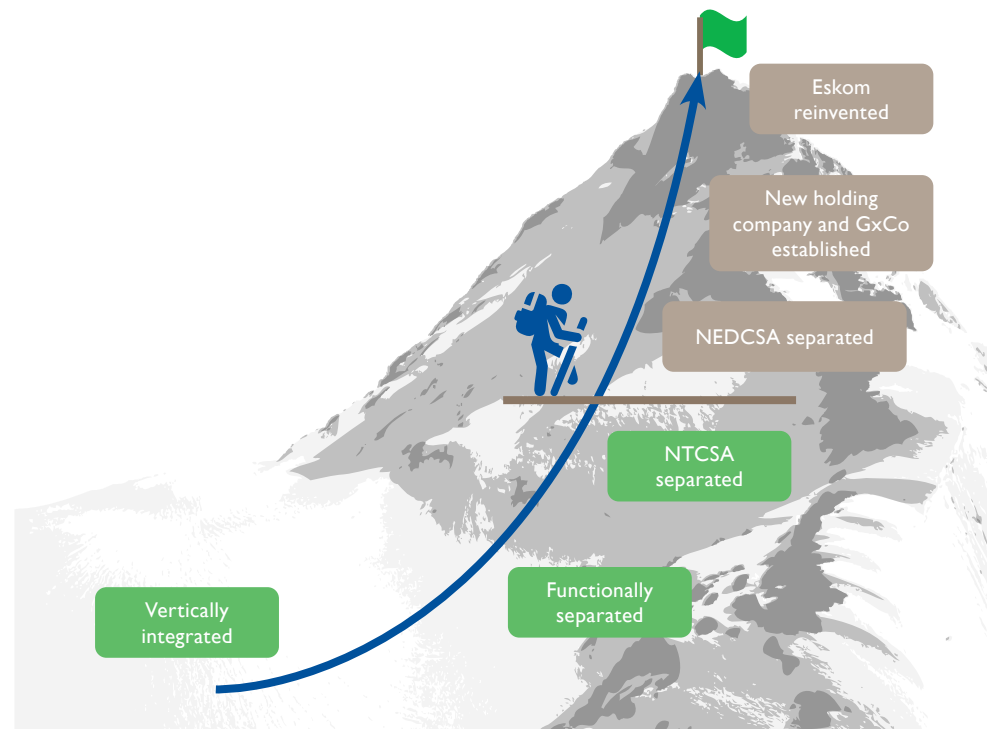
We are keenly aware of our responsibility to maintain this positive impact. However, when we are unable to fulfil this mandate, the impact on the economy and consumers of electricity is significant.

Furthermore, our reliance on government financial support also affects the national budget and, by extension, taxpayers. It also influences the sovereign's credit rating and borrowing costs, thereby reducing funds available for other government programmes. To improve financial sustainability and reduce our dependence on government support, we require an adequate tariff path that balances affordability with Eskom's financial sustainability as well as doing our part to achieve cost savings and efficiencies, together with a long-term solution to the escalating municipal arrear debt challenge. On its own, debt relief support is not sufficient to guarantee sustainability over the longer term, as it will not resolve the structural challenges which has led to poor levels of profitability and liquidity in the past. In order to do that, cash from operations have to be sufficient to meet debt service obligations as well as the required investment to sustain and expand infrastructure.

IR Our business model outlines how we transform various inputs into electricity for customers and considers our impact across the six capitals. This is detailed from page 12

In fulfilment of our mandate, we engage with a wide range of stakeholders, including the Department of Electricity and Energy which acts as Government's shareholder representative through the Minister; lenders, investors, other government entities and regulators, employees and organised labour; customers, suppliers and civil society, with the general public indirectly being our ultimate shareholders.

IR Refer to "External governance and oversight" on page 10 in this section for an explanation of all the national departments with oversight over our operations, in addition to the shareholder



TRANSFORMING THE ORGANISATION AND THE ELECTRICITY SUPPLY INDUSTRY

Until recently, Eskom was one of the few remaining vertically integrated utilities globally. In line with Government's 2019 *Roadmap for Eskom in a Reformed Electricity Supply Industry* (Government's Roadmap), we are in the process of unbundling into three independent subsidiaries to house the generation, transmission and distribution businesses. The separation also aims to improve transparency, accountability, financial viability and management focus by treating each business as a standalone entity.

The South African electricity market is being transformed fundamentally, and Eskom must evolve and be repositioned to remain a leader in the future market. Unbundling will reshape Eskom into separate agile, specialised businesses, ready to thrive in the future energy landscape. This will create a fairer, cleaner and smarter electricity system, benefitting both customers and employees.

The unbundling aims to optimise Eskom's operations to solidify its role in ensuring security of supply, and to enable the reform of the electricity supply industry through independent system and market operators to facilitate fair access.

IR Refer to "Reflecting on our operating context – Adapting our business model for sustainability through unbundling" from page 40 for more information

To enable the successful unbundling of the group, the Board has considered Eskom's revised subsidiary governance framework and active performance management parenting strategy to govern the relationship between Eskom Holdings and its existing and future subsidiaries.

Who we are and what we do *continued*

OVERVIEW OF THE GROUP

Eskom Holdings SOC Ltd is the parent company of the group, headquartered in Johannesburg with administrative or technical offices in most major centres. The group includes the holding company, its subsidiaries and joint ventures. Most of the electricity business is housed in the holding company, which also holds investments in subsidiaries. Some subsidiaries provide strategic services to the group and its employees. The holding company remains the primary contributor to group performance.

AFS Segment disclosure for the generation, transmission and distribution businesses, together with other segments, is provided in note 7 of the consolidated annual financial statements

Eskom's key subsidiaries include:

- *National Transmission Company South Africa SOC Ltd (NTCSA)*: started trading from 1 July 2024 and currently functions as the country's interim Transmission System Operator while the final structure of the envisaged independent electricity market is being determined
- *Eskom Enterprises SOC Ltd (EE)*: an investment holding company. Its main subsidiary, Eskom Rotek Industries SOC Ltd (ERI), provides technical support to the electricity business, including plant maintenance
- *Escap SOC Ltd*: a wholly owned insurance company that manages and insures business risks across the group
- *Eskom Finance Company SOC Ltd (EFC)*: provides housing and other loans to employees. In accordance with the disposal mandated by the shareholder, the sale of the loan book to African Bank is expected to be concluded by the end of FY2026, pending regulatory approvals
- *Eskom Development Foundation NPC (Esdef)*: a non-profit company that implements Eskom's corporate social investment (CSI) initiatives to improve community wellbeing

Each subsidiary has its own board of directors, with accountability to the Eskom Board as their shareholder representative. The Board has requested that the Minister of DEE appoints independent non-executive directors to the boards of EE, ERI and Esdef. These subsidiaries have Eskom employees serving as directors, and having a mix of employees and independent external directors will benefit the subsidiaries through technical, business management and corporate governance experience and expertise provided by the subsidiary boards.

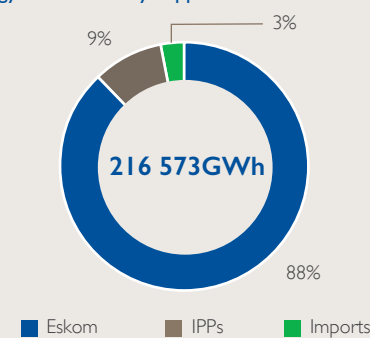
AFS Full details of Eskom's equity-accounted investees and subsidiaries at 31 March 2025 are set out in notes 11 and 12 of the consolidated annual financial statements

WHAT WE DO

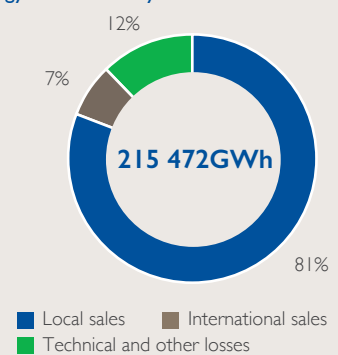
We create value by generating, transmitting, distributing, as well as buying and selling electricity. We serve primarily local and a few international customers using energy we generate, together with energy purchased from IPPs and power imported from neighbouring countries. Mozambique remains our most significant trading partner for both imports and exports.

IR Customer numbers, sales volumes and revenue by segment are shown on page 148

Energy breakdown by supplier

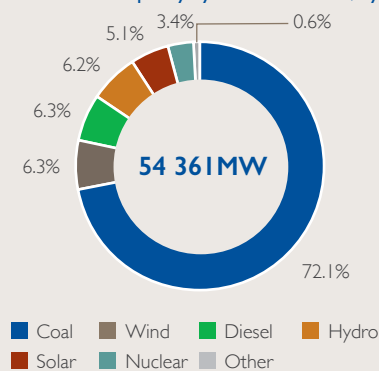


Energy breakdown by destination

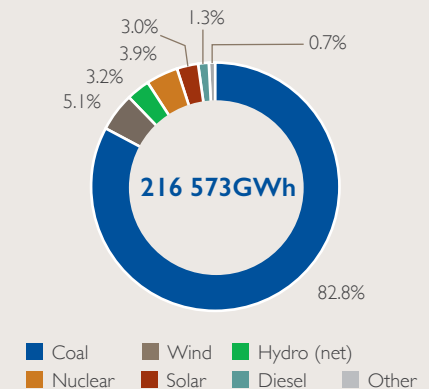


The difference between supply and demand is due to own use and timing differences.

Overall nominal capacity by Eskom and IPPs, by source



Total energy supplied by Eskom and IPPs, by source (excluding wheeling and net of pumping)



Our System Operator (situated in NTCSA) balances supply and demand in real time to maintain grid stability, keeping the system frequency at 50Hz. We are part of the Southern African Power Pool (SAPP), which supports regional grid stability – this relies on robust transmission networks across member countries.

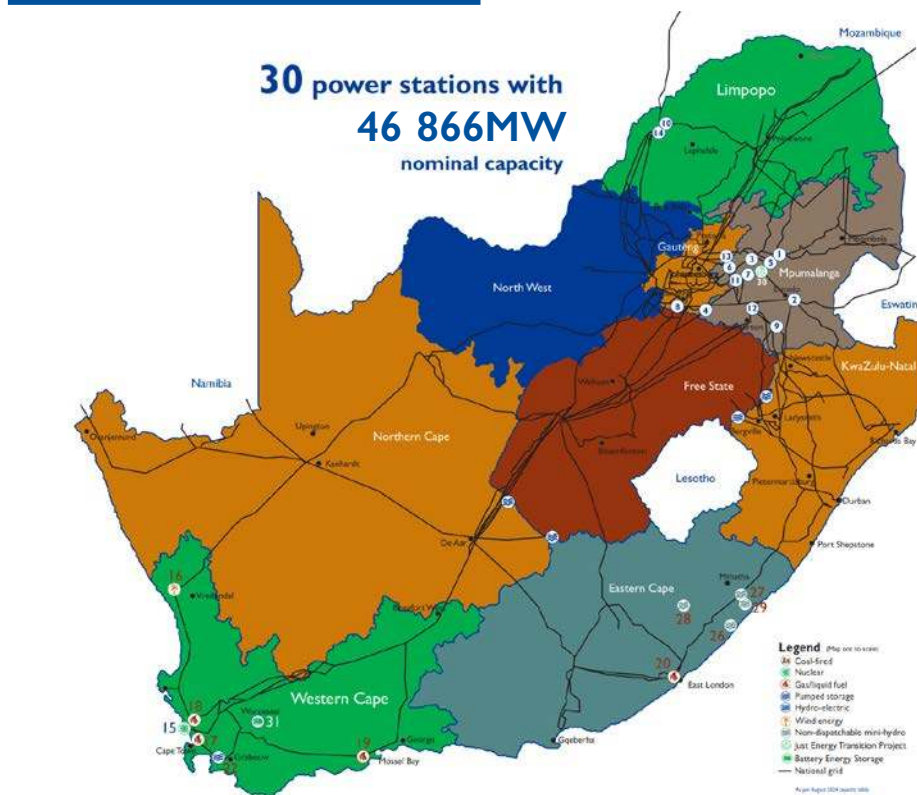
Eskom owns and operates most of South Africa's base-load and peaking generation capacity. We have 30 power stations with a nominal capacity of 46 866MW, which use coal, fuel oil, nuclear fuel, water, wind and diesel to generate electricity.

The group manages a transmission and distribution network of over 411 000km of power lines, the largest in Africa. Under NTCSA's Transmission Development Plan, we aim to connect 37GW of new generation capacity, mostly from IPPs. The Western Cape, Eastern Cape, Northern Cape and Mpumalanga are targeted for the majority of the investment.

IR Details on our power stations, power lines and substations are available from page 145

Who we are and what we do *continued*

GENERATE	
Power stations	30
Nominal capacity	46 866MW
TRANSMIT	
Transmission lines	33 367km
Transformer capacity	161 223MVA
DISTRIBUTE	
Overhead lines	369 342km
Underground cables	8 472km
Transformer capacity	147 387MVA



IPPs – that sell to the group through NTCSA – have installed capacity of 7 495MW, mainly in the form of wind and solar photovoltaic (PV) energy. The highest hourly contribution from these sources during the period amounted to 2 118MW from solar and 2 960MW from wind. The highest total hourly contribution from renewable sources was almost 20%, achieved during January 2025.

However, renewable energy production is unpredictable and not dispatchable (the System Operator cannot control when or how much is generated), and consequently, it can sometimes strain our own coal-fired stations. When there is an oversupply of renewable energy, we must reduce the output from these stations, although this is possible only to a point, if the units' boilers are to remain stable. Coal-fired units typically idle at around 60% capacity to maintain this stability. If our base-load output cannot be reduced further to match demand and safeguard the system frequency, the System Operator may be forced to curtail renewable generation, although this comes at a financial cost. During FY2025, we had to curtail 155GWh of renewable generation, either by limiting the contribution of solar energy and wind to the grid during the day or wind energy during the night minimum.

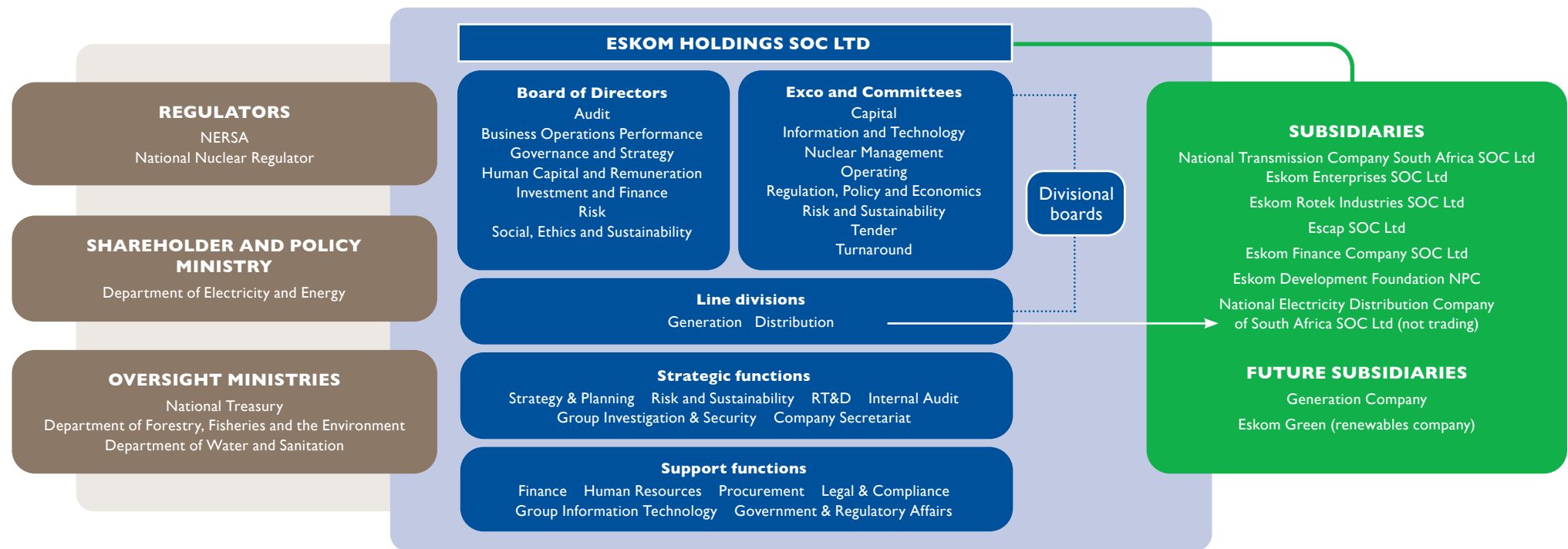
The supply and demand of electricity is shown below.

Source, GWh	2025	2024	2023
Coal-fired stations	179 426	166 606	171 131
Nuclear power	8 409	8 172	9 803
Pumped storage stations	4 649	4 386	4 081
Open-cycle gas turbines (OCGTs)	2 176	3 634	3 018
Hydro stations	710	1 448	3 060
Wind	332	329	214
Eskom generation	195 702	184 576	191 307
Pumping by pumped storage stations	(6 064)	(5 710)	(5 504)
Net sent out by Eskom	189 638	178 866	185 803
Independent power producers (IPPs)	19 365	20 183	17 957
Imports	7 570	9 150	8 654
Wheeling ¹	2 028	2 449	2 904
Energy available for distribution	218 601	210 648	215 318
Technical and other losses ²	(25 339)	(23 502)	(23 879)
Internal use	(349)	(329)	(345)
Wheeling ¹	(2 028)	(2 449)	(2 904)
Unaccounted ³	(1 162)	(1 057)	211
Local and international sales	189 723	183 311	188 401
Additional information			
Estimated loadshedding and load curtailment ⁴	354	13 215	13 476
Percentage of demand not met ⁴	0.16%	5.92%	5.91%

1. Wheeling refers to the movement of electricity between international customers through Eskom's network, without the power being available to customers on the South African grid.
2. Technical losses occur during the transmission and distribution of energy. Non-technical losses primarily relate to electricity theft through illegal connections, meter tampering and the use of illegal electricity tokens on prepaid meters. Meter reading and billing errors are also included.
3. The unaccounted value is a balancing figure due to different cut-off dates for recording sales and production volumes.
4. This is an estimate by the System Operator based on forecast versus actual demand at a given time. It does not account for load shifting in response to loadshedding.

Who we are and what we do *continued*

GOVERNANCE AND REGULATION OVERVIEW



EXTERNAL GOVERNANCE AND OVERSIGHT

Eskom Holdings is wholly owned by the South African Government. Following the formation of the Government of National Unity in June 2024, oversight of our operations was transferred to the Department of Electricity and Energy (DEE), led by Dr Kgosientsho Ramokgopa, once the Department of Public Enterprises (DPE) had been dissolved following a process to rationalise oversight of large state-owned entities which had commenced some time earlier.

Under the PFMA, we submit a strategic Corporate Plan annually to our shareholder and National Treasury. The latest plan, approved in March 2025, covers the period to 2030. We also agree annually on a shareholder compact, which sets targets for KPIs which are aligned with the shareholder's Strategic Intent Statement. Progress is reported quarterly to the shareholder and National Treasury. These documents are all approved by the Board before submission.

We are subject to oversight by various other government departments. National Treasury, the Department of Forestry, Fisheries and the Environment (DFFE) and the Department of Water and Sanitation (DWS) oversee compliance with financial, environmental and water-related regulations. We regularly present updates to various parliamentary committees.

The electricity supply industry is regulated by the National Energy Regulator of South Africa (NERSA) under the National Energy Regulator Act, 2004 and the Electricity Regulation Act, 2006. NERSA issues various licences required by the electricity supply industry and sets revenue allowances in line with the Electricity Pricing Policy. Koeberg, our only nuclear facility, is regulated by the National Nuclear Regulator (NNR), which ensures compliance with nuclear safety standards to protect people and the environment.

IR Performance against the 2025 shareholder compact is detailed in the directors' report in the financial statements. In this report, KPIs from the compact shown in tables are marked ^{SC} and included in the statistical section from page 140

Who we are and what we do *continued*

The group operates under a wide range of laws and regulations, including those governing tariffs, environmental responsibility, procurement and labour practices. Our generation licences also set limits on emissions and water use to minimise environmental impact.

As a state-owned entity, Eskom is obligated to maintain and conserve heritage resources under its control in line with the National Heritage Resources Act, 1999.



For more information on Eskom's heritage journey over the past ten decades, refer to <https://www.eskom.co.za/heritage/>

INTERNAL GOVERNANCE STRUCTURES

Eskom is committed to strengthening corporate governance across the group to support effective oversight and decision-making by the Board and management, including at subsidiary level. We aim to apply the principles and practices of King IV; we conduct an annual assessment of our application.



The latest King IV application register is available at www.eskom.co.za/about-eskom/leadership/

The Board, supported by its committees, is the focal point of governance and is accountable to the shareholder for the group's performance. It provides strategic direction and ensures long-term sustainability. The Executive Management Committee (Exco) is responsible for managing day-to-day operations and for implementing the Board-approved strategy.

IR Detail of the composition of Board and Exco is provided from page 15

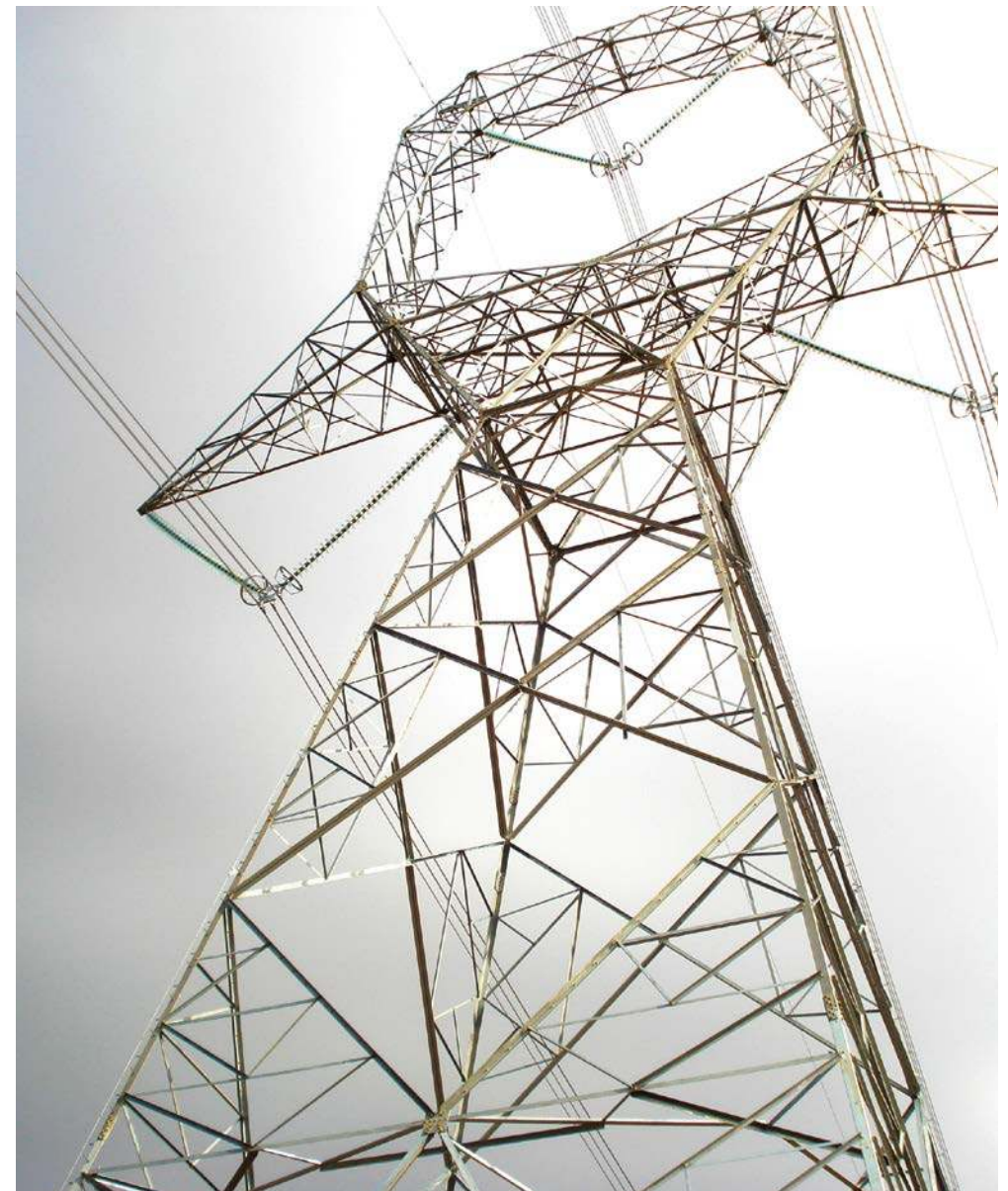
Our governance framework is built on clear roles and responsibilities between the shareholder, the Board and management. The roles are defined in Eskom's memorandum of incorporation (MOI) and further supported by our delegation of authority policy (DOA) and significance and materiality framework

(SMF) aligned to the PFMA. These tools specify when matters must be escalated for approval to the Board or shareholder. The updated DOA, which reflects changes due to the legal separation process, was implemented from 1 June 2024.

Our wholly owned subsidiaries are governed by a subsidiary governance framework which has been revised due to the legal separation process. The framework aims to entrench sound and consistent governance practices across the group and facilitate reporting by the holding company on downstream governance activities. Various parenting approaches were evaluated, with active performance management emerging as the most suitable to meet the existing needs of the group: it balances strategic direction setting and performance management by the holding company, with subsidiaries being operationally independent. Under this approach, Eskom Holdings will guide and govern subsidiaries to align to the overall Eskom strategy, also providing funding for subsidiaries to execute their mandates. Performance compacts will be used to set performance expectations, and subsidiaries will have to report regularly against those compacts.

Subsidiary boards comprise employees of Eskom, except for NTCSA and Escap, whose boards consist of a majority of independent directors. As indicated earlier, the Board has requested that the Minister of DEE appoints independent non-executive directors to the boards of EE, ERI and Escap to better capacitate the subsidiary boards in terms of experience and expertise.

Divisional boards for Generation and Distribution serve as transitional structures during the legal separation process. They promote accountability within each division and report to Exco to ensure alignment with Eskom's overall strategy. These boards are operational in nature and do not constitute formal boards of directors under the Companies Act, 2008. Once separation is complete, the boards of the new subsidiaries will consist of a majority of independent non-executive directors and will remain accountable to the Eskom Board as their shareholder representative in line with good governance practices.



How we deliver value

The availability and quality of our six capital inputs empowers us to deliver on our strategy and turnaround objectives. This enables us to deliver essential electricity services and outcomes that drive long-term value for our stakeholders and enable the growth and sustainability of South Africa.

OUR SIX CAPITALS



FINANCIAL CAPITAL

Financial capital includes retained earnings, equity from National Treasury and Government-guaranteed debt funding. Lenders earn interest, but shareholders do not receive dividends due to financial constraints at this time.



MANUFACTURED CAPITAL

Manufactured capital consists of power stations as well as transmission and distribution networks, supplemented by IPPs and imports. It is enhanced by commissioning new units, extending power lines, and maintaining existing plant.



NATURAL CAPITAL

Natural capital includes non-renewable energy sources like coal, water, and nuclear fuel, consumed to generate electricity. Waste is produced, impacting the environment. We aim to transition to renewable energy and mitigate impacts on bird life from transmission networks.



HUMAN CAPITAL

Human capital involves employees' competencies, focusing on racial, gender and disability equity. Despite financial constraints, we enhance skills through training, balancing headcount changes with preserving our knowledge base. Loss of competent staff impacts this base.



SOCIAL AND RELATIONSHIP CAPITAL

Social and relationship capital involves interactions with stakeholders, supporting economic growth, job creation, B-BBEE and socio-economic development. We acknowledge the negative health impacts of our operations and are working on projects to reduce emissions.



INTELLECTUAL CAPITAL

Intellectual capital encompasses technology, organisational knowledge, systems, policies and innovation. Our System Operator manages the supply-demand balance, maintaining the frequency at 50Hz, and is crucial for future technological advancements and operational improvements.

OUR INPUTS TO THE CAPITALS

R8.7 billion Funding raised (2024: R23.6 billion)
R64 billion Government support (2024: R76 billion)

46 866MW Nominal power station capacity (2024: 46 788MW)
7 495MW IPP capacity (2024: 7 495MW)
411 181km Power lines and cables (2024: 409 128km)

106.2Mt Coal burnt (2024: 99.5Mt)
268 638Mℓ Net raw water used (2024: 260 680Mℓ)

Non-renewable energy sources

179 426GWh Coal (2024: 166 607GWh)
8 409GWh Nuclear power (2024: 8 172GWh)
2 838GWh Eskom and IPP OCGTs (2024: 5 143GWh)
425GWh Other (2024: 518GWh)

Renewable energy sources

12 999GWh Hydro (2024: 15 026GWh)
10 983GWh Wind (2024: 11 573GWh)
6 492GWh Solar (2024: 6 401GWh)
1 065GWh Other (2024: 469GWh)

40 625 Employees (at 31 March 2024)
R1.5 billion Training spend (2024: R1.4 billion)
1 405 Headcount increase (2024: 1 024 increase)
2 609 Technical and non-technical learners (2024: 2 086)
612 Youth Employment Services learners appointed (2024: 519)

R146.2 million CSI committed spend (2024: R93.1 million)
R205.4 billion B-BBEE attributable procurement spend (2024: R178.8 billion)
R2.4 billion Electrification spend funded by Government (2024: R2.9 billion)

R145.8 million Research, testing and development spend (2024: R123.5 million)
Information technology, telecommunications and operational technology
Organisational knowledge, intellectual property, systems, policies and procedures

We aim to align our value creation with a selection of UN SDGs



SR Read more about our impact on the SDGs in the sustainability report

How we deliver value *continued*

Eskom generates, transmits, and distributes electricity to industrial, mining, commercial, agricultural and residential customers, as well as redistributors, including municipalities and metros.

GENERATION

Power stations produce electricity from coal, nuclear and renewable resources, using primary energy inputs such as coal, water, limestone, fuel oil, diesel and nuclear fuel

Coal and gas: We generate electricity from coal and gas, optimising asset performance and utilising Eskom and IPP stations for peaking capacity

Nuclear: We operate Koeberg, Africa's only nuclear power station

Renewables: Renewable energy (hydro, wind and solar) is supplied from Eskom, IPPs and imports

NTCSA

High-voltage electricity is transmitted via the national grid using transformers and transmission lines

These transformers lower the voltage of the electricity

SYSTEM OPERATOR

We maintain the frequency of the power system at 50Hz to balance electricity supply and demand in real time

DISTRIBUTION

Medium- and low-voltage electricity is distributed to customers and redistributors using substations and reticulation lines and cables

OUTPUTS

PRODUCTS

189 723GWh

Electricity sales to distributors and industrial, commercial, international, residential and other customers (2024: 183 311GWh)

WASTE AND BY-PRODUCTS

30.24Mt

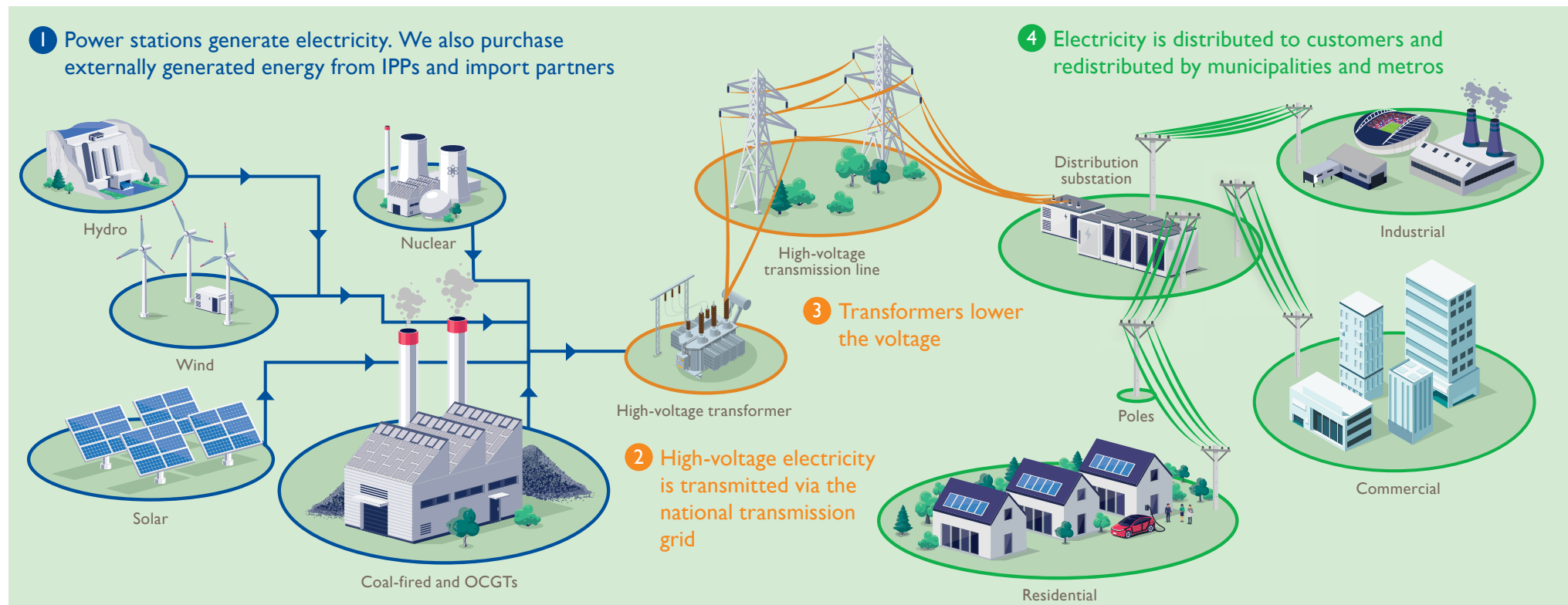
Ash produced (2024: 29.27Mt)

122.94kt

Particulate emissions (2024: 145.30kt)

204.6Mt

CO₂ emitted (2024: 190.4Mt)



How we deliver value *continued*

OUR CAPITAL OUTCOMES

+ Value created - Value eroded = Value preserved



FINANCIAL CAPITAL

= R79.8 billion Debt and interest repaid (2024: R89.8 billion)

+ R340.9 billion Revenue (2024: R295.8 billion)

= R17.7 billion Eskom and IPP OCGT spend (2024: R33.9 billion)

+ R99 billion EBITDA (2024: R43.4 billion)

- R94.6 billion Municipal arrear debt (2024: R74.4 billion)



MANUFACTURED CAPITAL

+ 292.6km Transmission lines installed (2024: 74.4km)

+ 2 620MVA Transmission transformer capacity installed (2024: 23MVA)

+ R41.1 billion Capital expenditure (2024: R37 billion)

= 60.60% Energy availability factor (2024: 54.56%)

+ 799MW from the commercial operation of Kusile Unit 5

+ Synchronisation of Kusile Unit 6



NATURAL CAPITAL

- 65 Environmental legal contraventions (2024: 68)

- 0.64kg/MWhSO Relative particulate emissions (2024: 0.79kg/MWhSO)

- 1.40ℓ/kWhSO Specific water consumption (2024: 1.43ℓ/kWhSO)



HUMAN CAPITAL

+ 42 030 Employees at year end

+ Revised Exco structure and fully capacitated executive team

- 0.23 Lost-time injury rate (2024: 0.29)

- 3 Employee and contractor fatalities (2024: 5)

+ R45.4 billion Gross employee benefit expense (2024: R37.1 billion)

+ 930 Employees enrolled for further studies (2024: 930)

+ 3 106 Appointments through internal hires and promotions (2024: 3 062)



SOCIAL AND RELATIONSHIP CAPITAL

+ 86.8% Key customer delight (2024: 88.1%)

+ 1 203 566 CSI beneficiaries (2024: 272 217)

+ R43.5 billion Total taxes, duties and levies paid and withheld (2024: R30.8 billion)

+ 83 031 Electrification connections (2024: 114 800)

- 13 days Loadshedding (2024: 329)



INTELLECTUAL CAPITAL

+ Training facility accredited at Komati to develop local skills and capabilities in the renewables space

+ Microgrid assembly line constructed at Komati for deployment of containerised smart microgrid solutions to support electrification

OUR MATERIAL MATTERS

- M1 Strengthening leadership
- M2 Securing financial sustainability
- M3 Achieving operational excellence
- M4 Enhancing environmental stewardship
- M5 Building a skilled workforce
- M6 Furthering national developmental goals
- M7 Executing the legal separation
- M8 Creating the Eskom of the future
- M9 Advancing climate action
- M10 Upholding governance, compliance and ethics
- M11 Fighting crime, fraud and corruption

IR Refer to the material matters on page 19

KEY STAKEHOLDERS WE IMPACT

Business and suppliers	Employees
General public and customers	Investors
Media	Regulators
Government and parliamentary committees	

IR For more information on stakeholders refer to page 21

Board of Directors at 31 March 2025

IR Refer to page 136 for full details of directors' qualifications and directorships



G

MTETO NYATI (60)
Chairman
Appointed to the Board in October 2022; appointed as Chairman in October 2023
Engineer with experience in manufacturing and ICT; served as CEO of MTN SA and Altron Group



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S

LESLIE MKHABELA (52)
Lead independent director (LID)
Appointed to the Board in October 2022; appointed as LID in January 2025
Legal professional with experience in restructuring of state-owned assets, commercial law and dispute resolution



R

DAN MAROKANE (53)
Group Chief Executive
Appointed to the Board in March 2024
Engineer with previous Eskom executive experience from 2010 to 2015, including in Group Capital, Primary Energy as well as Technology and Commercial



R

CALIB CASSIM (53)
Group Chief Financial Officer
Appointed to the Board in July 2017
Chartered Accountant (SA), serving as Group Chief Financial Officer since July 2017; acted as Group Chief Executive from February 2023 to February 2024



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FATHIMA GANY (49)
Independent non-executive director
Appointed to the Board in October 2022
Finance professional, registered as a Chartered Accountant (SA)



B

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LWAZI GOQWANA (49)
Independent non-executive director
Appointed to the Board in October 2022
Engineer with experience in manufacturing, construction, financial services, logistics, energy and government services



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CLIVE LE ROUX (73)
Independent non-executive director
Appointed to the Board in October 2022
Engineer with experience as power station general manager at Matimba and Koeberg; served as Eskom Chief Nuclear Officer



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B

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AYANDA MAFULEKA (45)
Independent non-executive director
Appointed to the Board in October 2022
Finance professional, registered as a Chartered Accountant (SA)



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DR TSAKANI MTHOMBENI (45)
Independent non-executive director
Appointed to the Board in October 2022
Engineer with experience in sustainable development, energy management and climate change strategy



G

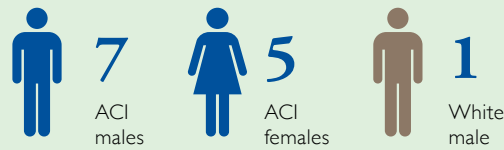
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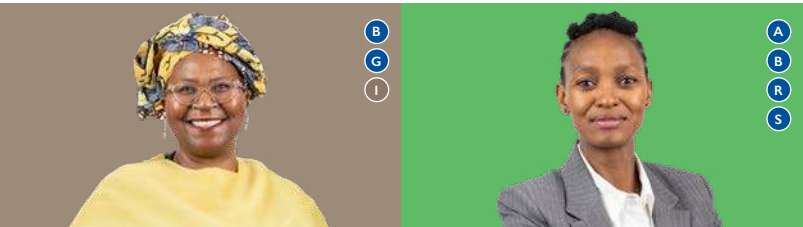
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BHEKI NTSHALINTSHALI (71)
Independent non-executive director
Appointed to the Board in October 2022
Former trade unionist; served as general secretary of the Congress of South African Trade Unions (COSATU)

Demographics



Board of Directors at 31 March 2025 *continued*



TRYPHOSA RAMANO (53)
Independent non-executive director
Appointed to the Board in October 2022
Finance professional, registered as a Chartered Accountant (SA)



DR BUSISIWE VILAKAZI (41)
Independent non-executive director
Appointed to the Board in October 2022
Engineer with experience in ICT research and innovation, data science and analytics, strategy and digital transformation



DR CLAUDELLE VON ECK (54)
Independent non-executive director
Appointed to the Board in October 2022
Organisational development and change management professional; former CEO of the Institute of Internal Auditors South Africa

Membership of Board committees

- Denotes chair of a committee
- A** Former Audit and Risk Committee (now the Audit Committee)
- B** Business Operations Performance Committee
- G** Governance and Strategy Committee
- H** Human Capital and Remuneration Committee
- I** Investment and Finance Committee
- R** Risk Committee (newly established at year end, following the separation of the Audit and Risk Committee)
- S** Social, Ethics and Sustainability Committee

BOARD INDEPENDENCE

In terms of King IV and governance best practice, the Board should comprise a majority of non-executive directors, the majority of which should be independent.

Our Board is comprised of

11 independent non-executive directors
2 executive directors

SKILLS AND EXPERIENCE



CHANGES TO THE BOARD COMPOSITION

In terms of Eskom's MOI, the Board may consist of a maximum of 15 directors. The majority of the Board must be independent non-executive directors, and there must be at least two executive directors. During the year, the Board comprised 13 directors, including 11 independent non-executive directors and two executive directors. There were no changes to the Board's composition during the year.

The Board revised Eskom's MOI to authorise the shareholder to appoint a LID to strengthen governance and oversight. Leslie Mkhabela, an existing independent non-executive director, was appointed as LID from 31 January 2025.

IR The Board's committees and the separation of the Audit and Risk Committee into two distinct committees are discussed on page 54

Membership of the Governance and Strategy Committee (GSC) comprises the chairs of each of the Board committees. Dr Tsakani Mthombeni, chair of the Risk Committee established in February 2025, has therefore been appointed as a member of GSC.

Based on the latest board evaluation, the Board contains an appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its roles and responsibilities objectively and effectively, in line with King IV.

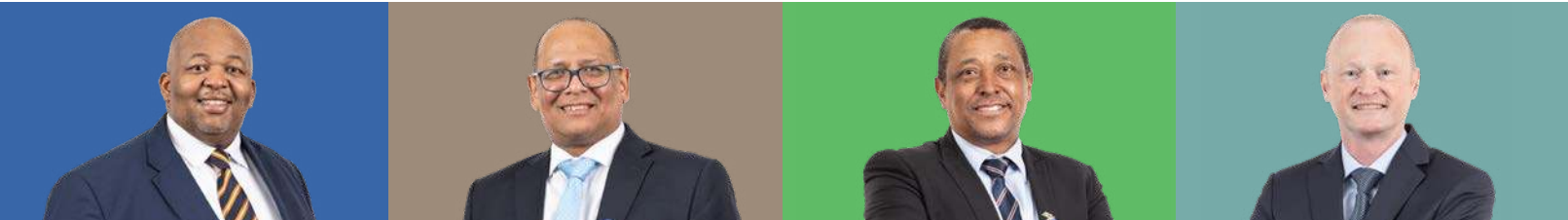
Given the existing vacancies, the Board has recommended a list of candidates to the shareholder to ensure the Board would be fully constituted with 15 directors and an appropriate mix of skills beyond the end of its term on 30 September 2025. The shareholder has extended the Board's term to 30 November 2025.

IR Refer to "Report by the Board and reflecting on its performance" from page 54 for the Board's purpose, activities and decisions for the year, reflection on its performance as well as future focus areas

Ages are shown at 31 March 2025.

Executive Management Committee at 31 March 2025

IR Refer to page 138 for full details of Exco members' qualifications and directorships



- DAN MAROKANE (53)**
Group Chief Executive
Appointed to Exco in March 2024
6 years in Eskom (including 2010 to 2015)

B Sc Chemical Engineering (University of Cape Town), M Sc Petroleum Engineering (University of London), MBA (University of Cape Town)
- CALIB CASSIM (53)**
Group Chief Financial Officer
Appointed to Exco in July 2017
23 years in Eskom

B Accounting Sciences (Unisa), Chartered Accountant (SA), Master of Business Leadership (Unisa)
- MONDE BALA (51)**
Group Executive: Distribution
Appointed to Exco in June 2023
28 years in Eskom

B Sc Electrical Engineering (University of Cape Town), Master of Engineering (University of Witwatersrand)
- ROMAN CROOKES (52)**
Group Executive: Group Capital
Appointed to Exco in November 2024
16 years in Eskom (including 1999 to 2016)

B Sc Mechanical Engineering (University of Witwatersrand), M Sc Mechanical Engineering (University of Witwatersrand)



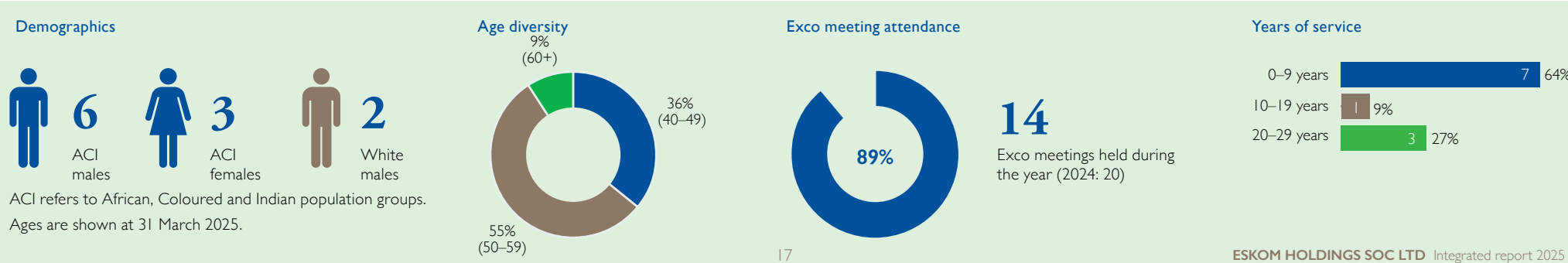
- LEONARD DE VILLIERS (68)**
Chief Technology and Information Officer
Appointed to Exco in November 2024
<1 year in Eskom

National Diploma in Electronic Data Processing (Tygerberg Technical College), Global Information and Telecommunications Industries (Insead Business School), Delivering Information Services and Information Technology (Harvard Business School)
- NONTOKOZE HADEBE (47)**
Group Executive: Strategy and Sustainability
Appointed to Exco in November 2024
<1 year in Eskom

B Sc (Hons) Biochemistry (University of Zululand), Master of Business Leadership (Unisa), Postgraduate Diploma in Financial Strategy (University of Oxford)
- DR CANDICE HARTLEY (44)**
Chief People Officer
Appointed to Exco in March 2025
<1 year in Eskom

BA (Hons) Psychology (University of Johannesburg), MBA (University of Pretoria), PhD Business (University of Cape Town)
- PORTIA MNGOMEZULU (49)**
Group Executive: Corporate Services
Appointed to Exco in November 2024
<1 year in Eskom

B Com Accounting (Unisa), MBA (Gordon Institute of Business Science)



Executive Management Committee at 31 March 2025 *continued*



RIVONINGO MNISI (43)

Group Executive: Renewables

Appointed to Exco in February 2025
<1 year in Eskom

B Tech Industrial Engineering (University of Johannesburg), B Sc (Hons) Applied Science (University of Pretoria), MBA (Gordon Institute of Business Science)

BHEKI NXUMALO (56)

Group Executive: Generation

Appointed to Exco in June 2023
28 years in Eskom

National Higher Diploma in Chemical Engineering (Vaal University of Technology), MBA (North West University)



ALFRED SEEMA (52)

Group Executive: Strategic Delivery

Appointed to Exco in December 2024
<1 year in Eskom

B Sc Chemical Engineering (University of Cape Town), MBA (Henley Business School), B Com Financial Management (Unisa)

Skills and experience



CHANGES TO EXECUTIVE MANAGEMENT

The Executive Management Committee (Exco) is established by the GCE and is accountable for executing Eskom's strategy and managing day-to-day operations. Exco is supported by several subcommittees.

IR The subcommittees of Exco are shown on page 10

In May 2024, the GCE announced a new Exco structure to address prevailing business challenges and future-proof Eskom to enable growth and long-term sustainability, including focusing on the expansion of Eskom's renewable energy portfolio in line with our Just Energy Transition strategy.

The following appointments were made to fill the new Exco structure:

- Roman Crookes as Group Executive: Group Capital (1 November 2024)
- Len de Villiers as Chief Technology and Information Officer (1 November 2024 on a three-year contract)
- Nontokoze Hadebe as Group Executive: Strategy and Sustainability (1 November 2024)
- Portia Mngomezulu as Group Executive: Corporate Services (1 November 2024)
- Alfred Seema as Group Executive: Strategic Delivery (1 December 2024)
- Rivoningo Mnisi as Group Executive: Renewables (1 February 2025)
- Dr Candice Hartley as Chief People Officer (1 March 2025)

The executive team is now fully capacitated to deliver on Eskom's strategy.

In addition, the following Exco changes took place during the year and subsequent to year end:

- Sthembiso Vezi served as acting Group Executive: Legal and Compliance from 1 April 2024. Thereafter, Jerome Mthembu was appointed as Head of Legal and Compliance from 1 May 2024. Since implementation of the new Exco structure from 1 November 2024, Jerome Mthembu no longer serves as a member of Exco but remains a permanent invitee
- The fixed-term contract of Vuyolwethu Tuku, Group Executive: Transformation Management Office, ended on 30 June 2024; the position was removed from the organisational structure
- Segomoco Scheppers, former Group Executive: Transmission, served as the interim CEO of NTCSA since the subsidiary commenced trading from 1 July 2024; he no longer serves as a member of Exco. His secondment to NTCSA concluded on 31 July 2025. The NTCSA board approved the secondment of Monde Bala, Group Executive: Distribution, to the role of interim CEO of NTCSA from 1 August 2025. Agnes Mlambo is acting as Group Executive: Distribution
- Elsie Pule, Group Executive: Human Resources, retired early on 31 July 2024 by mutual agreement. To ensure leadership stability and business continuity, Monde Bala acted in the position, in addition to his role as Group Executive: Distribution, until the Chief People Officer was appointed on 1 March 2025
- Since implementation of the new Exco structure from 1 November 2024, Natasha Sithole, former Group Executive: Government and Regulatory Affairs (acting), Jainthre Sankar, former Chief Procurement Officer, as well as Faith Burn, former Chief Information Officer, no longer served as members of Exco. Jainthre Sankar and Faith Burn have since left the organisation

Exco is supported by the following permanent invitees:

- Tembela Kulu, General Manager: Investigations and Security (appointed during the year from 1 October 2024)
- Jerome Mthembu, Head of Legal and Compliance (appointed during the year from 1 May 2024)
- Ureka Rangasamy, Chief Audit Executive (appointed from 1 January 2024)

The group executives for Generation and Distribution serve as the divisional managing directors of their respective divisional boards within the Eskom company until the separate subsidiaries commence trading.

Ages are shown at 31 March 2025.

Identifying key topics

We apply the principle of double materiality in our integrated report, by considering both external factors that may affect our financial performance (financial materiality) and internal factors through which we impact the broader environment and society (impact materiality). In addition, we assess both qualitative and quantitative matters that are material to our operations, strategic objectives, organisational risks and opportunities, the Board's focus areas and the six capitals.

Focusing on material matters aligns our efforts with the most critical environmental, social and governance (ESG) priorities – those that, if not effectively managed, could significantly affect long-term sustainability and value creation.

Material matters are high-likelihood, high-impact factors that significantly influence the creation, preservation or erosion of enterprise value across short-, medium- and long-term horizons. These may be either positive or negative in nature.

These matters were identified through a structured process that considered:

- Continuity or evolution of prior-year material matters
- Shifts in the external operating environment
- Stakeholder concerns and expectations
- Strategic risks and opportunities
- Key issues deliberated by the Board
- The likelihood and potential consequences of the matters

The Audit Committee considered the matters identified and set out below for inclusion in the integrated report, which have been linked to the following Board priorities:

- Stabilising the leadership team and strengthening the leadership pipeline
- Driving the operational turnaround to resolve the electricity crisis and thereafter, achieve stability and reliability
- Securing Eskom's financial position and prioritising the reduction of arrear municipal debt
- Implementing the legal separation and positioning Eskom within the transforming electricity industry
- Enabling private sector participation in transmission network expansion and Eskom Green initiatives
- Fighting crime, fraud and corruption
- Reconnecting and engaging with stakeholders

Item	Material matter	Description	Link to Board priorities
M1	Strengthening leadership	Establishing consistent, capable and ethical leadership to drive strategic direction, ensure sound decision-making and foster organisational stability. Strong leadership is essential to navigate challenges, rebuild trust and embed a high-performance, ethical culture aligned to Eskom's values	Leadership
M2	Securing financial sustainability through adequate tariffs, disciplined cost management and Government-led programmes	Ensuring long-term financial viability by strengthening revenue generation, controlling costs and securing an adequate tariff path that balances affordability with Eskom's financial sustainability. This includes maintaining adequate liquidity to meet short- to medium-term obligations and sustaining operations as a going concern. Improving operational performance positively impacts financial results through higher sales and revenue and lower operating costs. Success depends on continued support through the amended R230 billion Government debt relief programme and effective resolution of arrear municipal debt, which stood at R94.6 billion at year end, through targeted interventions. Alternate funding mechanisms will be used to fund future capital projects to reduce the requirement for on-balance sheet funding	Operational stability Financial position Stakeholders
M3	Achieving operational excellence to permanently end the electricity crisis	Enhancing the reliability and resilience of generation and network operations to ensure a secure and consistent electricity supply. This includes improving performance of our infrastructure, expanding generating capacity through Eskom's new build programme and connecting IPPs, and securing primary energy and water resources. Achieving operational excellence depends on sufficient liquidity to plan and execute maintenance and outages effectively. Consistently overcoming the need for loadshedding not only supports economic activity, but also improves revenue generation through higher sales	Leadership Operational stability Financial position Legal separation Private sector participation Crime and corruption Stakeholders
M4	Enhancing environmental stewardship	Strengthening compliance with environmental regulations while actively reducing our environmental footprint through sustainable practices, emissions reduction and the adoption of renewable energy initiatives. Proactive environmental stewardship supports long-term operational viability and enhances stakeholder trust	Operational stability Financial position Stakeholders
M5	Building a skilled workforce within a high-performance, ethical culture	Developing and retaining a capable, future-ready workforce while embedding a high-performance, ethical culture and accountability. This is essential to drive operational excellence, foster agility and innovation, and ensure long-term organisational resilience	Leadership Stakeholders
M6	Furthering national developmental goals	Supporting national development priorities through workforce transformation, Government-funded electrification initiatives, inclusive procurement practices and corporate social investment (CSI) programmes. These efforts contribute to socio-economic upliftment and reinforce Eskom's role as a strategic enabler of South Africa's developmental agenda	Operational stability Crime and corruption Stakeholders
M7	Executing the legal separation of the generation, transmission and distribution businesses	Advancing the legal separation of Eskom's core business units in line with Government's Roadmap. This involves establishing separate subsidiaries for the generation, transmission and distribution businesses to improve operational efficiency, enhance transparency and strengthen accountability. The separation is a critical enabler of industry transformation and Eskom's long-term sustainability	Legal separation Private sector participation Stakeholders

Identifying key topics *continued*

Item	Material matter	Description	Link to Board priorities
M8	Creating the Eskom of the future	Building a resilient and future-ready utility that delivers energy security in the evolving electricity industry demands customer-focused products and services to meet changing needs, enhanced grid capacity and access, and clean energy business models. It relies on modern tariff structures and market codes, as well as digital technologies to optimise operations	Operational stability Financial position Private sector participation Stakeholders
M9	Advancing climate action	Covers our adaptation strategies and actions in response to climate change to ensure that the impact on our operations are minimised and that our long-term sustainability is not negatively affected. It includes reducing carbon emissions and transitioning to cleaner energy sources through Eskom Green. It further includes promoting a sustainable and equitable energy transition aligned to the goals of the Paris Agreement and South Africa's Nationally Determined Contribution	Operational stability Legal separation Private sector participation Stakeholders
M10	Upholding governance, compliance and ethics	Reinforcing robust governance frameworks and ensuring full compliance with applicable laws, regulations and standards. This includes promoting transparency, accountability and ethical behaviour across all levels of the organisation to restore stakeholder confidence and support long-term sustainability	Operational stability Financial position Stakeholders
M11	Fighting crime, fraud and corruption	Proactively addressing fraud, corruption and criminal activity is essential to restoring organisational integrity, improving operational performance and rebuilding stakeholder confidence. These efforts are critical to enabling a successful turnaround and ensuring long-term sustainability	Operational stability Financial position Crime and corruption Stakeholders



Connecting with stakeholders

Our commitment to sustainable practices enables the organisation to create value not only for Eskom, but also for the broader society in which we operate. Stakeholder engagement is central to shaping our business strategy and direction, and for achieving our strategic objectives.

Recognising our exposure to reputational risk and varying levels of stakeholder support, we actively mitigate these risks through continuous engagement and the implementation of strategic communication plans. We engage proactively and transparently with stakeholders to meet their expectations while carefully managing the impact of our operations.

Through continuous evaluation and benchmarking, we aim to strengthen trust, deepen relationships and deliver positive outcomes for all stakeholders.

RESPONSIBILITY FOR STAKEHOLDER ENGAGEMENT

In alignment with the King IV governance principles, Eskom has adopted a stakeholder-centric governance model that emphasises accountability, transparency and responsiveness. The Board recognises the importance of being accountable to stakeholders for the organisation's performance and long-term sustainability.

The King IV principles guiding our approach include:

- Inclusivity
- Materiality
- Responsiveness
- Impact
- Transparency

The Board adopts a stakeholder-inclusive approach to balance the needs, interests and expectations of material stakeholders in Eskom's long-term best interest. The Social, Ethics and Sustainability Committee (SES) is accountable for oversight of stakeholder relationships and execution of the stakeholder engagement plan. Other Board committees, such as the Business Operations Performance Committee and Governance and Strategy Committee also oversee aspects of stakeholder engagement relevant to their terms of reference.

Exco is responsible for the following, as delegated by SES:

- Serving as the custodian of Eskom's key stakeholder relationships, with executives assigned to specific stakeholders via a stakeholder matrix
- Overseeing and monitoring engagement performance through weekly briefings and quarterly reports
- Tracking and responding to non-technical risks through a weekly issues forum
- Evaluating the impact of short-, medium- and long-term engagements, with actionable plans to address areas which require improvement

RESPONDING TO STAKEHOLDERS

We have developed a comprehensive stakeholder engagement framework based on a clear understanding of stakeholder concerns and the organisation's strategic direction. This framework encompasses relationship management, proactive strategic engagement, transparent communication and collaborative partnerships – each of which is essential to building trust, supporting our strategic objectives and managing organisational risk.

We are addressing immediate challenges and laying the foundation for a sustainable and inclusive energy future for the country and the region. Through strategic partnerships, proactive media engagement and inclusive dialogues, our stakeholder engagement and communication initiatives are restoring public trust and enhancing our reputation, securing investment and driving the energy transition.

The diagram below sets out our various stakeholders, categorised as authorisers, enablers, influencers or partners, depending on their role.

Authorisers Set direction for the company	Enablers Provide operational support and resources	Influencers Provide the platform to guide, share and shape opinions	Partners The relationship between various organisations to do trade or business
Minister of Electricity and Energy National Treasury Department of Fisheries, Forestry and Environment Department of Trade, Industry and Competition Department of Water and Sanitation Department of Minerals Resources and Petroleum National Electricity Regulator of South Africa National Nuclear Regulator Parliament	Department of Public Works and Infrastructure Provincial and local government Suppliers, contractors Seriti, Exxaro, etc Department of Cooperative Governance and Traditional Affairs Employment/labour Num, Numsa, Solidarity Government bodies SITA, IDC, DBSA, NECSA, STATSA, SANEDI Industry bodies SAWEA, SAPVIA, SARETEC Government security structures NatJoins	Intergovernmental platforms Nedlac, B4SA, NECOM, Energy Council, Presidential Climate Change Commission, SALGA, SANEA, NBI Association for municipal electricity utilities South African Local Government Association Industry associations EIUG, FAPA, Minerals Council, IAEA, SEIFSA Academia SITA, universities, research institutions, energy experts Civil society Climate coalitions, OUTA	Business formations BUSA, BLSA, BMF, SACCI BBC International partnership group BRICS, Denmark, US, French, Netherlands, Swedish, Germany, UK and EU Investors, rating agencies Banks, Economists, JSE, monetary funds, Reserve Bank, DFLs, etc Trading partners Mozambique, Namibia, Zimbabwe, SAPP, Sasol Social training partners Impact catalyst, development corporations, training institutions Communities Mpumalanga, etc

Connecting with stakeholders *continued*

Management of stakeholder concerns is a key risk category, with defined treatment plans in place. We value feedback as a cornerstone of transparency and accountability, and address stakeholder concerns through structured oversight and informed decision-making. We recognise that our social licence to operate is closely tied to our reputation and the strength of our stakeholder relationships.

We have maintained strong relationships with national and provincial government departments, parliamentary committees and regulatory bodies. We actively participated in NERSA's MYPD 6 tariff application public hearings, advocating for unbundled tariffs that balance affordability with Eskom's financial sustainability, and supported industry reforms in discussions on Government's draft Integrated Resource Plan. Additionally, collaborative efforts with national and provincial governments resulted in structured repayment plans and legal settlements with defaulting municipalities.

Eskom's leadership has actively engaged with both local and international investors in preparation for a return to the capital markets once the debt relief period has ended to bolster confidence in our strategic objectives.

We highlighted our strategic direction and financial recovery efforts at key events such as the *SA Tomorrow Investor Conference* in London, *Moody's Risk Summit*, and the *Standard Bank Climate Summit*. In partnership with the JSE and the Presidential Climate Change Commission, we participated in roundtable discussions to secure funding from the National Treasury Corporation and the Securities Association for grid management projects.

These strategic partnerships exemplify how our stakeholder engagement efforts align with our broader objectives. We have made progress in furthering our Just Energy Transition (JET) agenda by collaborating with the Netherlands, Germany and France, which resulted in a significant grant from the French Development Agency towards the Tubatse Pumped Storage Scheme.

We have also strengthened partnerships with industry stakeholders and international counterparts by participating in high-profile events, such as African Energy Week and COP29 held in Baku, Azerbaijan. We concluded cross-border power supply agreements with Mozambique and eSwatini, with ongoing discussions with Zimbabwe's ZESA. Eskom's focus on technology and innovation is evident through collaborative partnerships with entities such as Sasol and Golden Arrow Bus Service, that aim to develop electric vehicle infrastructure, gas-to-power projects and cutting-edge grid initiatives.

Eskom's Media Desk continues to leverage social media platforms to monitor stakeholder sentiment and track emerging conversations, growing our presence significantly. By analysing media trends and public discourse, the team generates valuable insights that inform stakeholder engagement strategies and enhance transparency.

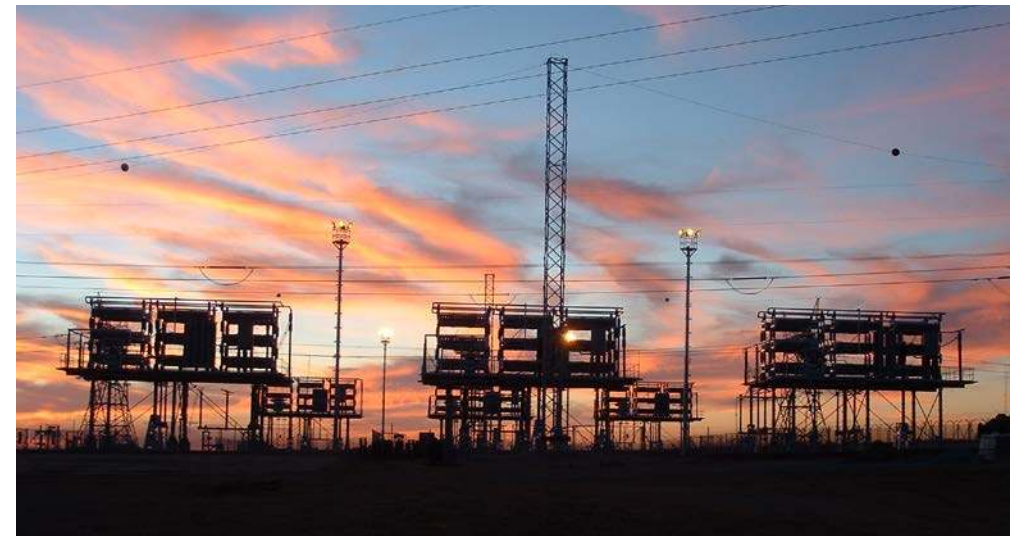
Effective media management plays a pivotal role in rebuilding trust and strengthening relationships with the public and other key stakeholders. It enables Eskom to proactively address concerns, share timely updates and reinforce our commitment to open communication. Based on an analysis of media and customer sentiment, we have seen a significant shift in media sentiment over the past year, remaining predominantly positive, mainly due to the ongoing suspension of loadshedding despite occasional and temporary setbacks, updates on our operational recovery and enhanced leadership visibility. Reports of arrests and convictions relating to crime, fraud and corruption are also viewed positively.

STAKEHOLDER LANDSCAPE

Our stakeholder groups represent a diverse range of interests, concerns and expectations:

- Investors focus on financial returns, long-term stability and predictability
- Government agencies and regulatory bodies emphasise compliance and effective policy implementation
- Customers prioritise access to reliable and affordable electricity
- Employees value job security, career development and a supportive work environment, as well as the pride of associating with an organisation that consistently delivers on its commercial and social mandate and purpose
- Local communities are concerned about the social and environmental impacts of our operations
- Environmental organisations advocate for the adoption of sustainable practices

The table below outlines our various stakeholder groups and their significance. It also identifies their respective concerns and our responses to those concerns. Additionally, we illustrate the connection to the material matters we've identified.



Connecting with stakeholders *continued*

Stakeholder	Impact on value creation	Key concerns	Our response	Link to material matters
Business and suppliers Organisations involved in business activities and supply chain	Contribute to operational efficiency and business continuity through participation in Eskom's supply chain and commercial activities	Fair competition, ethical business practices, crime and corruption, supply chain reliability, impact of loadshedding	Implementation of transparent procurement processes, adherence to ethical supplier guidelines, and proactive risk mitigation in supply chain operations	Leadership strength Financial sustainability Operational excellence Environmental stewardship Skilled workforce Developmental goals Legal separation Future Eskom Climate action Governance and ethics Crime and corruption
Civil society Non-governmental organisations and community groups	Serve as advocates for social justice and environmental stewardship, influencing public sentiment and holding Eskom accountable for its societal impact	Environmental degradation, social responsibility, socio-economic effects of loadshedding, impact of crime, fraud and corruption	Active engagement on environmental and social issues, implementation of sustainable development initiatives, advancement of clean energy alternatives, collaboration with community groups	Operational excellence Environmental stewardship Developmental goals Future Eskom Climate action Crime and corruption
Customers Individuals and entities consuming Eskom's products and services	Directly influence Eskom's revenue, service delivery standards and public trust through their consumption patterns and satisfaction levels	Reliability of electricity supply, affordability, impact of loadshedding, clarity on future tariff structures	Strengthening service reliability, promoting tariff affordability and free basic electricity, ensuring transparent communication on pricing and service developments, focus on customer centricity	Financial sustainability Operational excellence Future Eskom Climate action Crime and corruption
Employees Our workforce	Drive operational performance, agility and innovation, organisational culture and Eskom's values, serving as the foundation of long-term sustainability	Job security, employee benefits, working conditions, wellbeing, career development and training, operational impact of loadshedding	Review of employee benefits and rewards, employee wellbeing initiatives, skills development programmes, adherence to ethical and compliance frameworks	Leadership strength Financial sustainability Operational excellence Environmental stewardship Skilled workforce Developmental goals Legal separation Future Eskom Climate action Governance and ethics Crime and corruption
Government Oversight and policy-making entities	Provide policy direction, regulatory oversight and financial support that are essential to Eskom's operational and strategic sustainability	Alignment with national energy policy, economic impact, financial and operational sustainability, impact of loadshedding, environmental compliance, progress on legal separation, climate change commitments, combatting corruption	Active collaboration on policy development, implementation of debt relief measures, support for sustainable energy initiatives, and progress on legal separation	Leadership strength Financial sustainability Operational excellence Environmental stewardship Skilled workforce Developmental goals Legal separation Future Eskom Climate action Governance and ethics Crime and corruption

Material matters

- M1** Strengthening leadership
- M2** Securing financial sustainability
- M3** Achieving operational excellence
- M4** Enhancing environmental stewardship
- M5** Building a skilled workforce
- M6** Furthering national developmental goals
- M7** Executing the legal separation
- M8** Creating the Eskom of the future
- M9** Advancing climate action
- M10** Upholding governance, compliance and ethics
- M11** Fighting crime, fraud and corruption

Connecting with stakeholders *continued*

Stakeholder	Impact on value creation	Key concerns	Our response	Link to material matters
Investors Investors, bondholders, lenders and ratings agencies	Provide funding that supports Eskom's asset base, financial sustainability and long-term strategic direction	Financial performance, return on investment, operational and financial sustainability, tariff certainty, legal separation, climate change commitments, impact of corruption	Transparent financial reporting, adherence to debt relief measures, regular updates on legal separation and the audit recovery programme, climate-related goals	Leadership strength Financial sustainability Operational excellence Environmental stewardship Skilled workforce Legal separation Future Eskom Climate action Governance and ethics Crime and corruption
Media Journalists and media outlets	Influence public perception, shape stakeholder sentiment, and hold Eskom accountable through information dissemination and investigative reporting	Transparency and accuracy of information, societal impact of loadshedding, legal separation progress	Timely and accurate sharing of information, proactive media engagement on key initiatives, consistent messaging to build public trust	Leadership strength Financial sustainability Operational excellence Skilled workforce Legal separation Governance and ethics Crime and corruption
Parliamentary committees Multi-party committees overseeing our operations	Provide oversight on Eskom's governance, financial management and operational performance, ensuring accountability to the public and Government	Financial and operational sustainability, governance and compliance, environmental stewardship, progress on legal separation, governance and ethics, combatting corruption	Transparent reporting on financial and operational performance and governance practices, adherence to debt relief measures, regular engagement on the legal separation and the audit recovery programme, updates on other matters as requested	Financial sustainability Operational excellence Environmental stewardship Legal separation Climate action Governance and ethics Crime and corruption
Regulators Entities responsible for regulating our activities	Ensure Eskom's compliance with legal, environmental and economic regulations, while promoting fair competition and protecting consumer interests	Financial and operational sustainability, tariff methodology, environmental stewardship, climate change mitigation	Active participation in regulatory consultations, adherence to environmental regulations, implementation of sustainable practices and climate strategies	Financial sustainability Operational excellence Environmental stewardship Future Eskom Climate action
International groups Global organisations and associations	Offer global perspectives, promote knowledge exchange and support Eskom's alignment with international sustainability and climate goals	Sustainable development, climate change mitigation, alignment with global best practices	Active collaboration on the United Nations Sustainable Development Goals (SDGs), implementation of climate action strategies, participation in regional and global energy forums	Operational excellence Environmental stewardship Future Eskom Climate action Governance and ethics Crime and corruption



Thoughts from our leadership



Message from the Chairman



As I reflect on Eskom's journey over the past three years, I am reminded of the immense responsibility entrusted to the Board and the entire organisation to serve our country. When the Board assumed office in October 2022, Eskom was facing a convergence of systemic challenges that threatened not only its operational and financial sustainability, but also its ability to fulfil its mandate as a vital pillar of South Africa's economy and society.

THE BOARD'S MANDATE: SOLVING SOUTH AFRICA'S ENERGY CRISIS

We inherited an organisation grappling with extreme levels of loadshedding, unreliable coal-fired power stations and a transmission grid unable to connect new renewable capacity at the pace required to support economic stability and decarbonisation. Eskom's balance sheet was burdened by unsustainable levels of debt, compounded by tariffs that failed to provide a fair return on assets or reflect the true component costs of electricity supply – covering generation, transmission and distribution – to provide appropriate market signals. NERSA also failed to deliver a predictable long-term tariff outlook to enable strategic planning and investment by both Eskom and our customers. Sales volumes had been declining for a decade, driven by

economic pressures, rising levels of electricity theft, and an increase in embedded self-generation in response to loadshedding and the need to decarbonise. Municipal arrear debt had escalated to unprecedented levels, undermining Eskom's financial position and threatening the viability of the entire electricity supply industry.

The business model was outdated, and the organisational culture was characterised by low morale, skills gaps and a lack of trust in leadership, due in part to a succession of chief executives over the previous decade. The legacy of state capture lingered, with crime, fraud and corruption – aided by a lack of adherence to internal controls – eroding stakeholder confidence. Eskom also found itself in the midst of an ongoing global energy transition, with mounting pressure to decarbonise and comply with evolving environmental standards.

GUIDING THE TURNAROUND THROUGH EFFECTIVE LEADERSHIP

Recognising the urgency of the situation, the Board identified six priority focus areas to guide Eskom's turnaround:

1. Stabilising the leadership team and strengthening the leadership pipeline
2. Driving the operational turnaround to resolve the electricity crisis and thereafter, achieve stability and reliability
3. Securing Eskom's financial position and prioritising the reduction of arrear municipal debt
4. Implementing the legal separation and positioning Eskom within the transforming electricity industry
5. Fighting crime, fraud and corruption
6. Reconnecting and engaging with stakeholders

Our first step was to appoint strong, ethical leaders at all levels, culminating in the appointment of Dan Marokane as Group Chief Executive in March 2024. With firm support from the Board, Dan's leadership has been instrumental in driving operational recovery, advancing legal separation and restoring stakeholder confidence while reinforcing Eskom's commitment to energy security. He was recently recognised by

the Black Business Quarterly with the *Public Sector Visionary Award* for his exceptional leadership at Eskom, confirming him as the perfect candidate to lead Eskom out of the energy crisis and through the transformation of the electricity supply industry, toward a future that guarantees energy security, access and affordability for South Africa. His efforts have supported key socio-economic programmes, advanced transformation and positioned Eskom as a sustainable, investable company ready to compete in a liberalised, competitive energy market.

Within his first year, Dan ensured that the Exco team was fully capacitated to provide the level of leadership required by an organisation of Eskom's size, by appointing six group executives and the Chief People Officer.

RESPONDING TO ESKOM'S CHANGING CONTEXT

The past year has been marked by significant changes in Eskom's operating environment. Globally, the energy sector is transitioning toward decarbonisation, digitalisation, decentralisation and democratisation. Geopolitical shifts, trade tensions and realignments in climate finance have introduced new uncertainties. Locally, the formation of South Africa's Government of National Unity in June 2024 has brought renewed political stability with a unified focus on energy reform.

Eskom has responded by refocusing its strategy to align with these shifts. Our comprehensive review reaffirmed the strategic direction but highlighted the need to recalibrate execution timelines and intensify delivery against strategic objectives. Eskom is evolving from a traditional utility to a resilient, future-ready organisation that is able to confront challenges, unlock new opportunities and ensure long-term relevance and sustainability, to the benefit of our customers and South Africa's competitiveness.

The strategy revolves around four core objectives: (i) fixing the current business, (ii) preparing for competition, (iii) modernising the power system, and (iv) transitioning responsibly. While the first objective is focused on resolving the energy crisis,

the others are aimed at transforming Eskom and the industry toward a sustainable energy future. Overall, these bring a sharper focus on operational recovery, financial sustainability and the transition to a low-carbon, customer-centric energy future where Eskom can compete on a level playing field.

DRIVING OPERATIONAL RECOVERY TO END LOADSHEDDING

Some say that it's easy to dream – all you have to do is go to sleep. But the real challenge is to turn those dreams into reality, by demonstrating the stamina to implement your plans and strategies to reach your goals. That is what the Board had to focus on to address the Eskom crisis.

The development and implementation of the Generation Recovery Plan marked a clear turning point. Supported by the Board and externally stress-tested, the plan focused on improving energy availability and plant reliability. By January 2025, Eskom had achieved 310 consecutive days without loadshedding – a milestone that would have seemed unattainable just a few years ago. Winning the war against loadshedding was our north star and, except for a few temporary setbacks since then, we believe our goal is now within reach.

Substantial generation capacity was restored in recent years, with over 5GW brought online through critical projects at Medupi, Kusile and Koeberg. Regulatory advancements unlocked an additional 3.5GW in grid capacity, facilitating the integration of new supply by IPPs. The Transmission Development Plan delivered new transmission lines and transformer capacity. We also extended electricity access to disadvantaged communities through about 300 000 new electrification connections over the past three years.

Digitalisation and automation projects have improved revenue collection and operational efficiency – these include the accelerated rollout of smart meters and the Key Revision Number 2 rollover. These interventions have positioned Eskom on a clearer path toward operational resilience and future growth.

Message from the Chairman *continued*

SECURING STANDALONE FINANCIAL SUSTAINABILITY

Financial sustainability has been a central area of focus. The Board supervised the restructuring of the assurance and forensics functions, ensured that internal controls were strengthened and monitored the audit recovery programme to strengthen compliance and improve audit outcomes. Government debt relief support, new tariff structures, higher sales linked to the operational turnaround and cost optimisation initiatives have contributed to Eskom recording its first profit in eight years, resulting in a more positive outlook from rating agencies and improved credit ratings. The profit, and the resulting improved liquidity, will be reinvested in the business, chiefly in the form of expansionary capital expenditure – Calib will expand on this in the CFO's report.

Through enhanced focus and Board oversight, Eskom improved the FY2025 audit outcome, with the results being finalised earlier than the previous year. Although this is not yet where we want to be, we acknowledge management's efforts to address the systemic audit challenges through better audit preparation and by timeously resolving audit findings. In the longer term, the aim is to produce audited financial statements within legislative timeframes and to obtain an unqualified audit opinion in coming years.

Despite these gains, considerable challenges remain. Firstly, tariffs remain below the levels required for long-term sustainability and lack a predictable long-term outlook. In response to our customers' pleas, we will continue to review our cost base and strictly control costs to find efficiencies and ensure that we don't exceed single-digit tariff increases. Secondly, municipal arrear debt continues to escalate, and in response, we are pursuing innovative solutions, such as the distribution agency agreement framework, to improve revenue collection, but broader political intervention is needed to reverse the escalating trend in municipal arrear debt over the past decade. Financial sustainability is further compromised by

declining sales volumes. To address this, Eskom is pursuing new products and services toward new revenue streams. Lastly, the organisation is affected by the ongoing impact of crime, fraud and corruption, and we are intensifying our efforts to prevent, detect, investigate and correct unlawful behaviour.

TRANSFORMING ESKOM AND THE INDUSTRY THROUGH LEGAL SEPARATION

One of the most significant undertakings during the Board's term has been driving the legal separation of Eskom's business units, a process central to the transformation of the electricity supply industry. The operationalisation of NTCSA in July 2024 as the interim Transmission System Operator marked a critical milestone, enabling grid access for all market participants and facilitating the development of a competitive electricity market that still lacks clear rules.

The Transmission Development Plan calls for substantial grid expansion, with the draft Integrated Resource Plan prioritising solar PV and wind as dominant new generation sources. The establishment of Eskom Green as a renewable energy subsidiary will position Eskom to leverage its formidable skills and accelerate participation in the green economy, in support of South Africa's transition to net-zero emissions by 2050.

The legal separation of the distribution business, through the creation of NEDCSA, is progressing, albeit with challenges related to municipal arrear debt affecting the entire organisation's financial sustainability, coupled with external dependencies. The Board has worked closely with Government, regulators and stakeholders to navigate these complexities, ensuring that Eskom remains resilient and competitive in a liberalised, decarbonising and increasingly competitive market supported by rules-based reforms. The market cannot be driven by self-interest but must be guided by clear principles that support a sustainable solution to South Africa's energy needs, coupled with clear-cut protection for the millions of vulnerable consumers.

FOSTERING AN ETHICAL CULTURE TO FIGHT CRIME, FRAUD AND CORRUPTION

Restoring governance and integrity has been a cornerstone of the Board's agenda. Through the Social, Ethics and Sustainability Committee, we have overseen the governance of ethics, by aligning with King IV principles and upholding a zero-tolerance approach to unethical conduct. Eskom's Code of Ethics, "The Way", underpins the organisation's values-driven culture and guides behaviour at all levels.

The Ethics Office has implemented a revised ethics management strategy, informed by independent risk assessments and supported by mandatory annual ethics training. Policies regulating the management of conflicts of interest and private work by employees ensure transparency, with near-perfect completion rates for annual declarations. Robust whistle-blowing mechanisms protect those who speak up against misconduct and criminality, fostering a culture of accountability and openness.

The Board's interventions to fight crime, fraud and corruption have been extensive. We have strengthened organisational structures; enhanced mechanisms to prevent, detect, investigate and correct wrongdoing and irregularities; and implemented long-term reforms. The Group Investigations and Security Department consolidates forensic, security and investigative efforts, aimed at streamlining processes and strengthening consequence management. A Rapid Response Unit and Project Management Office accelerate investigations and disciplinary cases, prioritising high-impact and infrastructure crimes. Although most of Eskom's roughly 42 000 employees are honest and dedicated, a small minority is engaged in criminal activities, and they must be identified and dealt with decisively.

Advanced analytics, improved enterprise resource and procurement systems, and enhanced detection capabilities have bolstered the ability to prevent

and respond to irregularities. Strong partnerships with law enforcement agencies have led to an increase in arrests and many successful prosecutions of wrongdoers. Supplier review processes have been strengthened, with sanctions and blocks on suppliers being implemented when non-compliance is confirmed. Eskom's fraud prevention plans and awareness campaigns extend to employees and suppliers alike.

Despite measurable progress, the battle is far from over. The Board remains committed to shifting Eskom from responding reactively, to proactive and structural prevention measures, in addition to promoting a culture of accountability, transparency and operational discipline through adherence to Eskom's well-established processes.

IR Refer to "Leveraging governance for transformation – Assessing the Board's impact over its entire term" from page 55 for more information on the Board's actions over its term and the focus areas recommended for the next term

SUSTAINING THE TURNAROUND AND POSITIONING ESKOM FOR THE FUTURE

Even though we believe we have made commendable progress in stabilising operations and improving financial performance, as well as enhancing stakeholder confidence, several considerable challenges remain. Continued focus and innovation is required to address increasingly unsustainable levels of municipal arrear debt, tariff challenges and funding the imperative to decarbonise in line with national and global commitments. The Board has embedded a robust risk management framework to identify, monitor and mitigate strategic risks across the organisation. The establishment of a separate Board Risk Committee in February 2025 is expected to enhance focus, oversight and accountability for risk management throughout Eskom.

Message from the Chairman *continued*

Throughout our term, the Board has guided Eskom's turnaround with unwavering commitment to ethical leadership, operational excellence and stakeholder value. We have demonstrated the ability to confront systemic challenges, drive transformation and position Eskom for long-term success in a rapidly evolving energy landscape. Eskom's enabling functions – governance, technology, finance, human resources, procurement, legal, stakeholder engagement and strategic delivery – are foundational to the successful execution of strategic initiatives. Alternative funding models and strategic partnerships are critical to fast-tracking the infrastructure rollout and enabling the Just Energy Transition, while ensuring that electricity remains reliable, affordable and sustainable.

To support Eskom's future success, the Board remains committed to further embedding good governance principles that support ethical leadership, sound corporate citizenship and sustainable value creation beyond this term. Leadership development remains a key priority, together with building a sustainable pipeline through tailored executive programmes delivered by Eskom's newly established Dr RJ Khoza Leadership Development Centre. In addition, the appointment of independent non-executive directors across all subsidiaries is crucial to enhance governance oversight in line with Eskom's subsidiary parenting strategy.

Looking forward, we must sustain the positive momentum achieved, deepen our impact and ensure that Eskom continues to deliver on its mandate for the benefit of all South Africans. The journey is far from over, but the foundations we have laid during our term will enable Eskom to thrive in a transformed electricity industry.

CONCLUDING REMARKS

I would like to extend my heartfelt gratitude to Minister Kgosiensho Ramokgopa for his steadfast support and visionary leadership throughout Eskom's turnaround journey. His unwavering commitment has been instrumental, not only in guiding Eskom's recovery, but also in shaping the future of South Africa's energy sector. His integrity and selflessness inspire all of us to rise above obstacles and work collectively for the greater good of our country. South Africa is fortunate to have leaders like him.

Our country is experiencing a rapid decline in many areas. I believe the root cause of this is a dearth of ethical and capable leaders. However, Eskom's turnaround demonstrates that it is within our power to fix our beautiful country – we can create the country of our dreams. We can ensure that future generations are better off than previous ones; that is what I call perpetual progress. But to achieve this goal, we must pay attention to the type of leaders we entrust with leading our institutions and our society. *Leadership matters.*

To my fellow Board members, I am incredibly grateful for their invaluable support, wisdom and unwavering dedication throughout this challenging period. Their collective insight, resilience and commitment to Eskom's mission have been crucial in guiding the turnaround. Although we've had to face significant challenges, with an elevated level of governance demands that few boards will ever have to face, the progress we have achieved is a testament to their belief in Eskom and the positive difference we can make together. Leslie Mkhabela's appointment in January 2025 as lead independent director is further supporting the Board in leading Eskom into the future.

A reliable electricity supply is essential to powering economic growth, which creates opportunities to sustain livelihoods and uplift communities, and promotes national progress. At the end of the day, the answer to the electricity crisis was simple – the Minister is aligned to the Board, and the Board is aligned to Exco. The strong and unified Exco team is aligned to Eskom's operational managers and, by extension, the entire workforce. As a result, morale and commitment have improved across the organisation.

Eskom's recovery from the electricity crisis would not have been possible without the tens of thousands of dedicated Eskom Guardians across the organisation who work tirelessly to keep the lights on for South Africa. To sustain the progress and position Eskom for the future, we need to continue embedding a high-performance culture to meet Eskom's challenges head on, by cultivating resilience, excellence and accountability supported by appropriate reward strategies.



Let us remember that our success will be defined, not just by individual achievements, but by how we collaborate and work as a unified team. Eskom's journey towards stability and reliability is not without its ups and downs, but I am confident that greatness is possible when we strive toward a common goal. Together, we will continue to forge ahead, fuelled by the energy that has already brought us so far. With the continued dedication of every single Guardian, we can reach even greater heights.



Mteto Nyati
Chairman

Chief Executive's review



The progress Eskom has made with its turnaround plan to stabilise energy security to the country provides potential investors with more reasons to invest in our country and in turn, create jobs and promote prosperity for all. The concrete and ongoing delivery of the turnaround plan has boosted business confidence, with credit rating agencies and banks signalling that Eskom's performance recovery is a key contributor towards positive sentiments around South Africa's GDP growth prospects.

The CSIR estimated that the South African economy lost up to R2.8 trillion due to loadshedding in the 2023 calendar year. In 2024, that number reduced by 83% to R481 billion. Despite that improvement, we acknowledge that our generation plant performance in recent years has been unacceptable, and we are grieved by the damage we caused to the economy and the lives of all South Africans.

Since then, the continued hard work and dedication of Eskom's employees have moved the utility far along the path to operational sustainability. Through the concerted efforts of our people, we delivered 352 days of steady electricity supply in FY2025, with loadshedding confined to only four separate instances

spanning 13 days. In August 2025, we reached 100 days without loadshedding, and in September, we achieved the lowest level of unplanned generation plant unavailability in almost a decade, with unplanned unavailability falling below 6 000MW.

This is truly a remarkable improvement from the 329 days of loadshedding in FY2024, and a stepping stone to longer-term uninterrupted power supply. That journey is crucial, as a stable electricity supply plays a vital role in the economic growth of South Africa and the future of both the country and Eskom.

Customers and stakeholders have responded positively to the reduction in loadshedding and improvement in service reliability. Eskom's reputation, which had suffered in recent years, is being restored through transparent communication, proactive engagement and the delivery of tangible results. We recognise that stakeholder trust is both a privilege and a responsibility, and we remain committed to rebuilding and sustaining what we destroyed through our earlier poor performance.

Restoring Eskom's reputation and role in society is a high priority. We are implementing stakeholder engagement plans, strengthening collaboration with government departments, and monitoring key market developments. Transparent communication and proactive engagement are essential to rebuilding trust and credibility.

REFLECTING ON ESKOM'S JOURNEY OF LEARNING FROM PAST CHALLENGES

As I reflect on Eskom's journey since my appointment, I am reminded of the immense operational, financial and structural challenges we have faced as an organisation and as a nation. The energy crisis that gripped South Africa in recent years tested our collective resilience, our resolve and our capacity for innovation. Yet, it is precisely in the crucible of adversity that Eskom has demonstrated its ability to adapt, recover and transform.

For much of the past decade, Eskom has grappled with declining generation plant performance leading to frequent loadshedding at much higher levels than seen previously. This, together with unsustainable levels of debt, inadequate tariffs, above-inflation cost increases and escalating municipal arrear debt, culminated in severely constrained liquidity, which in turn further constrained operational performance. These challenges were compounded by systemic risks affecting our operations, including crime, fraud and corruption, while the urgent need to decarbonise our energy mix in line with national and global commitments added further pressure.

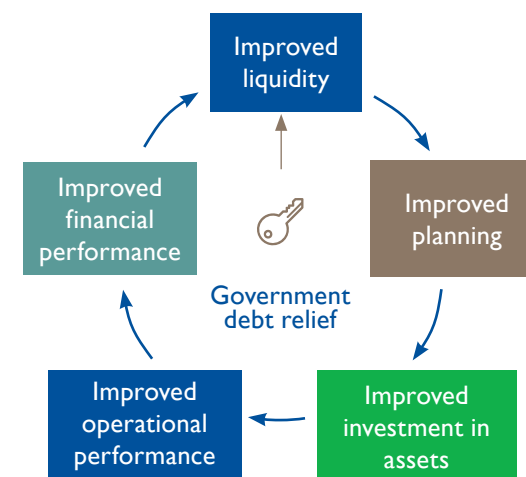
The energy crisis reached its peak in 2023 and 2024, with near-constant loadshedding disrupting the lives of millions of South Africans and severely undermining economic growth. Our coal-fired fleet struggled with extreme levels of unplanned unavailability, and our reliance on expensive open-cycle gas turbines (OCGTs) placed further strain on the organisation's finances. Municipal arrear debt came close to doubling during those two years, threatening the financial sustainability of the entire business, not only Distribution's operations, and also complicating efforts to unbundle Eskom in line with Government's Roadmap.

Despite these formidable challenges, Eskom's leadership and workforce remained steadfast in their commitment to recovery. We recognised that the solutions to our problems lay within our organisation – in the expertise, dedication and resilience of our people. The lessons learned during this period have informed our strategy, strengthened our governance and reinforced our determination to build a future-ready Eskom.

I strongly believe that FY2025 represents a pivotal moment in Eskom's history. We have moved from an extended period defined by crisis management and operational instability to one characterised by recovery, renewal and the pursuit of long-term sustainability. This review is both a celebration of our achievements as an organisation, as well as a candid reflection on the work that remains to secure South Africa's energy future in a liberalised, competitive energy marketplace.

PROGRESS IN FY2025: OPERATIONAL RECOVERY AND STRATEGIC MILESTONES

Given the positive shifts we've seen during the past year, we acknowledged that we're seeing the beginnings of a positive spiral. The debt relief we received from Government helped to improve liquidity, as it freed up cash from operations to be invested in the business, rather than service debt. Due to improved planning, which was facilitated by better liquidity, together with the investment in plant to improve the efficiency of our plant, we started seeing an improvement in operational performance. That led to an increase in sales and a reduction in primary energy costs, due in large part to a reduction in the use of expensive OCGTs. Coupled with the tariff increase for the year, this again led to improved financial performance, ultimately resulting in better liquidity. This reinforces the point that finances and operations cannot be separated, and that the performance in both areas is inextricably linked.



Chief Executive's review *continued*

OPERATIONAL ACHIEVEMENTS

We have seen significant operational achievements in FY2025. Most notably, we had an uninterrupted run of 310 days without loadshedding up to 30 January 2025, which would not have seemed possible just a year ago. Although we dropped the ball on a few occasions in the final quarter of the year, I am tremendously proud of what we have achieved through the efforts of our people. This sustained improvement in energy availability was driven by the disciplined execution of the Generation Recovery Plan, targeted investments in maintenance, and the successful return of key units from long-term outages.

In response to the isolated incidents of loadshedding between January and May 2025, management conducted a root cause analysis of the events contributing to those incidents and identified interventions to prevent a recurrence of these issues, with support from Board's Business Operations Performance Committee. Several factors were found to have contributed, including an escalation in unplanned breakdowns and a seasonal increase in planned maintenance; extreme weather-related disruptions to operations; high demand variability caused by unpredictable renewable generation; procurement and process inefficiencies; as well as human factors and skills deficits. The root cause analysis has informed refinement of the Generation Recovery Plan, leading to the recently approved Generation Operational Reliability and Sustainability Plan, reflecting a strategic shift toward long-term reliability and sustainability.

I am particularly proud to celebrate the return of Medupi Unit 4 to service in July 2025. This achievement not only restored critical capacity to the grid but also symbolises Eskom's ability to overcome technical and operational setbacks through teamwork, innovation and perseverance. The commercial operation of Kusile Unit 5 under the new build programme further strengthened our generation portfolio and contributed to the easing of supply constraints.

Our focus on plant performance has yielded tangible results. Generating plant availability increased by around 6% year-on-year, supported by improved outage planning, enhanced risk management and the adoption of advanced analytics for predictive maintenance. The reduction in reliance on OCGTs has delivered substantial savings on diesel costs, improving both our financial position and our environmental footprint.

FINANCIAL TURNAROUND

As I mentioned earlier, Eskom's operational recovery has been supported by a positive financial turnaround. For the first time in years, the organisation has returned to profitability, leading to improved liquidity and a strengthened balance sheet. The Government's debt relief support covered most of our debt servicing obligations, allowing surplus cash from operations to be released for critical maintenance and infrastructure investment. Calib will go into detail in the CFO's report about the financial results and progress against Eskom's financial strategy, which was key to the turnaround.

Our recovery efforts have included an intense focus on strengthening governance and improving audit outcomes by enhancing internal controls and driving audit readiness. The implementation of the audit recovery programme has delivered improvements in compliance, internal controls and risk management, although it was initiated so late in the financial year that it allowed for limited time to address FY2024 audit findings before the start of the FY2025 audit. The establishment of the Group Investigations and Security unit has enhanced our ability to proactively address crime, fraud and corruption, working in tandem with the Ethics Office and Internal Audit.

PEOPLE, CULTURE AND LEADERSHIP

Just like the Board when it took over three years ago, I decided to join Eskom because I could not sit back knowing that I had the skills to contribute meaningfully to Eskom's turnaround. One of my

first priorities as GCE was to ensure that we had a fully capacitated Exco team to lead Eskom into the future, one that would drive operational recovery and strategic transformation through fresh perspectives and renewed energy. We were able to augment the existing Exco members and thousands of dedicated employees to refocus and drive the growth and prospects of South Africa.

There is no question in my mind that our progress towards operational recovery and stability is rooted in the expertise, commitment and resilience of Eskom's people. The skills of our employees across engineering, operations and maintenance functions have played a pivotal role in Eskom's ability to structurally reduce the severity and frequency of loadshedding over the past two years. Due to their competence and dedication, we have turned a corner to the benefit of the country.

Tragically, in that pursuit, one employee and two contractors lost their lives in the line of duty. I am tremendously saddened by these losses. I cannot state strongly enough that any loss of life in Eskom's service is unacceptable – we must strive to ensure that every employee, every contractor and every other person engaged in Eskom's operations return home safely to their loved ones at the end of each day.

With the support of the Board and the shareholder, we reintroduced a short-term incentive scheme to recognise and reward the efforts of our workforce for the remarkable turnaround we achieved in FY2025. The scheme is based on affordability with a scorecard tied to both financial and operational performance. I acknowledge that many stakeholders would challenge this step. To them I say: show me any organisation that does not reward its people for as tremendous a turnaround as we've achieved. When we took the decision to reintroduce the incentive scheme, we did so with the view that the performance gains from motivated employees would far outweigh the cost of these incentives. That has

proven to be the case, with the scheme being self-funded from improved operational cash flows, based on higher sales and a cheaper primary energy mix due to much lower diesel use. Their performance over the past year has achieved a strong shift towards Eskom's long-term operational sustainability.

Additionally, alignment of strategic objectives across the group will be reinforced by optimising the performance management system and instituting rigorous target setting, ensuring that individual and collective performance translates into tangible organisational impact.

Our commitment to ethical leadership and a high-performance culture is reflected in the continued implementation of our culture transformation programme, which aligns leadership behaviours with Eskom's values and supports targeted interventions in learning, development and consequence management. Leadership is at the heart of strategy: we can only deliver the best for our customers when we have the right leadership skills in place. Therefore, we must act as role models – the success of our turnaround is anchored in empowered leaders who can lead and enable their teams to deliver with purpose.

Our focus is on preparing Eskom for the future, by building our skills base, succession planning, skills development and diversity. This will ensure that we have the talent and capabilities needed to navigate a rapidly changing energy landscape. Our entire leadership development portfolio has been meticulously reviewed and redesigned to align with our strategic priorities, given that we are preparing for a competitive marketplace that requires different skill sets for leaders to succeed.

Chief Executive's review *continued*

TACKLING THE CHALLENGES AND OPPORTUNITIES AHEAD

Even though we have made measurable progress in many areas, several significant challenges remain on the path to long-term sustainability.

FINANCIAL SUSTAINABILITY, TARIFF REFORMS AND MUNICIPAL DEBT

Long-term financial sustainability is at risk due to previously constrained tariff increases, escalating municipal arrear debt, and the need for accelerated infrastructure investment. NERSA's MYPD 6 revenue determination has resulted in a revenue shortfall against our application of around R250 billion over the next three years, which will impact liquidity and our ability to invest in sustaining and expanding our infrastructure. The settlement with NERSA to correct their error will assist in lessening the impact, although we are sensitive to how these balances will be recovered through future tariff increases. The liquidity reserves we have built up due to our positive financial performance in FY2025 will further support investments to strengthen our asset base and to fund our long-term decommissioning obligations.

We have heard the calls of South Africans, that double-digit electricity price increases are unaffordable, that households are finding it difficult to stay afloat and that companies are struggling to remain competitive, or even survive. The Minister has committed to revisiting the Electricity Pricing Policy through a consensus-led approach on a long-term tariff outlook that balances affordability with Eskom's financial sustainability. We are ready to engage on these reforms as they are critical to providing a clear forward regulatory path. Any approach simply must broaden the reach of the free basic electricity allowance to protect South Africa's poorest households: although around 10 million households are eligible for the allowance, only around two million households currently receive it.

Going forward, we will be managing our costs within single-digit tariff increases by reviewing and restructuring our costs and finding efficiencies to bridge the gap to the revenue allowed by NERSA. We have it within our control to be efficient, and we need to keep driving that through our high-performance culture. Nevertheless, we must be

mindful that around 50% of the costs that are included in the tariff are externally decided for Eskom and therefore beyond management's control. These include depreciation of our assets based on the NERSA formula, Government's IPP programme, which requires us to pass through to customers their costs, the environmental levy and carbon tax, and the arrear debt from municipalities and metros, as well as court review outcomes on previous NERSA decisions. That means there are only so many places we can find those efficiencies, but we resolve to keep looking.

Our financial strategy has focused on deleveraging the balance sheet, enhancing revenue, driving savings and efficiencies, and addressing the municipal debt challenge. The path to investment grade status, supported by positive credit rating outcomes, is now within reach, and Eskom is well-positioned to return to the market for funding within the next two years to support infrastructure expansion and maintenance. Calib will discuss this in more detail in the CFO's report. If we are to sustain the operational improvements of the past year and build a strong investment case supported by better credit ratings, we must keep investing in our plant, so that we can keep the positive spiral going.

The biggest obstacle to that positive spiral is the municipal arrear debt challenge, which continues to compromise operational plans, the legal separation of the Distribution Division to NEDCSA, and access to funding for the Eskom of the future. We are pursuing innovative solutions, such as the distribution agency agreement framework, to improve revenue collection, but broader political intervention is needed to reverse this increasingly alarming trend.

OPERATIONAL EXCELLENCE AND ENVIRONMENTAL COMPLIANCE

Operational sustainability requires ongoing investment in plant performance, outage execution and environmental compliance. Poor environmental performance and non-compliance with regulations constitute risks to supply, and we are implementing targeted emission reduction initiatives, water efficiency plans and ash beneficiation projects to address these challenges. To date, we have spent

over R3 billion in emission abatement projects, with an additional R15 billion allocated over the next five years. Currently, regulatory limits for both SO_x and NO_x are being met, but stringent requirements from 2030 onwards present a risk. We are working on how to best address those risks.

The transition from coal dependency to a lower-carbon and climate-resilient company is being advanced through the Just Energy Transition strategy, supported by strategic partnerships, blended finance models and public-private collaboration.

Our focus now is on sustaining the operational turnaround towards longer-term reliability. The revised Generation Operational Reliability and Sustainability Plan aspires to an EAF trajectory of 66% by the end of FY2026, 68% by FY2027 and 70% from FY2028 onwards. These targets are supported by the closure of enabling actions identified in external reviews coupled with the continued implementation of the Energy Action Plan in collaboration with NEDCSA.

GRID MODERNISATION AND TECHNOLOGY

The transformation of South Africa's electricity supply industry demands a modern, flexible and digitally enabled power system. Cyber-security threats, outdated legacy systems with control weaknesses and the need for predictive analytics and data management are being addressed through comprehensive digital transformation initiatives.

We are accelerating investment in infrastructure, smart technologies and digitalisation across the value chain, by implementing advanced digital solutions to enhance operational efficiency and governance. More than R100 billion has been allocated to strengthen and expand the transmission and distribution networks over the next five years, thereby improving system reliability, unlocking grid capacity and enabling renewable energy integration. The accelerated rollout of microgrids and smart meters to customers will support demand flexibility, improve revenue collection, reduce energy losses and enhance customer-centric services. The clean energy pipeline, to be driven by Eskom Green, includes at least 2GW of projects ready for execution in the short to medium term, with a longer-term pipeline of 5.9GW encompassing solar PV, wind, battery storage and gas-to-power projects.



Chief Executive's review *continued*

In March 2025, we marked 10 years since Eskom's 100MW Sere Wind Farm achieved full commercial operation, demonstrating our skills in this industry. Over the past decade, the wind farm has supplied more than 3.1TWh of clean electricity, equivalent to the annual consumption of about one million households. The site has achieved almost 93% availability during this time, preventing approximately 2.79 million tons of CO₂ emissions.

Our approach to decarbonisation is pragmatic and phased. Four older coal-fired stations that would previously have had to shut down – Camden, Hendrina, Grootvlei and Arnot – will now continue operating until FY2030 to support energy security, while we accelerate the development of clean energy capacity and alternative economic opportunities for affected communities through repowering and repurposing projects.

STRATEGIC TRANSFORMATION: UNBUNDLING AND MARKET REFORMS

The transformation of Eskom and the broader electricity industry is well underway. The operationalisation of NTCSA (National Transmission Company South Africa) in July 2024 marked a critical milestone in the liberalisation of South Africa's electricity supply industry, with NTCSA now responsible for grid expansion, market operation and regional trading. This development lays the foundation for competitive market reforms and grid expansion. The establishment of the National Electricity Distribution Company of South Africa (NEDCSA) is fundamentally linked to resolving the municipal debt challenge, which remains a key priority.

The establishment of Eskom Green, a wholly owned renewable energy subsidiary, will accelerate our participation in renewables, thereby positioning Eskom as a leader in South Africa's energy transition and supporting our commitment to net-zero emissions by 2050. Ultimately, pursuing a large-scale renewables rollout in conjunction with the continued operation of our existing generation plant represents the most cost-effective solution to delivering new generating capacity while maintaining base-load power and grid stability.

In this context, we simply cannot overstate the importance of base-load power. It is at the very heart of the transition: industry cannot operate without it, and it forms the backbone for renewable energy integration into the grid. As more renewables come online, we need dispatchable generation to offset their variability and maintain grid stability. With the contribution of coal set to decline, options include long-duration battery storage, pumped hydro or gas. At this stage, gas is the fastest and most economical solution.

To remain competitive and sustainable, Eskom's strategy includes the diversification of revenue streams to new products and services to reduce our reliance on regulated electricity price increases. Our Research, Testing and Development Department is focused on identifying technologies and processes to move from high-carbon to low-carbon energy sources that will enable Eskom to become as efficient as possible while sustaining a competitive and sustainable economy.

Our strategic objectives are supported by strong governance, stakeholder engagement, digital transformation and strategic partnerships, among others. Many of the initiatives we are working on require policy changes, so we cannot do this without the Government, and particularly the ministries with oversight over Eskom's operations, which have been incredibly supportive on this journey.

Eskom is a skills-based engineering organisation, and what drives us is delivering certainty. While we focus on delivering certainty in the provision of electricity, both now and into the future, we are also focused on obtaining certainty in the policy environment so that Eskom, with all other players, can deliver the benefits of competition that the Electricity Regulation Amendment Act now provides for.

We agree that industry reforms are vital, but we require clarity on the rules regarding trading licences, market codes and grid access. Having no rules in place would allow an unregulated industry to develop, and who would want to invest in that? The rule of law would be weakened, and that should not be tolerated. Furthermore, if a group of contributing customers is removed from the base, it is bound to exert pressure

on the remaining customers, particularly the most vulnerable and low-income customers. To balance affordability, we must ensure that the market reforms are based on clear rules to ensure that everyone can compete without fear or favour, and ensure everyone receives the true benefits of competition. Alongside other stakeholders, we are actively engaged in developing these rules under the process that NERSA has initiated and is fast-tracking.

Despite these challenges, we remain deeply committed to achieving the national objectives and strategic intent of the unbundling programme.

CREATING A FUTURE-READY ESKOM

Although Eskom has faced many challenges and we are still navigating a complex operating environment, we recognise that our people are at the core of driving sustainable growth and maintaining an organisation that is attractive to future investors. We are fostering a culture of operational excellence grounded in skilled people, robust systems and aligned processes to the ultimate benefit of our country. To achieve operational excellence and prepare for a competitive future, we remain committed to transparency, accountability and collaboration.

The journey ahead will require continued focus, agility and support from key stakeholders. We must remain vigilant to the risks that could jeopardise delivery, and we must embrace the opportunities presented by a transforming energy sector. Our strategy is ambitious but grounded in the realities of our operating environment, and as such, is very much achievable, as we have demonstrated this past year. Our commitment to sustainability, stakeholder trust and ethical leadership will guide us as we build the Eskom of the future.

Eskom now stands at the threshold of a new era. The progress we have made in operational recovery, financial turnaround, governance matters and strategic transformation is a testament to the resilience, competency and dedication of our people. We have demonstrated that, even in the face of adversity, Eskom can adapt, innovate and deliver results that define the future of South Africa.

The delivery of our strategy demonstrates that Eskom is sustainable and investable. We are grateful for the efforts of all our stakeholders to advance progress on our turnaround plan, including the Eskom Board, the Minister of Electricity and Energy, NECOM and Government, for the collaborative effort to address the country's electricity challenges.

We are keenly aware that the country depends on Eskom to continue to deliver on our plans with urgency and efficiency, because the economy relies on us, and it will continue to do so even in a reformed industry. As such, we cannot let our collective focus slip. We will continue to focus on recovering generation performance to levels expected by our stakeholders to continue easing supply constraints. We will also keep strengthening governance, internal controls and consequence management, as well as combatting crime, fraud and corruption.

While we are sustaining our recovery from the energy crisis and aiming to deliver on our promise of a loadshedding-free 2025/26 summer period, we're also future-proofing the organisation to enable energy security and affordability, growth and long-term sustainability for the benefit of South Africa and sub-Saharan Africa.

When we all work together, we will continue to power South Africa's growth and drive economic development, and in so doing, create a legacy of reliability, sustainability and excellence. Remember, if it is to be, it is up to us!

Dan Marokane
Group Chief Executive

Chief Financial Officer's commentary



DRIVING IMPROVED AUDIT OUTCOMES

The audit for the year ended 31 March 2025 reflects our progress in preparing for and concluding the audit process more timeously, although the latest audit outcome continues to highlight key long-term governance challenges. Deloitte issued a qualified audit opinion, related only to the quantification and disclosure of PFMA-related information that formed the basis for their qualified opinion, also highlighting internal control deficiencies. Except for this qualification, Eskom's financial statements are considered to be fairly presented in terms of IFRS Accounting Standards.

The Audit Committee, under the leadership of Fathima Gany, noted continued weaknesses in financial reporting, supply chain management, contract governance and compliance with legal and regulatory requirements. The breakdown in controls at component level and poor adherence to well-established policies and procedures have necessitated greater reliance on external assurance providers.

We recognise that the control environment does not yet meet the standards required to support an unqualified audit outcome nor the expectations of our stakeholders. Despite management's concerted efforts to address the deficiencies identified, these

initiatives have not yet reduced Eskom's risk exposure sufficiently. To accelerate progress, Exco initiated a three-year audit recovery programme following the conclusion of the FY2024 audit in December 2024. Its objective is to restore the integrity of Eskom's control environment, address recurring audit findings and improve audit readiness to ultimately support unqualified audit outcomes and the publication of Eskom's annual results within legislative timeframes.

The programme focuses on reinforcing governance structures, fostering a culture of accountability, improving documentation management and recordkeeping, and enhancing compliance with existing controls across key processes. Strengthening management oversight and implementing effective consequence management remain central to our recovery efforts. We are also investing in systems and digitisation, while enhancing specialist skills and capacity across finance, assurance and other oversight functions.

To ensure executive-level accountability, the programme is overseen by the Exco Audit Recovery Oversight Committee, chaired by the GCE. The programme has already demonstrated its effectiveness in driving corrective action. Nearly 90% of external audit findings raised since FY2021 have been closed, subject to audit verification. We are satisfied with the progress, considering that the programme was initiated with only three months remaining until the end of FY2025, given the late conclusion of the FY2024 audit.

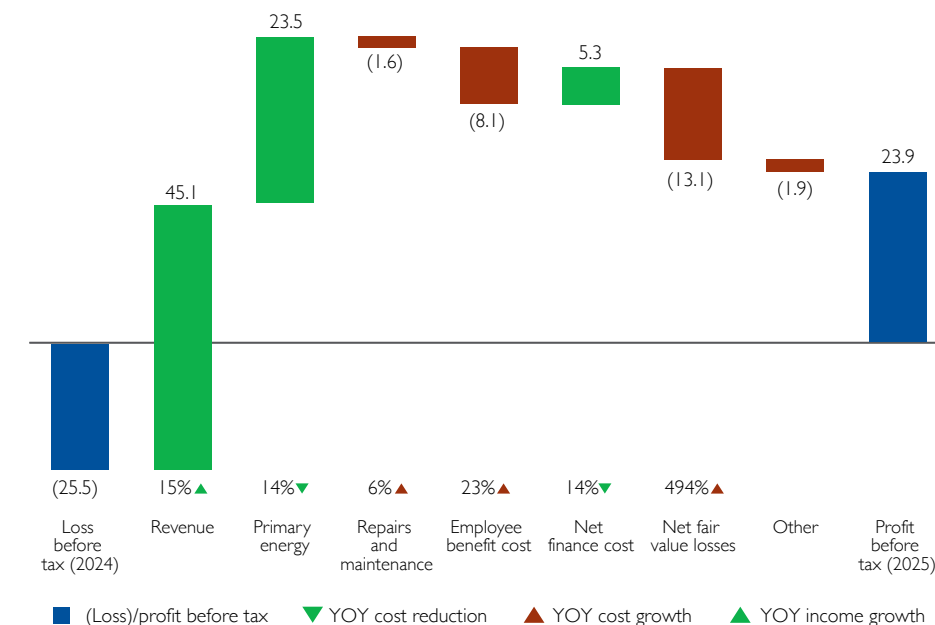
We remain committed to enhancing the control environment and ensuring robust, transparent and compliant financial reporting processes. Financial integrity begins with each of us and requires disciplined execution and diligent oversight at all levels. The audit recovery programme creates a shared mandate that requires visible leadership and full organisational commitment. As part of the programme, we have onboarded additional finance resources to rebuild capacity in key areas of the business.

REFLECTING ON THE MARKEDLY IMPROVED FY2025 FINANCIAL RESULTS

Last year, I indicated that we'd reached a turning point and that we had laid the foundation for Eskom's future success. As Dan discussed in the GCE's review, Eskom's positive spiral was premised on collectively recovering both operational and financial performance. In that regard, FY2025 represents a pivotal moment in Eskom's journey. Following years of constrained performance, we are beginning to see the tangible benefits of our recovery strategies, with marked improvements across key financial metrics driven by the operational turnaround and Government support.

Eskom achieved a profit before tax of R23.9 billion (2024: loss of R25.5 billion) – the first return to profitability since FY2017. This was underpinned by a stronger EBITDA margin of 29.05% (2024: 14.67%), supported by a 12.74% standard tariff increase and disciplined cost containment, particularly in primary energy costs. Improved plant reliability and the easing of generation supply constraints contributed to a 3.5% growth in sales volumes and reduced reliance on expensive OCGTs, with year-on-year OCGT fuel savings of R16.3 billion. The recovery of R9.2 billion relating to previously disallowed fuel levy rebates from SARS provided a further boost to earnings and liquidity.

Major contributors to the improvement in profitability, R billion



IR Refer to the "Condensed annual financial statements" from page 84 for commentary on key movements

Chief Financial Officer's commentary *continued*

DELIVERING ON OUR FINANCE STRATEGY

Our finance strategy is built on four interdependent pillars, with operations at the centre. Each pillar plays an integral role in supporting Eskom's financial sustainability.



DELEVERAGING THE BALANCE SHEET

Government's debt relief programme continues to assist Eskom in meeting its debt servicing requirements. By year end, R140 billion in support had been received since the implementation of the Eskom Debt Relief Act. Of that, R64 billion was made available in FY2025. The amounts received are initially recognised as shareholder loans and only converted to equity based on National Treasury's assessment of our compliance with the debt relief conditions. An amount of R8 billion was converted to equity by year end.

The convertible shareholder loan balance increased to R56.1 billion (2024: R32 billion), which has been approved for conversion to equity subsequent to year end. Gross debt securities and borrowings

decreased to R372.7 billion (2024: R412.2 billion), and net debt (including the shareholder loan) fell to R358.7 billion (2024: R401.1 billion). These improvements have translated into stronger solvency ratios and credit metrics.

We are acutely aware of the detrimental impact of Government's support to Eskom on the national fiscus. Recent amendments to the debt relief package have streamlined both the timing and structure of future support and reduced the fiscal burden from R254 billion to R230 billion because of Eskom's improved financial position. We expect to receive R80 billion in FY2026 and the final R10 billion in FY2029, to assist with bond redemptions.

RESOLVING THE TARIFF

The 12.74% tariff increase for FY2025 has supported our financial recovery by migrating the tariff path to more appropriate levels. NERSA also approved our proposal for the restructuring of tariffs, with phased implementation from FY2026. These changes were intended to support the user-pays principle and fair cost recovery and represent the first step in addressing the structural inadequacy of the tariff path.

However, further progress is required as Eskom's fixed costs are being recovered largely on a variable basis, which is unsustainable. Tariff structures must be modernised to accurately reflect the true component costs and fixed or variable nature of generation, transmission and distribution activities to provide appropriate market signals and support the restructuring of the electricity supply industry into a rules-based competitive market.

The migration towards a more appropriate tariff path that balances customer affordability with Eskom's financial sustainability is a key priority to ensure the sustainability of the industry. This is necessary to support the competitiveness of energy intensive users and safeguard vulnerable sectors. An inadequate tariff path has been a significant contributor to Eskom's financial constraints over the past two decades. We have not been allowed sufficient revenue to cover the prudent and efficient costs that we incur, nor to earn a return on assets to cover our cost of capital.

Once again, NERSA's MYPD 6 determination fell short of the legally mandated requirements supporting our application. Based on NERSA's incorrect application of the MYPD methodology, we took the decision on legal review. These rules are in place to protect both Eskom and its customers.

NERSA has been very responsible about addressing the errors it made in its determination. We agreed to a settlement of R54 billion, with R12 billion to be recovered in FY2027 and R23 billion in FY2028. After adjusting for the settlement, the tariff path now includes an estimated increase of 8.76% for FY2027 and 8.83% for FY2028, while the increase for FY2026 remains at 12.74%.

We are pleased that the review of NERSA's RCA decisions from FY2015 to FY2021 have also been resolved, with the finalisation of a R40.2 billion settlement in Eskom's favour in May 2025. Recovery of this amount, along with the remaining R19 billion from the MYPD 6 settlement, is yet to be determined but is only expected from FY2029 at the earliest. We also await NERSA's decisions on the recovery of RCA awards totalling R7.7 billion for FY2021 to FY2023, which is similarly expected from FY2029 at the earliest. When negotiating settlements of this nature, we are particularly sensitive to how recovery of the amounts will be phased, balancing customer affordability with Eskom's financial sustainability.

Regulatory uncertainty and the absence of a long-term tariff trajectory continue to impede strategic planning for the electricity supply industry, our customers and investors. We require predictability to foster investment into South Africa. With the support of the Minister of Electricity and Energy, we will engage with NERSA and other stakeholders on establishing a predictable long-term tariff outlook.

DRIVING EFFICIENCIES

We remain mindful of the economic pressures our customers are facing. We, too, feel the pressure of rising costs on our operations. Eskom is pursuing initiatives to reduce its cost base through operational efficiencies and to diversify revenue streams that will reduce our reliance on regulatory tariff increases.

Savings for the year were driven primarily by coal optimisation and reduced OCGT usage, partially offset by energy losses due to electricity theft and higher spend on employee benefits and maintenance.

The Cost Optimisation and Revenue Enhancement (CORE) programme, overseen by our newly established Strategic Delivery Unit, is targeting cumulative efficiencies of over R50 billion by FY2029 through revenue growth, procurement efficiencies, primary energy optimisation, digital transformation and capital productivity.

Chief Financial Officer's commentary *continued*

Eskom is fundamentally overhauling the way it manages costs by changing the way it does business and ensuring it sustains those efficiencies moving ahead. Procurement processes are being modernised through the introduction of digital systems such as e-tendering, price verification tools, digital stock control and e-auction systems to improve spend control and monitoring. We are also engaging with suppliers on the need to intensify cost control and manage within NERSA's allowable tariff increases and have implemented standardised rates through benchmarking to ensure that services are procured at competitive market rates.

To ensure that savings are both achievable and sustainable, the Strategic Delivery Unit is monitoring the implementation of initiatives to drive efficiencies and unlock value through disciplined execution.

ADDRESSING REVENUE COLLECTION CHALLENGES

Municipalities and metros constitute our largest customer segment, representing 42% of our sales. Proactively addressing poor payment levels and curbing escalating arrear amounts owed by municipalities is therefore critical to resolving Eskom's revenue challenges. Municipal arrear debt stood at R94.6 billion at 31 March 2025, an increase of 27% from the prior year (2024: R74.4 billion). Unfortunately, despite the implementation of National Treasury's municipal debt relief programme, the growth has not slowed, as most of the participating municipalities are failing to pay their current accounts on time.

Despite our best efforts at implementing the legal and credit control remedies available to us, we have not seen the improvements we require. The fact is that this is a systemic challenge which requires an inter-governmental approach. Unless we can find a sustainable solution to this issue, municipal arrear debt is estimated to grow to over R300 billion by FY2030. Simply put, we cannot carry the financial burden posed by municipalities any longer, without placing Eskom's broader financial sustainability and operations at serious risk. The situation also jeopardises the viability of Eskom's standalone Distribution company and the broader legal separation process.

We are engaging with Government to explore alternative interventions, including prepaid supply models as well as Eskom's proactive intervention of implementing distribution agency agreements to capacitate municipalities and improve both revenue collection and service delivery. We are employing a partnership approach, working closely with municipalities that are willing to collaborate.

Government is committed to resolving the municipal arrear debt challenge. Key to this is the finalisation of a national framework for distribution agency agreements, to be tabled at Cabinet, as well as driving reform across the electricity distribution industry through inter-governmental platforms. These measures are essential to curbing the growth of municipal debt, improving revenue collection and safeguarding Eskom's financial position.

STRENGTHENING ESKOM'S INVESTMENT CASE

Eskom's investment case is anchored in its strategic role as the backbone of South Africa's electricity supply industry. Looking ahead, the structural reforms underway will strengthen our investment case, better positioning us to respond to the positive shifts across the investment landscape – these necessitate a broader focus on ESG impacts beyond financial returns.

The legal separation process will deliver rationalised businesses with clearer cost structures, improved transparency and strategic alignment across the value chain to facilitate a competitive industry. This will be supported by a revised subsidiary governance framework and an active performance management parenting strategy.

As the industry transitions toward a rules-based competitive market, Eskom is uniquely positioned as an established market player with a skilled and diversified workforce, substantial market share and critical base-load capacity. Furthermore, Eskom's capital programmes offer a diversified portfolio of investments across generation, transmission and distribution infrastructure which will facilitate private sector participation.

Our decarbonisation objectives aim to deliver on cleaner coal technologies and a pipeline of clean energy capacity to support South Africa's climate commitments while maintaining energy security. We will actively participate and compete in the renewables market, through the establishment of Eskom Green, and pursue opportunities to diversify into new products and services to grow non-regulated revenue streams. Eskom is well-positioned to continue to support South Africa's energy transition and economic development agenda.

The progress made in stabilising Eskom's financial position, improving liquidity and enhancing operational performance during FY2025 has reinforced our ability to deliver on our mandate and reduce our burden on the fiscus. These outcomes have been achieved despite structural constraints in the tariff path and the persistent challenge of escalating municipal arrear debt, both of which are critical to unlocking the full potential of our investment case.

OPTIMISING LIQUIDITY AND ENABLING INFRASTRUCTURE INVESTMENT

Eskom's liquidity has strengthened significantly through the results of our turnaround strategy, supported by improved operating cash flows, the recovery of fuel levy rebates from SARS and Government's debt relief programme. Stabilising our liquidity position and holding the necessary reserves are essential for providing the financial headroom for improved planning and execution, enabling investment in infrastructure for maintenance and expansion, emission reduction and grid reliability. These investments are critical to support sustainable operational performance, enable the energy transition and ensure security of supply. Sufficient liquidity is also required to meet regulatory requirements for the funding of our long-term decommissioning obligations.

Over the next five years, we will invest approximately R320 billion in sustaining and expanding our infrastructure. Around 40% is earmarked to support generation capacity, including the clean energy pipeline, with a further 40% allocated towards the Transmission Development Plan. The remainder is set aside for distribution network strengthening and refurbishment, accelerating the rollout of smart meters, and other support services.

Even though the conditions associated with Government's debt relief remain in effect until FY2029, we may access external funding with approval from the Minister of Finance, provided it is undertaken at a pace that our balance sheet can support. That means being in a position where we can settle our debt obligations on maturity without Government support. Therefore, we'll have to rely primarily on surplus operating cash flows to fund capital expenditure, at least for existing assets, to continue our efforts to deleverage the balance sheet.

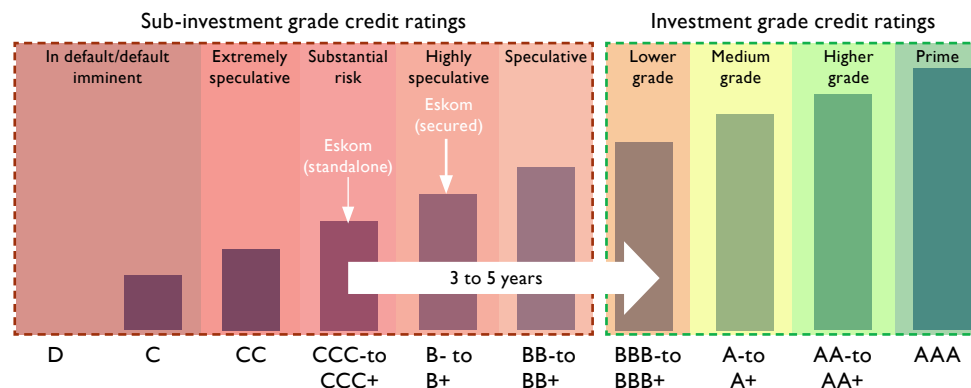
Eskom's borrowing programme will remain conservative over the next two years, limited to drawdowns from existing facilities. Thereafter, we intend returning to the capital markets to fund expansionary requirements from FY2028, targeting up to R25 billion per year if required. We plan to source this funding partly through sustainability-linked bonds.

To support Eskom's standalone financial sustainability, we aim to reduce the gross debt balance toward a more sustainable level of no more than R300 billion, and to improve the gross debt/EBITDA ratio to approximately 3 over the medium term.

Chief Financial Officer's commentary *continued*

CHARTING THE PATH TO STANDALONE INVESTMENT GRADE STATUS

Credit rating agencies have responded positively to our progress, with several rating upgrades and improved outlooks from S&P, Moody's and Fitch. These actions demonstrate growing confidence in our strategy and recovery efforts. Despite this, Eskom's ratings remain at sub-investment grade level, with standalone ratings around two notches below long-term secured ratings.



Achieving standalone investment grade status and unlocking broader access to capital markets require sustained improvement in our operational and financial performance. From a financial perspective, this means growing our earnings, demonstrating reliable cash flows and achieving a healthy liquidity position over several years. Rating agencies also assess the diversity and sustainability of Eskom's revenue streams as well as our ability to manage debt levels effectively, looking for strong profitability, solvency and liquidity ratios.

Market conditions and the broader industry landscape also play a role. Improved investor sentiment, tangible support from Government in addressing our municipal debt challenges, regulatory certainty and an adequate, long-term tariff path are key to future rating upgrades. Furthermore, rating agencies have acknowledged the strong link between Eskom's credit ratings and those of South Africa. When Eskom succeeds, so does South Africa – through sustained economic growth and job creation.

I believe the path to investment grade status is within reach, contingent on continued financial discipline and sustaining and building upon the success of our turnaround strategy. Progress will not be achieved overnight and will require disciplined execution over the longer term. Our creditworthiness will continue to benefit from Government's support over the remainder of the debt relief period. However, to achieve financial sustainability and strengthen Eskom's investment case, we must achieve investment grade status on a standalone basis without further support or government guarantees. We expect to walk this path over the next three to five years as industry reforms begin to take shape.

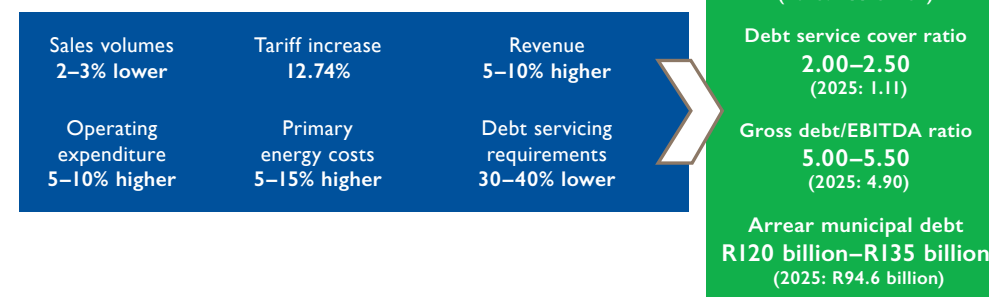
FINAL THOUGHTS

FY2025 stands as a testament to Eskom's resilience and commitment to recovery. As indicated in the GCE's review, the return to profitability and improved liquidity are not only critical milestones for the organisation – they represent a broader benefit to South Africa's fiscal and economic landscape. Improved financial performance reduces reliance on Government support, enhances Eskom's ability to invest in critical infrastructure and energy security and contributes to restoring confidence in South Africa's

public institutions. As Eskom stabilises, it creates the conditions necessary for inclusive growth, job creation and a more resilient energy sector which underpins national development.

Our progress in turning around operational and financial performance, supported by Government and stakeholder collaboration, has positioned Eskom for a sustainable future. Our results for FY2025 are not a once-off achievement, but rather the new baseline to sustain and build upon as we shift our focus to the future.

FY2026 outlook



Eskom remains a strategic asset to the country, with an investment case built on a credible roadmap to sustainability, a strengthened governance framework and a commitment to transparency and accountability. We are well-positioned to attract capital to support infrastructure development, thereby playing a leading role in shaping the competitive and resilient electricity supply industry of the future.

I extend my gratitude to the Chairman, the Board and its committees, Exco and all employees for their unwavering dedication. Together, we are laying the foundation for Eskom's long-term success. Our commitment to financial discipline and operational excellence is critical as we continue to build a sustainable and investable Eskom.

When I took on the role of GCFO, I did so with a personal goal of delivering two things: returning Eskom to profitability, and once again paying bonuses to our people to reward them for their tireless efforts. With these goals achieved, my focus now shifts to strengthening Eskom's investment case and supporting the path towards standalone investment grade status, without the need to rely on the fiscus.

Calib Cassim
Group Chief Financial Officer

Our strategic and risk landscape



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Reflecting on our operating context

The past year marked a pivotal period for Eskom, shaped by a dynamic and evolving operating environment. Globally, the energy sector continued its transition toward decarbonisation, digitalisation, decentralisation and democratisation, while geopolitical shifts and climate finance realignments introduced new uncertainties. Domestically, the formation of South Africa's Government of National Unity following the May 2024 national elections brought renewed political stability and a unified focus on energy reform, infrastructure investment and economic recovery.

Eskom made significant strides in operational recovery, with the Generation Recovery Plan yielding a sustained improvement in energy availability and delivering 310 consecutive days without loadshedding up to 30 January 2025. The implementation of the Electricity Regulation Amendment Act and the operationalisation of NTCSA marked critical milestones in the early stages of the liberalisation of the electricity supply industry.

Despite these gains, we continue to face financial and structural challenges, including lower-than-required tariff approvals, escalating municipal debt and the need to evolve our business model to remain competitive in a transforming market. The organisation is responding through strategic partnerships, digital transformation and the establishment of a renewable energy company – Eskom Green – to accelerate our participation in the green economy, together with initiatives aimed at sustainably addressing our financial challenges.

GLOBAL AND REGIONAL CONSIDERATIONS

GLOBAL CONTEXT

The global energy landscape continues to be shaped by the four Ds – decarbonisation, digitalisation, decentralisation and democratisation – which are redefining how utilities will operate, invest and engage with customers.

DECARBONISATION

The global shift toward carbon-efficient energy sources is accelerating, driven by technological innovation, declining costs of renewables and increasingly stringent environmental regulations. At COP29, countries reaffirmed their commitment to the Paris Agreement, pledging to:

- Expand clean energy infrastructure, including 15 terawatts of energy storage
- Build or refurbish 25 million kilometres of grid infrastructure by 2030, subject to availability of funding
- Strengthen climate resilience and financial support for vulnerable nations

Despite these commitments, geopolitical shifts have introduced new uncertainties. In January 2025, the United States formally withdrew from the Paris Agreement as well as the Just Energy Transition Partnership (JETP) with South Africa. This has disrupted global climate finance flows and may delay access to clean energy technologies for developing economies. However, the European Union's €4.7 billion green energy investment pledged to support South Africa's transition has helped to offset this gap, reinforcing international support for decarbonisation.

Renewables are expected to account for over 40% of global energy production by 2028, with solar PV and wind making up around two-thirds of new generation projects planned globally until 2030.

DIGITALISATION

Digital transformation is reshaping the energy sector. Technologies such as artificial intelligence (AI) and predictive analytics are enabling smarter grid management, operational efficiencies and improved forecasting. The global digital transformation market is projected to grow at almost 25% annually until 2030. For utilities, this presents opportunities to reduce costs, enhance reliability and improve customer service, although it introduces new cyber-security and data privacy challenges.

DECENTRALISATION

Energy systems are becoming more distributed, with localised generation – such as rooftop solar and microgrids – gaining traction. This shift is driven by regional resource availability, customer demand for energy independence and the need for grid resilience. In South Africa, decentralisation is expanding generation capacity beyond traditional hubs like Mpumalanga to provinces such as the Eastern Cape, Western Cape and Northern Cape.

DEMOCRATISATION

The democratisation of energy is empowering communities and consumers to take part in energy generation and decision-making. The rise of prosumers, independent power producers (IPPs) and community energy projects is leading to increased competition and options available to customers. For Eskom, this trend requires the diversification of revenue streams, the development of dynamic pricing models and the expansion of service offerings to include renewable energy and self-generation solutions.

AFRICAN ENERGY OUTLOOK

Africa's energy landscape is undergoing a profound transformation, driven by the dual imperatives of expanding access to electricity to facilitate growth and development, and transitioning to cleaner energy sources. The continent's vast renewable energy potential, coupled with growing demand and international support, positions it as a future global leader in sustainable energy.

Africa is still the region with the lowest electricity consumption per capita globally. However, demand is expected to rise significantly due to population growth, urbanisation and economic development. Electricity consumption per capita is projected to more than double by 2050. This growth requires large-scale investment in generation capacity, grid infrastructure and regional electricity trade mechanisms.

According to the International Renewable Energy Agency (IRENA), Africa's renewable energy capacity is expected to grow from 56GW in 2023 to 310GW by 2030. This expansion is supported by declining technology costs, favourable solar and wind resources, and increasing international investment. South Africa is a key beneficiary of this trend, with the European Union's investment package providing a significant boost to the country's JET.

Interest in nuclear energy is also growing across the continent. The International Atomic Energy Agency (IAEA) projects that nuclear generating capacity in Africa will increase by almost 60% by 2030 and tenfold by 2050 compared to 2022 levels. Gas is still a critical transitional fuel, with regional partnerships, such as that with Sasol, supporting the development of liquefied natural gas (LNG) infrastructure and cross-border supply agreements.

Reflecting on our operating context *continued*

Despite the continent's energy potential, infrastructure gaps and policy fragmentation remain key barriers. Achieving Africa's energy goals will require:

- Coordinated industrial and energy strategies
- Investment in grid modernisation and interconnection
- Enabling regulatory frameworks to attract private capital and ensure long-term project viability

For Eskom, these developments present both opportunities and challenges. As a regional energy player, our strategy must align with continental trends, to explore cross-border partnerships and position Eskom to contribute to – and benefit from – Africa's energy transformation.

THE SOUTH AFRICAN PERSPECTIVE

South Africa's energy landscape is driven by the persistent challenge of balancing the energy trilemma: ensuring energy security, affordability and environmental sustainability. While the country has made progress in stabilising electricity supply and advancing the energy transition, significant structural constraints and socio-economic pressures persist.

THE ENERGY TRILEMMA

The implementation of Eskom's Generation Recovery Plan has led to a marked improvement in plant performance, with generating plant availability increasing around 6% year-on-year, with 310 consecutive days without loadshedding up to 30 January 2025. These gains were supported by the return of 2 400MW of capacity at Medupi, Kusile and Koeberg following extended outages. However, the power system is still vulnerable, and sustained investment in generation and network infrastructure is essential to maintain reliability.

Energy affordability is a critical concern, particularly in the context of rising unemployment, significant levels of poverty and limited fiscal resources. NERSA approved a tariff increase of 12.74% for FY2026, significantly below the level we applied for. This decision, while sensitive to consumer pressures, adds significant strain on our financial sustainability and our ability to fund necessary infrastructure upgrades to enable reliable performance.

South Africa has reaffirmed its commitment to reducing greenhouse gas emissions to between 398 to 510Mt CO₂e by 2025 and between 350 to 420Mt CO₂e by 2030, in line with the country's net-zero target by 2050. The electricity sector, which contributes more than 40% of national emissions, is central to achieving these targets.

THE COUNTRY'S POLITICAL LANDSCAPE

The formation of South Africa's GNU marked a significant shift in the country's political and governance landscape. As a multi-party coalition, the GNU is guided by a Statement of Intent that prioritises inclusive governance, economic recovery, energy security and infrastructure development. Energy security and reform is a cornerstone of the GNU's agenda, with a strong emphasis on accelerating the implementation of Government's Energy Action Plan and the JET Investment Plan.

In his opening address to Parliament in February 2025, President Cyril Ramaphosa reaffirmed the GNU's commitment to the five pillars of Government's Energy Action Plan:

- Fixing Eskom and improving the availability of existing supply
- Enabling private sector investment in generation by removing licensing thresholds
- Accelerating the procurement of new generation capacity
- Supporting rooftop solar adoption by businesses and households through introducing tax benefits
- Transforming the electricity sector by unbundling Eskom and liberalising the electricity market

The GNU has also prioritised the expansion and strengthening of the national transmission network and the development of a green manufacturing sector centred on renewable energy, green hydrogen and electric vehicles.

For Eskom, the GNU presents both opportunities and complexities. The renewed political consensus provides a more stable policy environment and accelerated regulatory reform, which includes finalisation of the Electricity Regulation Amendment Act during the past year. It also enhances the likelihood of regulatory continuity and cross-departmental coordination, which is essential for infrastructure rollout and energy sector reform. However, the coalition nature of the GNU could introduce complexities in decision-making and policy alignment due to the need for consensus among diverse political actors. This will require that we engage proactively and transparently with a broader range of stakeholders.

We have responded by strengthening our relationships with key government departments, regulators and oversight bodies. This includes active participation in policy consultations, alignment with policy and oversight ministries, as well as regular engagement with the National Treasury on the success of debt relief mechanisms essential to supporting Eskom's financial sustainability until tariffs are allowed to move to appropriate levels.

TRANSFORMING THE ELECTRICITY SUPPLY INDUSTRY

The South African electricity supply industry (ESI) is undergoing fundamental transformation, driven by structural reforms, policy innovation and the urgent need to ensure long-term energy security and sustainability. We are both participating in and enabling this transformation, which is reshaping the roles of generators, distributors and consumers.

The National Energy Crisis Committee (NECOM), set up in 2022, continues to coordinate the implementation of the five pillars of the Energy Action Plan discussed earlier.

The Electricity Regulation Amendment Act, which became effective from 1 January 2025, lays the legislative foundation for a competitive electricity market. It enables:

- Establishment of an independent Transmission System Operator (TSO)
- Unrestricted access to the grid for all market participants
- Development of electricity market rules to facilitate trading among generators, consumers and retailers



Reflecting on our operating context *continued*

NTCSA has commenced operation as the interim TSO, buying electricity from Eskom's Generation Division, IPPs and cross-border suppliers. NTCSA is also responsible for developing the wholesale electricity market, which is expected to increase competition, transparency and efficiency in the industry.

IR Refer to "Eskom's position – Adapting our business model for sustainability through unbundling" below for further information

The Transmission Development Plan 2024 (TDP), published by NTCSA, highlighted the need for around 14 500km of new transmission lines by 2034. NTCSA is accelerating the build rate and implementing innovative solutions such as:

- Revised grid allocation rules adopting the "first ready, first served" principle
- Curtailment frameworks to unlock capacity in constrained areas
- Accreditation of international transformer suppliers to speed up delivery of transformer capacity

The draft Integrated Resourced Plan 2023 (IRP) outlines a dual-horizon approach to meet South Africa's energy needs:

- Short-term to 2030: Addressing generation capacity constraints and ensuring a balance between supply and demand
- Long-term until 2050: Building a resilient, net-zero electricity sector

The draft IRP prioritises solar PV and wind as the dominant new generation sources, with limited inclusion of hydro and nuclear before 2030 due to the long lead times associated with these technologies. We have aligned our long-term planning outlook with the draft IRP and updating our strategy accordingly.

The country's 2024 draft Gas Master Plan (GMP2024) outlines the role of gas in the energy mix and addresses inland and coastal supply challenges. It supports policies like the Gas IPP Procurement Programme, targeting 2GW of new generation capacity from land-based gas-fired power facilities. Strategic partnerships, such as those with Sasol, support the development of LNG infrastructure and regional gas supply agreements.

Several new laws are reshaping the energy and infrastructure landscape:

- The Climate Change Act, 2024 introduces mandatory carbon budgets and progressive emissions targets
- The Public Procurement Act, 2024 promotes sustainable development, localisation and economic transformation
- The Expropriation Act, 2024 enables the state to acquire land for public use, thereby speeding up servitude acquisition for transmission projects

Together, these developments signal a decisive shift toward a liberalised, investment-friendly and sustainable electricity sector. Eskom's ability to adapt to this evolving landscape will be critical to ensure the organisation's continued relevance and sustainability.

ESKOM'S POSITION ADAPTING OUR BUSINESS MODEL FOR SUSTAINABILITY THROUGH UNBUNDLING

Strategically, we are adapting to the liberalisation of the electricity market. The unbundling of our vertically integrated structure is progressing, albeit with delays due to legal and financial complexities. As the industry evolves, we must transform our business model to remain competitive and sustainable, while committing to operational excellence, financial discipline and stakeholder trust. Many new business opportunities are presented by clean energy generation, grid expansion, a wholesale energy market, smarter trading platforms and customer-centric solutions that deliver new and enhanced products and services through predictive analytics and smart grid technologies.

Eskom's ability to adapt, collaborate and innovate while effectively executing our strategy to deliver on our mandate will decide our continued relevance and contribution to South Africa's energy future.

PROGRESS ON SEPARATING THE TRANSMISSION BUSINESS

NTCSA was established to house the transmission business. Its operationalisation was delayed beyond the timelines originally anticipated in Government's Roadmap due to key policy and regulatory dependencies. By 31 March 2024, the conditions for the merger and subscription agreements had all been met. NTCSA commenced trading on 1 July 2024, following the transfer of people and systems from our Transmission Division. This marked its formal establishment as a wholly owned subsidiary of Eskom and a key milestone in Government's Roadmap to transform the electricity supply industry. The lessons learnt from the Transmission separation are being incorporated into the remainder of the separation process.

NTCSA's operationalisation presents a pivotal step in enabling a competitive electricity market and positioning South Africa as a regional energy hub, with NTCSA now responsible for grid expansion, market operation and regional trading.

The legal separation will facilitate the creation of an independent TSO, which will enable investment in generation by IPPs and reduce the risks of a single entity managing most of the country's electricity supply. In August 2024, Parliament passed an amendment to the Electricity Regulation Act, 2006 to support Eskom's unbundling and the creation of an independent electricity market. While the final market structure is being determined, NTCSA is fulfilling the role of TSO on an interim basis, from the effective date of 1 January 2025 of the Electricity Regulation Amendment Act, 2024, until the ultimate TSO is established.

A key requirement of the Electricity Regulation Amendment Act is the implementation of a competitive wholesale electricity market, which includes the application to NERSA for a market operator licence, drafting a market code which will be subject to consultation prior to approval, and establishing a trading platform. It is not envisaged that the competitive wholesale electricity market will be operational until after FY2026.

The Market Operator has been established within the Energy Market Services business unit of NTCSA, and a draft market code was developed and published for stakeholder comment. Since then, the Market Operator has conducted numerous workshops to engage on the market code with industry stakeholders: government departments, Eskom, municipalities, consumers, IPPs and traders, among others. The required legal due diligence on the market code was completed and subsequent revisions to the code have been concluded, incorporating comments from stakeholders. A second round of stakeholder comments have been requested, and the draft code will be submitted to NERSA for approval once all required processes have been finalised.

NTCSA's governance structures approved the market operator licence application which was duly submitted to NERSA in May 2025. NERSA rejected the application in July 2025 as it was deemed inadequate and requested, among other requirements, the simultaneous submission of the market code. Engagement with NERSA confirmed that simultaneous submission of the market code was not required. The application was resubmitted by the end of July 2025 with additional information. The licence application has been advertised, and hearings are expected to take place from September 2025.

Reflecting on our operating context *continued*

PROGRESS ON SEPARATING THE DISTRIBUTION BUSINESS

The National Electricity Distribution Company of South Africa SOC Ltd (NEDCSA) was registered to house the distribution business. Its separation has been similarly delayed by external dependencies, including the delays which affected the NTCSA separation. The complexity and magnitude of the municipal arrear debt challenge, which affects NEDCSA's financial sustainability as well as that of the group as a whole, is impacting NEDCSA's lender engagement process. The Distribution management board has recommended that the matter be escalated to intergovernmental structures and factored into revised project timelines.

Organised labour has declared two disputes relating to the separation of NTCSA and the intended separation of NEDCSA, creating challenges in the consultation process until the arbitration is concluded. This could cause further delays to the timelines.

PROGRESS ON SEPARATING THE GENERATION BUSINESS

Options for the future of the generation business are still under consideration, as it is dependent on establishing a new holding company. The timing will depend on legislation and government policy. Efforts are focused on finalising power purchase agreements, ring-fencing the generation business, and developing a future-fit operating model that includes a clean energy portfolio.

WAY FORWARD

Based on recent developments affecting the electricity supply industry, we critically reviewed the unbundling strategy to assess the operational, financial and legislative implications of these developments. Electricity market liberalisation journeys across the globe and the likely evolution of the South African electricity market were also considered. This process was vital to ensure that we achieve the national objectives and strategic intent of the unbundling programme while positioning the organisation for continued growth and sustainability.

The next steps of the programme are the legal separation of the distribution business, followed by the establishment of a new holding company, leaving the generation business in the current Eskom company. This will culminate in the formation of three separate subsidiaries under a new Eskom holding company as envisaged in Government's Roadmap.

Engagements with the shareholder, NERSA and key forums such as NECOM to define the industry reform and address key concerns from the market are ongoing.

ESTABLISHING A SEPARATE VEHICLE TO PARTICIPATE IN RENEWABLE ENERGY

We intend to accelerate participation in renewables through the establishment of a wholly owned renewable energy company, provisionally titled Eskom Green, which will drive the development of multiple clean energy projects as part of its portfolio. This ambition is supported by a pipeline of clean energy projects aimed at adding at least 2GW capacity by 2030. The Board has endorsed the strategy to ensure that Eskom remains relevant and sustainable as the existing coal fleet approaches its end-of-life.

The renewables subsidiary will operate independently of Eskom to allow for greater governance agility, competitive market positioning and enhanced access to public-private partnerships (PPPs). Nevertheless, it will remain accountable to Eskom as its shareholder. The company must be agile and efficient to prepare for a competitive marketplace and ensure that we serve current and future customers with the desired electricity supply solutions. The establishment of Eskom Green will assist us in pivoting Eskom into a sustainable and competitive organisation while ensuring security of supply. It also forms part of our focus to identify the latest local and international developments to reduce carbon emissions and other air pollutants.

Utilising a separate subsidiary to focus on renewable energy has several advantages:

- Dedicated management focus
- Innovative mindset founded on agility and flexibility to respond to rapid market changes
- Lean, simplified business model to drive cost efficiencies and competitiveness
- Alternative funding options, including special investment vehicles
- Increased attractiveness to investors from an ESG perspective, with no exposure to traditional assets
- Increased transparency of financial and ESG reporting

DRIVING IMPROVED PERFORMANCE

During the past year, we entered a phase of stabilisation and progress, marked by operational improvements and strategic reforms across the value chain. The Generation Recovery Plan significantly enhanced generating plant performance through improved maintenance, returning capacity from key stations after extended outages and targeted investments. Despite the improvement, our generation performance remained unacceptable, not meeting the expectations set out in our shareholder compact. NTCSA accelerated infrastructure expansion under the 2024 Transmission Development Plan, adopting innovative grid allocation and curtailment frameworks to support renewable integration. The distribution business continued to face challenges due to declining sales volumes following the rise of distributed energy resources and persistent electricity theft. In response, we are modernising distribution infrastructure, enhancing security and exploring new revenue models. The operationalisation of NTCSA marked a key milestone in Eskom's unbundling, to align operations with a competitive electricity market.

Financially, Eskom continued to face challenges despite Government's debt relief support towards debt servicing obligations, with tariff increases that fell short of our requirements. Municipal arrear debt and electricity theft continued to erode revenue, with the municipal debt relief programme introduced by National Treasury not delivering the expected improvement in payment levels of non-performing municipalities. Cost containment remains central to our financial strategy.

Our sustainability agenda focused on enhancing environmental compliance and climate resilience. Exemptions from Minimum Emission Standards were granted under strict conditions, while the new Climate Change Act requires carbon budgeting and clean energy investments. The repowering and repurposing of coal-fired stations underscores our commitment to a just energy transition, while the proposed launch of Eskom Green marks a pivotal step in our transition strategy, enabling focused participation in the renewables market, to expand clean energy access in support of our commitment to net-zero emissions by 2050.

We strengthened leadership, especially at top management level, and continued to drive culture transformation and workforce readiness through targeted skills development, to support organisational resilience. We maintained our focus on rebuilding stakeholder trust through various campaigns, structured engagement, governance reforms and enhanced transparency.

Repositioning Eskom for sustainability in a transforming industry

STRATEGIC CONTEXT

Eskom's strategic direction is shaped by the convergence of global energy trends, national policy and industry reforms, domestic energy security challenges and internal transformation imperatives. The organisation is being repositioned to remain relevant and resilient in a liberalised, decarbonising and increasingly competitive electricity market, to ensure that we can continue to deliver on our mandate and meeting our stakeholders' expectations.

The evolving electricity supply industry offers a unique opportunity to redefine our role in South Africa's energy future. The formation of the GNU, the implementation of the Electricity Regulation Amendment Act, 2024 and the operationalisation of NTCSA provide a more stable and enabling policy environment for reform and innovation.

Our operating context presents a complex but pivotal moment in our transformation journey. While we have made measurable progress in stabilising operations and improving financial performance, enhancing stakeholder confidence and aligning with national energy policy, we continue to face significant longer-term structural, financial and environmental challenges. These include constrained tariff increases, above-inflation cost increases, escalating municipal arrear debt, the need for accelerated infrastructure investment, and the imperative to decarbonise in line with national and global commitments.

Our steadfast commitment to sustainability is underpinned by a comprehensive environmental, social and governance (ESG) framework that is integrated into our annual Corporate Plan, operational priorities and performance metrics. This framework supports our dual mandate of powering economic growth and delivering on our developmental mandate. Matters relating to our ESG approach are covered throughout this report, particularly in the sections dealing with leveraging governance for transformation, interacting with the environment, growing our people and sustaining communities.

REPOSITIONING OUR STRATEGY

In response to this dynamic and increasingly complex operating environment, we have undertaken a comprehensive review of our strategy. This review will ensure that we stay focused on the material shifts in the electricity supply industry, including regulatory reform, decarbonisation imperatives and the evolving role of state-owned utilities.

The review reaffirmed our strategic direction, but highlighted the need to recalibrate execution timelines and intensify delivery against strategic objectives. It builds on the operational and financial recovery achieved in the past year, but includes a sharper focus on operational recovery, financial sustainability and the transition to a low-carbon, customer-centric energy future.

In response, our strategy has been refocused to evolve from a traditional utility to a resilient, future-ready utility able to confront these challenges, unlock new opportunities and ensure the organisation's long-term sustainability and relevance by competing, collaborating and leading as a central player in a restructured industry. To achieve this vision, our refocused strategy revolves around:

- Strengthening operational performance and consistently overcoming the need for loadshedding
- Enhancing financial sustainability through cost discipline and revenue diversification
- Expanding transmission infrastructure to connect new generation capacity
- Accelerating the integration of renewable energy through Eskom Green
- Transforming the business model to accelerate unbundling and enable broader market participation
- Investing in people, partnerships and digital capabilities to spearhead innovation and resilience

The refocused strategy is fully aligned with the shareholder's strategic priorities set out in its updated Strategic Intent Statement, namely:

- Achieving universal access, together with availability, affordability and quality of electricity
- Attaining sovereign and regional energy security
- Asserting South Africa's leadership in the continental and global energy landscape
- Driving industrialisation and leading sectoral innovation
- Transforming energy demographics by elevating the role of women and youth

These priorities have been embedded in our shareholder compact for FY2026 and will guide the execution of initiatives to achieve our strategic objectives.

OUR STRATEGIC OBJECTIVES

Eskom's strategy is designed to deliver measurable outcomes over the medium term, including improved energy availability, expanded clean energy capacity, reduced emissions and enhanced customer service. It is underpinned by strong governance, stakeholder engagement and a commitment to ethical leadership.

The organisation's transformation is being operationalised through the strategic repositioning of its core business units – Generation, Transmission (through NTCSA) and Distribution. Each area is executing a tailored strategy aligned with our overarching objectives and the evolving electricity supply industry. The associated initiatives are discussed as part of our strategic objectives.

The strategy is anchored in four strategic objectives:

1. *Fix the current business:* Stabilise operations, improve financial sustainability and embed a high-performance, ethical culture
2. *Prepare for competition:* Enable legal separation and market reform, and ensure readiness for a liberalised electricity supply industry
3. *Modernise the power system:* Expand and digitise the grid to support decentralised energy resources and modern technologies
4. *Transition responsibly:* Drive a JET that balances energy security, affordability and sustainability

Devolving our strategy

Generation: Stabilise, diversify and decarbonise

The generation business is focused on stabilising plant performance, diversifying the energy mix and enabling a just transition to a low-carbon future.

NTCSA: Grid expansion and market enablement

NTCSA is central to enabling a competitive electricity market and unlocking new generation capacity.

Distribution: Customer-centric, digitally enabled and financially sustainable

The distribution business is being restructured into NEDCSA, with a focus on customer-centricity, digital transformation and financial recovery.

Repositioning Eskom for sustainability in a transforming industry *continued*

These objectives are supported by:

- Aligning with national energy priorities and the shareholder's strategic priorities
- Capacitating strategic enablers such as governance and leadership, digital transformation and technology, finance, human resources, stakeholder engagement and strategic delivery
- Adapting business unit strategies for the generation, distribution and transmission businesses
- Integrating ESG dimensions into our strategy
- Leveraging strategic partnerships and funding models to unlock investment and innovation

These objectives are interdependent and guide the organisation's transformation and execution priorities. These objectives are designed to address immediate operational challenges, prepare for structural reform and, ultimately, position Eskom for long-term sustainability in a transformed industry.

FIX THE CURRENT BUSINESS: PURSUE FINANCIAL AND OPERATIONAL SUSTAINABILITY

Eskom's immediate priority is to stabilise operations and restore financial sustainability. This objective is anchored in disciplined execution of the Generation Recovery Plan, the implementation of cost-saving initiatives and the entrenchment of a high-performance, ethical culture across the organisation.

During the past year, we achieved a significant milestone of 310 consecutive days without loadshedding up to 30 January 2025, driven by improved generating plant availability, reduced reliance on OCGTs and the successful return of key units from long-duration outages, including the commercial operation of Kusile Unit 5 under the new build programme. These operational gains were supported by Government's debt relief support covering most of our debt servicing obligations, allowing surplus cash from operations to be released for critical maintenance and infrastructure investment.

However, systemic risks persist. Municipal arrear debt escalated further to R94.6 billion by year end, despite the municipal debt relief programme. If current mitigation initiatives are unsuccessful, this could

escalate to more than R300 billion by FY2030. We are pursuing innovative solutions such as the distribution agency agreement framework to improve revenue collection, but broader political intervention is needed to reverse this alarming trend. Financial sustainability is further challenged by inadequate tariffs, declining sales volumes and the ongoing impact of crime, fraud and corruption. We are addressing performance and ethical challenges through enhanced governance, consequence management and the implementation of a fraud analytics platform.

Immediate initiatives to stabilise operations and restore financial sustainability include:

- Moving generating plant availability towards 70% by FY2028 through the refocused Generation Operational Reliability and Sustainability Plan
- Reducing reliance on OCGTs and improving plant performance through midlife refurbishments
- Driving initiatives to improve environmental compliance such as exploring clean coal, while seeking exemptions where necessary
- Pursuing innovative solutions to improve municipal payment levels and reduce municipal arrear debt by rolling out the distribution agency agreement framework to defaulting municipalities and proposing other solutions to National Treasury
- Prioritising customer-centricity with a focus on revenue recovery initiatives, such as accelerating the rollout of smart meters, improving payment levels across all customer categories and reducing electricity theft
- Implementing cost optimisation and revenue recovery programmes
- Intensifying the focus on internal controls and governance processes to combat crime, fraud and corruption
- Strengthening consequence management and leadership accountability, and enhancing safety compliance
- Embedding a high-performance, ethical culture through our culture transformation programme while supporting leadership stability and employee development and reskilling, together with fostering the innovation and agility required to respond to the evolving energy landscape

PREPARE FOR COMPETITION: FACILITATE A COMPETITIVE FUTURE ENERGY INDUSTRY

In response to the liberalisation of South Africa's electricity supply industry, we are actively preparing for this competitive future. Legal separation of the Generation and Distribution businesses is progressing, with NTCSA already operational. However, the financial viability of Distribution is still a concern due to escalating municipal debt and tariffs that do not adequately reflect all the elements of supplying electricity to the end-consumer.

IR Refer to "Reflecting on our operating context – Adapting our business model for sustainability through unbundling" from page 40 for more information on the progress on unbundling our business

The Generation business is transitioning from a traditional base-load provider to a diversified energy player, with a focus on flexible, clean energy solutions. This includes the development of a clean energy pipeline, participation in battery storage and future gas-to-power projects, and the establishment of Eskom Green as a separate subsidiary to spearhead investment and innovation in renewable energy.

In preparation for restructuring into NEDCSA, Distribution is introducing a four-line business – EDx Grids, EDx Change, EDx Edge and EDx Serve – designed to support decentralised energy, customer-centric services and energy trading in the future. The Distribution System Operator (DSO) and Distribution Energy Trader (DET) functions will manage distributed generation, facilitate wheeling and offer new products such as green energy attributes and demand-side management services.

We are implementing the following additional initiatives to prepare for competition:

- Driving the development of a clean energy project pipeline through the establishment of Eskom Green and using public-private partnerships and private sector participation
- Accelerating the execution of the TDP by front-end loading projects and enabling independent transmission providers
- Pursuing new revenue streams by exploring new products and markets

We are advocating for the finalisation of the draft IRP and the Retail Tariff Plan (RTP), which are critical to long-term investment planning and market participation.

We are focused on providing a balanced and diversified energy mix based on existing coal and nuclear, introducing gas for base-load power, together with renewables, energy storage systems including battery energy storage systems (BESS) and pumped hydro, to achieve overall security of supply to meet South Africa's growing electricity demand in a sustainable manner. We have an initial pipeline of at least 2GW of clean energy projects ready for execution in the short to medium term, and we are developing a pipeline of 5.9GW of clean energy projects – including solar PV, wind, battery storage and gas-to-power projects – to diversify the energy mix in the longer term.

These reforms will enable Eskom to compete effectively in a restructured market while fulfilling our mandate to provide reliable, affordable and sustainable electricity.

Repositioning Eskom for sustainability in a transforming industry *continued*

MODERNISE THE POWER SYSTEM: LEVERAGE TECHNOLOGY AND INFRASTRUCTURE

The transformation of South Africa's electricity supply industry demands a modern, flexible and digitally enabled power system. In response, we are accelerating investment in infrastructure, digitalisation and smart technologies across the value chain. Over R100 billion has been allocated to strengthen and expand the transmission and distribution networks over the next five years, with a focus on unlocking grid capacity, enabling renewable energy integration and improving system reliability. Distribution will roll out around 7 million smart meters and 250 microgrids over the next five years to support demand flexibility, reduce energy losses and provide customer-centric services.

We are elevating digitalisation as a strategic imperative to improve performance and keep up with the technology trends driving development of the electricity industry. To this end, we are implementing advanced digital solutions to enhance operational efficiency and governance. These initiatives will not only modernise our infrastructure, but also position the organisation to lead in a decentralised, digital and decarbonised energy future.

IR Refer to "Digital transformation and technology" for more information on these initiatives

TRANSITION RESPONSIBLY: STRIVE FOR NET-ZERO EMISSIONS BY 2050

We are committed to supporting South Africa's transition to a low-carbon economy in line with the country's commitments under the Paris Agreement and the Climate Change Act, 2024. Our JET strategy is central to this commitment, balancing energy security, affordability and environmental sustainability while ensuring socio-economic resilience in affected communities.

We have received a favourable decision from the Department of Forestry, Fisheries and the Environment (DFFE) granting a suspension of compliance with Minimum Emission Standards (MES)

for five coal-fired power stations scheduled to shut down by FY2030. This relief enables continued operation of these stations while we implement targeted emission reduction initiatives and refine our repowering and repurposing plans.

Our approach to decarbonisation is pragmatic and phased. Four older coal-fired stations – Camden, Hendrina, Grootvlei and Arnot – will continue operating until FY2030 to support energy security, as delays in delivering and connecting IPP capacity have constrained the power system. In parallel, we are accelerating the development of a clean energy pipeline.

The JET strategy has been decoupled from the station shutdown schedule, allowing repowering and repurposing (R&R) projects to continue independently. This ensures that alternative economic opportunities and clean energy capacity are developed in parallel with the gradual decommissioning of coal assets, to ensure that communities are not left behind as the energy mix evolves. Flagship R&R initiatives at Komati, Grootvlei, Camden and Hendrina include microgrid assembly, copper recycling and training centres to reskill workers and support local economic development. The strategy directly addresses key risks – such as stranded assets, regulatory non-compliance and social disruption – while positioning Eskom as a leader in South Africa's energy transition.

We are pursuing environmental and social sustainability through:

- Reducing water consumption by 43% by FY2030, with site-specific water efficiency plans at priority stations
- Ash beneficiation projects to reduce waste and support circular economy initiatives
- Emission reduction technologies such as flue gas desulphurisation (FGD), fabric filter plant (FFPs) and low-NO_x burners
- Decoupling the JET strategy from the Generation shutdown plan to drive decarbonisation and socio-economic transformation objectives

These efforts are supported by strategic partnerships, blended finance models and public-private collaboration to mobilise investment in clean energy infrastructure while maintaining system reliability and affordability.

STRATEGIC ENABLERS

Our enabling functions – supporting governance, technology options, finance, human resources, strategic delivery and stakeholder engagement – are foundational to the successful execution of our strategic initiatives. These functions are being repositioned to provide agile, integrated support to the core businesses to accelerate the delivery of Eskom's strategic objectives.

GOVERNANCE AND LEADERSHIP

We are committed to restoring public trust through organisational integrity and strengthened governance, ethical leadership and a high-performance culture aligned to our values. During the past year, we set up the Group Investigations and Security (GIS) unit to proactively address crime, fraud and corruption. This unit works in tandem with the Ethics Office and Internal Audit to ensure that misconduct is swiftly identified, investigated and addressed.

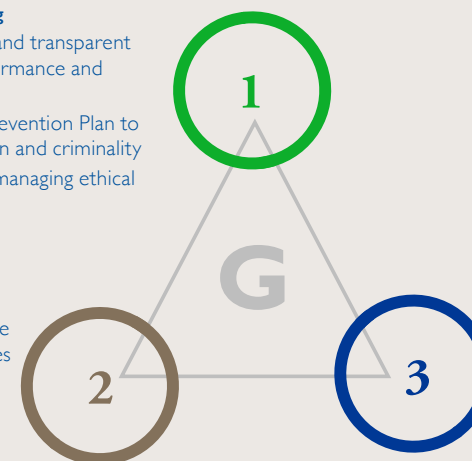
A fraud analytics platform has been deployed to enhance early detection and prevention of irregularities in real time, while cyber-security controls have been strengthened to safeguard Eskom's digital infrastructure. These efforts are essential to improving operational discipline, reducing financial leakage and reinforcing our social licence to operate.

Transparency and reporting

- Ensure comprehensive and transparent communication of performance and sustainability initiatives
- Implement the Fraud Prevention Plan to combat fraud, corruption and criminality
- Guide all employees in managing ethical issues

Governance structures

- Provide clear governance and leadership structures
- Strengthen auditing in the business to uphold governance
- Separate Eskom into entities to enhance operational efficiency



Risk management, culture and oversight

- Foster a positive high-performance ethical culture aligned with its values
- Protect Eskom's assets through security measures to ensure operational sustainability
- Investigate fraud, corruption, and criminal activities through Group Investigations and Security

Repositioning Eskom for sustainability in a transforming industry *continued*

DIGITAL TRANSFORMATION AND TECHNOLOGY

We are executing a comprehensive digital transformation strategy to modernise our operations, improve the customer experience and strengthen internal controls. Key initiatives include:

- Deploying a fraud analytics platform to detect and prevent irregularities in real time
- Implementing a coal automation system to improve quality control and reduce fraud and theft in the coal supply chain
- Developing a data warehouse and advanced analytics platform to support predictive maintenance and real-time operational decision-making
- Strengthening cyber-security infrastructure and tools to protect against digital threats and ensure business continuity
- Exploring blockchain use cases to enhance transparency and traceability in procurement and supply chain management

PEOPLE CULTURE AND CAPABILITIES

To embed ethical behaviour across the organisation, we launched the 1:1:6:10 culture transformation programme. This aligns leadership behaviours with Eskom's values – zero harm, integrity, innovation, sinobuntu, customer satisfaction and excellence – and is supported by targeted interventions aimed at learning and development, consequence management and effective performance management.

Key priorities to build a high-performance, ethical culture and a future-ready workforce include:

- Leadership development and succession planning to ensure stability and continuity
- Reskilling and upskilling of employees to support the Eskom of the future, including the JET and digital transformation
- Enhancing reward and retention strategies to attract and retain critical talent
- Promoting diversity, equity and inclusion, with a focus on elevating the role of women, youth and persons with disabilities in the energy sector

OVERSIGHT OF STRATEGIC DELIVERY EXECUTION

The Strategic Delivery Unit (SDU) plays a vital role in coordinating the execution of Eskom's strategic initiatives, including the Cost Optimisation and Revenue Enhancement Programme (CORE), our clean energy pipeline and the unbundling programme. The active performance management parenting strategy has been developed to govern the relationship between Eskom Holdings and its subsidiaries.

STRATEGIC PARTNERSHIPS AND FUNDING MODELS

To deliver on our strategic objectives without placing undue pressure on the balance sheet, we will pursue alternative funding models, including PPPs, private sector participation and finance mechanisms blending commercial and concessional financing. These models are critical to accelerating infrastructure rollout – particularly in clean energy, transmission expansion and digital transformation – as well as enabling the JET and restoring public trust.

These partnerships not only unlock capital and reduce on-balance sheet borrowing, but also bring technical expertise, innovation and risk-sharing capabilities that are essential for our long-term sustainability.

HOW WE WILL MEASURE SUCCESS

The updated Strategic Intent Statement issued by the Department of Electricity and Energy outlines Government's expectations for Eskom over the medium term. These include:

- Completing the legal separation process with the unbundling of the distribution and generation businesses
- Ensuring energy security and system reliability by recovering generating plant availability to 70% over the medium term and resolving primary energy challenges
- Achieving compliance with environmental and emissions regulations for stations operating beyond FY2030
- Maintaining a positive EBITDA margin and reducing the gross debt to below R300 billion

- Reducing municipal arrear debt growth and improving payment levels through the distribution agency agreement framework and other mechanisms
- Expanding and strengthening the transmission and distribution networks to address grid constraints and contribute to regional energy integration
- Rolling out smart meters and microgrids to contribute to modernising the distribution network
- Commissioning at least 2GW of clean energy capacity through Eskom Green and strategic partnerships
- Investing in people through skills development and succession planning
- Supporting economic transformation and localisation through procurement and social investment
- Enabling a JET that is socially inclusive and environmentally responsible

As we advance Eskom's strategic agenda, we must remain vigilant to the risks that could jeopardise delivery. The complexity of the energy transition, the scale of infrastructure investment needed and the interdependencies across regulatory, financial and operational dimensions all introduce significant uncertainty. To navigate this landscape effectively, Eskom has embedded a robust risk management framework that identifies, monitors and mitigates strategic risks across the organisation. In the section that follows, we outline the key risks facing the organisation and the measures in place to manage them effectively.

MANAGING DEPENDENCIES AND RISKS

Our strategy is ambitious but grounded in the realities of a transforming energy sector. The organisation has made measurable progress in stabilising operations and improving financial performance, but the path to long-term sustainability will require continued focus, agility and support from key stakeholders.

The successful execution of Eskom's strategy relies on several critical dependencies:

- Regulatory certainty and market reform, including timely implementation of the IRP and Retail Tariff Plan
- Regulatory approval of unbundled tariffs that adequately reflect the cost of supplying electricity and balance affordability with Eskom's financial sustainability
- Continued support from National Treasury through the debt relief programme and the Department of Electricity and Energy, together with support for enforcing payment discipline in municipalities and enabling the distribution agency agreement framework
- Effective stakeholder engagement, particularly with organised labour, communities and civil society to ensure a just and inclusive transition
- Access to concessional and blended finance mechanisms to fund clean energy projects, grid expansion and digital transformation

We will continue to monitor these dependencies and adapt our execution approach to ensure resilience and agility in a rapidly evolving energy landscape.

Mitigating risk and maintaining resilience

We are committed to effectively mitigating risk and maintaining resilience, which is essential to supporting Eskom's long-term sustainability. This is especially important given our vital role in the South African economy, our impact on society and the environment, and the ongoing transition of the energy sector.

- We aim to contribute to a more resilient society by:
- Embedding risk-intelligence and resilience practices into all decision-making processes
 - Enabling people to take the right level of the right risks for success
 - Supporting the achievement of strategic objectives through informed, intelligent decisions

We manage risk and resilience throughout the group using an integrated approach aligned with industry standards. Our Integrated Risk Management Standard conforms to ISO 31000 *Risk management – Guidelines*, King IV, Government's Risk and Integrity Management Framework for SOCs, the Disaster Management Act, 2002 and the requirements of our annual shareholder compact.

In line with King IV, the Board is responsible for the oversight and governance of risk. The Board approves the Enterprise Risk and Resilience Management Policy and Plan, as well as the group's risk appetite and tolerance levels, which sets out the level of risk we are willing to assume in pursuit of our strategic objectives to address our financial, operational and structural challenges.

The Board approved the separation of the Audit and Risk Committee in February 2025, enabling the establishment of a dedicated Risk Committee to enhance oversight and accountability over risk management across the organisation.

IR For more information, refer to “Leveraging governance for transformation – Report by the Board and reflecting on its performance” from page 54

The Risk Committee is responsible for oversight of the overall risk management system on behalf of the Board, ensuring that material risks and opportunities that could affect the group are identified, evaluated, effectively managed and reported. While the Risk Committee

oversees the broader risk landscape, individual Board committees remain responsible for risks within their areas of focus; in the case of the Audit Committee, this means overseeing risks and opportunities related to assurance, controls, financial management and reporting.

Management serves as the first line of defence; therefore, day-to-day management of risk and resilience is delegated to Exco, supported by its Risk and Sustainability Committee. Exco implements the Enterprise Risk and Resilience Management Plan and monitors risk performance and emerging risks quarterly, in line with Board-approved risk appetite and tolerance levels. The assessment of our risk landscape and risk appetite is embedded in our strategy development process, as illustrated below.



The effective management of risk and resilience ensures that we can effectively formulate and execute our strategy, operate with minimal disruption, respond to and recover from disruptions should they materialise, as well as proactively leverage emerging opportunities.

To achieve this, our risk landscape is continuously monitored so that risks that impact our strategic objectives are proactively identified and consistently managed. By doing so, we ensure that appropriate structures and plans are in place to treat these risks and respond to and recover from incidents that could threaten our ability to create and preserve value.

OUR RISK LANDSCAPE

As part of our strategy development and execution, we regularly scan our environment to identify shifts in our operating context and risk landscape driven by local and global developments.

The following factors emerged from our most recent scan. The potential threats and opportunities, and the consequences thereof, inform our approach to mitigating risk and maintaining resilience.

Threats and opportunities	Potential impact on organisational risks
Geopolitical developments resulting from the new US administration	
The new US administration has reversed climate commitments, withdrawing from the Paris Agreement as well as the JETP with South Africa, favouring fossil fuels and reducing support for clean energy investments. Diplomatic and trade tensions with the US, particularly through recent tariffs imposed by the US, may impact global oil and coal prices and disrupt access to US markets and US-based technologies, foreign investment as well as development aid, posing risks to our operations and financing prospects	Financial sustainability risks may be affected by reduced funding and lower sales to customers affected by global trade
Deteriorating US relations may be mitigated by diversification to alternate markets and strengthening ties through BRICS, G20 and regional partnerships. The EU's €4.7 billion green energy investment package offers critical support for South Africa's JET and decarbonisation goals	Climate change response actions and compliance with the Climate Change Act, 2024 may be affected by inadequate funding and investment, delaying the just transition to a low-carbon company
Outcomes from the State of the Nation Address (SONA)	
The 2025 SONA, themed "A nation that works for all", emphasised Government's continued support in stabilising Eskom, reducing loadshedding and ensuring reliable power supply	Financial sustainability risks may be mitigated by diversifying revenue streams from new markets
Government reaffirmed its commitment to infrastructure investment, particularly in the energy sector; to support economic growth, including accelerating the transition to renewable energy and enabling private sector participation in the transmission network	Operational sustainability and climate change risks may be mitigated by increased infrastructure investment and the transition to renewable energy
The enactment of the Electricity Regulation Amendment Act aims to establish a competitive electricity market. Economic reforms and industry policies may stimulate electricity consumption and create new market opportunities to diversify Eskom's revenue	
Outcomes from the World Economic Forum (WEF)	
The 2025 WEF annual meeting in Davos focused on geopolitical instability and climate change as critical global risks	Operational sustainability risks may be affected by extreme weather events and geopolitical tensions
Interdependence in global energy supply chains and rising geopolitical and trade tensions threaten global markets, including fuel and technology imports, impacting operational sustainability and energy security. This may be mitigated by improving regional and international cooperation to combat geopolitical threats	
Climate change is intensifying extreme weather events, causing damage to infrastructure and leading to power disruptions, demanding urgent adaptation measures. This may be mitigated by opportunities to diversify energy sources and strengthen grid resilience	

Mitigating risk and maintaining resilience *continued*

NATIONAL DISASTER PRIORITIES

Our resilience efforts aim to enhance the organisation's capability to respond and recover from adverse events and adapt to disruptive environments. We comply with the Disaster Management Act, 2002 and manage our response to major threats, disruptions and disasters through dedicated resilience command centres.

We manage eight national disaster priorities, which are risks inherent to our operations that have a low likelihood of occurring but could have disastrous consequences should they materialise. These were recently consolidated from the previous 11 disaster priorities by integrating related risks, enabling a more holistic and strategic approach to disaster planning.

Our disaster priorities cover:

- Climate change-related disasters
- Cyber-attack or catastrophic system failure
- National blackout
- National industrial action
- Nuclear incident
- Pandemic
- Severe supply and demand constraint
- Social and geopolitical instability

Our Enterprise Resilience Programme oversees disaster management and emergency preparedness. Individual Exco members take accountability for risk monitoring and disaster contingency plans for each of these disaster priorities.

Simulation exercises are conducted regularly to ensure that Eskom can continue to operate and recover within a reasonably short time in the event of a disaster. During the year, six grid exercises were held, all of which simulated failure of the transmission grid across the provinces, in line with Grid Code requirements. Technical and non-technical vulnerabilities are continuously reviewed, with a focus on maintaining and enhancing the existing disaster contingency plans.

SR For more on our approach to enterprise resilience, refer to "Governance – Enterprise resilience" in our 2025 sustainability report



National simulation exercise

Extreme weather related to drought, snow, heavy rains, thunderstorms, strong winds, veld fires and floods pose a risk to our infrastructure and may result in supply disruptions to customers. A national simulation exercise, named *Terra*, was conducted on 6 February 2025 to test the emergency response to flooding and drought scenarios at national, divisional, provincial and site level. Recommendations from *Terra* are being addressed by the disaster management working groups focused on climate change-related disasters, which will inform any revisions to the related disaster contingency plans.



Mitigating risk and maintaining resilience *continued*

OPERATIONAL AND STRATEGIC RISKS

We assess operational risks across each area of the business based on the magnitude of the consequence and the likelihood of occurrence. Following that, our operational risks are aggregated into strategic risks across several risk categories, covering finance; operations (through our licensed activities of generation, transmission and distribution); environment and climate change; people, culture and safety; information and operational technology; legal and compliance; fraud and ethics; and stakeholder engagement.

These categories are aligned to the Board's risk appetite and tolerance levels and accountable owners are assigned to each risk. Key risk indicators are in place for all risks, serving as a set of leading indicators to ensure that risks are managed proactively and to understand the direction in which risks are moving, and at what rate.

The strategic risks reflected in the table below are assessed to determine if they are operating outside of our risk appetite and tolerance levels, and are considered either within the risk appetite (●), likely to breach the risk appetite (●) or to have breached the risk appetite (●). All strategic risks have treatment plans in place, as successfully treating these risks is paramount to our future success, although treatment plans may not immediately mitigate the risks or turn around performance due to their medium- to long-term nature.

Risk appetite statement	Strategic risk description	Treatments	Related material matters
Finance			
High appetite to return to profitability at a group level and hold positive cash balances across all legal entities	While the group achieved a return to profitability in FY2025, long-term financial sustainability remains at risk. NERSA's MYPD 6 revenue determination has resulted in a revenue shortfall of around R250 billion over the next three years. This outcome prevents the migration to an adequate tariff path, constraining liquidity and our ability to invest in sustaining and expanding our infrastructure and delivering on our strategic objectives	- Challenging NERSA's MYPD 6 determination to secure more balanced tariff outcomes and support liquidity, with a R54 billion settlement agreed - Leveraging NERSA's R40 billion court settlement relating to historic RCA decisions to support liquidity - Engaging with NERSA and other stakeholders on a long-term tariff outlook - Intensifying internal and external interventions to address arrear debt through long-term structural solutions, given poor compliance by municipalities on Government's municipal debt relief programme - Maintaining adherence to the conditions of Government's amended R230 billion debt relief package to enable shareholder loan-to-equity conversion - Delivering R50 billion in cumulative efficiencies over the next five years through the cost optimisation and revenue enhancement programme - Optimising cash from operations and capital expenditure to reduce reliance on debt funding - Pursuing PPPs to unlock future investment opportunities and support infrastructure expansion - Implementing initiatives to enhance the prevention, detection, investigation and correction of crime, fraud and corruption	Financial sustainability Operational excellence Legal separation Future Eskom Crime and corruption
Risk appetite status: ●	Our financial sustainability is further threatened by the inability to recover close to R95 billion in arrear municipal and metro debt. This continues to compromise operational plans, the legal separation of the Distribution Division as well as access to funding for the Eskom of the future In addition to these systemic risks, finances may be compromised by: - Operational inefficiencies and above-inflationary cost increases in some areas - Losses due to crime, fraud and corruption - High debt service costs - Liquidity pressure to address generation plant performance, environmental compliance and network infrastructure investment		

Material matters

- M1** Strengthening leadership
- M2** Securing financial sustainability
- M3** Achieving operational excellence
- M4** Enhancing environmental stewardship
- M5** Building a skilled workforce
- M6** Furthering national developmental goals
- M7** Executing the legal separation
- M8** Creating the Eskom of the future
- M9** Advancing climate action
- M10** Upholding governance, compliance and ethics
- M11** Fighting crime, fraud and corruption

Mitigating risk and maintaining resilience *continued*

Risk appetite statement	Strategic risk description	Treatments	Related material matters
Generation operations			
High appetite to provide reliable electricity by delivering on the refocused Generation Operational Reliability Plan and other initiatives to consistently overcome the need for loadshedding. This will be achieved by operating the plant efficiently and safely through a skilled and competent workforce, while limiting environmental harm. Generation will further leverage opportunities through partnerships towards becoming a cleaner producer of electricity, thereby enabling South Africa's aspiration of carbon neutrality by 2050 Risk appetite status: ●	While we have achieved a significant recovery in plant performance over the past year, Generation's operational sustainability may be compromised by: - Poor environmental performance and non-compliance with environmental laws and regulations, which may lead to the loss of licence to operate and the shutdown of generating plant and/or litigation - Poor plant availability which results in system constraints and loadshedding, eroding stakeholder confidence - Poor quality of outage execution - Unreliability of new generating units - Skills and resource constraints - Theft and vandalism of critical infrastructure due to criminal activity, which may lead to loss of production and/or financial losses	- Implementing the revised Generation Operational Reliability Plan, focusing on reducing unit trips, improving outage execution and strengthening people, plant and process performance - Executing strategic projects, including mid-life refurbishments, the Koeberg LTO and emission reduction projects - Collaborating with NECOM, OEMs and external utilities - Accelerating the adoption of advanced analytics to support predictive maintenance - Converting OCGT units from diesel to gas to reduce operational costs - Implementing the Environmental Management Plan to ensure compliance with MES exemption conditions, revised atmospheric emission licences as well as water and waste management requirements - Addressing common plant failures, fixing water leaks, dredging dams and enhancing ash management practices - Strengthening leadership and technical capabilities through targeted development initiatives and skills pipelining - Diversifying the energy mix through a pipeline of clean energy projects and implementing JET projects at ageing power stations in parallel with continued operations - Enhancing security capacity and developing an integrated security system to combat theft and vandalism of infrastructure and resources - Implementing coal automation systems to monitor coal delivery from mines to power stations and improve coal quality assurance	Financial sustainability Operational excellence Environmental stewardship Skilled workforce Future Eskom Climate action Crime and corruption
Transmission operations			
High appetite to provide a reliable and efficient transmission network, System Operator and energy market service in South Africa and designated electricity markets, as well as to protect the national grid using load reduction and loadshedding as critical tools to prevent a national blackout. This will be achieved through the implementation of the Transmission Sustainability Improvement Plan, which incorporates the TDP Risk appetite status: ●	NTCSA's operational sustainability may be compromised by: - Insufficient transmission infrastructure to integrate new generation sources, due to resource constraints and delays in statutory approvals to implement the TDP timeously, which may lead to reduced grid stability and reliability - The impact of climate change, including severe weather events - Cyber-security threats and physical security risks, including the incidence and severity of crime, fraud, corruption and other incidents affecting NTCSA infrastructure and operations - Various external dependencies, including enabling policy, legislation and regulatory frameworks, which influence the implementation of a competitive market and establishment of an independent system market operator	- Accelerating execution of the TDP through a dedicated oversight committee to enable timely grid access for new generation capacity - Overseeing the performance of EPC contractors for transmission lines and substations to expedite infrastructure rollout - Refurbishing ageing assets to reduce equipment failures and faults and improve system reliability - Implementing climate adaptation plans to mitigate the impact of severe weather events on NTCSA infrastructure - Strengthening cyber-security and physical protection measures to reduce exposure to crime, fraud, theft and vandalism and limit service disruptions - Collaborating with stakeholders on policy and regulatory developments for a competitive electricity market and the establishment of an independent system market operator - Applying the revised subsidiary governance framework and active performance management parenting strategy, which govern the relationship between Eskom and NTCSA	Financial sustainability Operational excellence Legal separation Future Eskom Climate action Crime and corruption

Mitigating risk and maintaining resilience *continued*

Risk appetite statement	Strategic risk description	Treatments	Related material matters
Distribution operations			
High appetite to power economic growth through the distribution of reliable electricity and related energy services to customers in a sustainable manner. Furthermore, we aim to improve revenue collection through a focused financial recovery programme for financial sustainability Risk appetite status: ●	Distribution's operational sustainability may be compromised by: • High levels of energy losses, caused by electricity theft, illegal connections, meter tampering, illegal vending, theft and vandalism of network equipment, as well as errors • Escalating arrear municipal and metro debt due to poor payment levels, which also undermine the financial sustainability of NEDCSA • Customer defection and an overall trend of declining sales volumes due to evolving customer needs, energy consumption patterns and increased competition from embedded self-generation technologies • The absence of a fair rules-based market which may lead to Eskom disproportionately losing good paying customers and retaining poor paying customers • Underinvestment in ageing distribution infrastructure which may lead to an inability to sustain network performance within regulatory norms and meet future demand	• Enhancing security technologies and intensifying meter audits and the removal of illegal connections • Implementing the zero buyers reduction programme to identify and regularise zero buyers as well as low buyers • Prioritising a new software solution for the online vending system, as well as upgrades to customer billing and customer relationship management systems • Collaborating with stakeholders to prevent vandalism and theft of network infrastructure • Rolling out smart meters to reduce electricity theft and enable new products and services • Engaging with National Treasury to address poor compliance by municipalities on Government's municipal debt relief programme and reinforcing Eskom's legal rights • Implementing distribution agency agreements and active partnering with defaulting municipalities to improve revenue collection and service delivery • Expanding and strengthening the distribution network, including commissioning of battery storage and microgrids • Improving supply reliability and customer-centricity through digital technologies and enhanced service models • Pursuing unbundled tariff structures • Engaging on electricity industry market reforms and evolving the distribution business model in line with future energy trends to meet customer expectations and unlock new revenue opportunities	Financial sustainability Operational excellence Legal separation Future Eskom Crime and corruption
Environment and climate change			
High appetite to reduce our negative impact on the environment and society, by reducing our contribution to emissions and discharge pollution, as well as to make a positive impact on water conservation, air quality and biodiversity. This will be achieved by complying with relevant environmental legislation Risk appetite status: ● High appetite to mitigate greenhouse gases, safeguard our infrastructure from adverse climatic changes and shape sustainable development best practices by implementing climate change adaptation strategies and Eskom's ESG plan Risk appetite status: ●	Deteriorating environmental performance and non-compliance with environmental laws and regulations, caused by inconsistent execution of environmental management practices and challenges in meeting environmental licence conditions, may lead to environmental degradation, litigation, penalties and fines, loss of licences to operate and the shutdown of plant Efforts to transition from coal dependency to a lower-carbon and climate-resilient company may be compromised due to capital constraints, a complex regulatory environment, lengthy procurement and approval processes, scalability challenges for renewable energy projects, as well as grid integration and stability challenges. The lack of control over market dynamics and clean energy investments hampers efforts to reduce reliance on coal-fired production. The impact of climate change may lead to supply disruptions and stranded assets, requiring investment to secure and adapt operations and infrastructure	• Ensuring adherence to the conditions of the MES exemptions granted by the Minister of DFFE and revised atmospheric emission licences for several power stations • Advancing emission reduction projects at priority stations, including refurbishment of electrostatic precipitators, retrofitting NO_x burners and installation of fabric filters bags and flue gas desulphurisation plant • Evaluating and testing the scalability of emerging technologies such as direct sorbent injection to reduce SO₂ emissions • Collaborating with Government on the phased implementation of carbon tax and sectoral emission targets for the electricity supply industry • Executing water performance recovery plans to reduce environmental legal contraventions • Implementing Eskom's ESG plan to strengthen the management of environmental and climate-related risks and opportunities • Exploring development financing and public-private partnerships for environmental and climate adaptation projects • Implementing climate adaptation plans across the group to enhance resilience to climate-related disruptions • Obtaining environmental authorisations for new build and JET projects • Establishing Eskom Green, a wholly owned renewable energy subsidiary • Implementing repowering and repurposing projects at ageing power stations in parallel with continued operations	Financial sustainability Operational excellence Environmental stewardship Future Eskom Climate action Governance and ethics

Mitigating risk and maintaining resilience *continued*

Risk appetite statement	Strategic risk description	Treatments	Related material matters
People, culture and safety			
No appetite to negatively affect human health, in accordance with our non-negotiable value of Zero Harm, by eliminating fatalities and reducing injuries. Furthermore, we have a high appetite for ensuring the health and safety of employees, contractors and members of the public Risk appetite status: ● High appetite for a skilled, competent, ethical and high-performance organisation by embedding an innovative culture and accountable leadership Risk appetite status: ●	Health and safety of employees and contractors may be compromised by failing to effectively implement occupational health and safety improvement initiatives, which may lead to harm (injuries, fatalities or damage to the environment, equipment or property), thereby decreasing productivity and damaging our reputation. Furthermore, this risk may lead to potential harm to the public, including those engaged in criminal activity and exposed to the dangers of electricity Critical workforce segmentation and skills may not be available as required by the strategic workforce plan, which may lead to a reduction in productivity and an inability to achieve strategic objectives. Furthermore, an inadequate learner pipeline may compromise the ability to meet future skills requirements. The potential lack of a speak-up culture in response to ethical issues, caused by mistrust and fear of victimisation, may perpetuate unethical behaviour	• Embedding the new “See – Act – Immediately” initiative to strengthen a proactive safety culture • Applying lessons learned and safety insights across sites to eliminate fatalities and reduce safety incidents and lost-time injuries • Establishing structures to improve contractor safety performance and align with occupational healthy and safety best practices • Collaborating with stakeholders to broaden the reach and impact of public safety campaigns • Launching holistic health programmes to support both mental and physical wellbeing in the workplace • Executing the strategic workforce plan to ensure the availability of critical skills for future operational needs • Monitoring and closing the skills gaps identified through the skills audit, while strengthening the learner pipeline • Repositioning the Eskom Academy of Learning to meet emerging business needs and future skills requirements • Building leadership capacity and continuity and implementing leadership development programmes • Fostering a culture of high performance, ethics, innovation and agility, while encouraging a speak-up culture • Leveraging performance management systems to align performance with rewards and reinforce accountability and consequence management • Advancing JET repowering and repurposing projects to support workforce reskilling and upskilling	Leadership strength Operational excellence Skilled workforce Developmental mandate Governance and ethics
Information and operational technology			
High appetite to lead the direction of information and operational technology proactively and holistically, while enabling, empowering and co-creating innovative technology solutions through partnerships in support of our strategic intent Risk appetite status: ●	Exposure to malicious activities and cyber-security threats may affect critical information technology systems and lead to legal, operational and financial consequences. Outdated endpoint security technology which has not adjusted to new and advanced cyber-security threats, unsupported legacy systems and weak privileged access controls may lead to criminal activity, data corruption and/or loss, operational disruptions and non-compliance with laws and regulations Furthermore, cyber-security attacks on critical operational technology systems, caused by the exploitation of system vulnerabilities, could lead to damage to critical infrastructure, system downtime, a partial or total loss of control of systems and/or loss of visibility of the power network, with potentially devastating consequences These risks are further amplified in areas where audit findings have identified inadequate controls or circumvention of controls	• Simplifying, standardising, optimising, consolidating and rationalising the technology landscape and infrastructure environment across the group • Deploying advanced threat detection systems to replace outdated endpoint protection and enhance cyber-security response capabilities • Engaging with divisional and subsidiary operational technology functions to ensure alignment and a unified approach to limit exposure to threats • Modernising legacy systems and prioritising the decommissioning and replacement of unsupported systems • Advancing hardware and software upgrades for critical systems • Strengthening access controls and technology security practices across the group • Establishing a business process management function to identify and improve ineffective processes • Monitoring key risk indicators relating to cyber-security posture and system availability • Implementing Eskom's digital transition strategy and data strategy, including artificial intelligence capabilities, advanced data analytics and improved data management principles	Financial sustainability Operational excellence Future Eskom Governance and ethics Crime and corruption

Mitigating risk and maintaining resilience *continued*

Risk appetite statement	Strategic risk description	Treatments	Related material matters
Legal and compliance			
No appetite for any non-compliance with compliance obligations, or to compromise on compulsory requirements or voluntary commitments, which may cause harm to the organisation or to the broader environment in which we operate Risk appetite status: ●	The ability to provide advice or independent assurance of our compliance maturity status may be compromised by inadequate time, resources and systems dedicated to compliance, which may lead to delays in effectively identifying and addressing any inadequacies in the management of existing compliance obligations, thereby increasing the risk of contraventions Incomplete or inaccurate disclosure of irregular expenditure, fruitless and wasteful expenditure as well as losses due to criminal conduct in the financial statements, due to PFMA reporting procedures not being effectively implemented, resulting in a qualified audit opinion and eroding stakeholder confidence. Reliance of PFMA reporting on a self-declaration process, the effectiveness of which is dependent on a culture that supports openness and accountability, where speaking up is encouraged and supported	- Strengthening the PFMA Loss Control Department to improve PFMA compliance monitoring and reporting - Continuous monitoring and assessments on the application of internal controls - Addressing audit findings through the implementation of a dedicated audit recovery programme - Revising procedures to support consistent and effective application of the PFMA - Implementing Eskom's Legal and Regulatory Compliance Plan to enhance management of compliance obligations - Improving compliance reporting systems, processes and resourcing to support timely and accurate disclosures - Rolling out compulsory training on ethics, fraud awareness and PFMA compliance - Improving and accelerating implementation of consequence management - Fostering a high-performance, ethical culture where individuals feel encouraged and supported to report instances of non-compliance	Financial sustainability Operational excellence Environmental stewardship Developmental mandate Governance and ethics
Fraud and ethics			
No appetite for unethical conduct, crime, fraud and corruption in general; we have adopted a zero-tolerance approach through improved mechanisms redressing governance and compliance challenges Risk appetite status: ●	Crime, fraud and corruption, if not effectively managed, may worsen and negatively affect our financial and operational sustainability and reputation Failure to implement the Fraud Prevention Plan in an integrated manner, inadequate resources and skills, inadequate controls and the circumvention of controls, as well as lack of management accountability and oversight to prevent, detect and correct unethical behaviour may lead to financial losses, operational disruptions, reputational damage and deterioration of our ethical culture These risks are further amplified by the potential for fraud, corruption and unethical behaviour in procurement and supply chain management practices due to procurement irregularities and collusion with suppliers	- Executing the revised Fraud Prevention Plan through enhanced management structures - Conducting reviews and investigations through Internal Audit and the newly established Group Security and Investigations Department - Rolling out compulsory training on ethics, fraud awareness and PFMA compliance - Executing the digital procurement programme to transform procurement and supply chain management into an automated and integrated process - Addressing procurement irregularities and reducing reliance on informal tendering - Expediting employee disciplinary processes to ensure timely consequence management and accountability - Monitoring supplier transgressions and enforcing disciplinary actions through the Supplier Review Committee - Enhancing systems and controls and implementing digital tools to support early detection of fraud and corruption - Centrally monitoring the impact of treatment plans relating to crime, fraud and corruption in Generation, NTCSA and Distribution through the Group Investigations and Security Department - Improving whistle-blowing processes and fostering a high-performance, ethical culture where individuals feel encouraged and supported to report wrongful behaviour - Improving root cause analysis of crime, fraud and corruption and closing the gaps holistically across the group	Leadership strength Financial sustainability Operational excellence Governance and ethics Crime and corruption
Stakeholder engagement			
High appetite to restore our reputation and role in society, by enhancing our stakeholder engagement capability, proactively aligning our approach to stakeholders' expectations and ensuring better organisational performance. This is underpinned by an effective, efficient, timeous and integrated communication plan Risk appetite status: ●	Our reputation has been negatively affected by several issues, including environmental challenges, supply constraints, high levels of loadshedding in recent years, unaffordable tariff increases, high debt levels as well as allegations of fraud and corruption. Failure to address these issues and proactively respond to stakeholder expectations may erode trust and result in the loss of key stakeholder relationships. This could impact the organisation on multiple levels, threatening achievement of our strategic objectives in the short, medium and long term. An inability to sustain recent performance improvements may hinder efforts to restore and strengthen Eskom's reputation	- Implementing stakeholder engagement plans through internal and external initiatives to rebuild trust and credibility - Strengthening collaboration with government departments and structures - Monitoring key market developments which impact Eskom and its stakeholders - Finalising and implementing the Eskom Media Policy to guide transparent, consistent and responsible external communication - Monitoring key risk indicators such as stakeholder sentiment and media share of voice to assess reputational health - Relaunching reputation pulse surveys to obtain insights into public perception and stakeholder trust and develop appropriate responses	Effective stakeholder engagement influences the outcomes of all material matters

Leveraging governance for transformation



Report by the Board and reflecting on its performance	54	Report by the Audit Committee	59	Conclusion on assurance and controls	60
Report by the Business Operations Performance Committee	62	Report by the Governance and Strategy Committee	63		
Report by the Human Capital and Remuneration Committee	64	Remuneration report	65	Report by the Investment and Finance Committee	71
Report by the Social, Ethics and Sustainability Committee	72	Fostering an ethical culture	73		
Fighting crime, fraud and corruption	75	Upholding good governance	81		

Report by the Board and reflecting on its performance

PURPOSE

The Board fulfils its governance mandate in alignment with the Companies Act, 2008, the Public Finance Management Act, 1999 (PFMA) and the principles of King IV. It sets the strategic direction of the organisation by integrating strategy, risk, performance and sustainability as interdependent pillars of value creation.

Through a robust governance framework and clearly defined delegations of authority, the Board provides oversight and approves key policies, plans and initiatives that enable the effective execution of Eskom's strategy. It monitors management's performance and strategic delivery to ensure accountability and the integrity of organisational reporting. Furthermore, the Board oversees the identification and management of compliance obligations and enterprise risks, supported by sound internal controls and a risk-based internal audit function.

In fulfilling its role, the Board also fosters a high-performance, ethical culture that reflects Eskom's values and reinforces its commitment to operating as a responsible corporate citizen – ethically, socially and environmentally.

COMPOSITION AND BOARD COMMITTEES

In terms of Eskom's MOI, the Board may consist of a maximum of 15 directors. The majority of the Board must be independent non-executive directors, and there must be at least two executive directors. During the year under review, the Board comprised 13 directors: 11 independent non-executive directors and two executive directors. There were no changes to the Board's composition during the year.

IR Refer to page 15 for further information on the composition of the Board

To ensure effective execution of its responsibilities, the Board is supported by the following seven committees:

- Audit Committee (AC), formerly the Audit and Risk Committee until February 2025
- Business Operations Performance Committee (BOPC)
- Governance and Strategy Committee (GSC)
- Human Capital and Remuneration Committee (HCR)
- Investment and Finance Committee (IFC)
- Risk Committee (RC), established in February 2025
- Social, Ethics and Sustainability Committee (SES)

In February 2025, the Board approved the separation of the Audit and Risk Committee (ARC) into a separate Audit Committee and Risk Committee, in accordance with Eskom's revised MOI and to enhance oversight and accountability by bringing greater focus to the distinct responsibilities of these disciplines. The terms of reference of the separate committees were approved on 30 May 2025.

The Audit Committee retains the same membership as the original ARC. The Risk Committee is comprised of seven directors, as follows:

- Non-executive directors: Dr Tsakani Mthombeni (chair), Fathima Gany, Clive le Roux, Bheki Ntshalintshali and Dr Busisiwe Vilakazi
- Executive directors: Dan Marokane and Calib Cassim

The Board delegates authority to these committees while retaining overall accountability. The Board reviews and approves the terms of reference of these committees annually, to define their composition, mandate, roles and responsibilities. All Board committees are chaired by independent non-executive directors. When required, the GCE, GCFO and other executive members of management attend committee meetings as officials.

During the year, the Board considered and/or approved information, opinions, recommendations, reports and statements from its committees, as detailed under the key activities of the respective Board committee reports that follow.



The Board committee reports that follow disclose meeting attendance based on the actual number of meetings held during the year. Notably, the total number of meetings held exceeded the scheduled Board calendar approved by the shareholder, reflecting the Board and its committees' commitment to adequately address governance requirements and respond to heightened governance demands.

Board members also participate in workshops, portfolio and standing committee meetings and site visits, as well as other engagements with various stakeholders. Given the *ad hoc* nature of these engagements, attendance is not formally recorded and therefore not disclosed in this report.

IR Refer to "Remuneration report – Remuneration based on meeting attendance" on page 66 for a breakdown of scheduled, additional and *ad hoc* meetings held by the Board and its committees

The Audit Committee report includes the oversight activities of the combined ARC, which was in place until February 2025, as well as the activities undertaken by the Audit Committee for the remainder of the year. The Risk Committee held its inaugural meeting in March 2025 to consider the insurance plan and insurance premium budget for FY2026, as well as the temporary placement of external public liability insurance for electrical contact incidents.

The Board and its committees regulated their affairs in compliance with their respective terms of reference and all committees were satisfied that the responsibilities contained therein have been fulfilled for the year under review.

ANNUAL BOARD EVALUATION FOR FY2024

The Board is committed to sound governance practices, adopting the principles of King IV and the Protocol on Corporate Governance in the Public Sector, 2002. Although principle 9 of King IV recommends that boards conduct a formal evaluation every second year, we have conducted an evaluation annually to support continued improvement.

During the year, the Board performed a self-assessment relating to performance over FY2024, facilitated by the Office of the Company Secretary, with the aim of reflecting on governance practices, identifying areas for improvement as well as strengthening leadership and oversight. This self-assessment followed the independent evaluation undertaken by Mazars Advisory Services (Pty) Ltd (Mazars) for the prior year.

The overall results indicate a generally effective board, although several areas require targeted improvement to enhance governance and strategic impact. While some of the issues raised are recurring, most of the issues raised in Mazars' previous assessment have been addressed. The Board improvement plan incorporates the findings from these evaluations and highlights the following priority areas for improvement:

- Ensuring more timely access to external professional advice and expertise as the existing process is very slow and onerous, delaying decision-making
- Improving the quality of information shared with the Board and its committees. Board members raised concerns about voluminous submissions, submissions that are not tailored to committees' areas of responsibility, as well as the need to balance the level of detail in submissions in some cases
- Lessening the Board's involvement and time spent on operational matters to focus on strategic matters

The Board remains committed to strengthening internal structures and processes to support its strategic oversight role and ensure that management is capacitated and enabled to deliver on Eskom's strategy.

Report by the Board and reflecting on its performance *continued*

KEY ACTIVITIES AND DECISIONS DURING FY2025

Directorship and attendance			
Number of meetings			12
Attendance			98%
Chair: Mteto Nyati	12/12	Ayanda Mafuleka	12/12
Leslie Mkhabela ¹	12/12	Dr Tsakani Mthombeni	12/12
Dan Marokane	11/12	Bheki Ntshalintshali	12/12
Calib Cassim	11/12	Tryphosa Ramano	11/12
Fathima Gany	12/12	Dr Busisiwe Vilakazi	12/12
Lwazi Goqwana	12/12	Dr Claudelle von Eck	12/12
Clive le Roux	12/12		

1. Appointed as lead independent director from 31 January 2025.

The Board considered and/or approved the following key matters, many of which were considered and recommended by its committees:

- Group annual financial statements, prepared on a going concern basis, together with the integrated report and sustainability report
- Group interim financial statements, prepared on a going concern basis
- Review of progress on initiatives to address Eskom's audit findings
- Proposed risk appetite and tolerance statements for FY2025 and FY2026
- Conclusion of the shareholder compact for FY2025
- Quarterly shareholder reports submitted to the shareholder, covering Eskom's performance against the shareholder compact
- Board Charter and revised terms of reference for the Board's committees
- Board evaluation report, a summary of which is covered under "Annual board evaluation for FY2024" earlier in this section
- Amendments to Eskom's MOI to authorise the shareholder to appoint a LID and recommendation of Leslie Mkhabela for the role

- Eskom's revised Code of Ethics and amendments to the conflict of interest policy regarding related party provisions
- Disposal of the Eskom Finance Company SOC Ltd (EFC) loan book and interests in Nqaba Finance I (RF) Ltd to African Bank Limited
- Implementation of Eskom's new executive leadership structure
- Generation's revised strategy, including continued operation of coal-fired power stations up to FY2030
- Eskom group's revised subsidiary governance framework and group parenting strategy in support of legal separation
- Liquidity and cash management agreement with the National Transmission Company of South Africa SOC Ltd (NTCSA) as well as the recapitalisation of NTCSA
- Conceptualisation of Eskom's proposed renewable energy company and next steps to accelerate renewable energy participation
- Review of progress and priority matters related to the legal separation programme
- Separation of the Audit and Risk Committee into two distinct committees
- Eskom's Corporate Plan for FY2026 to FY2030, including the proposed shareholder compact for FY2026

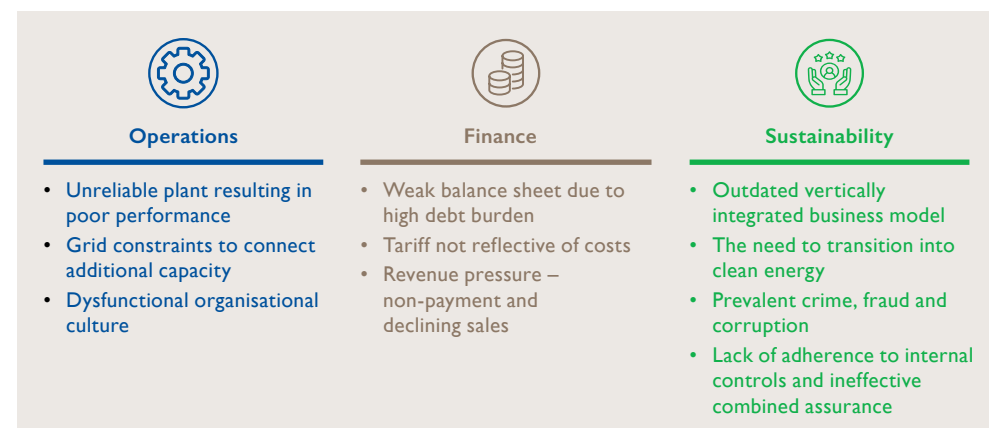
ASSESSING THE BOARD'S IMPACT OVER ITS ENTIRE TERM

As the Board approached the end of its term on 30 September 2025 (which the shareholder has extended to 30 November 2025), it reflected on its impact over the last three years. This is not only a testament to its commitment to good governance and the principles of King IV, but also an opportunity to chart the way forward to ensure ethical leadership, good corporate citizenship and sustainable value creation beyond this term. By reflecting on the Board's role in ensuring that the organisation creates value over time, it aims to enhance transparency, identify areas of improvement and reinforce accountability.

When the Board took over in October 2022, it found a dysfunctional organisation that was facing several systemic challenges which had a profound effect on operations, finances and, ultimately, Eskom's sustainability.

To address these challenges, the Board identified six priority focus areas:

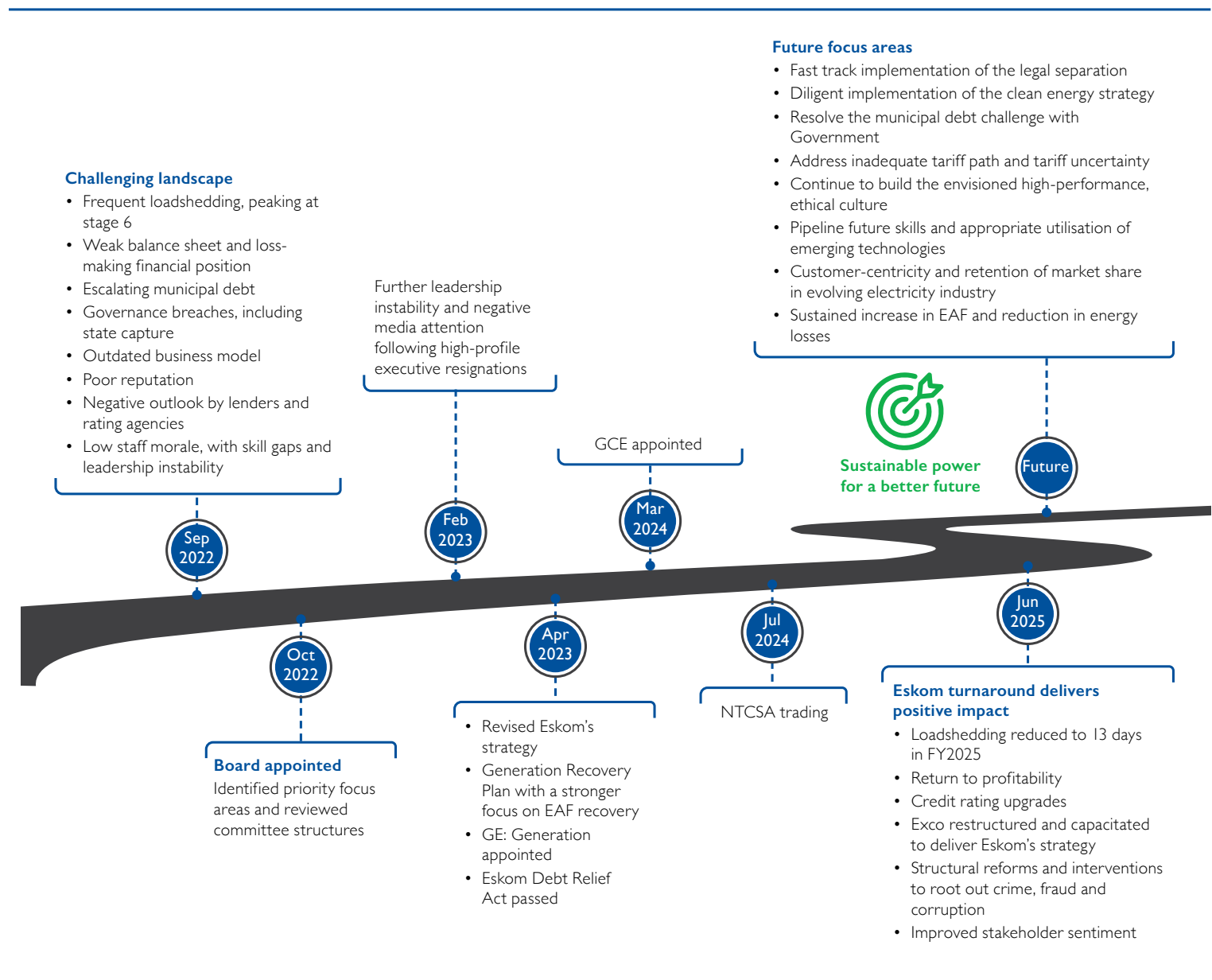
1. Stabilising the leadership team and strengthening the leadership pipeline
2. Driving the operational turnaround to resolve the electricity crisis and thereafter, achieve stability and reliability
3. Securing Eskom's financial position and prioritising the reduction of arrear municipal debt
4. Implementing the legal separation and positioning Eskom within the transforming electricity industry
5. Fighting crime, fraud and corruption
6. Reconnecting and engaging with stakeholders



Report by the Board and reflecting on its performance *continued*

Key developments and contributions made in turning performance around and steering Eskom towards stability and growth over the Board's three-year term are reflected alongside. The Board aims to sustain this positive momentum and ensure that the organisation remains resilient and competitive in the ever-evolving business and energy landscapes.

The overview that follows will cover the key operational, financial and sustainability-related interventions and achievements by the Board's supported by its committees during its term, together with the future focus areas that are fundamental to ensuring Eskom's continued success.



Report by the Board and reflecting on its performance *continued*

OPERATIONAL RECOVERY

BUSINESS OPERATIONS PERFORMANCE COMMITTEE

When its term commenced, the Board reviewed the structure of its committees and established BOPC to enable more focused oversight of technical performance, with a strong focus on supporting the successful development and implementation of the Generation Recovery Plan that was geared towards EAF recovery. This led to a substantial improvement in EAF to 60.60% and 310 consecutive days without loadshedding, marking a notable turnaround in generation plant reliability.

Substantial generation capacity has been restored, with over 5GW brought online through critical projects at Kusile, Medupi and Koeberg, together with a revised strategy for continued operation of coal-fired power stations to improve security of supply. Key regulatory advancements, such as the approval of new curtailment and interim grid capacity allocation rules, have unlocked an additional 3.5GW in grid capacity, facilitating integration of new supply. The organisation has made progress in capacitating the grid, installing 367km of new transmission lines and 2 643MVA of transformer capacity through the Transmission Development Plan (TDP) since FY2023, and also achieving 197 831 new electrification connections since then.

Initiatives are underway to improve revenue collection and address energy losses, including the rollout of smart meters and the replacement of Eskom's online vending system, which are both in progress. In the interim, the Key Revision Number (KRN) 2 rollover project has enabled Eskom to reduce the number of zero buyers. Digitalisation and automation projects have also been adopted to enhance operational efficiency. Eskom has been positioned on a clearer path toward operational resilience and future growth, supported by ongoing investments in infrastructure and technology.

HUMAN CAPITAL AND REMUNERATION COMMITTEE

The Board has focused on the appointment of competent and ethical leaders to drive a high-performance, ethical culture. An extensive recruitment process was undertaken to appoint an ethical and highly competent GCE to lead Eskom's

executive team. A revised Exco structure was established and has been fully capacitated through the appointment of seasoned executives to drive operational excellence and lay a solid foundation for future growth. Furthermore, executive leadership positions at subsidiaries have been filled to reinforce critical operational areas.

The leadership development unit was re-established as the Dr RJ Khoza Leadership Development Centre within the Eskom Academy of Learning to enhance leadership capabilities and strengthen the leadership pipeline through succession planning and talent management programmes. A skills assessment was undertaken to enhance skills and capabilities across the group at all levels and develop a future-fit, productive and adaptable organisation. The Board and Exco regularly hosted engagements with executives and employees to ensure alignment with Eskom's strategic direction. Additional initiatives have focused on ethics, fraud awareness and whistleblower support, contributing to a more transparent and accountable environment.

Review of the human capital strategy has been a strategic priority of the Board. Changes to the remuneration strategy and culture transformation programmes were aimed at positioning Eskom as an employer of choice by tailoring rewards and recognition practices to attract and retain talent. This was supported by the reinstatement of executive and employee incentive schemes and talent boards, as well as the reintroduction of Manager and Chairman awards for recognition of high performers. Employee attrition rates have declined since FY2023. Eskom was also recognised as a Top Employer in South Africa by the global Top Employers Institute in FY2025, reflecting enhanced employee satisfaction and retention. Efforts to foster a diverse and inclusive workplace, particularly for women and people with disabilities, remain ongoing and central to Eskom's human capital strategy.

FINANCIAL RECOVERY

AUDIT AND RISK COMMITTEE (NOW AUDIT COMMITTEE)

A key advancement was the restructuring of the Assurance and Forensics Department into separate Internal Audit and Forensics departments to enhance

governance oversight of these functions. Internal Audit's capability and performance have been improved through amendments to the Internal Audit Charter and ongoing departmental evaluations, although resourcing remains a constraint. The Board has encouraged rigorous challenging of weaknesses in the internal control environment through combined assurance activities. Reporting structures, systems, controls, resources, policies and procedures continue to be enhanced to address significant internal control deficiencies.

Significant focus has been placed on addressing the shortcomings in compliance with legal and regulatory requirements, particularly relating to the accuracy and completeness of information required by the PFMA. An audit recovery programme was launched towards the end of FY2025 to strengthen internal controls, enhance audit readiness, improve audit outcomes and publish financial results within legislated timeframes in years to come.

Oversight of the risk management process was strengthened, with each Board committee assigned responsibility for overseeing specific risks relevant to their respective areas of focus. Efforts to combat risks related to crime, fraud and corruption have been enhanced through revised ethics management strategies, implementation of a fraud prevention plan and strengthened partnerships with law enforcement agencies. Eskom's multiple investigative functions were consolidated into a newly established Group Investigations and Security Department, supported by a Project Management Office and Rapid Response Unit to accelerate investigations and consequence management processes. War rooms were also established to address specific matters, including prepaid meter token fraud and the internal breach of Eskom's financial accounting system.

IR For further detail, refer to "Fighting crime, fraud and corruption" from page 75

Proactive security interventions have resulted in a reduction in crime-related incidents and crime-related losses affecting the organisation, coupled with an increase in arrests. Legal matters and forensic investigations undertaken by external firms are

monitored regularly, as well as matters referred to law enforcement agencies. Cyber-security efforts have also yielded strong results, with the prevention of malicious attempts and ransomware attacks on Eskom's systems. Efforts to strengthen Eskom's cyber-security and information technology are ongoing, together with implementation of a cloud adoption strategy and data strategy. Additionally, the combined information technology and operational technology portfolio has improved strategic responsiveness.

Collectively, these efforts have enhanced Eskom's response to crime, fraud and corruption, while better positioning the organisation to strengthen its internal control environment and improve on its future audit outcomes.

INVESTMENT AND FINANCE COMMITTEE

Government debt relief support provided through the Eskom Debt Relief Act, 2023 has assisted in meeting Eskom's debt servicing obligations, freeing up liquidity for operating requirements and long-term planning. The Board has regularly monitored compliance with the conditions attached to the support to ensure the equity conversion of all amounts received to date.

Capital allocations have been optimised to address critical projects and programmes and support Eskom's transition within the evolving energy landscape. Financial plans and borrowing programmes are focused on ensuring Eskom's long-term sustainability.

The committee has also monitored the implementation of National Treasury's municipal debt relief programme and other interventions to resolve the poor payment levels of municipalities. Debt write-offs have been processed for the small number of municipalities that have complied with the conditions of the programme. To address non-compliance by municipalities, Eskom has issued breach notifications and proposed alternative solutions for Government to consider. Active partnering and the implementation of distribution agency agreements have been pursued, particularly with the top defaulting municipalities. The Board acknowledges that more stringent interventions are required, and addressing the challenge of non-payment by customers across all categories remains a critical future focus area.

Report by the Board and reflecting on its performance *continued*

New tariff structures, as well as net metering for self-generating households and cross-border pricing methodologies, have been introduced to support revenue sustainability. The migration towards a more appropriate tariff path, while considering the affordability of customers and safeguarding vulnerable sectors, has been a key priority for turning around financial performance. Eskom has lodged several review applications with the courts to challenge NERSA's revenue determinations and improve Eskom's financial sustainability.

A Cost Optimisation and Revenue Enhancement (CORE) programme has been established to reduce costs through operational efficiencies and to deliver sustainable revenue growth. The Board has also concluded an agreement for the disposal of Eskom Finance Company SOC Ltd, with sale of the loan book and related interests underway, subject to regulatory processes.

Overall, substantial progress has been made in achieving financial stability, with Eskom recording the first profit since FY2017. Key financial metrics have improved considerably over the term of the Board, resulting in credit rating upgrades and a more positive outlook from rating agencies.

SUSTAINABILITY

GOVERNANCE AND STRATEGY COMMITTEE

Governance enhancements have been prioritised to enhance accountability and strategic alignment across the group. This includes the strengthening of the subsidiary governance framework, development of a subsidiary parenting strategy and proposals for the appointment of independent non-executive directors at subsidiaries. To strengthen governance oversight, lead independent directors were appointed at Eskom and NTCSEA. The Board has reviewed the organisational culture strategy and performance management framework to support Eskom's turnaround.

Significant progress has been made in aligning Eskom's structure and operations with the demands of the evolving electricity supply industry. The legal separation process has been advanced significantly, with NTCSEA commencing trade from 1 July 2024;

market codes and an energy trading platform are in development. The progress on unbundling was supported by the adoption of a revised legal separation strategy, to respond to the changing market landscape and emerging risks, as well as new business and operating models for NTCSEA, Generation and Distribution.

To accelerate Eskom's participation in the green economy, a Renewables Unit was established as the first step towards setting up a separate renewable energy subsidiary. The organisation is focused on developing a balanced and diversified energy mix. To this end, the Board has approved a clean energy project pipeline of 5.9GW, supported by several partnerships. Eskom has also concluded socio-economic impact assessments for 10 power stations and decoupled the Just Energy Transition (JET) strategy from planned station shutdowns to maintain security of supply during the energy transition.

SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE

Significant strides have been made in reinforcing ethical and sustainable practices across the group. An independent ethics risk assessment was conducted to proactively identify and address potential ethics-related risks. This led to updates to key ethics-related policies as well as the adoption of an ethics manifesto by the Board. The ethics management strategy was revised to further strengthen governance standards.

ESG practices are being embedded throughout operations. Key interventions include the development of Eskom's ESG framework, independent review of remediation programmes and environmental risk assessments. Additionally, the committee has enhanced oversight of human capital sustainability, health and safety, as well as supplier development, localisation and industrialisation initiatives.

Eskom's stakeholder engagement plan has focused on strengthening relationships with key stakeholders through strategic partnerships, proactive engagements and inclusive dialogues. The turnaround has restored public trust, stakeholder sentiment and, ultimately, Eskom's reputation.

CHARTING THE COURSE FOR THE FUTURE

The Board will continue to drive operational excellence, with a sustained increase in EAF and a focused shift to turning around distribution performance. Key initiatives will target the reduction of energy losses and expansion of the customer base through improved service delivery and the introduction of new products and services.

The organisation will intensify efforts to improve revenue recovery by prioritising the rollout of smart meters and the replacement of Eskom's online vending system, as well as targeting the reduction of zero buyers and enforcing disconnection of and penalties for non-compliant customers. The TDP will be accelerated by leveraging partnerships and finalising grid allocation rules to catalyse transformation within the electricity supply industry.

Collaboration with Government remains a key focus to address ongoing municipal payment challenges. Engagements are underway to reform the electricity distribution industry to address legacy challenges and to consider other strategic responses, including the mandatory implementation of distribution agency agreements and transitioning municipalities that are failing to settle their current accounts to prepaid or credit-limited electricity supply agreements.

Leadership development remains a critical priority, with a focus on building a sustainable pipeline through tailored executive programmes led by the newly established Dr RJ Khoza Leadership Development Centre. Additionally, alignment of strategic objectives across the group will be reinforced by optimising the performance management system and instituting rigorous target setting, ensuring that individual and collective performance translates into tangible organisational impact.

Digital technologies are being introduced to strengthen governance, cyber-security, compliance and internal controls, as well as streamline service delivery and procurement processes. In addition, efforts are underway to accelerate the resolution of forensic cases and monitor interventions to prevent crime, fraud and corruption and the implementation of effective

consequence management. The Board is overseeing the transformation of Eskom's high-performance, ethical culture, as well as the fraud prevention plan, the organisation's security posture and the audit recovery programme, each of which is critical to sustaining the positive momentum achieved so far.

To support market certainty and facilitate long-term planning requirements of electricity suppliers and customers, Eskom will engage with NERSA and other stakeholders on a long-term tariff outlook. The organisation will continue to pursue modernised tariff structures to better address the cost reflectivity of the generation, transmission and distribution components of electricity supply through fixed and variable charges, which balance affordability with Eskom's financial sustainability. Delivery against CORE savings targets are being prioritised, alongside the development of new revenue streams and international sales strategies, to further bolster financial performance.

To enable market reforms, the Board-approved approach to establish the Transmission System Operator (TSO) will be implemented. Resolving the financial sustainability of NEDCSA is necessary to deliver on Government's Roadmap for legal separation. The legal separation strategy has been revised in response to the Electricity Regulation Amendment Act and is being prioritised to enable the establishment of an independent TSO, separation of the distribution business and the establishment of a new holding company to facilitate the separation of the generation business. A renewables subsidiary, Eskom Green, will be established to attract private investment and execute on the clean energy pipeline.

The appointment of independent non-executive directors across all subsidiaries is crucial for enhancing governance oversight in line with Eskom's subsidiary parenting strategy.

The Board has made significant progress in turning around Eskom, achieving key milestones in operations, finances and, ultimately, Eskom's overall sustainability. Looking to the future under the next Board, the focus will shift to sustaining and building on these achievements to ensure Eskom's continued success and competitiveness in the evolving electricity supply industry.

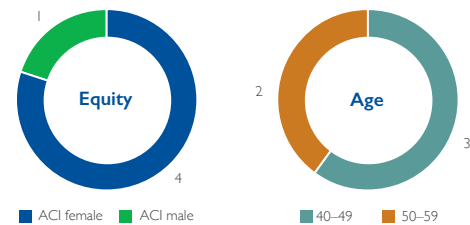
Report by the Audit Committee (formerly the Audit and Risk Committee)

for the year ended 31 March 2025

Membership and attendance	
Number of meetings ¹	13
Attendance	95%
Chair: Fathima Gany	13/13
Ayanda Mafuleka	11/13
Leslie Mkhabela	12/13
Dr Busisiwe Vilakazi	13/13
Dr Claudelle von Eck	13/13

1. In addition to the committee meetings disclosed above, the committee met regularly with the external auditors, law enforcement agencies as well as external service providers conducting forensic investigations. Furthermore, frequent engagements were held with management on the progress of the external audit.

Representation at year end



Committee's focus	Composition
Financial capital	5 members
Human capital	100% independent non-executive directors
Intellectual capital	GCE and GCFO attend by invitation as officials
	The Chief Audit Executive and external auditors attend by invitation

PURPOSE

The committee's roles and responsibilities include:

- Executing the statutory functions of an audit committee set out in the Companies Act, 2008 and the PFMA, 1999
- Overseeing internal audit and forensic functions, combined assurance and external audit activities, financial and non-financial reporting, internal control systems, as well as compliance management

- Acting as the statutory audit committee for Eskom's wholly owned subsidiaries, except for Escap SOC Ltd, Nqaba Finance I (RF) Ltd and NTCSA, which have their own audit committees. The Audit Committee reviews the activities of the subsidiary audit committees in line with Eskom's subsidiary governance framework. The chair of the Audit Committee is a standing invitee to the subsidiaries' audit committee meetings

Following the Board's approval of the separation of ARC in February 2025, the Risk Committee is responsible for oversight of the risk management system, ensuring that material risks and opportunities that could affect the group are identified, evaluated, effectively managed and reported. The Audit Committee is responsible for the governance of risks and opportunities specifically related to financial management and reporting.

KEY ACTIVITIES DURING THE YEAR

The committee considered the following and, where required, recommended matters for noting or approval by the Board:

- Group annual financial statements, integrated report, subsidiary annual financial statements and related documents, including the report of the Audit Committee, the external audit opinion, the going concern and impairment assessments, the status of reportable irregularities and the management representation letter to the external auditors
- Feedback from the external auditors, key audit matters, the external audit opinion and audit fees
- Oversight of Eskom's reportable irregularities, including those relating to matters under the purview of other Board committees
- The combined assurance annual status report
- Eskom's King IV application register
- Amendments to the Internal Audit Charter
- External quality assessment of the Internal Audit Department in accordance with International Standards for the Professional Practice of Internal Auditing (subsequently concluded in June 2025)
- Readiness and impact assessment on the new Global Internal Audit Standards (subsequently adopted by the Internal Audit Department in April 2025)

- Group interim financial statements, including feedback from the external auditor's review
- External audit oversight strategy and audit plan
- Progress on the implementation of Eskom's audit recovery programme to track and close audit findings
- Update on forensic matters, including investigations undertaken by the Special Investigating Unit and external service providers
- Feedback on the strengthening of the information technology and operational technology environments
- Oversight of the war rooms established to address Eskom's compromised online vending system initially reported in FY2024 as well as the internal breach of Eskom's financial accounting system which impacted the FY2025 year end audit. Further information on these matters is disclosed in "Conclusion on assurance and controls – Audit Committee conclusions" that follows on page 61
- Status of the Eskom Pension and Provident Funds' surplus
- Internal audit and combined assurance plans
- Review of the organisational structures of the Group Finance Division, the Internal Audit Department as well as the newly established Group Investigations and Security (GIS) Department
- Quarterly shareholder reports covering the Eskom group's performance against the shareholder compact and other strategic matters for the shareholder's attention, such as compliance with Government's debt relief conditions, which were submitted to the shareholder and National Treasury
- Progress on Eskom's municipal debt management initiatives, including the municipal debt relief programme

The committee provided oversight and regularly considered reports on areas such as internal audit and combined assurance activities; Eskom's fraud prevention plan and forensic investigations; the risk landscape and Priority 1 risks; information technology governance and performance; PFMA compliance; as well as litigation and other significant legal matters. The committee also held several in-committee meetings to deliberate on confidential and sensitive matters, including those relating to crime, fraud and corruption.

AFS Refer to the report of the Audit Committee in the annual financial statements for further information on significant matters relating to the audit, internal controls, risk and reporting considered by the committee

FUTURE FOCUS AREAS

Focus areas for the coming year include:

- Monitoring liquidity and sustainability risk relating to financial reporting, Eskom's status as a going concern, as well as efforts to improve the income statement and strengthen the balance sheet
- Evaluating the effectiveness of the finance function, compliance management and the internal control environment
- Considering the structure of the internal audit function across the group
- Overseeing the enhancement of the capacity and capability of the finance function, including specialist skills and integration with other functions
- Monitoring the organisation's effectiveness in implementing recommendations from forensic findings, including consequence management and resolving root causes to ensure that contraventions are appropriately addressed and prevent recurrence
- Assessing Eskom's capacity and capability to combat crime, fraud and corruption through the newly established GIS Department
- Monitoring progress on Eskom's legal separation and compliance with Government's debt relief conditions
- Overseeing Eskom's fraud prevention plan and initiatives to address matters identified through both internal and external processes, including ghost vending and procurement irregularities
- Exercising ongoing oversight of information technology and operational technology management related to financial reporting, internal control and cyber-security
- Monitoring of combined assurance, including overseeing the internal audit function and the external audit process, as well as the audit recovery programme
- Overseeing the preparation of the annual financial statements of Eskom and its subsidiaries and the integrated report for the Eskom group

Conclusion on assurance and controls

The Audit Committee and Risk Committee set the direction and provide oversight on assurance, forensics, risk management, controls, compliance and the governance of information technology across the organisation in accordance with the related principles of King IV.

On an annual basis, the Audit Committee approves the charter of the Internal Audit Department, together with a risk-based audit plan and fraud prevention plan. The Internal Audit Department represented by the Chief Audit Executive, Ureka Rangasamy, reports functionally to the Audit Committee and maintains independence from executive management by determining the scope of internal audits and assurance projects, performing assurance work and communicating results free from interference.

The Internal Audit Department facilitates and coordinates the execution of combined assurance activities. Our combined assurance model covers supervision and oversight from line management; specialised risk, control and compliance functions; a combination of internal and external assurance; and, ultimately, oversight by the Audit Committee and the Board. This approach seeks to enable an effective control environment, to provide reasonable assurance and support the accuracy and integrity of information used for decision-making and reporting to stakeholders.

INTERNAL ASSESSMENT OF CONTROL ENVIRONMENT

On a quarterly basis, the Internal Audit Department reports on the status of governance, compliance and the adequacy and effectiveness of preventative and corrective controls. Based on the findings from the audits planned and completed during FY2025, Eskom's Internal Audit Department has concluded the following:

Governance	Internal controls
Leadership remains committed to Eskom's turnaround plan to recover operations, improve financial performance, strengthen the balance sheet, achieve legal separation of the three licensed businesses and transform the organisational culture. Board initiatives to enhance systems, controls, resources, policies, procedures and reporting structures are in progress, but not yet fully effective.	The design of the internal control system is generally adequate, providing a structured framework to support governance, risk management, and operational efficiency, although the effective application of controls requires ongoing improvement from management. Internal audit has identified control deficiencies relating to plant and asset maintenance, supply chain management, contract governance, sustainability management, legal and regulatory compliance and broader operational processes. Root causes identified include inadequate adherence by employees to well-established processes, policies and procedures, deliberate circumvention of controls and insufficient management oversight
Risk management	Financial controls
The design of the risk management system for identifying, managing and reporting on risks is generally adequate, although internal audit has identified issues that may pose challenges to the achievement of business objectives. The system of control related to compliance is partially effective. Addressing these areas is critical for ensuring appropriate risk mitigation and long-term sustainability	The design of the internal financial control system is adequate to support financial governance, risk management and regulatory compliance, although the effective application of controls requires ongoing oversight to mitigate financial risks and enhance operational reliability. Internal Audit has identified control weaknesses in certain areas that may affect financial accuracy, reporting integrity and regulatory adherence

EXTERNAL AUDIT OPINION

The independent auditors, Deloitte & Touche, issued a qualified opinion relating to the quantification and disclosure of certain information required in terms of the PFMA, 1999. Except for this qualification, Eskom's financial statements are considered to be fairly presented in terms of IFRS Accounting Standards. Furthermore, the independent auditors have highlighted several matters in their report. One of these concerns a material uncertainty relating to Eskom's ability to continue as a going concern, which is due to its dependence on Government support, uncertainties related to the achievement of operational assumptions and the determination of regulated revenue by NERSA, as well as the financial risk associated with municipal arrear debt and energy losses. However, these matters do not affect their opinion.

An internal breach of Eskom's financial accounting system during the period limited the ability of the independent auditors to place reliance on general IT controls of Eskom's financial accounting system, increasing the risk of material misstatement due to fraud or error and resulting in the need for manual testing of controls and additional substantive procedures. The independent auditors also needed to assess the effectiveness of cyber-security endpoint protection as well as the impact of potential vulnerabilities in certain operational technologies on their audit opinion. The independent auditors were satisfied that the audit procedures performed were sufficient to mitigate the audit risks arising from the internal IT breach.

AFS Refer to the independent auditor's report in the annual financial statements for further information

Conclusion on assurance and controls *continued*

AUDIT COMMITTEE CONCLUSIONS

During the year, the Audit Committee considered information, insights and explanations provided by management, experts, the internal audit and forensic functions as well as discussions with the independent auditors. The committee encouraged rigorous challenging of control, accounting, disclosure matters and compliance to legislation in carrying out its functions and when concluding on key issues.

The committee noted the continuing breakdown in internal controls over financial reporting, including inadequate review and monitoring of reporting processes at component and subsidiary level, together with weaknesses in the adherence to internal controls involving contract and supply chain management, operational and capital projects, inventory, sustainability indicators, plant management as well as legal and regulatory compliance. Inadequacies in general and security controls over information and operational technology require remedial action and improvement.

The committee acknowledged that significant shortcomings and internal control deficiencies were identified by the independent auditors and the Auditor-General of South Africa. The audit recovery programme, which aims to build finance capacity and capability, strengthen internal controls and track progress against internal and external audit findings, is targeting improved audit outcomes over the next three years.

IR Refer to "Upholding good governance – Audit recovery programme" for further information

The committee acknowledged management's efforts to remedy identified weaknesses and the improvement in certain areas but is concerned that the internal control environment has not improved significantly, with matters not being addressed at the rate required to reduce the risk exposure to Eskom. As a result, the committee had to once again place higher reliance on the work of external assurance providers. This remains a key risk to attaining an unqualified audit outcome in the future.

The committee implemented processes to actively oversee and monitor the progress on audit findings raised by internal and external assurance service providers, including management's assessment of

the root causes, immediate actions taken as well as recommendations to avoid recurrence. The committee will continue to do so until matters are satisfactorily progressed. The monitoring of the implementation and continuous adherence to processes, policies and procedures, together with addressing insufficient management oversight, remain focus areas.

The committee concluded that the design of the internal control system is generally adequate, although the effective application of controls requires ongoing improvement from management. The combined assurance model requires enhancement in the internal monitoring and assessment of the execution of controls to proactively address the circumvention of controls, prevent recurrence of findings and improve the functioning of business processes. Consequence management needs to be improved to address non-compliance with well-documented processes, policies and procedures.

The committee continued to place significant focus on addressing the shortcomings in compliance with legal and regulatory requirements, particularly relating to the accuracy and completeness of information required by the PFMA. Reporting structures, systems, controls, resources, policies and procedures continue to be enhanced to address the significant internal control deficiencies in the PFMA reporting process. The audit recovery programme will improve the PFMA control environment in future years, although it will not address all historical deficiencies.

Furthermore, the committee considered the appropriateness of the expertise and experience of the GCFO as well as the capacity and capability of the finance function. The committee also considered the expertise, resources and experience of the Internal Audit department, including the Chief Audit Executive. The committee noted the need for additional resources and enhancement of specialist skills in the finance, process control and assurance, internal audit and forensics functions to address shortcomings.

The committee acknowledged the need for specialist functions to integrate, such as those with expertise in IFRS Accounting Standards and corporate legal, particularly in the execution of corporate finance transactions. The committee also noted the need for improved and aligned finance business partnering

and role clarity under a functional leadership business model, as well as improved accountability, financial control, review and reporting at component and subsidiary level due to the dependency on the group finance function for assistance.

Overall, the committee concluded that the compensating measures in place to combat any identified breakdown in the system of internal financial controls are adequate to provide a reasonable basis for the preparation of Eskom's financial statements. Necessary enhancements are, however, required to ensure controls operate effectively.

The enhancement of systems, controls, resources, reporting structures, policies and procedures and consequence management remain key focus areas to address crime, fraud and corruption. The committee acknowledged the progress made in forensic investigations, legal matters and other internal and external investigations but noted that Eskom is still dependent on law enforcement agencies and the justice system for timeous arrests and convictions. The committee made recommendations and monitored the interventions implemented to address crime, fraud and corruption during the year.

IR Refer to "Fighting crime, fraud and corruption – Strengthening Eskom's response to unlawful behaviour" for further information

The committee considered financial and control risks related to information technology and operational technology, including feedback on the progress of the war room established to investigate and oversee the implementation of corrective and enhanced preventative measures due to the breakdown in the IT control environment following an internal breach of Eskom's financial accounting system. The committee also considered enhancements made to endpoint security protection and the progress of the OVS war room on the investigation, interventions, control enhancements and measures to reduce and mitigate the growth of illicit prepaid electricity token creation.

The committee noted that the measures to strengthen the OVS environment are ongoing and were not yet completely effective. The committee recommended a two-pronged approach for implementation by

management to eliminate the existing risk, including accelerating the rollout of smart meters and acquiring new software to replace the existing system, while incorporating lessons learnt to ensure robust controls are in place around access control, configuration management, backups and reconciliations. The committee noted that consequence management has been implemented for those employees found guilty based on the investigations completed to date, although the scope of the investigations has been extended and is ongoing.

Furthermore, the committee assessed the ability of the company and the group to continue to operate as a going concern in the foreseeable future, by considering liquidity based on the latest cash flow forecasts and stress-tested scenarios for a 12-month period after signoff of the financial statements.

The committee acknowledged that there are various dependencies and material uncertainties that may cast significant doubt on the going concern assessment, including whether the plans to address the risks to manage the going concern will materialise as anticipated. The group continues to face long-term financial sustainability challenges relating to the tariff path and structure; operational inefficiencies and above-inflationary cost increases in some areas; losses associated with criminal and fraudulent activities (including loss of revenue from illegal electricity connections and illicit prepaid electricity tokens); high debt service costs; escalating arrear municipal and metro debt; as well as liquidity pressure from the continued focus on addressing generation plant performance and expanding network infrastructure.

The committee concluded that there is a reasonable expectation that the material uncertainties affecting Eskom's going concern will be satisfactorily addressed by the mitigation strategies in place because of adequate access to resources and the continued financial support from Government. Consequently, the committee recommended to the Board that the adoption of the going concern basis of accounting is appropriate.

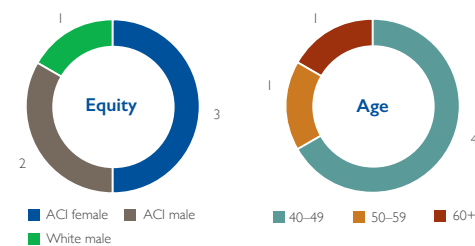
AFS Refer to the report of the Audit Committee and note 3.2 in the annual financial statements for further information

Report by the Business Operations Performance Committee (BOPC)

for the year ended 31 March 2025

Membership and attendance	
Number of meetings	8
Attendance	85%
Chair: Clive le Roux	7/8
Lwazi Goqwana	7/8
Ayanda Mafuleka	6/8
Dr Tsakani Mthombeni	7/8
Tryphosa Ramano	6/8
Dr Busisiwe Vilakazi	8/8

Representation at year end



Committee's focus	Composition
Manufactured capital	6 members
Natural capital	100% independent non-executive directors
Human capital	GCE and GCFO attend by invitation as officials
Intellectual capital	
Social and relationship capital	

PURPOSE

The committee's responsibilities include:

- Monitoring Eskom's technical performance and operational issues, including safety, security, health, environmental and insurance matters not addressed by the Social, Ethics and Sustainability Committee
- Assessing the adequacy of electricity supply and progress against targets related to electricity production and supply set out in the shareholder compact and Corporate Plan
- Overseeing coal, nuclear and renewable primary energy sources
- Evaluating progress achieved through strategic production and operational initiatives, including proposed changes to measures reported in the Operational Health Dashboard and other operational reports, as well as outcomes from major technical investigations and technical audits
- Providing guidance on production and operational risks as well as the appropriateness of mitigation plans, including stakeholder feedback and public communication plans

KEY ACTIVITIES DURING THE YEAR

The committee considered the following and, where required, recommended matters for noting or approval by the Board:

- Operational performance across Generation, NTCSA and Distribution, including priority risks and progress on the Generation Recovery Plan
- Review of the adequacy of the system to supply forecasted demand, including the winter outlook (from May to August 2024) and summer outlook (from September 2024 to March 2025)
- Feedback on fourth-quarter loadshedding events
- Extension of the Emergency Generation Programme
- Plans and technology considerations for Generation's coal automation system project
- Strategy and business case for future control and instrumentation lifecycle management
- Technology considerations and loadshedding risks relating to the Minimum Emissions Standards
- Feedback on Eskom's barcoding project for enhanced automation in the identification of spare parts and materials in stores, as well as initiatives to resolve spares-related challenges in Generation
- Review of the progress of Eskom's JET projects
- Consolidated feedback on Eskom's water management
- Update on the Lesotho Highlands Water project
- Review of Eskom's cyber and information security
- The status of Eskom's five-year rolling capital investment plan as well as updates on major projects
- Review of technical aspects included in the internal audit catalyst and forensic catalyst reports

FUTURE FOCUS AREAS

Focus areas for the coming year include:

- Overseeing the Generation Recovery Plan and outage management programme for the short, medium and long term
- Reviewing the adequacy of the system for the upcoming winter and summer periods
- Enhancing the reliability of coal-fired power stations, with a focus on unit trip reduction, outage preparation and execution, as well as spare parts availability
- Developing leading indicators for Generation performance reporting
- Reviewing technical performance and operational issues, including production issues, customer service issues, related corporate procedures, as well as safety, security, health, environmental and insurance matters
- Monitoring progress against production and supply targets in the shareholder compact and Corporate Plan
- Overseeing coal, nuclear and renewable primary energy supplies
- Considering Generation's role in new clean energy initiatives
- Monitoring the implementation of the TDP by NTCSA
- Overseeing Distribution's operational performance, including the implementation of technology and initiatives to reduce energy losses
- Providing guidance and assurance on production and operational risks, including the adequacy of mitigation measures
- Regularly considering proposed changes to measures reported in the Operational Health Dashboard, other operational reports and any other operational indices
- Regularly reviewing findings and the implementation of recommendations from major technical investigations and technical audits

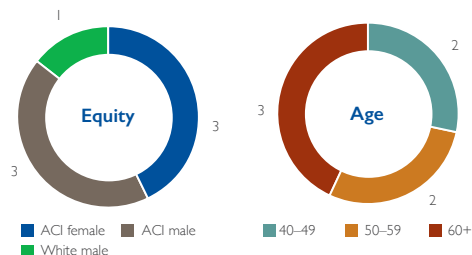
Report by the Governance and Strategy Committee (GSC)

for the year ended 31 March 2025

Membership and attendance	
Number of meetings	10
Attendance	97%
Chair: Mteto Nyati	10/10
Fathima Gany	10/10
Clive le Roux	10/10
Dr Tsakani Mthombeni ¹	0/0
Bheki Ntshalintshali	10/10
Tryphosa Ramano	8/10
Dr Claudelle von Eck	10/10

1. Appointed as a member of GSC following the Board's approval of the separation of the Audit and Risk Committee in February 2025 and appointment as chair of the newly established Risk Committee.

Representation at year end



Committee's focus	Composition
Financial capital	7 members, comprising the chairs of each of the Board's committee
Manufactured capital	
Natural capital	100% independent non-executive directors
Human capital	GCE and GCFO attend by invitation as officials
Social and relationship capital	

PURPOSE

The committee's responsibilities include:

- Overseeing implementation of Government directives, roadmaps and policy documents related to the restructuring of Eskom and the electricity supply industry
- Recommending Eskom's long-term strategy and restructuring initiatives to the Board
- Monitoring implementation of Eskom's strategy and recovery plans
- Ensuring strategic alignment between Eskom and its subsidiaries, including the future roles of Generation, NTCSA and Distribution
- Recommending and driving key stakeholder actions to support Eskom's financial sustainability, including initiatives to strengthen the balance sheet
- Evaluating the Board's size, composition, qualifications, skills, experience and diversity and making recommendations to the Board and shareholder
- Overseeing the annual evaluation of the Board, its committees and subsidiary boards and making recommendations to the Board on the structure of its committees and the appointment of directors to subsidiary boards

KEY ACTIVITIES DURING THE YEAR

The committee considered the following and, where required, recommended matters for noting or approval by the Board:

- Update on the organisational culture strategy to support Eskom's turnaround
- Recommendations for filling non-executive director vacancies, including nominations to the Board and shareholder
- The revised subsidiary governance framework for the Eskom group
- NTCSA shareholder compact and Corporate Plan for FY2025
- Appointment of subsidiary board members, including the CEO of Escap SOC Ltd and interim CEO of Eskom Rotek Industries SOC Ltd
- Review of the performance compacting structure for the GCE and executives
- Strategic focus areas from the Board and Exco strategy workshop, particularly relating to Generation, NTCSA and Distribution
- Eskom's corporate strategy, strategic planning process and the shareholder compact for FY2026
- Update on the future business models for Distribution and Generation
- Feedback on lessons learned from the legal separation of NTCSA
- Review of progress on the legal separation of Distribution and Generation, as well as the establishment of a new holdings company
- Proposed amendments to the Distribution legal separation timeline and merger agreement
- Feedback on alternate funding mechanisms for Eskom's JET projects
- Progress on National Treasury's debt relief and Eskom's compliance with the debt relief conditions

FUTURE FOCUS AREAS

Focus areas for the coming year include:

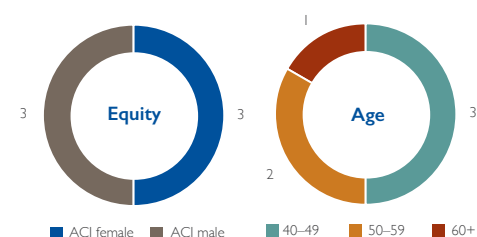
- Overseeing the implementation of Eskom's turnaround plan, with a focus on addressing the national energy crisis
- Supporting the President's Energy Action Plan and collaborating with the Minister of Electricity and Energy, NECOM and the National Joint Operational and Intelligence Structure (NATJOINTS)
- Monitoring progress against key milestones of Eskom's legal separation, including the corporatisation of NEDCSA and establishment of a new holdings company
- Executing an effective parenting strategy for the Eskom group
- Accelerating Eskom's investment in renewable energy initiatives
- Supporting the shareholder in executing Eskom's Board succession plan
- Strengthening Eskom's balance sheet, with a particular focus on addressing arrear municipal debt

Report by the Human Capital and Remuneration Committee (HCR)

for the year ended 31 March 2025

Membership and attendance	
Number of meetings	11
Attendance	98%
Chair: Dr Claudelle von Eck	11/11
Fathima Gany	11/11
Lwazi Goqwana	11/11
Ayanda Mafuleka	10/11
Leslie Mkhabela	11/11
Bheki Ntshalintshali	11/11

Representation at year end



Committee's focus	Composition
Human capital	6 members
Intellectual capital	100% independent non-executive directors
Social and relationship capital	GCE and GCFO attend by invitation as officials

PURPOSE

The committee's responsibilities include:

- Overseeing human capital strategies, policies and performance, including labour relations and employment equity
- Promoting a high-performance ethical culture as well as reflecting on the ethical implications of matters considered by the committee
- Reviewing the adequacy and effectiveness of skills and people management processes
- Ensuring appropriate leadership succession plans are in place for executive directors, senior executives and prescribed officers, and annually reviewing these plans

- Reviewing and making recommendations to the Board on Eskom's organisational structure
- Overseeing the development and implementation of remuneration policies aligned with Government guidelines, the Board's strategic direction and King IV principles of fair, responsible and transparent remuneration
- Evaluating the adequacy and effectiveness of Eskom's performance measurement methodology as well as the appropriateness of short-term and long-term incentive schemes
- Making recommendations to the Board on the appointment, removal and resignation of prescribed officers and senior executives, ensuring these processes are credible and transparent

KEY ACTIVITIES DURING THE YEAR

The committee considered the following and, where required, recommended matters for noting or approval by the Board:

- Feedback on vacant executive positions as well as appointments under the new Exco structure identified by the executive selection committee
- Integration of the new executive team
- Eskom's remuneration strategy, including the development and implementation of policies relating to remuneration of directors and executives, as well as related benchmarks
- Policies governing the appointment of subsidiary executives
- Performance compacting structure for executives for FY2025 and FY2026
- Long-term incentive scheme awards and vesting conditions for eligible executives for FY2024 and FY2025
- Interim payout under the short-term incentive (STI) scheme for FY2025, based on approval to reimplement the scheme
- Implementation of a process for addressing income differentials of employees
- Proposed remuneration for NTCSA non-executive directors
- Update on Eskom's strategic focus areas relating to human capital
- Eskom's leadership strategy

- Eskom's skill assessment for current and future business needs
- Quarterly human capital performance reports, covering workforce analytics, labour relations, health and wellness, employee benefit costs and organisational effectiveness
- Feedback on performance against ethics-related key performance areas
- Review of the number of former employees flagged on the Eskom database that cannot be rehired due to dismissal or pending disciplinary processes, as well as recommendations to strengthen governance, oversight and processes related to employee flagging
- Update on Eskom's Women Advancement Programme (EWAP) and initiatives to support inclusion, management of employees with disabilities and women in technical and leadership roles
- Progress on the turnaround of the Eskom Academy of Learning (EAL), including the digital transformation project to establish a smart campus and other innovations
- Repositioning of leadership development programmes across all leadership segments
- Technological changes impacting human capital, the HR digitisation strategy, as well as progress on key initiatives and digital solutions
- Overview of people management practices and people-related aspects of the Generation recovery

FUTURE FOCUS AREAS

Focus areas for the coming year include:

- Driving implementation of the committee's human capital priorities, including: fostering a high-performance ethical culture; positioning Eskom as an employer of choice; developing a future-fit and productive organisation; and enhancing skills and capabilities across the group
- Quarterly monitoring of human capital performance and people-related risks, including employee fatigue during crisis periods
- Reviewing people-related matters of Eskom's integrated report, corporate strategy, as well as internal audit and forensic reports

- Supporting initiatives to improve employee morale and monitoring progress on culture transformation at executive level
- Promoting a speak-up culture through whistleblower awareness, protection and support, and fostering a psychologically safe environment for employees to escalate bad news to enable faster leadership responses
- Ensuring adequate support mechanisms and monitoring any potential adverse impact of Eskom's fight against fraud, corruption and other criminality on leadership and employees in the face of criminal threats
- Monitoring progress on technological changes as well as divisional and functional leadership responsibilities related to human capital
- Overseeing the turnaround, capacity and capability of the EAL
- Monitoring the implementation of leadership development programmes to ensure appropriate experience and leadership quality at both an individual and organisational leadership level
- Overseeing leadership continuity, succession planning and talent management strategies, to enhance leadership quality and stability
- Determining balanced scorecard criteria to measure and monitor executive performance for FY2026, including finalising performance compacts for the GCE and GCFO, and ensuring that responsibility for ESG matters is adequately reflected in executive compacts
- Monitoring the group's diversity, equity, inclusion and belonging strategy, with a greater focus on improving gender representation at senior managerial levels and enhancing support for women transitioning through menopause
- Reviewing key human capital policies, including the security protection policy for top leadership and the organisation's remuneration policy
- Enhancing awareness of the impact of gender-based violence and ensuring adequate support to employees

Remuneration report

for the year ended 31 March 2025

HCR is mandated by the Board to oversee key human capital policies, including those that ensure fair, responsible and transparent remuneration across Eskom, covering all employees, executives and non-executive directors (NEDs). In line with King IV, HCR provides assurance that remuneration practices are consistent with Eskom’s long-term strategy, workforce stability, risk appetite and stakeholder expectations.

BACKGROUND INFORMATION

The Companies Amendment Act, 2024 has introduced provisions to enhance transparency and disclosure requirements for remuneration and pay equity.

The Amendment Act, signed into law in July 2024, introduced stringent new reporting obligations for public entities and SOCs. While certain provisions took effect on 27 December 2024, the commencement date for the remuneration and pay-gap disclosure requirements under sections 30A and 30B is yet to be proclaimed. Nevertheless, in the interests of transparency and accountability to stakeholders, Eskom has adopted key principles of section 30B to enhance its remuneration disclosure in this report.

OUR APPROACH TO REMUNERATION

HCR strives to ensure that remuneration practices encourage value creation, support achievement of our strategic objectives and advance long-term sustainability by:

- Adhering to principle 14 of King IV, which requires that remuneration practices are fair, responsible, transparent and promote the achievement of strategic objectives in the short, medium and long term
- Implementing Government’s guidelines for the remuneration and incentives of executives, prescribed officers and NEDs of SOCs
- Ensuring alignment of individual performance to organisational targets set in the shareholder compact
- Complying with the remuneration-related condition of the Eskom Debt Relief Act, 2023 as amended, which requires that remuneration adjustments do not negatively affect Eskom’s overall financial position and sustainability

There are separate remuneration policies in place due to different remuneration practices for NEDs, executives, managerial employees and bargaining unit employees, each of which is discussed in further detail below.

HIGHLIGHTS FOR THE YEAR

FY2025 represented a pivotal period in strengthening executive and leadership capacity under the stewardship of the GCE. In line with the Board’s mandate and shareholder requirements, the Board implemented several important interventions affecting remuneration-related matters. Collectively, these measures support Eskom’s turnaround strategy by aligning leadership incentives with strategic imperatives, embedding accountability and ensuring that remuneration outcomes are directly tied to shareholder compact criteria.

The following key interventions were implemented during the year:

- Reinstated a short-term incentive scheme for executives and staff to ensure that all employees are incentivised to contribute toward ensuring Eskom’s long-term sustainability. Payments were self-funded from operational efficiencies in compliance with the remuneration-related condition of the Eskom Debt Relief Act, with no reliance on tariff increases or windfalls
- Concluded the process launched in FY2018 to address income differentials identified by the then Department of Labour, in terms of Eskom’s commitment to organised labour
- Implemented wage increases for the final year of the multi-year agreement that was concluded with organised labour in June 2023 and also awarded cost-of-living adjustments to managerial staff, providing stability and predictability in labour relations

REMUNERATION PRACTICES FOR NON-EXECUTIVE DIRECTORS

HCR makes recommendations on NED remuneration to the Board, for consideration and approval by the shareholder in line with remuneration guidelines for SOCs.

Under the previous remuneration structure applicable until FY2024, NEDs received fixed committee allocation fees irrespective of the number of meetings attended. Effective from 1 April 2024, the shareholder approved changes to the remuneration structure for NEDs to a hybrid model that includes a fixed retainer and a fee for meeting attendance, capped based on the number of meetings approved by the shareholder, in line with Government’s guidelines on remuneration and incentives. The Chairman and committee chairs receive a higher fee.

This change reflected prevailing best practice at the time and was designed to position Eskom’s remuneration in line with the market median. The revised approach aligns Eskom’s NED remuneration practices with the shareholder’s remuneration framework and strengthens fairness and transparency in how directors are remunerated during a period of elevated governance demands.

NED remuneration was therefore structured to comprise the following during FY2025:

Fixed monthly retainer Based on directors’ membership and/or chairmanship of Board committees
Quarterly meeting fees Based on Board and committee meetings attended, capped based on the number of meetings approved by the shareholder
Incidental expenses Reimbursement of expenses incurred by directors in fulfilling their duties towards Eskom

The latest fee structure, implemented in line with the shareholder’s remuneration guidelines, is depicted below.

Fee components	
Board retainer fees	Paid monthly
Chairman fees per annum	RI 598 572
Board member fees per annum	R446 749
Meeting fee for approved meetings attended	Paid quarterly
Committee chair fee per meeting	R86 601
Committee member fee per meeting	R57 734

Independent benchmarking was conducted by external remuneration advisory firms to assess the fairness, reasonableness and alignment of Eskom’s NED remuneration with comparable SOCs and broader market practices. The comparison group was carefully selected to include organisations of a similar scale, complexity and strategic importance to Eskom, encompassing other large SOCs, regulated utilities and selected private sector businesses with comparable governance responsibilities. This benchmarking was conducted to ensure that NED remuneration is positioned fairly within the public sector and remains consistent with shareholder guidelines.

Due to Eskom’s nature, size and complexity it does not have peers that are truly comparable, which makes benchmarking more challenging. Eskom also faces a unique governance burden, given its central role in South Africa’s energy security, the systemic challenges facing the organisation, the implementation of a complex legal separation strategy and the heightened levels of scrutiny and oversight required by the Board.

Remuneration report *continued*

REMUNERATION BASED ON MEETING ATTENDANCE

The shareholder approves the number of scheduled meetings in terms of the Board meeting calendar, which is prepared in advance of each calendar year. Allowance is also made for approval of additional meetings for the Board and its committees. Board members are remunerated for attendance of scheduled and additional approved meetings. However, they are not remunerated for any meetings beyond that cap (reflected as ad hoc meetings in the table below). The total of the scheduled, additional and ad hoc meetings correlates to the number of meetings disclosed in the respective Board committee reports.

Number of meetings	Scheduled per Board calendar	Additional approved meetings	Total paid meetings	Ad hoc meetings (not remunerated)	Total meetings held
Board	8	2	10	2	12
Audit Committee (formerly Audit and Risk Committee)	8	2	10	3	13
Business Operations Performance Committee	4	1	5	3	8
Governance and Strategy Committee	4	4	8	2	10
Human Capital and Remuneration Committee	4	2	6	5	11
Investment and Finance Committee	6	7	13	5	18
Risk Committee (from February 2025)	–	–	–	1	1
Social, Ethics and Sustainability Committee	4	1	5	–	5
Total	38	19	57	21	78

During the year, the Board and its committees held a total of 78 meetings (2024: 94), exceeding the number of meetings approved by the shareholder. The significant number of ad hoc meetings attended without remuneration reflects the commitment of the Board and its committees to adequately address governance requirements and respond to heightened governance demands.

Board members also participate in workshops, portfolio and standing committee meetings and site visits, as well as other engagements with various stakeholders, all of which required significant time and commitment for which no additional remuneration is received.

The Board has had to respond swiftly to operational risks, structural reforms and to guide Eskom's turnaround. These extraordinary circumstances meant that routine quarterly or scheduled meetings were insufficient to discharge the directors' fiduciary duties effectively. Additional meetings and engagements were necessary to ensure timely decision-making, protect organisational resilience, maintain stakeholder confidence and uphold the highest standards of governance during a period of heightened risk and transformation, which demanded intense and frequent oversight.

BREAKDOWN OF NED REMUNERATION

The year-on-year increase in NED remuneration reflects the change in the remuneration structure applied in FY2025 as discussed earlier, which aligns fees to actual work performed.

R'000	2025	2024
Non-executive directors of Eskom Holdings SOC Ltd		
Current directors	22 396	10 576
Mteto Nyati (Chairman)	2 724	1 358
Leslie Mkhabela (LID)	1 832	823
Fathima Gany	2 352	1 081
Lwazi Goqwana	1 775	754
Clive le Roux	2 237	1 061
Ayanda Mafuleka	1 832	820
Dr Tsakani Mthombeni	1 832	849
Bheki Ntshalintshali	1 775	873
Tryphosa Ramano	2 006	1 018
Dr Busisiwe Vilakazi	1 832	881
Dr Claudelle von Eck	2 199	1 058
Former directors	–	1 609
Mpho Makwana (former Chairman) ¹	–	933
Dr Rod Crompton ²	–	676
Subtotal	22 396	12 185
Eskom NEDs serving on subsidiary boards		
Escap SOC Ltd³	318	–
Ayanda Mafuleka ⁴	188	–
Leslie Mkhabela ⁵	130	–
NTCSA SOC Ltd⁶	2 177	–
Dr Busisiwe Vilakazi	1 104	–
Tryphosa Ramano	1 073	–
Total remuneration	24 891	12 185

1. Resigned on 30 October 2023. Mteto Nyati was appointed as Chairman of the Board from 31 October 2023.
2. Resigned on 27 February 2024.
3. Fees paid by Escap SOC Ltd.
4. Appointed on 8 October 2024.
5. Appointed on 5 September 2024.
6. Fees paid by Eskom Holdings SOC Ltd.

GOVERNANCE OF SUBSIDIARIES

The appointment of experienced NEDs at NTCSA and Escap has strengthened subsidiary board effectiveness and supported Eskom's broader transformation and unbundling strategy, aligned to the Electricity Regulation Act, 2006 and the national energy transformation agenda.

Furthermore, remuneration structures for subsidiary boards were benchmarked and harmonised with those of Eskom Holdings, while allowing for appropriate differentiation to reflect the unique mandates, governance complexities and operational challenges of individual subsidiaries.

Eskom is in the process of developing a standardised subsidiary NED remuneration policy to guide the determination of fair, transparent and market-related fees for subsidiary directors. This policy will promote sound governance by aligning subsidiary NED fees with the PFMA, the Companies Act, King IV principles and the shareholder's remuneration framework. It will also safeguard the independence and effectiveness of subsidiary boards by ensuring that their remuneration structures avoid conflicts of interest, preserve objective judgement and enable directors to discharge their fiduciary duties without undue influence.

Through these measures, Eskom aims to strengthen oversight, enhance governance effectiveness and reinforce accountability at subsidiary level, thereby improving operational performance and supporting the group's long-term sustainability.

Remuneration report *continued*

REMUNERATION PRACTICES FOR EXECUTIVES

Eskom remunerates executives based on the size and complexity of their role and on performance outcomes. Their packages are approved in line with shareholder guidelines for SOCs and public sector parameters.

The burden of financial prudence and compliance with shareholder guidelines, together with the reluctance of professionals to join a state-owned company in crisis have made the recruitment and retention of top-tier executives far more challenging in recent years. To ensure fair remuneration of executives and top management, independent benchmarking exercises are conducted to compare Eskom's remuneration with the market. Remuneration packages are positioned at the 50th percentile of the market.

Executive remuneration comprises both a guaranteed and variable component which is designed to demonstrate a clear relationship between performance and remuneration.

Guaranteed component
Ensures that talented individuals are attracted, retained and receive support to perform their roles efficiently

Variable component

Short-term incentives Manages and facilitates performance through a results-driven approach that is collaborative, transparent and fair	Long-term incentives Ensures the long-term sustainability of the organisation through retention and long-term performance conditions and targets
---	--

GUARANTEED REMUNERATION

Guaranteed remuneration is fixed and includes allowances for motor vehicle expenses and personal security. Permanent employees also receive compulsory benefits such as medical aid, pension, group life and death benefits.

The GCE and Chief Technology and Information Officer are both appointed on fixed-term contracts, while the GCFO and other executive management are permanent employees based on Eskom's standard conditions of service.

Executive packages are reviewed annually against affordability criteria and are subject to oversight by HCR to ensure that shareholder guidelines are adhered to. Executives are not involved in the approval process, and HCR maintains the right to adjust, withhold or veto any remuneration adjustments. The shareholder is required to approve remuneration adjustments for the GCE and GCFO.

VARIABLE REMUNERATION

Variable remuneration is linked to the achievement of individual and organisational performance objectives, subject to defined gatekeepers. Short-term incentives (STIs) relate to a single financial year, whereas long-term incentives (LTIs) cover a three-year period.

Given Eskom's financial constraints, bonuses were last paid to executives in FY2017. To encourage a high-performance culture, the Board reinstated short- and long-term incentive schemes for executives following shareholder approval. This was critical to align executive and top management performance with organisational objectives, ensure delivery against performance compacts and maintain compliance with governance and shareholder frameworks. Importantly, the reintroduction of variable remuneration also forms a central component of Eskom's executive retention strategy, recognising that competitive incentive structures are essential to retaining the specialised leadership talent required to drive Eskom's turnaround, while mitigating the risk of losing top leadership to both local and international markets.

Performance conditions include financial and non-financial targets in areas such as ensuring business sustainability and reliability of electricity supply, providing for future power needs as well as supporting South Africa's developmental objectives. The performance conditions are complemented by a set of gatekeeper conditions, each carrying a weight of 25%, which include:

- Average unplanned generation plant unavailability below 14 000MW
- Cash from operations of at least R55.7 billion
- Lost-time injury rate below 0.30
- An unqualified IFRS audit report

SHORT-TERM INCENTIVES

The STI scheme approved by the shareholder for FY2025 is subject to qualification criteria and the performance of set KPIs. An interim payout of up to 25% was made in December 2024 based on half-year performance. The balance based on full-year results will be paid out in October 2025, with the GCE and GCFO payouts dependent on shareholder approval.

Only executives in the employ of Eskom for six months or longer during a particular year qualify for an STI payout.

LONG-TERM INCENTIVES

The LTI scheme approved by the shareholder for the period 1 April 2023 to 31 March 2026 grants performance awards to eligible executives. Performance awards are linked to gatekeeper conditions and KPIs aligned with the Corporate Plan and shareholder compact and include both financial and non-financial targets. Awards only vest if KPI targets are met.

Potential vesting percentages range from 0% to 100%. Each measure has a threshold and a stretch target with an expected (on-target) vesting of 50%. Should one or more of the conditions not be met, the final vesting percentage is reduced by the corresponding weight of the relevant vesting conditions.

The vesting conditions are based on key performance indicators that include the following:

- Loadshedding
- EBITDA
- Debt relief conditions
- Just Energy Transition
- Audit findings on internal controls
- Unbundling

The Board retains full discretion on the amounts to be paid at the end of the three-year vesting period, in line with:

- The percentage of performance awards that vested, based on the performance targets and vesting conditions achieved
- The value of the performance awards that vested, based on the grant value escalated at the money market rate

Performance awards earned by executives

Name	Performance awards earned Number	Future performance awards payable R million
Dan Marokane	18 000 000	11 430
Calib Cassim	12 000 000	7 740
Monde Bala	6 794 340	4 382
Bheki Nxumalo	6 794 340	4 382
Segomoco Scheppers	6 794 340	4 382
Total	50 383 020	32 317

A total of 16 191 510 performance awards were granted to eligible executives on 1 April 2023, with a further 34 191 510 performance awards granted on 1 April 2024. The performance awards are deemed to be valued at R1 each at grant date and are escalated at a money market rate to determine the value at reporting date. At year end, the carrying value of the outstanding performance awards amounted to R28.1 million (2024: R8.8 million).

None of the performance awards have vested to date, as the three-year vesting period will only conclude on 31 March 2026. The vesting of the performance awards is dependent on the executive remaining in Eskom's employment throughout the vesting period. The performance awards lapse if employment ceases during the vesting period, other than for reasons such as retirement or death.

Remuneration report *continued*

BREAKDOWN OF EXECUTIVE AND TOP MANAGEMENT REMUNERATION

Only members of Exco are regarded as prescribed officers of the company. Their remuneration disclosed below covers only the period for which an individual served as a member of Exco.

Category, R'000 ¹	2025				2024			
	Salary	STI	Other ²	Total	Salary	STI	Other ²	Total
Current Exco members								
Executive directors³	15 000	1 211	2 601	18 812	6 127	–	212	6 339
Dan Marokane ⁴	9 000	765	1 963	11 728	750	–	3	753
Calib Cassim ⁵	6 000	446	638	7 084	5 377	–	209	5 586
Other group executives	20 891	5 194	522	26 607	5 662	–	348	6 010
Monde Bala ⁶	5 800	2 610	121	8 531	2 831	–	132	2 963
Roman Crookes ⁷	1 750	–	37	1 787	–	–	–	–
Nontokozo Hadebe ⁷	1 708	–	24	1 732	–	–	–	–
Dr Candice Hartley ⁸	333	–	4	337	–	–	–	–
Portia Mngomezulu ⁷	1 708	–	32	1 740	–	–	–	–
Rivoningo Mnisi ⁹	717	–	29	746	–	–	–	–
Bheki Nxumalo ⁶	5 800	2 584	208	8 592	2 831	–	216	3 047
Alfred Seema ¹⁰	1 367	–	34	1 401	–	–	–	–
Len de Villiers ⁷	1 708	–	33	1 741	–	–	–	–
Former Exco members	14 566	2 088	7 253	23 907	22 433	–	2 305	24 738
Faith Burn ¹¹	2 293	–	64	2 357	3 765	–	120	3 885
Martin Buys ¹²	–	–	–	–	2 750	–	87	2 837
Mel Govender ¹³	–	–	–	–	775	–	180	955
Dawn Jackson ¹⁴	–	–	–	–	238	–	10	248
Jan Oberholzer ¹⁵	–	–	–	–	458	–	1 038	1 496
Elsie Pule ¹⁶	1 174	–	6 412	7 586	3 523	–	145	3 668
Winile Madonsela ¹⁷	–	–	–	–	750	–	28	778
Nthato Minyuku ¹⁸	–	–	–	–	258	–	107	365
Jerome Mthembu ¹⁹	1 750	–	38	1 788	–	–	–	–
Sumaya Nassiep ²⁰	–	–	–	–	435	–	115	550
Jainthree Sankar ²¹	1 611	–	202	1 813	2 641	–	102	2 743
Segomoco Scheppers ⁶	5 800	2 088	296	8 184	2 831	–	192	3 023
Natasha Sithole ²²	1 070	–	12	1 082	1 148	–	13	1 161
Vuyolwethu Tuku ²³	715	–	185	900	2 861	–	168	3 029
Sthembiso Vezi ²⁴	153	–	44	197	–	–	–	–
Total remuneration	50 457	8 493	10 376	69 326	34 222	–	2 865	37 087

- No fees were paid to executives serving on subsidiary boards.
- Other payments include accumulated leave paid out, sign-on bonuses, separation payments, long-service awards as well as allowances and insurance cover.
- For 11 months of the previous year, Calib Cassim served as acting GCE and Martin Buys served as acting GCFO, both without additional compensation. Executive director remuneration has increased due to the appointment of Dan Marokane as GCE and return of Calib Cassim to the GCFO position.
- Appointed as GCE on 1 March 2024 on a fixed-term contract. Other payments for FY2025 include a sign-on bonus awarded to the GCE. A further R2.5 million STI payout for FY2025, not disclosed above, is awaiting shareholder approval.
- Served as acting GCE until 29 February 2024. Returned to the role of GCFO on 1 March 2024 on a permanent employment contract. A further R1.7 million STI payout for FY2025, not disclosed above, is awaiting shareholder approval.
- Appointed as a member of Exco on 1 June 2023. The Board approved an adjustment to align the remuneration of the group executives for Generation, Transmission and Distribution to the median of the market from 1 April 2024. Monde Bala did not receive additional compensation while acting as Group Executive: Human Resources following the early retirement of Elsie Pule. Segomoco Scheppers served as interim CEO of NTCSA from 1 July 2024 until the conclusion of his secondment on 31 July 2025.
- Appointed on 1 November 2024.
- Appointed on 1 March 2025.
- Appointed on 1 February 2025.
- Appointed on 1 December 2024.
- Served as Chief Information Officer until 31 October 2024. No longer a member of Exco following implementation of the new Exco structure.
- Served as acting GCFO until 29 February 2024.
- Former Group Executive: Legal and Compliance, resigned on 30 June 2023.
- Served as acting Group Executive: Legal and Compliance from 15 December 2023 to 31 January 2024.
- Former Group Chief Operating Officer, retired on 30 April 2023.
- Former Group Executive: Human Resources, retired early on 31 July 2024 by mutual agreement. Other payments for FY2025 include separation and accumulated leave payments.
- Served as acting Group Executive: Legal and Compliance from 7 July to 14 December 2023.
- Former Group Executive: Government and Regulatory Affairs, resigned on 30 April 2023.
- Appointed as Head of Legal and Compliance on 1 May 2024 and served as a member of Exco until 31 October 2024. He remains a permanent invitee of Exco following implementation of the new Exco structure. The STI awarded for FY2025 amounts to R1.4 million, but this is not disclosed above as he was no longer a member of Exco at the time that the STI was awarded.
- Served as acting Group Executive: Government and Regulatory Affairs from 1 June until 9 August 2023.
- Served as Chief Procurement Officer until 31 October 2024. No longer a member of Exco following implementation of the new Exco structure.
- Served as acting Group Executive: Government and Regulatory Affairs from 10 August 2023 until 31 October 2024. No longer a member of Exco following implementation of the new Exco structure.
- Former Group Executive: Transformation Management Office, fixed-term contract ended on 30 June 2024.
- Served as acting Group Executive: Legal and Compliance from 1 to 30 April 2024.

AFS Refer to note 49 in the annual financial statements for disclosure on the STI amounts paid by year end

Remuneration report *continued*

REMUNERATION PRACTICES FOR EMPLOYEES

Our remuneration philosophy is designed to attract, retain and motivate a skilled and high-performing workforce, while remaining aligned with market benchmarks and shareholder expectations. Eskom is strategically positioned as a preferred employer through the provision of market-related remuneration pay structures, employee benefits and conditions of service.

Our remuneration strategy is underpinned by principles of fairness, transparency and alignment with Eskom's turnaround objectives and subject to the conditions of the Eskom Debt Relief Act, 2023. Consequently, our approach balances financial sustainability with the need to reward excellence and support employee wellbeing.

Employee remuneration is aligned with the market median to balance affordability and competitiveness for scarce skills. Employees are paid according to their contribution and the market value of their roles, ensuring those who meet job requirements receive at least the 50th percentile salary. Additional premiums are considered for jobs requiring specialised skills or challenging work environments, such as nuclear work or shift-based roles.

GUARANTEED REMUNERATION

For bargaining unit employees – who make up about 81% of our workforce – remuneration includes a basic salary, a thirteenth cheque (disclosed as an annual bonus) and a comprehensive suite of benefits such as pension, medical aid, death cover and allowances for housing, transport and communication, subject to qualifying criteria. Under the three-year collective bargaining agreement for FY2024 to FY2026, bargaining unit employees received a cost-of-living adjustment of 7% in July 2024.

Managerial employees receive a guaranteed cost-to-company package that includes medical aid, pension, dread disease cover and group life benefits. In October 2024, an average increase of 7% was implemented, comprising a guaranteed cost-of-living adjustment of 4% and a discretionary element to reward and retain top performers and address income disparities.

We completed the process to address income differentials in March 2025, thereby closing historical pay gaps to ensure fairness, transparency and compliance in accordance with our commitment to organised labour. The exercise commenced in FY2018, in response to income disparities identified at the time by the then Department of Labour.

VARIABLE REMUNERATION

Eskom employees had not received annual short-term incentives for the past six years due to poor operational performance and severe financial constraints. In FY2025, as part of Eskom's broader turnaround plan, the Board – supported by the shareholder – approved the reintroduction of a group STI scheme. This decision reflects a strategic view that the performance gains from a motivated workforce outweigh the cost of the incentives.

The STI scheme is designed to drive operational excellence, retain critical skills and reinforce a high-performance, ethical culture. It is subject to strict qualification criteria and performance thresholds, or "gatekeepers", set by the shareholder. These include the requirement that profit before tax must exceed the approved budget for the year which acts as gatekeeper to the scheme.

The STI bonus pool is determined by performance against five KPIs, weighted as follows:

- *Generation performance*: Unplanned capability loss factor; UCLF (contributing 40% to the pool)
- *Financial performance*: Cash from operations (contributing 30%)
- *NTCSA performance*: System minutes lost <1 minute (10%)
- *Distribution performance*: System average interruption duration index, SAIDI (10%)
- *Safety performance*: Lost-time injury rate, LTIR (10%)

To be eligible for a bonus, employees must achieve an individual performance rating of 3 or higher on a 5-point scale. The final bonus amount is then calibrated based on the individual's performance rating.

An interim payout of up to 25% was made in December 2024 based on half-year performance. The final payout, which was contingent on full-year results, was made on 29 September 2025 after conclusion of the FY2025 external audit.

BREAKDOWN OF EMPLOYEE BENEFIT EXPENSE

R million	2025	2024
Salaries	29 537	27 083
Overtime	3 253	3 029
Post-employment medical benefits	414	396
Pension benefits	2 308	1 952
Annual bonus ¹	1 549	1 470
Performance bonus ²	3 731	–
Production bonus ³	1 212	439
Leave	1 171	986
Direct costs of employment	43 175	35 355
Direct training and development	180	136
Temporary and contract staff costs	625	484
Other staff costs	1 378	1 124
Gross employee benefit expense	45 358	37 099
Capitalised to property, plant and equipment	(2 198)	(2 003)
Net employee benefit expense	43 160	35 096

1. The annual bonus represents a thirteenth cheque. Refer to note 27.3 in the annual financial statements.
2. The performance bonus relates to the STI scheme which was reinstated from 1 April 2024. An additional 13.5% relating to the pension portion of the STI payout is included under pension benefits. The total STI scheme amounts to R4.2 billion.
3. The production bonus is self-funded and rewards employees for improved efficiency, operational productivity and performance in Generation, NTCSA and Distribution.



Remuneration report *continued*

ENSURING PAY EQUITY

Pay equity refers to the concept of providing equal pay for work of equal value, regardless of an employee's gender, ethnicity or other characteristics. It is aimed at eliminating unjustified wage disparities and promoting fairness in compensation practices within the workplace.

Eskom ensures pay equity by applying the following principles:

- Benchmarking salary scales to the external market
- Aligning internal pay scales according to job grade
- Strict application of remuneration policies and job-matching principles
- Using annual increases to address unjustifiable disparities where possible

FUTURE FOCUS AREAS

Eskom's remuneration landscape faces several key challenges. Our focus in coming years will be to find proactive solutions to these challenges.

ATTRACTING AND RETAINING SKILLED EMPLOYEES

Financial constraints in recent years have limited recruitment and reskilling opportunities, thereby slowing progress against long-term workforce plans. Furthermore, scarce skills continue to be targeted by IPPs and international projects which offer more competitive packages, increasing the risk of attrition in critical roles.

To address these challenges and ensure that remuneration remains competitive, we plan to conduct a benchmarking study on total compensation and rewards in FY2026. This will cover all Eskom's divisions including subsidiaries. Any recommendations emanating from the study will be reviewed prior to being implemented.

DEVELOPING ADAPTABLE AND FIT-FOR-PURPOSE REMUNERATION FRAMEWORKS

Performance agreements will be reviewed to ensure that they remain flexible and support the overall strategic outcomes of the organisation while incorporating stretch targets.

The unbundling of Eskom requires adaptable remuneration and labour frameworks suited to a liberalised energy market, to balance competitiveness and affordability. We will ensure that remuneration and governance frameworks are applied consistently across the group.

Subsidiary NED fees will be aligned to the group strategy. Although the introduction of NEDs to subsidiary boards will increase overall costs, this is a strategic investment to strengthen independent oversight, reinforce governance resilience and support Eskom's broader unbundling and transformation agenda.

MANAGING ELEVATED LEVELS OF OVERTIME

Overtime costs increased by 7% year-on-year, mainly driven by interventions under the Generation Recovery Plan which led to improved operational performance. Although necessary in the short term, sustained reliance on overtime inflates costs and negatively impacts productivity and employee wellbeing. Measures are being implemented to better manage overtime expenditure, including stricter approval processes and accountability at divisional level to mitigate against abuse.

Additionally, management is actively addressing key person dependencies to strengthen organisational capacity and reduce overreliance on one or a few individuals.

STRENGTHENING OUR RELATIONSHIP WITH ORGANISED LABOUR

The recognition agreement that governs engagement with organised labour, concluded in 2000, is outdated and no longer aligned with Eskom's evolving structure. A comprehensive review is scheduled for FY2026.

The next multi-year wage agreement is due for conclusion in FY2027. Preparations are in progress to ensure that the process commences earlier than in previous years, to ensure that an agreement is concluded within stipulated timelines.

CONCLUSION

HCR reaffirms its commitment to fair, responsible and transparent remuneration that supports Eskom's long-term sustainability. By conducting and implementing recommendations from the total compensation and rewards benchmarking study planned for FY2026, we will ensure that Eskom's remuneration framework remains competitive, affordable and aligned to both shareholder expectations and market realities. This commitment is central to retaining scarce skills, strengthening governance and positioning Eskom as a future-fit utility in a liberalised energy market.

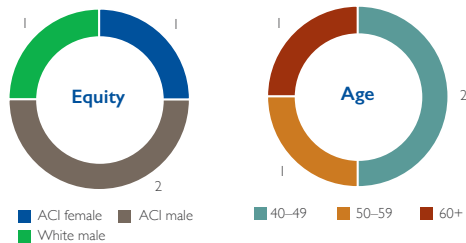


Report by the Investment and Finance Committee (IFC)

for the year ended 31 March 2025

Membership and attendance	
Number of meetings	18
Attendance	88%
Chair: Tryphosa Ramano	17/18
Lwazi Goqwana	14/18
Clive le Roux	16/18
Dr Tsakani Mthombeni	16/18

Representation at year end



Committee's focus	Composition
Financial capital	4 members
Manufactured capital	100% independent non-executive directors GCE and GCFO attend by invitation as officials

PURPOSE

The committee's responsibilities include:

- Overseeing financial budgets, capital and borrowing programmes, as well as procurement strategies
- Approving business cases for new ventures, capital investments, projects, disposals and other commercial matters
- Monitoring the concept, design, execution and finalisation phases of major capital projects
- Overseeing Eskom's treasury function

KEY ACTIVITIES DURING THE YEAR

The committee considered the following and, where required, recommended matters for noting or approval by the Board:

- Scenarios for MYPD 6 and Eskom's MYPD 6 revenue application submission to NERSA
- The disposal strategy for EFC, including the sale of its loan book and interests in Nqaba Finance I (RF) Ltd to African Bank Limited
- Updated Generation strategic review for the continued operation of coal-fired power stations
- Amendments to Eskom's delegation of authority framework
- Eskom Treasury policies and feedback on an independent review of Eskom's hedging strategy
- Eskom's capital investment plan, as well as additional capital expenditure requirements linked to Eskom's capital allocation framework
- Budget allocations for NTCSEA and Distribution under the standard offer programme
- Cross-border pricing methodology for power supply agreements

- Eskom's going concern assessment
- Review of progress on the legal separation of Eskom and associated financial implications
- Commercial strategy and mandate to negotiate and conclude service contracts between NTCSEA and Eskom Holdings' Corporate, Generation and Distribution divisions
- Conceptualisation of Eskom's proposed renewable energy company
- Feedback on the long-term operation of Koeberg Power Station
- Regular updates on Eskom's liquidity position and liability management
- Write-off of one third of the ring-fenced arrear debt of Rand West City through the municipal debt relief programme. Additional write-offs were approved after year end, as detailed under "Financial review – Municipal debt relief programme" from page 96
- Resolution of the dispute with SARS regarding diesel levy refunds
- Status update on Eskom's reportable irregularities
- Eskom's financial plan and borrowing plan for FY2026 to FY2030 for inclusion in the Corporate Plan

In addition to the above, the committee approved matters within its delegated authority and recommended those above its approval limits to the Board. These matters included various procurement strategies, capital investment approvals or revisions, negotiated pricing agreements, as well as other commercial decisions.

FUTURE FOCUS AREAS

Focus areas for the coming year include:

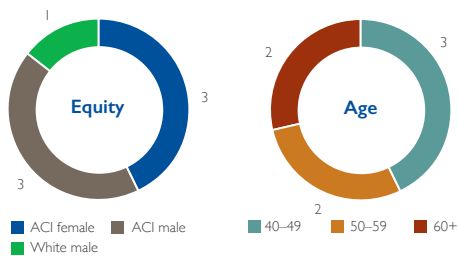
- Appointing an additional member with expertise in corporate finance
- Reviewing Eskom's capital allocation framework
- Monitoring the execution of approved capital projects
- Overseeing procurement strategies relating to capital projects
- Evaluating and monitoring the liquidity and balance sheet of the Eskom group, including the impact of Government's debt relief support
- Monitoring the progress in curbing and reducing municipal arrear debt

Report by the Social, Ethics and Sustainability Committee (SES)

for the year ended 31 March 2025

Membership and attendance	
Number of meetings	5
Attendance	97%
Chair: Bheki Ntshalintshali	5/5
Fathima Gany	5/5
Clive le Roux	4/5
Leslie Mkhabela	5/5
Dr Tsakani Mthombeni	5/5
Dr Busisiwe Vilakazi	5/5
Dr Claudelle von Eck	5/5

Representation at year end



Committee's focus	Composition
Financial capital	7 members
Manufactured capital	100% independent non-executive directors
Natural capital	GCE and GCFO attend by invitation as officials
Human capital	
Intellectual capital	
Social and relationship capital	

PURPOSE

The committee's responsibilities include:

- Executing the statutory functions of a social and ethics committee set out in the Companies Act, 2008
- Overseeing socio-economic development; good corporate citizenship; environmental and climate change initiatives; health and safety programmes; and ensuring reasonable assurance of selected KPIs through the sustainability audit
- Monitoring nuclear strategies and policies, including nuclear safety in accordance with regulatory requirements and international best practices
- Acting as the statutory social and ethics committee for Eskom's wholly owned subsidiaries, excluding NTCSA, which has its own social and ethics committee

KEY ACTIVITIES DURING THE YEAR

The committee considered the following and, where required, recommended matters for noting or approval by the Board:

- Eskom's stakeholder engagement plan, together with quarterly stakeholder engagement reports
- Update on Eskom's Just Energy Transition, including socio-economic impact assessments and repurposing plans of several power stations, including Hendrina, Komati and Grootvlei
- Eskom's integrated report and sustainability report, including external audit feedback on the reasonable assurance of selected sustainability KPIs
- Eskom's King IV application register
- Status update on Eskom's reportable irregularities relating to matters under the purview of SES

- SES related matters in the internal audit and combined assurance plans
- Revisions to the ethics management strategy and implementation plan, as well as to Eskom's Code of Ethics and related policies, to address ethics-related risks
- Updated Generation strategic review for the continued operation of coal-fired power stations
- Environmental risks related to the rehabilitation of ash dams and ash dumps
- Independent environmental and social review of the Kusile stack remediation programme, conducted on behalf of Eskom's lenders

In addition, the committee provided oversight and considered reports on ethics monitoring and King IV compliance; human capital sustainability, including compliance with labour and employment regulations; nuclear oversight, including safety, plant performance and key nuclear matters; sustainability performance of Eskom's subsidiaries; progress on Eskom's capacity expansion programme; safety, health, environment and quality performance; as well as supplier development, localisation and industrialisation.

SR [Refer to the 2025 sustainability report for more information relating to Eskom's sustainability practices](#)

FUTURE FOCUS AREAS

Focus areas for the coming year include:

- Ensuring ongoing compliance with the requirements of the Companies Act, 2008 and nuclear safety regulations
- Overseeing Eskom's ethics management strategy and related governance frameworks
- Considering rehabilitation and restorative justice practices with respect to suppliers
- Reinforcing Eskom's role as a socially committed and responsible corporate citizen in line with its developmental mandate, through enhanced corporate social responsibility and sustainable development practices
- Monitoring compliance with environmental laws and remediation plans for areas of non-compliance, as well as Eskom's response to climate change and the Just Energy Transition
- Exercising ongoing oversight of performance against stakeholder engagement plans
- Overseeing the development and implementation of Eskom's ESG framework
- Implementing the provisions of the Companies Amendment Bill, 2023 relating to social and ethics committees

Fostering an ethical culture

The Board, through its Social, Ethics and Sustainability Committee, oversees the governance of ethics in Eskom, in alignment with principles 1 and 2 of King IV. The Board is committed to cultivating a high-performance, ethical culture and upholds a zero-tolerance stance on unethical conduct.

Our Code of Ethics, known as the “*The Way*”, serves as the foundation of Eskom’s ethical values-driven culture. “*The Way*” is underpinned by six core values, collectively referred to as *ZIISCE*, which guide decisions and behaviours at all levels of the organisation and reflect our commitment to ethical leadership, integrity and accountability.

Zero Harm <i>protecting the Eskom way</i>
Integrity <i>acting the Eskom way</i>
Innovation <i>thinking the Eskom way</i>
Sinobuntu <i>caring the Eskom way</i>
Customer satisfaction <i>serving the Eskom way</i>
Excellence <i>working the Eskom way</i>

Adherence to “*The Way*” is not optional; it is the way we do business in Eskom, guiding the way in which we interact with one another as well as with all of our stakeholders.

REVISING OUR ETHICS STRATEGY

Our dedicated Ethics Office continues to play a vital role in implementing Eskom’s ethics strategy, providing guidance on ethical matters in the workplace, developing and monitoring ethics-related policies and facilitating mandatory annual ethics training for all employees. Where the Ethics Office is made aware of any unethical behaviour involving crime, fraud and corruption, these matters are referred to our dedicated forensics function for investigation.

We have recently undertaken an independent ethics risk assessment, conducted by The Ethics Institute, to identify, assess and manage ethics-related risks within the organisation. The assessment provided valuable insights for strengthening ethical practices and has informed the development of a revised ethics management strategy, which was approved by the Board in August 2024, as well as revisions to key ethics-related policies.

- The ethics strategy serves as a framework for supporting a high-performance ethical culture and includes the following focus areas:
- Ensuring that Eskom’s ethics policies are accessible and effective in managing ethics-related risks
 - Recognising ethical behaviour and ensuring the effectiveness of processes to address unethical behaviour
 - Sustaining ethical excellence through enhanced monitoring and reporting, together with independent assessments
 - Repositioning and adequately resourcing the Ethics Office
 - Ensuring all directors, employees and suppliers are trained on Eskom’s ethics policies
 - Encouraging leadership at all levels of the organisation to demonstrate their commitment to a high-performance ethical culture through their behaviour and conduct

The Board has adopted an ethics manifesto to support the ethics strategy, reaffirming Eskom’s commitment to ethical business practices and emphasising our leadership’s commitment to abide by and act in accordance with the following guiding principles:



Fostering an ethical culture *continued*

MANAGING CONFLICTS OF INTEREST

Our Code of Ethics is supported by conflict of interest and private work policies, which clearly define the responsibilities of directors and employees in identifying, declaring and managing actual, perceived or potential conflicts of interest. They also govern private work engagements, supplier relationships and the exchange of business courtesies. This ensures that individuals act transparently and avoid situations that could compromise their integrity.

All employees and directors are required to submit an annual declaration of interest by 30 June, regardless of whether a conflict exists, and to update their declarations as soon as circumstances change. Our declaration system has been recently enhanced to identify politically exposed persons. The system also integrates with the Companies and Intellectual Property Commission (CIPC) database to verify active directorships.

Completion rate of annual declarations

Employees at all levels **99.8%** (2024: 99.7%)
 Exco **100%** (2024: 100%)
 Board **100%** (2024: 100%)

The declarations made by Board and Exco members are verified by the Ethics Office on an annual basis and no deviations have been identified.



The Board's conflict of interest register, which details recusals in terms of section 75 of the Companies Act, is available at www.eskom.co.za/about-eskom/company-information/

Employees that either fail to obtain prior approval for private work, declare a conflict of interest or submit a declaration when required are subject to investigation and disciplinary processes. Upholding our ethical standards extends to all individuals acting on behalf of Eskom, including suppliers. If a supplier is found to be in contravention of our Code of Ethics, they will also be subject to disciplinary processes and potential sanctions. This reinforces our zero-tolerance stance on unethical conduct.

SUPPORTING WHISTLE-BLOWING MECHANISMS

We encourage all stakeholders to report suspected incidents of unlawful or unethical conduct involving directors, employees or suppliers. Reports may be submitted through Eskom's independent whistle-blowing hotline or Government's anti-corruption channels. These mechanisms are designed to ensure confidentiality, protect whistle-blowers and uphold the integrity of the reporting process.

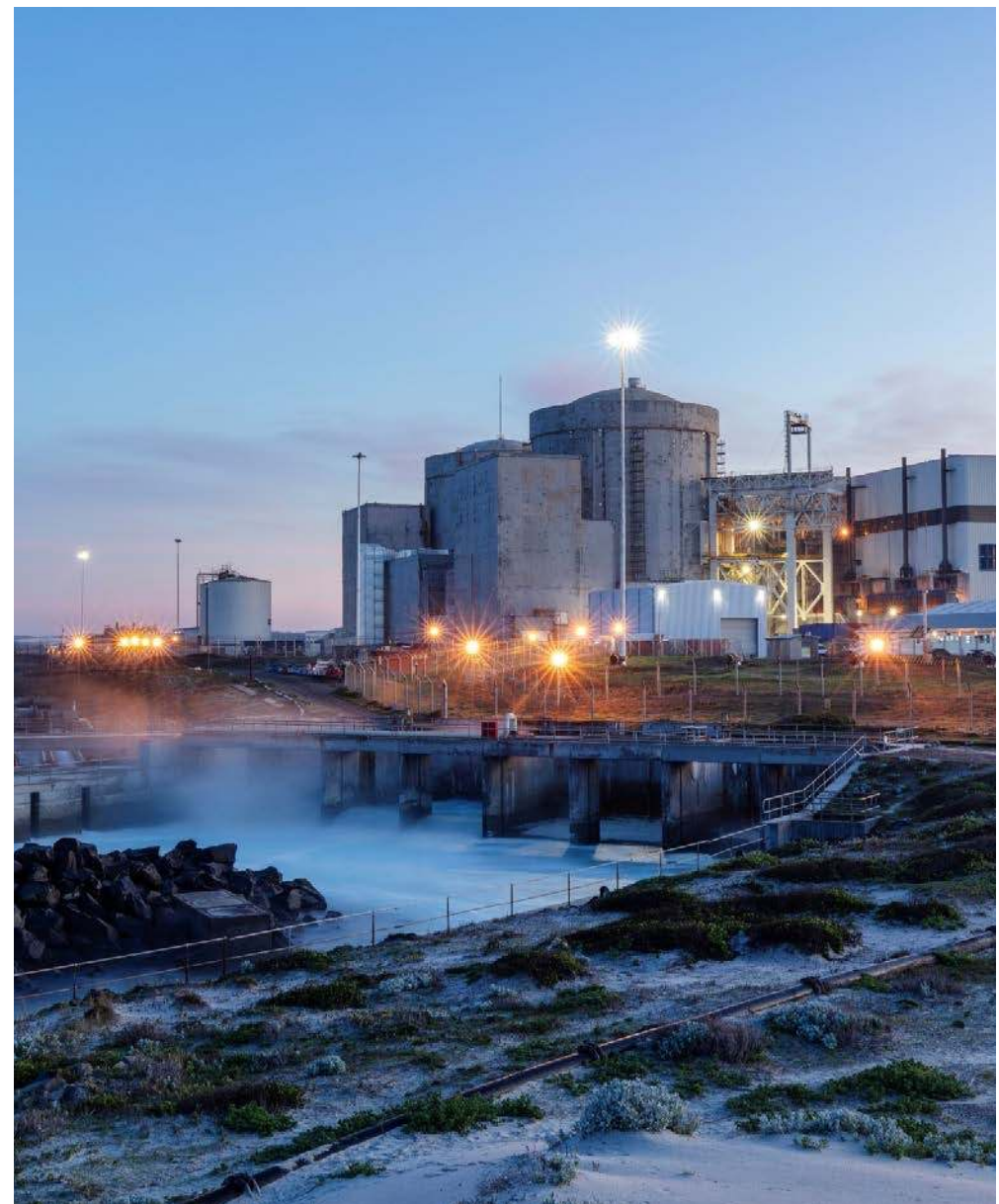
Employees are often the first line of defence against crime, fraud, and corruption. Therefore, it is the duty of every employee to address and report any unethical conduct or non-compliance with "The Way". Eskom's whistle-blowing policy aligns with the Protected Disclosures Act, 2000, and provides robust protection and support for whistle-blowers against any form of victimisation or occupational detriment. While our whistle-blowing policy provides the necessary safeguards, we continue to foster a culture of openness and accountability, where speaking up is encouraged and supported.

Eskom whistle-blowing hotline

Phone: 0800 11 27 22
 Email: eskom@whistleblowing.co.za

Government anti-corruption hotlines

Phone: 0800 701 701
<https://www.gov.za/anti-corruption/hotlines>



Fighting crime, fraud and corruption

Since its appointment in October 2022, one of the Board's priorities has been to restore good governance, strengthen internal controls and promote accountability. Significant attention has been given to fighting crime, fraud and corruption across the group by addressing issues stemming from weaknesses in the internal control environment and strengthening investigative capacity and consequence management processes.

The effects of crime, fraud and corruption have garnered extensive media coverage in recent years and have been the subject of external inquiries and investigations – most notably through the reports on the findings of the State Capture Commission – which have been discussed in previous integrated reports. Over time, these have eroded Eskom's reputation and relationship with key stakeholders and undermined operational and financial sustainability.

Internal control weaknesses have contributed to an environment which is susceptible to crime, fraud and corruption. These weaknesses have also resulted in significant and numerous external audit findings in recent years and repeat audit qualifications from external auditors, as well as delays in concluding the annual financial statements within legislated timeframes.

Key contributing factors include a lack of skilled resources in critical areas; inadequate adherence by employees to well-documented processes, policies and procedures; as well as insufficient review and monitoring of preventative and detective controls by management.

IR Refer to "Conclusion on assurance and controls" from page 60 for the Audit Committee's conclusion on the control environment

In FY2023, Eskom commissioned an independent assessment of its crime risk landscape, focused on risks related to bribery and corruption, financial crime, physical asset crime, cyber-crime and money laundering. The objective was to identify potential vulnerabilities, evaluate existing controls, identify systemic weaknesses and recommend remediation measures.

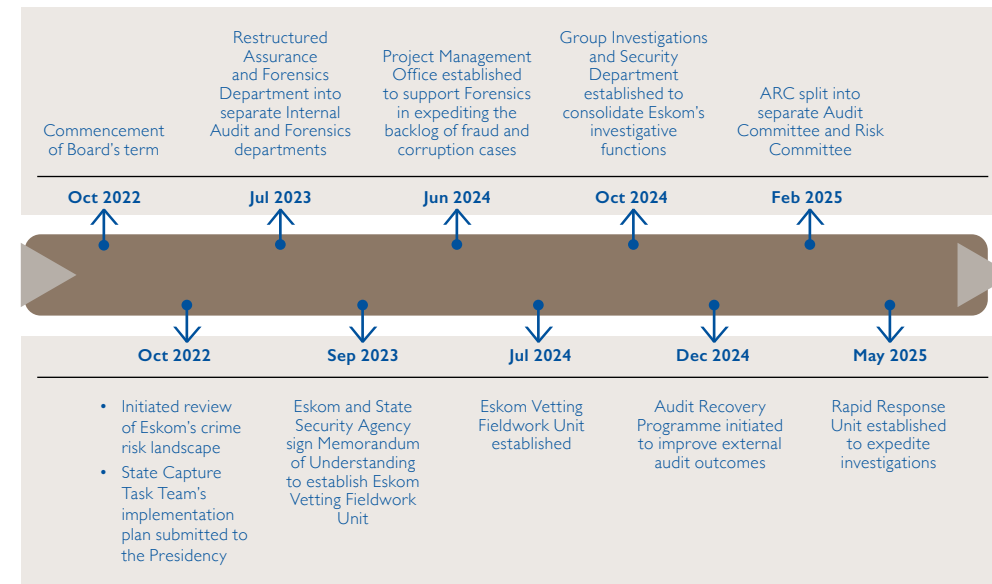
The assessment identified areas requiring enhanced oversight and control. These included vulnerabilities in fraud prevention, cyber-security and physical asset protection. It also highlighted the need for clearer accountability, improved training, as well as more robust systems and processes to support whistle-blowing, procurement transparency and compliance.

STRENGTHENING ESKOM'S RESPONSE TO UNLAWFUL BEHAVIOUR

KEY INTERVENTIONS BY THE BOARD

The Board acknowledged that addressing these issues is essential to securing Eskom's long-term sustainability and rebuilding stakeholder confidence, and recognised this as a complex, multi-year undertaking that will demand a sustained effort.

Enhancing organisational structures, together with strengthening people, processes and systems, has been critical to restoring Eskom's capability to effectively address governance and compliance challenges. Key milestones and long-term structural reforms implemented over the Board's term are depicted below, marking the journey towards fostering a high-performance, ethical culture.



Fighting crime, fraud and corruption *continued*

The Board has adopted a multi-pronged approach to combatting crime, fraud and corruption, centred on prevention, detection, investigation and corrective action.

Preventative efforts have focused on reinforcing ethical behaviour as well as strengthening governance and controls, supported by improved systems and processes. Detection capabilities have been enhanced to allow for more effective monitoring and identification of unlawful behaviour. Eskom has also invested in building internal capacity and adequately resourcing specialist functions to investigate and respond to incidents swiftly and decisively, reinforcing a culture of accountability. Corrective actions aim to ensure that lessons from past incidents are translated into tangible improvements, including improved consequence management, supplier oversight and closer collaboration with law enforcement to recover losses and prevent recurrence. Several interventions across these areas are detailed alongside.

The Board is strengthening governance through a revised ethics management strategy, along with the adoption of an ethics manifesto. These were supported by revisions to key policies, including Eskom's Code of Ethics as well as those relating to conflicts of interest, fraud prevention and whistle-blowing, to address ethics-related risks identified from the independent ethics risk assessment and emphasise Eskom's stance that no employee, nor related parties of employees, are allowed to do business with Eskom or its subsidiaries.

IR Refer to "Fostering an ethical culture" from page 73 for further information

The adoption of a dedicated fraud prevention plan has been informed by past interventions, including Eskom's self-assessment on its compliance with the Organisation for Economic Cooperation and Development's (OECD) recommendations on anti-corruption, as well as the outcome of the independent crime risk landscape assessment. The fraud prevention plan is reviewed and updated annually and consolidates ongoing initiatives with new interventions to address emerging risks.

Interventions to fight crime, fraud and corruption

1 Prevention	2 Detection	3 Investigation	4 Correction
Proactive prevention of crime, fraud and corruption - Developed Eskom's fraud prevention plan - Improved training across ethics, fraud awareness and procurement practices - Enhanced compliance of declarations of interest - Digitisation of procurement processes and introduced e-auction and e-tendering - Monitored low-value procurement mechanisms, such as local purchase orders (LPOs), to reduce potential abuse - Adopted National Treasury's central supplier database for informal tendering requests for quotations to reduce procurement risks - Migrated to a new document management system to enhance document control and support audit readiness - Introduced security vetting for directors, executives and employees in critical areas - Conducted background checks during recruitment processes	Faster identification of suspicious activity - Implemented advanced analytics to enable transaction monitoring and identify process and control weaknesses - Improved detection capability in Eskom's online vending system (OVS) - Enhanced Eskom's enterprise resource planning (ERP) system to improve invoicing, reconciliations and detection of ghost vending - Improved reporting platforms and monitoring of whistle-blowing reports	Effective analysis and confirmation of crime, fraud and corruption - Established Group Investigations and Security (GIS) Department - Established Project Management Office (PMO) to expedite backlog of cases - Expansion of the PMO to incorporate a Rapid Response Unit - Established war rooms in response to incidents relating to Eskom's ERP system and OVS - Ongoing development of a single centralised repository for monitoring of all investigations - Commissioned independent investigations by external service providers, including the Special Investigating Unit (SIU)	Case resolution and prevention of recurrence - Established State Capture Task Team to implement Zondo Commission recommendations - Reviewed policies, procedures and processes relating to supply chain management and human resources to improve consequence management - Re-established Supplier Review Committee to enhance supplier disciplinary processes - Strengthened partnerships with law enforcement agencies to ensure successful outcomes on Eskom's cases, including financial recoveries - Improved employee reference flagging processes on the human resources system - Ongoing review of lessons learned and corrective actions
Improving governance, oversight and monitoring of the end-to-end combined assurance model - Implemented revised ethics strategy and related policies, and adopted the Board's ethics manifesto - Executed key structural improvements to improve oversight, including separating the Audit and Risk committee and restructuring the Assurance and Forensics Department into (1) Internal Audit with the Chief Audit Executive reporting functionally to the Audit Committee and (2) Forensics (now part of GIS) reporting to the GCE - Strengthened Exco skills for oversight of internal controls, risk management and PFMA matters - Established the audit recovery programme - Commenced resourcing drives to capacitate finance, assurance and other oversight functions			

Fighting crime, fraud and corruption *continued*

The Anti-Fraud and Corruption Integration Committee (AFCIC), a management committee which reports to the GCE, monitors the implementation of the fraud prevention plan and manages the assessment of fraud and corruption related risks. As part of this, divisional fraud risk registers have been reviewed to improve leadership accountability and coordination of treatment plans. Mandatory fraud awareness training has also been implemented for all employees, together with development of a fraud prevention training framework to conduct targeted training in high-risk areas. Anti-fraud and corruption awareness campaigns are being extended to suppliers.

In FY2024, Eskom's Assurance and Forensics Department was restructured into separate Internal Audit and Forensics departments to enable these areas to focus on their primary functions. The independence of the Internal Audit Department was strengthened by enhancing the reporting line of the Chief Audit Executive, who now reports functionally to the Audit Committee (formerly ARC), thereby maintaining independence from management. This function plays a critical role in monitoring the effectiveness of internal controls.

In July 2024, we established a vetting unit in collaboration with the State Security Agency (SSA), to conduct security clearance assessments of non-executive directors, executives, employees, suppliers and other individuals with access to classified information and critical infrastructure.

The GIS Department was established to consolidate Eskom's separate forensic, security and investigative efforts into a unified structure to enhance prevention, detection, investigation and correction of crime, fraud and corruption. This strategic integration will streamline processes, improve responsiveness and strengthen consequence management. Tembela Kulu was appointed as General Manager: Investigations and Security from 1 October 2024 – she reports directly to the GCE and is a permanent invitee to Exco.

GIS is mandated to perform independent forensic investigations into cases of crime, fraud and corruption as well as other irregularities, supported by a panel of external investigators and through collaboration with law enforcement agencies. A programme to enhance forensic investigators' skills in dealing with Eskom cases has been developed and is being rolled out. GIS is empowered to implement recommendations arising from forensic investigations to ensure consequence management is addressed timeously. The department is also responsible for Eskom's security posture and the identification, remediation and management of security risks.

While the pace of arrests, criminal convictions and civil judgments is largely dependent on law enforcement and judicial processes, we continue to support these efforts, cooperating fully with all external investigations and inquiries, as well as instituting internal consequence management in accordance with Eskom's policies.

A dedicated PMO was launched to expedite the backlog of cases involving crime, fraud and corruption and accelerate the resolution of disciplinary cases and criminal sanctions arising from internal and external investigations. The PMO refers all completed cases to GIS and law enforcement agencies for further investigation and to fast-track convictions and recovery processes.

More recently, a Rapid Response Unit has been established within GIS to expedite investigations, prioritising high-impact cases and those involving infrastructure and economic crimes. The Rapid Response Unit is being equipped with the necessary resources to support proactive and coordinated responses to existing and emerging threats through streamlined, intelligence-driven organised crime investigations. The focus remains on optimising remediation efforts by consolidating high-risk cases for investigation as well as addressing the backlog of forensic investigations and disciplinary cases against employees and suppliers.

Eskom has expanded the scope of its data analytics to include the application of advanced analytics and artificial intelligence on large volumes of transactional and operational data, with a focus on high-risk areas across the group. The objective was to improve the understanding of the effectiveness of internal controls and identify patterns of non-compliance and systemic weaknesses that may not be visible through traditional audit methods.

Several process and system enhancements have also been identified through audit findings and investigations. Given the integral role of Eskom's ERP system on the internal control environment, initiatives have been focused on enhancing automation, system and access controls, document management, exception reporting and data analytics. We have appointed a service provider to assist with the use of analytical and forensic tools to support early detection of fraud and corruption and flag transactions and anomalies which require further investigation, as well as to build this capability within Eskom. Furthermore, a digital forensics firm has been appointed to assist with addressing the risk of illicit prepaid electricity tokens generated through Eskom's online vending system, which contribute to Eskom's energy losses.

IR Refer to the information block titled "Ongoing investigation into the breach of Eskom's online vending system" that follows for further detail

In the procurement environment, Eskom is introducing digital tools and enhancements to modernise procurement processes and improve the monitoring of procurement mechanisms that may be exposed to higher risks of corrupt activity. These efforts have contributed to improved spend control and transparency, with notable reductions in high-risk procurement categories such as LPOs and informal tendering expenditure, particularly within Generation. We are piloting e-tendering for formal tenders and have introduced system enhancements to the e-auction system to enable greater competition and transparency in pricing.

Strengthening corporate governance practices and ensuring compliance with applicable laws, regulations and standards remains a key focus. Regrettably, compliance with legal and regulatory requirements, particularly relating to the accuracy and completeness of information required by the PFMA, continues to remain a challenge. An audit recovery programme has been established to enhance compliance over a three-year period, by addressing recurring audit findings and strengthening internal controls to improve audit outcomes.

IR Refer to "Upholding good governance – Audit recovery programme" from page 81 for more information

To ensure accountability and transparency, Eskom has adopted five new KPIs to monitor the effectiveness of initiatives to deal with crime, fraud and corruption, in line with the shareholder's expectations:

- Whistle-blower reports assessed within 21 days, to reinforce the commitment to timeous and fair handling of concerns
- Forensic investigations initiated within 60 days of a preliminary assessment report being completed by a forensic investigator, to facilitate timely action on potential misconduct
- Cases where recommendations emanating from forensic investigations have been referred for disciplinary action and tabled with the presiding officer within 90 days, to monitor follow-through of consequence management and accountability
- Directors' and employees' security clearance assessments submitted to the SSA for vetting, to safeguard sensitive information and critical infrastructure
- Background checks conducted on employees during recruitment processes, to ensure a trustworthy workforce

AFS Performance against these shareholder compact measures is disclosed in the directors' report

Fighting crime, fraud and corruption *continued*

ARE WE WINNING THE FIGHT?

We recognise that our stakeholders want to know whether we are winning the fight against crime, fraud and corruption. The governance reforms and measures to safeguard the organisation by improving Eskom's capacity to prevent, detect, investigate and correct instances of crime, fraud and corruption, together with the operational and financial improvements achieved during the past year, demonstrate that we are regaining control.

While Eskom has achieved measurable progress on these fronts, and is fighting back more effectively than ever, the battle is far from over. Further efforts are required to fully sustain the recovery and foster behavioural change throughout the organisation. The Board is actively shifting the organisation from reactive and fragmented responses towards proactive and structural prevention measures, through promoting a culture of accountability, transparency and operational discipline.

NEXT STEPS

Looking ahead, measures will be focused on addressing crime and security risks, the implementation of the fraud prevention plan and enhancing investigative capabilities and consequence management processes.

These include capacitating oversight functions by addressing shortages in specialist skills, establishing a central contracts management oversight body and broadening the reach of compliance, ethics and fraud awareness training. Fraud-related KPIs will be integrated into executive performance compacts.

The establishment of a Data Analytics Centre of Excellence will enhance monitoring and analytical capabilities. The review of policies, procedures and plans will be expanded to enhance the internal control environment, drive discipline and improve audit readiness. To prevent future losses, Eskom will continue to perform revenue recovery audits, enhance detection of conflicts of interest and strengthen legal frameworks to prevent restricted suppliers from doing business with Eskom.

System enhancements are focused on improving automation and exception reporting, modernising systems with artificial intelligence and data analytics capabilities and implementing new systems, such as an integrated governance, risk and compliance system, to strengthen risk, compliance and control oversight for real-time monitoring and assurance.

ADDRESSING CRIME AND SECURITY RISKS PHYSICAL SECURITY

We continue to collaborate with the Energy Safety and Security Priority Committee of NECOM to expedite criminal cases reported to law enforcement and to combat criminal activities which threaten our operational sustainability and national energy security. Priority focus areas include the theft of electrical cable, coal, fuel oil and diesel, as well as threats of sabotage. We have also established an employee protection programme to create a safe working environment for employees and contractors exposed to criminal activity.

During the year, Eskom recorded 2 647 crime-related incidents, resulting in estimated losses of R239 million, which is a significant improvement from the previous year (2024: 3 732 incidents and R379 million losses).

A total of 436 arrests were made during the year (2024: 206), of which five related to employees and 88 related to contractors. These improvements can be attributed to proactive security interventions, including:

- Deployment of security technology at high-risk sites
- Disruption of criminal operations and infrastructure crime networks
- Enhanced early detection and response capabilities
- Proactive security compliance assessments and security audits at Eskom sites, with recommendations addressed through site-specific action plans
- Strengthened collaboration with law enforcement agencies, including the South African Police Service (SAPS), the Hawks, the Special Investigating Unit (SIU), the SSA and the National Prosecuting Authority (NPA), which has bolstered the capability to investigate crime, arrest suspects and advance prosecution outcomes

Since inception of the strategy to combat coal, fuel oil and diesel theft in April 2023, over 60 arrests have been made and more than 20 illegal coal swapping sites have been closed. We have also implemented specialised security intelligence-led investigations to monitor coal samples and coal deliveries by road between contracted mines, laboratories, rail sidings and Eskom power stations to improve coal supply integrity.

Significant progress has been made in advancing security compliance monitoring and implementation efforts. During the year, we launched a compliance self-assessment tool to evaluate adherence to security-related regulatory requirements throughout the group. The tool is designed to identify gaps, capture lessons learned and enhance the quality and consistency of security compliance reporting.

GIS has established a dedicated validation committee to oversee the procurement and implementation of security service contracts to strengthen accountability. We are also transitioning from input-based security contracting – such as a fixed number of security

guards – to outcome-based contracting that focuses on performance-based results – such as improved security risk mitigation and reduced security breaches. Engagements are underway to equip security teams and contractors with the skills to align with outcome-based principles and ensure awareness and respect of human rights.

Looking ahead, we plan to upgrade the Security National Control Centre to enhance real-time monitoring as well as threat detection and response capabilities. We will be modernising security systems and deploying a security incident management system that incorporates a geographic information system, artificial intelligence and analytical capabilities to enhance situational awareness. The Rapid Response Unit will be operationalised and dedicated to timeously address high-priority cases involving infrastructure and economic crimes.

Altogether, these efforts are expected to enhance the group's overall security posture, protect critical infrastructure against security threats and reduce operational vulnerabilities and disruptions.



Fighting crime, fraud and corruption *continued*

CYBER-SECURITY

Given Eskom's critical role in the country's economy and the continually evolving cyber-threat landscape, we are actively enhancing our cyber-security protection, controls and monitoring to optimise existing cyber-security capabilities and further strengthen our defensive capabilities.

In December 2024, an investigation found that an employee had used unauthorised software to capture user credentials with inappropriate and elevated rights to gain access to Eskom's enterprise financial accounting system, thereby enabling the creation of fraudulent payments; these payments were stopped as soon as they were discovered. In response to the breach, we established a war room to enhance collaboration between the affected business units, including GIS and the Group Technology and Information Division, and to investigate the breakdown of controls and oversee the implementation of corrective and enhanced preventative measures as a key focus area. A consequence management process is in progress.

The breach limited the ability of the external auditors to place reliance on general IT controls over Eskom's financial accounting system, increasing the risk of material misstatement due to fraud or error and resulting in the need for manual testing of controls and additional substantive procedures as part of their audit procedures. The external auditors also needed to assess the impact on their audit opinion of the effectiveness of cyber-security endpoint protection as well as potential vulnerabilities in certain operational technologies. The external auditors were satisfied that the audit procedures performed were sufficient to mitigate the audit risks arising from the internal IT breach.

AFS Refer to the independent auditor's report in the annual financial statements for further information

Eskom's legacy endpoint security technology had not adjusted to new and advanced cyber-security threats, which resulted in vulnerabilities in various systems. In response, significant progress has been made in enhancing Eskom's risk-based cyber-security strategy. The information security programme has been strengthened with multiple layers of defence for enhanced protection, particularly for Eskom's OVS, which will assist in reducing potential financial losses. We have also made significant advancements to enhance cyber-security protection by replacing legacy endpoint security measures with improved software aimed at detecting advanced cyber-security threats.

However, these measures had not been adequately rolled out across the group by year end due to incompatibility or the lack of certification for use with certain operational systems, as well as challenges with compliance to SSA requirements for data storage outside of South Africa. The Group Technology and Information Division continues to engage with divisional and subsidiary operational technology functions to replace or upgrade unsupported or outdated systems to reduce the exposure to cyber-attacks. This has been addressed as a priority, with improved detection tools that add greater levels of security. Processes have also been enhanced to prevent breaches from occurring in the future.



Ongoing investigation into the breach of Eskom's online vending system

Eskom's OVS is a critical revenue collection system used for dispensing prepaid electricity tokens to customers. Following illegal activity relating to prepaid electricity tokens being brought to Eskom's attention by the Hawks, a forensic investigation revealed that the OVS had been compromised for bulk generation of illegal prepaid electricity tokens, revealing critical vulnerabilities in both the physical and digital access controls to Eskom's prepaid electricity infrastructure. This breach would only have been possible with collusion between Eskom staff (who have since been suspended) and illicit operators to circumvent controls. The suspicious activities were reported to various law enforcement agencies for further action.

While the investigation continues, we have established an OVS war room and taken several proactive steps aimed at mitigating these vulnerabilities and restoring the integrity of the system. These include:

- Strengthening physical, logical and operational security controls and detection capabilities in the entire OVS ecosystem, with enhanced management and security protocols such as upgrading internal firewalls, adopting new technologies, successful penetration testing and restricting external access to authorised national vendors
- Enhancing monitoring capabilities, by tracking unusual activities across the OVS ecosystem, and reporting mechanisms
- Identifying and regularising zero buyers through the zero buyers reduction programme
- Transitioning the responsibility of the key management centre back to the Standard Transfer Specification Association to address risks associated with managing the encryption of vending keys
- Disconnecting, issuing penalties to and criminally charging customers where meters are confirmed to have loaded illegally generated tokens
- Investigating ways to block the use of previously generated 600kWh tokens
- Reinforcing physical infrastructure and limiting both physical and digital access to the OVS
- Accelerating acquisition of a new, more secure software solution for the online vending system to replace the existing system as well as rolling out smart meters
- Collaborating with law enforcement agencies to support the ongoing investigation, with implicated employees having their access revoked and being placed on precautionary suspension pending further review
- Augmenting in-house capabilities to manage system risks and safeguard operations, supported by an external IT firm
- Enhancing cyber-security protection requirements, including updating vending agency agreements to require vending agents to submit independent assurance reports
- Implementing a structured change management process for system upgrades
- Maintaining Board oversight through the Audit Committee, with regular reporting on the remediation process

These enhancements are ongoing and were not yet completely effective at year end. Despite this, there has been a significant reduction in the number of illicit tokens generated because of the interventions underway.

Factors contributing to the breach are being considered for improvement. These include the over-reliance on and overconcentration of a single external entity in the OVS environment. This is expected to be enhanced once the current service provider is replaced as part of the replacement of the entire online vending system to prevent future incidents.

The rollout of smart meters with advanced metering infrastructure from FY2026 aims to replace outdated conventional and prepaid meters. This will assist in combatting illegal vending activities by enabling improved theft and tamper detection.

Although the risk remains significant, processes and mitigation strategies to manage the vulnerabilities have been put in place. Our focus remains on strengthening our revenue collection system, improving operational resilience, restoring trust and ensuring that customers can rely on a secure and efficient service. We call on all stakeholders to remain vigilant and report any suspicious activity related to prepaid electricity tokens.

Fighting crime, fraud and corruption *continued*

PROGRESS ON FORENSIC INVESTIGATIONS

Forensic investigations

9 672 (2024: 7 132)

incidents registered through reporting channels for assessment on the forensic case management system

245 (2024: 195)

new cases registered for forensic investigation

105 (2024: 120)

forensic investigations concluded

520 (2024: 380)

cumulative cases under investigation at year end, relating to current and prior years

During a forensic investigation, an assessment is conducted to determine whether the case meets the requirements for reporting to law enforcement agencies in terms of the Prevention and Combatting of Corrupt Activities Act, 2004 (PRECCA), including known or suspected fraud and/or corrupt activity that exceeds an amount of R100 000.

At year end, forensic recommendations for disciplinary action against 91 employees were yet to be finalised. Of these, 60 are awaiting initiation of the disciplinary process by the employees' manager, 30 disciplinary hearings are underway and one charge sheet has been issued to an employee for finalisation of the matter.

A total of 66 new criminal cases were opened during the year. At year end, 247 open cases were registered with SAPS for criminal investigation, of which 227 have been referred to the Hawks in terms of PRECCA. Of these, 20 cases were at trial stage at various magistrate and specialist commercial crimes courts and a further 63 cases have been through the criminal proceedings provided for under the Criminal Procedure Act, 1977. We continue to monitor these proceedings and support law enforcement agencies in their work.

Forensic investigations during the past year revealed recurring themes, including procurement and recruitment irregularities, undeclared conflicts of interest involving both suppliers and employees, and other forms of fraud and corruption, such as falsification of documents and accepting or offering gratification in exchange for favours. These findings highlight the need for stronger compliance with well-documented policies and procedures and more robust management supervision and monitoring. Where investigations identify control deficiencies, remedial actions were recommended to prevent recurrence, although a stronger focus by management is required to prevent repeat audit findings. As mentioned, an audit recovery programme is being implemented to address recurring audit findings and internal control weaknesses.

We continue to modernise procurement systems to mitigate fraud and corruption risks. Automated procurement tools, including price check tools, digital stock control as well as e-auction and e-tendering systems are being pursued to enhance transparency and control. Another key project is the implementation of coal automation systems to monitor coal delivery from mines to power stations and improve coal quality assurance. These initiatives support our broader digital procurement programme, which aims to transform procurement and supply chain management into an automated and integrated process.

STRENGTHENING CONSEQUENCE MANAGEMENT

During the year, disciplinary action was recommended by GIS against 82 employees, based on findings from completed forensic investigations. A total of 195 disciplinary recommendations relating to current and prior years were concluded, assisting in reducing the backlog of cases.

Several interventions have been put in place to improve the effectiveness of consequence management processes. Eskom's People Relations Department and GIS are working closely to ensure affected employees' managers act swiftly to address forensic recommendations. Monthly follow-ups have resulted in improved monitoring and close out of long-outstanding disciplinary actions. External support from accredited labour dispute bodies has assisted in expediting disciplinary hearings by supplementing Eskom's internal disciplinary case chairpersons.

As reported previously, Eskom revised its employee reference flagging procedures in FY2023 to include individuals who resigned to avoid consequence management before disciplinary processes or investigations could be concluded. Previously, only individuals who were dismissed were flagged on the database. Individuals who have been flagged cannot be employed in Eskom for 10 years and cannot serve as an employee of a contractor on Eskom sites. A total of 84 individuals were flagged during the year (2024: 155).

Where forensic investigations confirm that suppliers failed to declare a potential conflict of interest or engaged in misconduct and have been proven to have benefitted unduly, Eskom initiates a supplier review process. The supplier review process has been enhanced to improve responsiveness and accountability through the re-establishment of the Supplier Review Committee (SRC).

The SRC and Exco Tender Committee (ETC) evaluate cases against suppliers, based on their respective authorities, and determine disciplinary action to be implemented. Sanctions include removal from Eskom's supplier database, referral to National Treasury for restriction on the central supplier database or the implementation of temporary purchasing blocks on Eskom's procurement system.

The status of 43 suppliers was considered by the ETC during the year. A total of 25 suppliers received sanctions for removal from Eskom's supplier database, with referral to National Treasury for restriction. Eight suppliers received suspended sanctions, to be removed from Eskom's supplier database if any further non-compliance is committed during the suspension period. Two suppliers have had purchasing blocks implemented, pending finalisation of criminal matters, and the remaining eight suppliers were found not guilty and recommended for no further action.

Since its first meeting in October 2024, the SRC considered the status of a further 22 suppliers until year end. A total of 19 suppliers received sanctions for removal from Eskom's supplier database or blocking on Eskom's procurement system. Two suppliers received suspended sanctions and one supplier was found not guilty and recommended for no further action.

These efforts reflect our commitment to enforcing ethical conduct and restoring integrity across the supply chain. Our focus remains on addressing the backlog of supplier disciplinary cases and responding to new cases as they arise. Eskom is working closely with the SIU to ensure that appropriate sanctions are taken against suppliers found to have defrauded Eskom.

Upholding good governance

AUDIT RECOVERY PROGRAMME

Eskom has launched a structured, three-year audit recovery programme to address recurring audit findings and qualified audit opinions relating to the disclosure of PFMA-related information and, ultimately, improve the organisation's audit outcomes. The key objective of the programme is to drive a compliance-centred organisation focused on governance, internal controls and service delivery improvements.

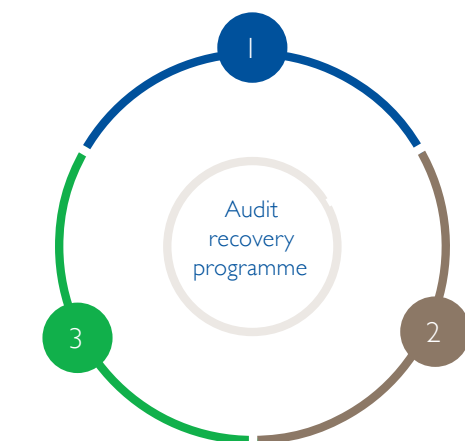
The programme is a direct response to systemic audit challenges that have hindered Eskom's ability to produce audited financial statements within legislative deadlines and avoid a qualified audit opinion.

The challenges experienced in previous years related to supply chain management, contract management and irregular expenditure, due to:

- Non-adherence to well-documented processes, policies and procedures
- Inadequate or ineffective consequent management
- Incomplete or inaccurate documentation, which is deemed a limitation of scope by the external auditors

The programme was initiated in December 2024, with the immediate objective of identifying the root causes of the limitations of scope and non-compliance as previously reported by Deloitte, and to drive audit process improvements to reduce the number of audit findings for the year ended 31 March 2025. In the longer term, the programme is designed to strengthen internal controls and ensure stronger adherence by employees to Eskom's well-documented processes, policies and procedures; enhance consequence management; address non-compliance with PFMA and other legislative requirements; enhance audit readiness; and enable Eskom to achieve unqualified audit opinions and publish its annual results within legislated timeframes. This will ultimately support rebuilding stakeholder confidence in our governance and financial reporting systems.

The programme focuses on three core areas:



1 Closure of audit findings

This includes focused and consistent tracking and closure of existing audit findings that impact the current and future external audits

2 Execution of external audit

This includes enhancing the approach to tracking and monitoring the external audit process to ensure transparency and visibility

3 Enhancing internal control environment

This includes enhancing our combined assurance model to ensure that risks and issues, as a result of non-compliance by staff to internal controls, are identified and addressed proactively

Includes longer-term initiatives that are intended to address the systematic control deficiencies identified by the external audit process

The programme is targeting the following initiatives across the group:

- Reinforce governance and oversight structures
- Foster a culture of accountability and disciplined execution
- Improve documentation and recordkeeping to streamline execution of internal and external audits
- Strengthen internal controls, by focusing on regular reconciliation and reporting, among others
- Invest in technology to expand system integration and automation
- Build capacity and enhance awareness and training initiatives
- Enhance consequence management
- Drive continuous improvement through lessons learned
- Improve communication and stakeholder engagement

The impact of these initiatives will be monitored through continuous reviews, to ensure that gaps are identified and addressed timeously.

An Exco Audit Recovery Oversight Committee, chaired by the GCE, has been established to oversee and monitor implementation of the programme, ensuring executive-level accountability and alignment with Eskom's broader governance reforms.

To date, enhanced oversight through the audit recovery programme has led to the closure of around 90% of the external audit findings raised since FY2021 (excluding FY2025 findings), which is still subject to audit verification. Many of the FY2024 findings remain open as the FY2024 audit was delayed and only finalised in December 2024, leaving insufficient time to adequately address matters prior to the commencement of the FY2025 audit.

STRENGTHENING COMPLIANCE WITH LEGISLATION

Eskom has once again received a qualified opinion relating to the quantification and disclosure of certain information required in terms of the PFMA, as the associated financial records were not complete or accurately maintained in line with legislative requirements. The auditors have raised material findings in respect of the lack of completeness and accuracy of Eskom's reported PFMA information, both relating to the current year and cumulative balances. Addressing these issues remains a priority for management and the Board.

IR Refer to "Leveraging governance for transformation – External audit opinion" on page 60 for more information

We are actively seeking ways to assess and enhance PFMA compliance in line with the compliance risk monitoring plan and to develop a proactive response to PFMA-related audit qualifications. This requires a multi-year approach due to the impact of the PFMA and other legislative requirements on the entire organisation. As mentioned, an audit recovery programme has been implemented to enhance governance in supply chain management, with the aim of proactively identifying non-compliance with the PFMA and other established processes.

To address the external auditors' limitation of scope findings raised in prior years, efforts were put in place to determine the root causes of the findings by reviewing the population of FY2025 procurement transactions, including contracts, purchase orders and local purchase orders. The process required all procurement documentation for the year under review to be centrally loaded, with the aim of reviewing all documentation to ensure completeness. Out of 26 188 transactions, more than 85% have been reviewed to date. Of the 22 668 transactions that have been reviewed, almost 97% were considered to have some gaps in documentation. Of the 21 923 transactions with gaps, around 78% were satisfactorily addressed. The balance is still being assessed.

Upholding good governance *continued*

Enhancing audit readiness allowed executive management to identify the extent of the gaps in supporting documentation, which remains a key concern and will continue to be extensively monitored in FY2026. Furthermore, processes are being put in place to further digitalise procurement activities. Lastly, this process allowed for the identification of transactions which could possibly, once assessed, be classified as irregular expenditure, given that poor document management and non-compliance with legislation had been established by the audit recovery teams as the main root causes of previous external audit findings.

Furthermore, the protracted consequence management process creates an environment where instances of non-compliances are not dealt with adequately and timeously. This is a key focus area for FY2026.

We identified instances of non-compliance with the PFMA and associated regulations. A detailed action plan to address the audit qualification has been developed and implementation is monitored regularly. The plan encompasses clear objectives, timelines and responsible areas, the progress of which is monitored regularly. Nevertheless, instilling a culture of timely self-declaration and reporting is an area that requires enhancement, and implementation of associated actions have been initiated early in FY2026. The associated initiatives will be actively monitored through the audit recovery programme.

We are also considering ways to enhance and strengthen internal controls to improve PFMA compliance, and ensure that individuals responsible for non-compliance with the PFMA are held accountable through effective consequence management.

Mandatory PFMA awareness training will continue to be rolled out to employees to ensure that they understand their responsibilities and the importance of PFMA compliance, while communicating key changes in the process. A dedicated communication channel has been created to enhance communication on PFMA-related matters throughout the group.

DISCLOSURE OF PFMA-RELATED INFORMATION

National Treasury has granted Eskom a departure from the requirement of section 79 of the PFMA to disclose amounts inclusive of VAT. We have historically reported all PFMA amounts excluding VAT, as recorded in our accounting system, and have continued to do so in FY2025.

IR PFMA information required by National Treasury regulations is disclosed in the supplementary information from page 155 of this report as well as in note 51 in the financial statements

Irregular expenditure

At 31 March 2025, the cumulative balance of irregular expenditure amounted to R103.9 billion (2024: R103.2 billion, restated), the vast majority of which relates to historic transgressions. Irregular expenditure incurred during the year totalled R1.5 billion, with R0.5 billion relating to new matters.

The balance for the comparative period was restated, increasing by R4.6 billion, largely as a result of expenditure in previous years that was only confirmed as irregular in the current year. An estimated R50.5 billion, of which R37.6 billion relates to expenditure in prior years, is undergoing the assessment and determination process before it can be confirmed and disclosed as irregular expenditure.

During the year, we received notice of condonations from National Treasury to the value of R0.4 billion and recovered a further R43 million. Condonations are only granted by National Treasury once the necessary interventions, such as disciplinary processes and remedial action, have been undertaken to prevent recurrence of the irregular expenditure.

Revised processes and controls for dealing with the removal of uncondoned irregular expenditure have been implemented, to minimise the continued impact of historical matters on the cumulative irregular expenditure balance. Approval was received during FY2025 to remove historic irregular expenditure amounting to R0.4 billion.

The cumulative balance of irregular expenditure remains high, mainly due to limited progress in receiving the necessary condonations from National Treasury

and meeting all requirements for removal of historical irregular expenditure by the Exco Tender Committee. Regrettably, obtaining the necessary supporting documents for historical matters remains a challenge. We are committed to addressing the root causes of past inaccuracies by implementing corrective action to ensure accountability. However, we have to balance the financial and resourcing costs of these efforts compared with the benefits of pursuing prior year matters when considering where to focus our efforts.

As a result of the efforts to validate the procurement population during FY2025, management determined that full assessment for non-compliance of all past transactions is deemed impractical, for the following reasons:

- Volume and complexity of transactions
- Inadequate documentation
- Time and resource constraints
- Technological limitations

With consideration for the factors noted above, management has concluded that our efforts are best focused on enhancing processes, policies and procedures, together with improving communication of requirements through training and capacitating the business to meet reporting requirements to ensure improved compliance with PFMA-related regulations, which will result in improved audit outcomes.

The process of collecting information and reporting on new irregular expenditure will remain a focus area, although it is acknowledged that further instances of past irregularities may be detected as we continue our efforts to address PFMA compliance and reporting processes.

Fruitless and wasteful expenditure

The closing balance of fruitless and wasteful expenditure amounted to R4.1 billion at year end (2024: R4.9 billion, restated). The balance for the comparative period was restated, reducing by R1.1 billion due to matters being prematurely disclosed as fruitless and wasteful expenditure in previous years, due to pending arbitration and/or litigation of contractual disputes. Only R20 million was confirmed as fruitless and wasteful expenditure incurred during the year. An amount of R861 million in fruitless and wasteful expenditure was written off as irrecoverable during the year.

An estimated R14.2 billion, of which R13.3 billion relates to expenditure in prior years, is undergoing the assessment and determination process before it can be confirmed and disclosed as fruitless and wasteful expenditure.

Material losses through criminal conduct

Losses due to criminal conduct of R7.2 billion were reported during the year (2024: R6.7 billion), of which R7.1 billion related to estimated non-technical energy losses arising from electricity theft, including ghost vending (2024: R6.4 billion). As mentioned earlier, the investigation into the breach of Eskom's OVS is ongoing. We are collaborating with other state-owned entities, industry role players, SAPS and the NPA to combat these losses.

IR Refer to the PFMA disclosure from page 155 for details of disciplinary action and criminal sanctions relating to irregular expenditure, fruitless and wasteful expenditure and material losses due to criminal conduct

REPORTABLE IRREGULARITIES RAISED BY THE EXTERNAL AUDITORS

In accordance with section 45 of the Auditing Profession Act, 2005, Eskom's external auditors are required to report any identified reportable irregularities (RIs) to the Independent Regulatory Board for Auditors (IRBA), after which the matter is reported to management to afford them an opportunity to respond to and/or rectify the matter.

The Audit Committee acknowledges that certain RIs may remain open for extended periods due to their complexity and the time required to resolve all related aspects. These matters are closely monitored to ensure that they are addressed through appropriate governance and remedial measures.

AFS Further details on RIs, including actions taken and the status of each matter, are discussed in note 52 in the financial statements

Performance overview



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Condensed annual financial statements

The financial results set out in the condensed financial statements that follow have been extracted from the financial statements of the Eskom Holdings SOC Ltd group for the year ended 31 March 2025. The financial statements have been prepared in accordance with IFRS Accounting Standards and in the manner required by the Companies Act, 2008 and the PFMA, 1999.

The financial statements have been prepared under the supervision of the Group Chief Financial Officer, Calib Cassim CA(SA), and were duly approved by the Board of Directors on 29 September 2025.

The financial statements have been audited by the group's independent auditors, Deloitte & Touche, in accordance with the International Standards on Auditing. The independent auditors issued a qualified opinion relating to the quantification and disclosure of certain information required in terms of the PFMA, 1999. Except for this qualification, the financial statements are considered to be fairly presented in terms of IFRS Accounting Standards. Furthermore, the independent auditors have highlighted several matters in their report. One of these concerns a material uncertainty relating to Eskom's ability to continue as a going concern, which is due to its dependence on Government support, uncertainties related to the achievement of operational assumptions and the determination of regulated revenue by NERSA, as well as the financial risk associated with municipal arrear debt and energy losses. However, these matters do not affect their opinion.

AFS The financial statements, which detail the financial performance of the group and company and accompanying notes, are available online

Neither the future performance plans nor strategies referred to in the integrated report have been reviewed or reported on by the group's independent auditors.

CONDENSED GROUP INCOME STATEMENT

for the year ended 31 March 2025

	2025 Rm	2024 Rm	%	Ref
Revenue	340 895	295 814	15 ▲	(1)
Other income	3 265	1 295	152 ▲	
Primary energy	(150 207)	(173 729)	14 ▼	(2)
Employee benefit expense	(43 160)	(35 096)	23 ▲	(3)
Net impairment loss and write-downs	(7 616)	(3 433)	122 ▲	(4)
Other expenses	(44 139)	(41 441)	7 ▲	(5)
Profit before depreciation and amortisation expense and net fair value and foreign exchange (loss)/gain (EBITDA)	99 038	43 410	128 ▲	(6)
Depreciation and amortisation expense	(31 764)	(33 239)	4 ▼	
Operating profit	67 274	10 171	561 ▲	
Net fair value and foreign exchange (loss)/gain	(10 415)	2 644	494 ▼	(7)
Profit before net finance cost	56 859	12 815	344 ▲	
Net finance cost	(39 092)	(38 389)	14 ▼	(8)
Finance income	6 840	4 859	41 ▲	
Finance cost	(39 932)	(43 248)	8 ▼	
Share of profit of equity-accounted investees after tax	102	105	3 ▼	
Profit/(loss) before tax	23 869	(25 469)	194 ▲	
Income tax	(7 822)	(29 546)	74 ▼	(9)
Profit/(loss) for the year	16 047	(55 015)	129 ▲	

▲ Income/gain increased ▼ Income/gain decreased ▼ Cost/loss decreased ▲ Cost/loss increased



Condensed annual financial statements *continued*

1. REVENUE

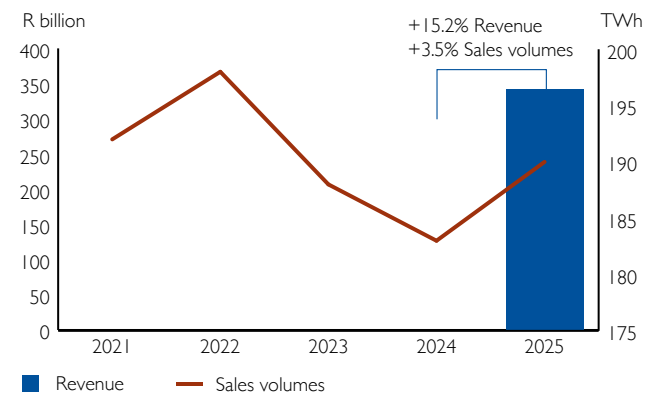
Revenue improved due to a standard tariff increase of 12.74% for the year, together with a 6.4TWh (3.5%) increase in sales volumes.

International (4.2TWh ▲), distributor (2.9TWh ▲) and commercial (0.6TWh ▲) customer segments showed the largest increase in sales volumes. Only the industrial (1.1TWh ▼) and mining (0.8TWh ▼) segments experienced a decline. The growth in sales is largely attributable to our improved generation plant performance, which resulted in a much lower frequency and severity of loadshedding. International sales benefitted from a combination of emergency support and opportunistic sales on a non-firm basis, due to lower rainfall in the region which negatively affected other utilities' hydropower production. Firm power supply agreements for additional capacity were also concluded with Botswana, Namibia and Zambia during the year.

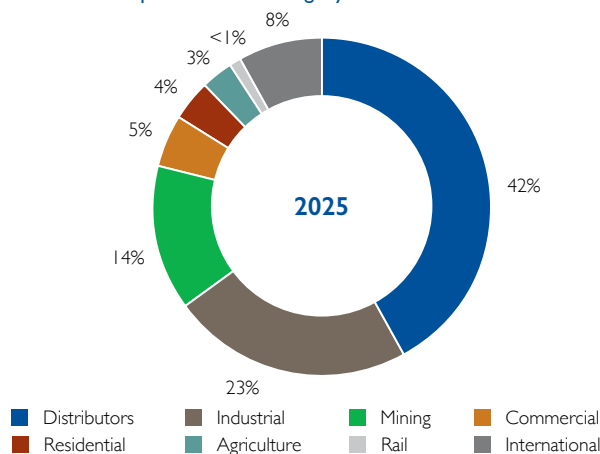
The industrial and mining segments have experienced production constraints and poor market conditions, resulting in lower consumption. The increase in embedded self-generation capabilities, mainly in the form of solar installations, across many sectors has further constrained sales volumes.

Revenue excludes R11.9 billion in net amounts not recognised (2024: R8.9 billion), relating to sales to customers – mostly municipalities – that failed to meet collectability criteria in terms of accounting standards because of a low likelihood of recovery.

Sales volumes and revenue



Sales volumes per customer category



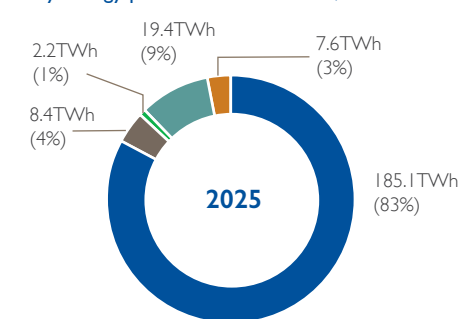
IR Refer to page 148 for the number of customers as well as electricity sales volumes and revenue by category for the past five years

2. PRIMARY ENERGY

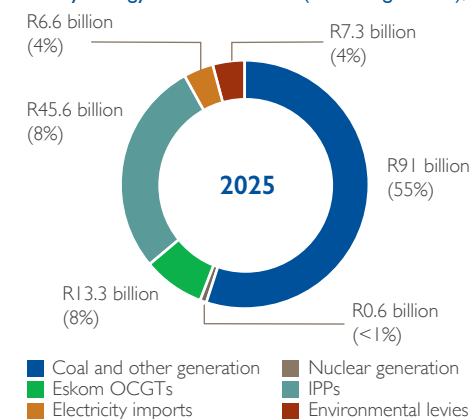
Primary energy costs declined despite an 8.7TWh (4.1%) increase in production, as improved performance at coal-fired power stations required lower production from more expensive OCGT and short-term IPP sources.

Furthermore, the resolution of a dispute with SARS for the periods up to 31 August 2024 resulted in the recovery of R9.2 billion in fuel levy refunds, the reversal of a R2.8 billion provision relating to previous refunds that no longer need to be repaid to SARS, and the reinstatement of a process for Eskom to claim for ongoing fuel levies incurred. Collectively, these resulted in a favourable R14.2 billion reduction to primary energy costs for the year. SARS will conduct an audit in respect of claims submitted for the periods from September 2024.

Primary energy production breakdown, %



Primary energy cost breakdown (excluding rebate), %



Coal generation costs grew by 8.6% due to a 7.1% increase in production from coal-fired stations, together with inflationary cost pressures driven in part by a 2.9% increase in the average coal purchase price.

Condensed annual financial statements *continued*

A combined R17.7 billion was incurred to produce 2.8TWh from Eskom-owned and IPP OCGTs, excluding fuel rebate adjustments (2024: R33.9 billion to produce 5.1TWh). Year-on-year savings were bolstered by favourable diesel price movements during the year; however, the achievement of further savings was hampered by higher OCGT production in the fourth quarter to avoid or minimise loadshedding due to plant performance challenges.

Unit cost, R/MWh	2025	2024	% change
Coal	546	541	1 ▲
Nuclear	107	113	5 ▼
Eskom-owned OCGTs ¹	6 084	6 579	8 ▼
IPPs ²	2 357	2 367	<1 ▼
IPP OCGTs ³	5 870	6 348	8 ▼
Renewable IPPs	2 189	2 029	8 ▲
Other IPP programmes ³	833	1 018	18 ▼
International purchases ²	866	883	2 ▼

- The unit cost of OCGTs is calculated based on the gross fuel cost (excluding the diesel levy rebates) for comparability purposes. The unit cost excludes storage and demurrage costs, but includes environmental levies.
- The unit cost of IPPs and international purchases is based on the full cost of operation, whereas the unit cost of Eskom-owned generation is based only on the primary energy cost. Given that IPP and international purchases are treated as a variable cost in Eskom's accounts, this is considered appropriate.
- The unit cost is calculated on the net amount spent on energy, excluding operating and capacity charges, and after the lease accounting adjustment.

3. EMPLOYEE BENEFIT EXPENSE

The increase in employee benefits is mainly due to higher production bonuses linked to improved operational performance and the reimplementation of Eskom's short-term incentive (STI) scheme. The STI scheme amounted to R4.2 billion (including a 13.5% pension component) based on full-year results (2024: nil); the production bonus amounted to R1.2 billion (2024: R0.4 billion). Further contributing to the increase was a 7% remuneration adjustment approved for all employees up to general management level, together with a 3.5% growth in headcount. Decisions around remuneration and benefits take into account our financial challenges and sustainability, in compliance with the conditions attached to the Eskom Debt Relief Act, 2023 as amended, and are based on a holistic view of financial performance, not just employee costs.

IR For further detail, refer to "Leveraging governance for transformation – Remuneration report" from page 65

4. NET IMPAIRMENT LOSS AND WRITE-DOWNS

The increase is largely attributable to Gauteng metros which were impaired to recognise the increased risk of non-collectability.

5. OTHER OPERATING EXPENSES

Repairs and maintenance spend increased to R30.3 billion (2024: R28.7 billion) to address unplanned generation plant losses as well as planned outages through the Generation Recovery Plan, together with higher maintenance on network infrastructure. Furthermore, a year-end adjustment was processed relating to a write-down of the Majuba rail project.

Repairs and maintenance spend
Generating plant R23.2 billion (2024: R22.8 billion) 2% ▲
Transmission network R1.8 billion (2024: R1.1 billion) 59% ▲
Distribution network R5.3 billion (2024: R4.7 billion) 12% ▲

6. EBITDA

The most significant contributors to the improvement in EBITDA were the growth in revenue and the reduction in primary energy costs. A major contributing factor was the once-off recognition of the recovery of fuel levy refunds, following the resolution of the dispute with SARS.

7. NET FAIR VALUE AND FOREIGN EXCHANGE LOSS

Unfavourable fair value movements were recognised on hedging instruments, associated with credit risk and hedge effectiveness adjustments, as well as exchange rate and interest rate movements. A fair value loss was also recorded on embedded derivatives arising from negotiated pricing agreements (NPAs) with customers due to poor ferrochrome market conditions. Refer to the statement of financial position on the next page for further information on the embedded derivatives.

Year-end EUR/ZAR 19.81 ▼ (2024: 20.51)
Year-end USD/ZAR 18.31 ▼ (2024: 18.98)

8. NET FINANCE COST

Net finance costs decreased due to lower interest on debt securities and borrowings and higher income on treasury and insurance investments. A lower average cost of borrowing resulted from favourable interest rate movements across global markets.

Average cost of debt 10.36% ▼ (2024: 10.90%)
Average investment return 8.37% ▲ (2024: 8.27%)

Reconciliation of net finance cost, R billion	2025	2024	% change
Debt securities and borrowings	32.8	37.3	12 ▼
Derivatives held for risk management	4.7	3.7	27 ▲
Provisions	4.0	6.3	36 ▼
Other ¹	4.5	4.0	13 ▲
Gross finance cost	46.0	51.3	10 ▼
Cost of borrowings capitalised to assets	(6.1)	(8.1)	24 ▼
Finance cost	39.9	43.2	8 ▼
Finance income	(6.8)	(4.9)	41 ▲
Net finance cost	33.1	38.4	14 ▼

- ¹ Includes finance costs on employee benefit obligations, lease liabilities as well as trade and other payables.

AFS Refer to notes 40 and 41 in the financial statements for further detail on finance income and finance cost

9. INCOME TAX

In the prior year, a deferred tax asset of R36.6 billion was derecognised as a once-off adjustment based on the deferred tax recoverability assessment conducted.

AFS Refer to note 14 in the financial statements for further information

Condensed annual financial statements *continued*

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

at 31 March 2025

	2025 Rm	2024 Rm	%	Ref
Assets				
Non-current assets	744 546	750 872	1 ▼	
Property, plant and equipment and intangible assets	689 556	684 388	1 ▲	(1)
Future fuel supplies	7 639	6 782	13 ▲	(2)
Investment in equity-accounted investees and subsidiaries	346	346	–	
Inventories	15 373	13 297	16 ▲	(3)
Loans receivable	1 583	7 565	79 ▼	(4)
Deferred tax	7	81	91 ▼	
Embedded derivatives	3 847	10 486	63 ▼	(5)
Derivatives held for risk management	13 320	18 881	29 ▼	(6)
Other non-current assets	12 875	9 046	42 ▲	
Current assets	159 474	115 450	38 ▲	
Inventories	31 084	28 293	10 ▲	(3)
Loans receivable	309	208	49 ▲	(4)
Embedded derivatives	125	1 315	90 ▼	(5)
Derivatives held for risk management	2 025	8 135	75 ▼	(6)
Trade and other receivables	41 923	35 975	17 ▲	(7)
Investments	18 925	16 478	15 ▲	
Other current assets	1 322	1 461	10 ▼	
Cash and cash equivalents	63 761	23 585	170 ▲	(8)
Assets held-for-sale	7 811	–	100 ▲	(9)
Total assets	911 831	866 322	5 ▲	
Equity				
Capital and reserves	278 345	222 858	25 ▲	(10)
Liabilities				
Non-current liabilities	478 009	486 657	2 ▼	
Debt securities and borrowings	351 226	359 692	2 ▼	(11)
Derivatives held for risk management	836	27	2 996 ▲	(6)
Deferred tax	11 389	10 412	9 ▲	
Contract liabilities and deferred income	34 041	34 687	2 ▼	
Employee benefit obligations	19 672	17 448	13 ▲	
Provisions	47 447	52 561	10 ▼	(12)
Lease liabilities	6 598	6 553	1 ▲	
Other non-current liabilities	6 800	5 277	29 ▲	
Current liabilities	154 871	156 807	1 ▼	
Debt securities and borrowings	21 429	52 508	59 ▼	(11)
Loan from shareholder	56 132	32 000	75 ▲	(13)
Derivatives held for risk management	811	566	43 ▲	(6)
Payments received in advance	3 636	4 300	15 ▼	
Employee benefit obligations	7 584	3 777	101 ▲	
Provisions	5 829	9 325	37 ▼	(12)
Trade and other payables	54 040	49 664	9 ▲	
Other current liabilities	5 410	4 667	16 ▲	
Liabilities held-for-sale	606	–	100 ▲	(9)
Total liabilities	633 486	643 464	2 ▼	
Total equity and liabilities	911 831	866 322	5 ▲	

▲ Asset/equity increased

▼ Asset/equity decreased

▼ Liability decreased

▲ Liability increased

1. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Additions from capital expenditure and other capitalised costs, primarily on generating plant, partially offset by depreciation and a decrease in provisions capitalised due to the life extension of Koeberg Power Station for another 20 years.

2. FUTURE FUEL SUPPLIES

Additions based on contractual agreements entered into with coal mines for the right to future coal supplies as well as expenditure incurred on obtaining, enriching and fabricating nuclear fuel assemblies. Nuclear fuel assemblies are transferred to inventory when received.

3. INVENTORIES

A portion of coal inventory is recognised as non-current, based on the quantity of coal held and normal expected usage patterns at power stations. The overall increase is largely attributable to growth in working capital requirements, particularly in coal, liquid fuel, nuclear fuel, maintenance spares and consumables in line with the Generation Recovery Plan.

4. LOANS RECEIVABLE

Home loans and other loans in Eskom Finance Company SOC Ltd (EFC) have been classified as held-for-sale. Refer to "Assets and liabilities held-for-sale" below.

A municipal payment arrangement has been recognised with City of Tshwane, consisting of a five-year interest free loan for the settlement of arrear debt. The arrangement has been assessed as a medium to high risk and recognised at fair value, reflecting the credit risk at acquisition.

5. EMBEDDED DERIVATIVES

Embedded derivatives relate to NPAs with aluminium smelters from August 2021 to July 2031 as well as NPAs with ferrochrome industrial customers from January 2024 to December 2029. The tariffs under these NPAs cater for both commodity prices and foreign exchange rates that exceed predefined thresholds simultaneously, with the valuation of the embedded derivatives reflecting the remaining benefit to Eskom from the upside charge when the thresholds are exceeded. The downturn in the ferrochrome market resulted in lower ferrochrome spot prices and reduced consumption forecasts which negatively affected the fair value of the embedded derivatives.

AFS Refer to note 4.1 in the financial statements for the valuation assumptions and sensitivity analysis

6. DERIVATIVES HELD FOR RISK MANAGEMENT

Derivatives mainly comprise cross-currency swaps as a hedge for foreign-denominated borrowings. Net derivative assets declined due to the strengthening of the Rand as well as credit risk and hedge effectiveness adjustments.

7. TRADE AND OTHER RECEIVABLES

The increase in trade receivables was largely attributable to growth in municipal and metro debt, in part due to the higher tariff for the year. This was partially offset by an increase in the impairment of trade receivables based on the expected credit loss model.

AFS Refer to note 5.1 in the financial statements for further information on the credit risk associated with trade and other receivables

Condensed annual financial statements *continued*

8. CASH AND CASH EQUIVALENTS

Liquidity was bolstered by higher operating cash flows due to the positive EBITDA growth arising from improved operational performance, together with the recovery of fuel levy refunds from SARS. The closing cash position would have been significantly weaker without the R64 billion in Government support received during the year, which assisted us in meeting our debt servicing requirements. Refer to the condensed group statement of cash flows on the next page for further detail on operating, investing and financing cash flows for the year.

9. ASSETS AND LIABILITIES HELD-FOR-SALE

The Board approved the disposal of the EFC loan book and interests in Nqaba Finance I (RF) Ltd to African Bank Limited. The related assets and liabilities of EFC meet the definition of held-for-sale in terms of IFRS.

AFS Refer to note 23 in the financial statements for further information

10. CAPITAL AND RESERVES

The increase in equity is a result of the R16 billion net profit after tax recorded for the year, due mostly to the improved EBITDA performance discussed earlier. Furthermore, shareholder loans of R32 billion which were still outstanding at 31 March 2024 were approved for conversion to equity by the Minister of Finance and the related shares issued, based on Eskom's compliance with the conditions of the Eskom Debt Relief Act, 2023 as amended.

Of the R64 billion in shareholder loans received during the year, the R8 billion received during the first quarter was approved for conversion to equity by year end; this amount is recognised as other equity as the related shares were only issued after year end.

11. DEBT SECURITIES AND BORROWINGS

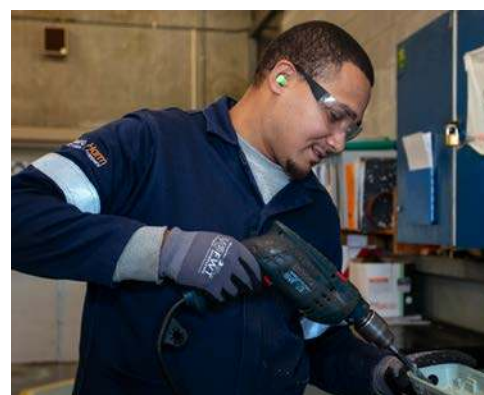
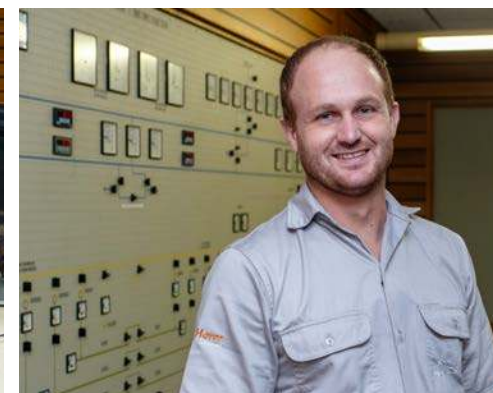
Debt of R46.4 billion was repaid during the year, offset by R8.7 billion debt raised in compliance with the Eskom Debt Relief Act, 2023 as amended, together with interest, accruals and discounting to present value. Foreign-denominated borrowings were also subject to exchange rate volatility and decreased in Rand terms because of the strengthening of the Rand. Non-current debt is reclassified as current debt as maturities fall due.

12. PROVISIONS

The decline is mainly due to the reversal of nuclear decommissioning and spent fuel provision costs due to the life extension of Koeberg Unit 1 for another 20 years. The long-term operating licence for the unit was granted by the National Nuclear Regulator (NNR) in July 2024.

13. LOAN FROM SHAREHOLDER

Debt relief support of R56 billion, which was received during the fourth quarter, was recognised as a liability at year end as it was only assessed for compliance with the debt relief conditions after year end and approved for conversion to equity in June 2025. In terms of the Eskom Debt Relief Act, 2023 as amended, interest is charged on all debt relief support received until the related loan is converted to equity.



Condensed annual financial statements *continued*

CONDENSED GROUP STATEMENT OF CASH FLOWS

for the year ended 31 March 2025

	2025 Rm	2024 Rm	%	Ref
Cash flows from operating activities				
Profit/(loss) before tax	23 869	(25 469)	194 ▲	
Adjustment for non-cash items	89 625	79 563	13 ▲	
Changes in working capital	(20 128)	(13 579)	48 ▲	
Cash generated from operations	93 366	40 515	130 ▲	
Net cash from derivatives held for risk management	(1 436)	794	281 ▲	
Finance income received	441	412	7 ▲	
Finance cost paid	(26)	(4)	550 ▲	
Income taxes paid	(6 400)	(1 321)	384 ▲	
Net cash from operating activities	85 945	40 396	113 ▲	1
Cash flows used in investing activities				
Proceeds from disposal of property, plant and equipment and intangibles	292	1 082	73 ▼	
Acquisitions of property, plant and equipment and intangibles	(39 989)	(42 577)	6 ▼	
Acquisitions of future fuel supplies	(3 388)	(2 857)	19 ▲	
Acquisitions of treasury investments	(1 397)	(1 002)	39 ▲	
Net acquisitions of insurance investments	(3 242)	(1 735)	87 ▲	
Payments made in advance	(18)	(101)	82 ▼	
Cash used in provisions	(216)	(135)	60 ▲	
Net cash from/(used in) derivatives held for risk management	35	(221)	116 ▲	
Net cash from loans receivable and finance lease receivables	1 055	84	1 156 ▲	
Dividends received	174	183	5 ▼	
Finance income received	2 321	2 336	1 ▼	
Net cash used in investing activities	(44 373)	(44 943)	1 ▼	2
Cash flows (used in)/from financing activities				
Debt securities and borrowings raised	8 683	23 562	63 ▼	
Loan from shareholder raised	64 000	76 000	16 ▼	
Payments made in advance	(131)	(426)	69 ▼	
Debt securities and borrowings repaid	(46 424)	(54 594)	15 ▼	
Net cash from derivatives held for risk management	4 555	10 992	59 ▼	
Net cash used in lease liabilities	(783)	(721)	9 ▲	
Finance income received	2 217	1 110	100 ▲	
Finance cost paid	(33 364)	(35 255)	5 ▼	
Taxes paid	(60)	(71)	15 ▼	
Net cash (used in)/from financing activities	(1 307)	20 597	106 ▼	3
Net increase in cash and cash equivalents	40 265	16 050	151 ▲	
Cash and cash equivalents at the beginning of the year	23 585	7 516	214 ▲	
Foreign currency translation	–	6	100 ▼	
Effect of movements in exchange rates on cash held	(63)	13	585 ▲	
Assets and liabilities held-for-sale	(26)	–	100 ▲	
Cash and cash equivalents at the end of the year	63 761	23 585	170 ▲	

▲ Inflow increased ▼ Inflow decreased ▼ Outflow decreased ▲ Outflow increased

1. CASH FLOWS FROM OPERATING ACTIVITIES

Net operating cash flows increased by R45.5 billion, mainly due to improved EBITDA performance, together with the recovery of fuel levy refunds from SARS. Given the restrictions of the Debt Relief Act, 2023 as amended, on borrowings, sufficient operating cash flows are required to fund our investing activities. Free cash flows, measured as operating cash flows less investing cash flows, improved to R41.6 billion (2024: net outflow of R4.5 billion), yet remain inadequate to meet total debt servicing requirements of R79.8 billion. This emphasises the negative impact of an inadequate tariff path and other challenges on our operating cash flows, resulting in the need for Government debt relief to strengthen the balance sheet.

2. CASH FLOWS USED IN INVESTING ACTIVITIES

Investing activities relate mainly to capital expenditure on the new build programme, Generation outages and technical plan requirements, as well as the investment in transmission and distribution network infrastructure.

3. CASH FLOWS USED IN FINANCING ACTIVITIES

Financing activities include debt raised of R8.7 billion, offset by total debt servicing outflows of R79.8 billion. Government's debt relief support of R64 billion was necessary to meet these obligations, although Eskom did have to fund a portion of the debt service requirements from available funds.

Financial review

Financial capital is managed on the basis that our finances and our operations are intrinsically linked. Strong operational performance drives improved financial outcomes, while strong financial performance ensures the liquidity needed to execute our strategy and deliver operational improvements.

Over the past year, we have seen a remarkable turnaround in operational performance due to focused implementation of our recovery plans. This has led to the easing of generation supply constraints and a significant reduction in the frequency and severity of loadshedding. As a result, the group recorded growth in sales and revenue, coupled with a reduction in primary energy costs, which greatly benefitted financial performance and enabled a return to profitability.

We achieved a profit before tax of R23.9 billion for the year (2024: loss of R25.5 billion), primarily due to an improved EBITDA margin. This was supported by a 12.74% standard tariff increase, coupled with easing cost pressures and cost recoveries, mostly linked to reduced spend on OCGTs and the recovery of previously disallowed fuel levy rebates from SARS. Overall, we delivered substantial improvements in our financial ratios and cash flows.

FINANCIAL RATIOS

Measure and unit	Target 2028	Target 2026	Target 2025	Target met?	Actual 2025	Actual 2024	Actual 2023
Company							
Gross electricity revenue per kWh (including environmental levy), c/kWh	241.64	206.34	184.24	●	187.98	165.43	141.38
Electricity operating costs, R/MWh	1 959.62	1 642.40	1 523.84	●	1 473.58	1 384.77	1 207.29
Group							
EBITDA, R million ^{SC}	109 494	90 020	67 120	●	99 038	43 410	34 565
EBITDA margin, %	25.97	25.09	21.27	●	29.05	14.67	13.32
Current ratio ^I	1.24	1.27	1.03	●	1.04	0.98	0.89
Free funds from operations (FFO), R million	123 435	99 326	64 577	●	106 073	53 975	43 847
FFO after net interest paid, R million	102 454	73 438	29 409	●	74 926	19 830	11 567

I. Refer to the glossary of terms on page 134 for detail on the current assets and liabilities used in the calculation of the current ratio.

These improvements reflect the results of our financial strategy, which places operations at the centre, supported by four interdependent quadrants. Each of these quadrants must function together for Eskom to achieve long-term financial sustainability.



While we have made significant progress during the past year, we continue to face several financial sustainability challenges arising from an inadequate tariff path and tariff structure; operational inefficiencies and above-inflationary cost increases in some areas; losses associated with criminal and fraudulent activities; high debt service costs; escalating arrear municipal and metro debt; as well as liquidity pressure from the continued focus on addressing generation plant performance and expanding network infrastructure.

Our strategy remains focused on addressing these challenges to ensure sufficient liquidity and investment in sustaining and expanding our infrastructure, to facilitate operational recovery plans and ensure the continued performance of our plant. We are committed to the turnaround of Eskom's financial and operational performance, by delivering cost efficiencies and pursuing sustainable solutions to our municipal debt and tariff challenges, to ultimately end our reliance on Government support.

ADDRESSING THE TARIFF PATH AND TARIFF STRUCTURES

An inadequate tariff path has been an ongoing challenge since 2006 and is one of the main reasons for our financial constraints, together with operational challenges and the reliance on debt to fund our new build programme. In part, the historic reliance on debt has been a symptom of insufficient operating cash flows to fund capital expenditure because of the inadequate tariff path.

The allowable revenue determined by NERSA must be sufficient to cover the prudent and efficient costs that we incur to supply electricity to customers, while providing a fair return on assets that covers our weighted average cost of capital. Therefore, the migration towards a more cost-reflective tariff path, while considering the affordability of customers and safeguarding vulnerable sectors, has been a key priority for turning around financial performance.

Financial review *continued*

NERSA's revenue determination for FY2025 resulted in a 12.74% tariff increase and has assisted in migrating the tariff path to more appropriate levels, positively impacting our financial performance for the year. That said, the principles of cost-reflectivity have not been addressed as NERSA's decision only allowed for a 1.58% return on assets, which is far below Eskom's pre-tax, real cost of capital of almost 11%.

Following a public consultation process, NERSA announced its determination on 30 January 2025, granting allowable revenue that is significantly lower than Eskom's application.

MYPD 6 tariff path			
Year	Eskom's allowed revenue application	NERSA adjustment	NERSA's allowed revenue decision
2026	R445.6 billion (36.15% tariff increase)	▼ R61 billion	R384.6 billion (12.74% tariff increase)
2027	R495.3 billion (11.81% tariff increase)	▼ R85.8 billion	R409.5 billion (5.36% tariff increase)
2028	R536.8 billion (9.10% tariff increase)	▼ R99.9 billion	R436.9 billion (6.19% tariff increase)

While NERSA maintained the return on assets we applied for, significant adjustments were made to the regulatory asset base (RAB) based on NERSA's incorrect assumptions around the replacement value of the RAB – particularly, the value of generation plant. This decision significantly lowered the overall value of the return and depreciation components of the allowable revenue formula. Furthermore, Eskom assumed 2% of allowable revenue will not be collected due to well-documented challenges associated with customer non-payment – lower than the actual exposure of around 5% of revenue per year – which would need to be recovered through the tariff. NERSA granted no allowance for customer non-payment in its determination, despite our argument that any business would price its product to cater for risks associated with bad debts and other losses.

The outcome of NERSA's MYPD 6 decision places significant financial strain on the group, resulting in a revenue shortfall of close to R250 billion over the three-year period when compared to Eskom's

TARIFF PATH FOR FY2026 TO FY2028

We submitted our three-year MYPD 6 revenue application to NERSA in August 2024, following consultation with SALGA and National Treasury. The application included a gradual increase in Eskom's return on assets to 4%, 5% and 6% for FY2026 to FY2028, to minimise the impact to customers over time.

application, effectively counteracting the benefit of Government's debt relief package. As a result, we face future liquidity challenges and have assessed NERSA's reasons for decision, with the key area of concern being the valuation of the RAB for generation plant. We submitted a review application to the High Court in June 2025 to challenge NERSA's decision, related to data input errors made by NERSA, incorrect application of the MYPD methodology as well as non-compliance with a previous court order on the valuation of the RAB.

In August 2025, NERSA approved a settlement totalling R54 billion in response to the court review application, which was accepted by Eskom. The settlement allocates Eskom additional allowable revenue of R12 billion for FY2027 and R23 billion for FY2028. The recovery of the remaining R19 billion is still to be determined by NERSA. Consequently, the standard tariff increase is estimated to rise from 5.36% to 8.76% for FY2027, and from 6.19% to 8.83% for FY2028.

TARIFF OUTLOOK

The lack of a tariff outlook beyond the three years covered by MYPD 6 poses a risk to financial sustainability and the development of appropriate financial strategies, by hampering the ability to plan over the longer term – not just for Eskom, but also for our customers.

The Electricity Pricing Policy, 2008 (EPP) mandates NERSA to determine and publish a long-term price path to provide market certainty and facilitate long-term planning requirements of electricity suppliers and customers. The EPP indicates that the price forecast should cover a reasonable period of not less than 10 years and should be updated on a frequent basis to signal the overall expected trend in electricity prices. Together with the Minister of Electricity and Energy, we will be engaging with NERSA and other stakeholders on a long-term tariff outlook.

Progress on the RCA applications for FY2022 and FY2023 is summarised below.

Eskom application	NERSA decision	Progress
RCA decision for FY2022 (MYPD 4)		
R23.9 billion in favour of Eskom (submitted in April 2023)	R8.1 billion in favour of Eskom (approved in July 2024)	In June 2023, NERSA published the RCA application for stakeholder consultation. A public hearing was held in August 2023 and NERSA was expected to announce a decision by December 2023, although this was postponed. An RCA balance of R8.1 billion in favour of Eskom was approved at NERSA's Energy Regulator meeting on 30 July 2024. The reasons for decision was published in March 2025, although NERSA has yet to determine the timing of the RCA recovery.
RCA decision for the FY2023 (MYPD 5)		
R9 million in favour of Eskom (submitted in January 2024)	R232 million in favour of customers (approved in March 2025)	This RCA application was considerably lower than previous years due to the revenue variance arising from the negative impact of loadshedding on sales volumes. NERSA published the application for public consultation in April 2024. The public hearings planned for August 2024 did not take place due to limited interest. An RCA balance of R232 million in favour of customers was approved at NERSA's Energy Regulator meeting on 27 March 2025. NERSA published its reasons for decision in May 2025, although NERSA has yet to determine the timing of the RCA recovery.

The RCA application for FY2024 was delayed due to the late release of Eskom's financial statements for that year. The application has been prepared in accordance with the existing MYPD methodology and will be submitted to NERSA following the necessary governance processes.

Financial review *continued*

RESTRUCTURING OF TARIFFS

Existing tariff structures do not accurately reflect the true component costs of electricity supply, particularly the allocation between fixed and variable costs. Furthermore, tariffs need to be modernised to address the legal separation of Eskom and the restructuring of the electricity supply industry. No structural changes to tariffs were approved by NERSA for FY2025.

We submitted a revised retail tariff plan to NERSA in September 2024 to propose the restructuring of tariffs for FY2026 to better address the cost reflectivity of the generation, transmission and distribution components of electricity supply through fixed and variable charges.

In February 2025, NERSA approved the proposed plan, although the generation capacity charge (GCC) was approved for phased implementation over three years. The GCC was reduced to 20% of the amount applied for in the first year and 30% of the amount applied for in the second and third years. The result of this decision is that the recovery of fixed costs incurred by Eskom, which is necessary to provide energy security for all customers, remains largely on a variable basis. The remaining portion of the GCC revenue (80% for the first year) will be recovered through the variable energy charge. To ensure equitable recovery, all customers – including those procuring energy from third parties – will contribute to the approved GCC.

Similarly, to mitigate the impact of higher fixed charges on residential customers, NERSA approved a phased-in approach to the service and administration charges for Homepower and Homeflex tariffs. These charges will be implemented incrementally over three years, starting at 33.3% from 1 April 2025.

In March 2025, NERSA approved the Eskom Retail Tariff and Structural Adjustment (ERTSA) application for FY2026, which incorporates the approved retail tariff plan effective from 1 April 2025.



Changes to tariff structures in FY2026

The changes to the tariff structures benefit customers by supporting the user-pays principle, fair cost recovery and the removal of previously unintended subsidies to ensure appropriate market signals. The new tariff structures also support the responsible integration of alternative energy sources and the transition to a more sustainable electricity supply industry.

Key changes include the introduction of unbundled energy charges, to incorporate a generation capacity charge. Residential tariffs no longer have an inclining block structure and Homelight customers will no longer have to pay a higher charge for consumption above 350kWh. Homepower tariffs have been unbundled into separate energy, network and administrative charges. Municipal tariffs have been consolidated into three tariffs, namely Municrate, Municflex and Public Lighting to simplify bulk electricity purchasing. Furthermore, the ratios, prices and periods of time-of-use tariffs have been adjusted to better align the time-of-use signals to the System Operator while meeting industry, mining and commerce needs.

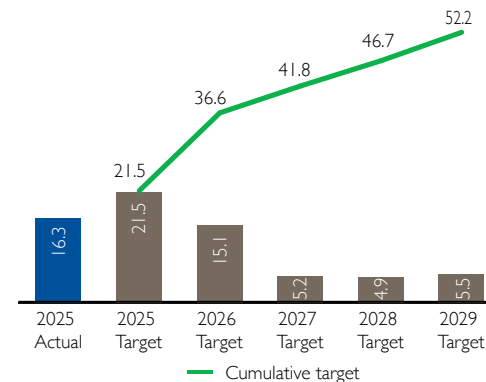


For tariff analysis and calculation tools, and to access the schedule of standard prices and tariff rates, please visit www.eskom.co.za/tariffs

DRIVING COST EFFICIENCIES

A significant focus area of our financial strategy is improving our financial performance through sustainable cost curtailment and efficiencies. During the year, we established a programme to reduce costs through operational efficiencies and deliver sustainable revenue growth.

Savings programme, R billion



The shareholder compact target for FY2025 was R5.4 billion.

Savings of R16.3 billion were achieved for the year, attributable mainly to coal savings and reduced usage of OCGTs. Unfortunately, these savings were partially reduced by losses due to electricity theft, coupled with higher spend on employee benefits and maintenance.

It should be noted that Deloitte has qualified this KPI. Regarding an amount of R6.3 billion, the reported results are deemed to be overstated due to factual differences as well as their disagreement with the estimates and judgements applied by management to establish approved baselines for several initiatives. For a further R1.4 billion savings associated with Generation site-based contracts, they were unable to obtain sufficient and appropriate audit evidence to support the reported results.

IR Refer to the qualification contained in the independent sustainability assurance report on page 153 for further information

Our newly established Strategic Delivery Unit is leading the execution of the Cost Optimisation and Revenue Enhancement (CORE) programme. CORE is pursuing an aggressive cumulative efficiencies target of over R50 billion by the end of FY2029. The efficiencies are being targeted through primary energy optimisation, procurement efficiencies, digital transformation and capital productivity, together with revenue growth opportunities, which will have a direct benefit on Eskom's operating cash flows.

ADDRESSING ESKOM'S DEBT BURDEN GOVERNMENT SUPPORT

Strengthening the balance sheet over time is a key component of our financial strategy to ensure Eskom's long-term financial sustainability. Alongside efforts to improve our operating cash flows, Government support remains a key enabler for deleveraging our balance sheet. Furthermore, the support provides certainty in meeting debt servicing obligations, so that operating cash flows can be made more readily available for operational and capital expenditure requirements.

By 31 March 2025, we have received a total of R140 billion in support since implementation of the Eskom Debt Relief Act, 2023 as amended. During the year, we received R64 billion in shareholder loans from Government. Of this, R8 billion was received in the first quarter, while we deferred receipt of the remaining R56 billion to the fourth quarter due to our improved liquidity position.

By year end, the R8 billion loan had been approved for conversion to equity by the Minister of Finance, based on our continued compliance with the strategic conditions attached to the support. The remaining R56 billion was recognised as a liability in the financial statements at year end as it would only be assessed for compliance with the conditions in FY2026. Subsequent to year end, the Minister of Finance approved the conversion of this amount to equity in June 2025.

Financial review *continued*



Amendment to Government's debt relief package

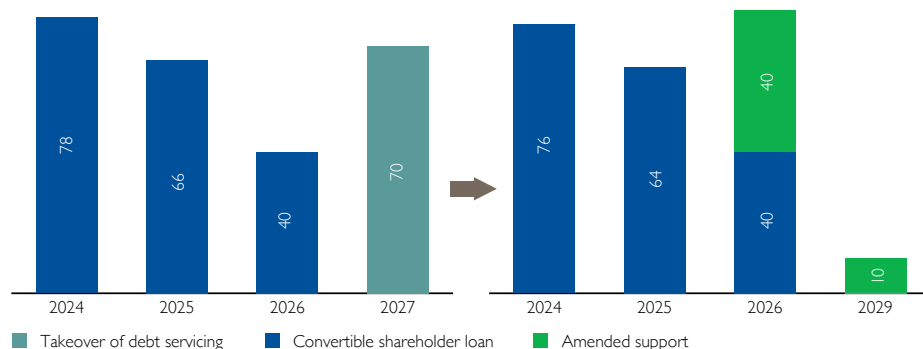
The Eskom Debt Relief Amendment Act, 2025 has been introduced to simplify the final phase of the debt relief package and to reduce the burden on the fiscus.

The final R70 billion, which was originally earmarked as a takeover of long-dated debt servicing by Government from FY2027, will be replaced with two advances of convertible shareholder loans, totalling R50 billion.

Of this, R40 billion will be provided in March 2026 (increasing the total support for FY2026 to R80 billion), to assist with the redemption of the ES26 domestic bond of around R40 billion in April 2026. The balance of R10 billion will be received in FY2029, to assist with the redemption of the EL28 domestic bond of around R14 billion in May 2028. To cater for assumptions around the delayed disposal of Eskom Finance Company SOC Ltd, the support for FY2024 and FY2025 had previously been reduced by R2 billion in each year.

Original Eskom Debt Relief Act, 2023

Eskom Debt Relief Amendment Act, 2025



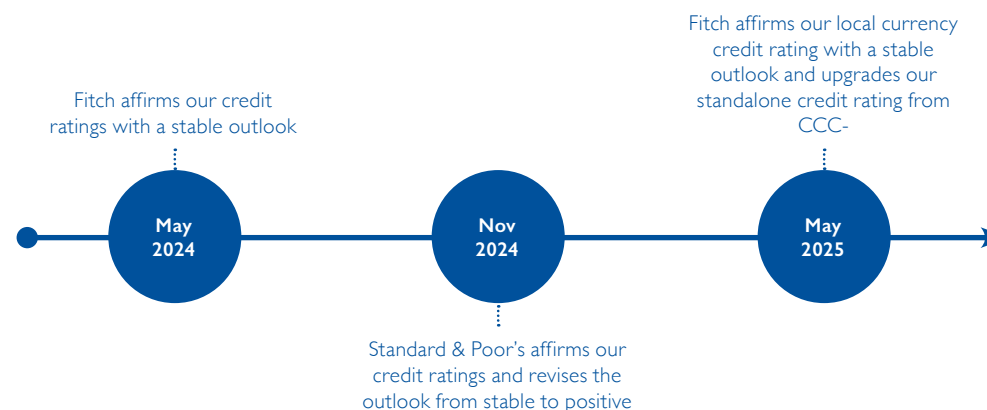
Altogether, the debt relief package has reduced from the R254 billion originally envisaged to R230 billion because of our improved financial position.

Our focus remains on ensuring continued adherence to the conditions attached to the debt relief support, to enable conversion of the shareholder loans to equity. This is critical to realise the full benefit of the support and deleverage our balance sheet, thereby reducing debt service costs over time.

CREDIT RATINGS

LATEST CREDIT RATINGS

Rating	Standard & Poor's	Moody's	Fitch: local currency
Foreign currency	B	B2	n/a
Local currency	B	B2	B
Standalone	CCC	Caa1	CCC+
Outlook	Positive	Stable	Stable
Last rating action	Affirmed	Upgrade	Upgrade
Last action date	22 November 2024	6 September 2023	23 May 2025



The positive credit rating actions in the recent past are a reflection of our improved operational and financial performance and reflect the rating agencies' view that our creditworthiness will continue to benefit from Government's support, leading to a strengthening of our liquidity position as the balance sheet is deleveraged. Furthermore, rating agencies have acknowledged the strong link between Eskom's credit ratings and those of South Africa. Critical to our financial sustainability and further improving our credit rating profile is addressing the tariff path and non-payment by municipalities.

BORROWING PROGRAMME

The conditions of the Eskom Debt Relief Act, 2023 as amended, allow Eskom to continue to draw down on existing facilities in place at 31 March 2023. Any additional financing is subject to approval from the Minister of Finance. To effectively deleverage our balance sheet, any future borrowings will need to be restricted based on the strength of Eskom's financial position, without placing reliance on further Government guarantees.

Financial review *continued*

Total drawdowns from existing facilities with development financing institutions (DFIs) and export credit agencies (ECAs) amounted to R8.7 billion for the year, against anticipated drawdowns of R11.2 billion.

Over the next five years, we are targeting a drawdown programme from existing committed DFI and ECA facilities of R13.4 billion. Additionally, we are planning to raise R75 billion in new incremental debt through a combination of loans, DFIs, ECAs

Borrowing programme, R billion	2026	2027	2028	2029	2030
Committed facilities: DFIs and ECAs	4.2	6.7	1.6	0.9	–
New facilities: Debt capital markets	–	–	25.0	15.0	15.0
New facilities: Loans, DFIs and ECAs	–	–	–	10.0	10.0
Total	4.2	6.7	26.6	25.9	25.0

DEBT SECURITIES AND BORROWINGS

Our gross debt securities and borrowings balance (excluding the loan from the shareholder) has decreased to R372.7 billion (2024: R412.2 billion), mainly due to debt servicing activities, Government support and the restriction on new borrowings. The strengthening of the Rand also had a favourable impact on the balance of foreign-denominated borrowings.

A reconciliation of the major movements in debt securities and borrowings is shown below.

Movements in gross debt securities and borrowings	R billion
Balance at 31 March 2024	412.2
Debt raised through DFI funding	8.7
Debt repaid	(46.4)
Net fair value and foreign exchange movements	(6.0)
Other ¹	4.2
Balance at 31 March 2025	372.7

1. Mainly comprises interest accruals.

and conventional debt capital market activities from FY2028 onwards, averaging R25 billion per year, should external funding be required. These borrowings will be used to fund capital expenditure required for emission reduction, renewable energy generation as well as transmission network expansion. We plan to source these funding needs partly through sustainability-linked bonds in the domestic and international debt capital markets.

Net debt, R billion	2025	2024	% change
Debt securities and borrowings	372.7	412.2	10 ▼
Loan from shareholder ¹	56.1	32.0	75 ▲
Lease liabilities	7.7	7.4	4 ▲
Cash and cash equivalents ²	(63.8)	(23.6)	170 ▲
Payments made in advance ²	(0.3)	(0.6)	50 ▼
Net derivatives held for risk management ²	(13.8)	(26.3)	47 ▼
Net debt	358.7	401.1	11 ▼

1. A total of R64 billion was received during the year, of which R8 billion was approved for conversion to equity by year end. The remaining portion was subsequently approved for conversion in FY2026.
2. In the table above, assets are reflected as negative amounts.

SOLVENCY RATIOS

Measure and unit	Target 2028	Target 2026	Target 2025	Target met?	Actual 2025	Actual 2024	Actual 2023
Group							
FFO as % of gross debt, %	30.02	21.07	13.11	●	21.85	10.74	9.12
FFO (after net interest) as % of gross debt, %	24.92	15.58	5.97	●	15.43	3.94	2.40
Cash interest cover, ratio ^{SC}	4.86	2.88	1.92	●	2.76	1.18	1.29
Debt service cover, ratio ^{SC}	1.54	1.69	0.76	●	1.11	0.46	0.58
Gross debt/EBITDA, ratio	3.76	5.24	7.05	●	4.90	11.58	13.92
Debt/equity (including long-term provisions), ratio	0.65	1.00	1.40	●	1.45	1.99	1.88

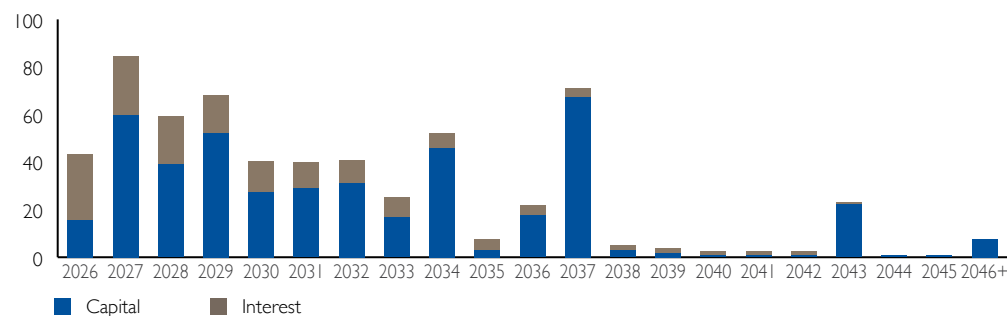
Our solvency ratios have improved significantly when compared to the prior year, which is largely attributable to the improvement in EBITDA performance and reduction in debt. The debt/equity ratio was negatively affected by the outstanding balance of the shareholder loan at year end, which was only converted to equity after year end.

Improving operating cash flows to fund our debt servicing requirements on a standalone basis remains a focus for long-term financial sustainability. Debt servicing outflows, including both capital repaid

and interest paid, amounted to R79.8 billion for the year (2024: R89.8 billion). The R64 billion in Government debt relief support was used to meet these obligations, with the remainder funded from available liquidity.

Debt repayments and interest payments of R193.8 billion and R101.8 billion respectively are due over the next five years, based on the existing debt book (excluding future borrowings). Debt service outflows of R43.4 billion are expected in FY2026.

Projected debt maturity profile (net of swaps and excluding future borrowings) at 31 March 2025, R billion



Financial review *continued*

The sizeable increase in debt servicing obligations in FY2027 and FY2029 are linked to the redemption of the E526 and EL28 domestic bonds in April 2026 and May 2028. As mentioned, the amendments to the debt relief package will ensure that Government is able to assist us in meeting these obligations as they arise.

Based on financial modelling, our gross debt securities and borrowings (including incremental debt from the

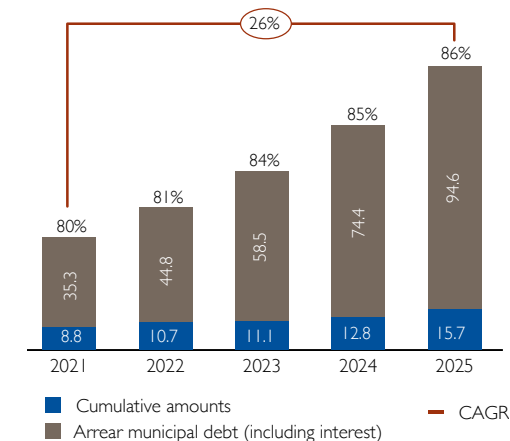
borrowing programme) is expected to reduce to a more sustainable level of around R300 billion over the next five years and deleverage the organisation to a debt/equity ratio below 0.5. Following the debt relief period, Eskom still has sizeable redemption obligations which will have to be serviced from improved operating cash flows, which are highly dependent on an adequate tariff path, maintaining a focus on cost savings and addressing the escalating arrear municipal debt.

As municipalities account for 42% of our sales, poor payment levels and the non-payment of accounts from this customer segment has a significant impact on revenue and overall financial sustainability. Defaulting by municipalities remains a systemic challenge for the entire electricity industry.

We have pursued a multi-pronged strategy to address this challenge, including negotiating payment arrangements with defaulting municipalities; pursuing our legal rights through the courts; working with various intergovernmental platforms to resolve the culture of non-payment by municipalities; and assisting struggling municipalities through active partnering and National Treasury's municipal debt relief programme. We continue to work with our shareholder and National Treasury to identify sustainable solutions.

Regrettably, arrear municipal debt has continued to escalate, amounting to R94.6 billion at year end (2024: R74.4 billion) and is estimated to increase to R329 billion by 2030, assuming capital growth is curbed and does not exceed the assumed tariff path. Resolving the historic arrear debt challenge, collecting the revenue owed to us and preventing future growth in overdue amounts are critical to improving operating cash flows and, ultimately, our financial sustainability.

Invoiced municipal debt (including interest) and percentage of total debt in arrears at 31 March 2025, R billion



Municipal debt has increased by an average of 26% per year from 2021 to 2025, outpacing revenue growth, which averaged around 14% per year. The number of municipalities with an arrear debt balance of more than R100 million has increased to 75 at 31 March 2025 (2024: 69). Around 76% of the arrear debt is owed by municipalities and metros in the Free State (27%), Mpumalanga (27%) and Gauteng (22%).

MANAGING MUNICIPAL DEBT

KEY DEBT MANAGEMENT INDICATORS AT 31 MARCH 2025

Measure and unit	Target 2028	Target 2026	Target 2025	Target met?	Actual 2025	Actual 2024	Actual 2023
Arrear debt as % of revenue, %	9.68	7.89	5.18	●	6.28	3.95	4.80
Average debtors days (including municipalities, Soweto and international customers), days ¹	n/a	122.35	111.31	●	107.04	100.03	95.19
Debtors days – municipalities, average debtors days ¹	n/a	252.17	225.17	●	215.65	212.64	179.27
Debtors days – large power top customers excluding disputes, average debtors days ¹	n/a	16.27	16.43	●	15.13	15.47	14.48
Other large power user debtors days (<100GWh p.a.), average debtors days ¹	n/a	15.60	16.01	●	14.86	16.48	16.28
Debtors days – small power users excluding Soweto, average debtors days ¹	n/a	47.82	47.30	●	45.89	45.19	46.19
Payment levels, % ^{SC}	92.00	92.00	94.00	●	93.86	94.91	95.03

1. Debtors days are based on amounts processed on our billing system, and are shown before considering adjustments relating to non-collectability. Therefore, the amounts may not agree with those disclosed in the financial statements. No targets have been approved for FY2028 and are therefore shown as not applicable.

AFS For details of debtors by category, including impairment and carrying values, refer to notes 5.1.1 and 20 in the financial statements

Financial review *continued*



The top 10 defaulting municipalities (including metros) owed arrear debt of R56.7 billion at year end, which constituted 60% of total arrear municipal debt.

Municipality, R million	2025	2024	% change
1. Emalahleni Local Municipality, Mpumalanga	10 280	8 510	21 ▲
2. Maluti-a-Phofung Local Municipality, Free State	8 823	7 976	11 ▲
3. Emfuleni Local Municipality, Gauteng	8 227	7 065	16 ▲
4. Matjhabeng Local Municipality, Free State	6 433	5 761	12 ▲
5. City of Tshwane Metropolitan Municipality, Gauteng	5 655	3 117	81 ▲
6. Govan Mbeki Local Municipality, Mpumalanga	5 483	4 479	22 ▲
7. City of Johannesburg Metropolitan Municipality, Gauteng	4 402	1 075	309 ▲
8. Lekwa Local Municipality, Mpumalanga	2 670	2 190	22 ▲
9. Ngwathe Local Municipality, Free State	2 428	2 009	21 ▲
10. City of Matlosana Local Municipality, North West	2 278	1 750	30 ▲

Of recent concern is the growth in arrear debt from metros, particularly in Gauteng. The arrear debt owing from City of Tshwane (CoT) and City of Johannesburg (CoJ) has continued to escalate – we are engaging with these metros and pursuing our legal rights through the courts. On a positive note, the arrear debt for City of Ekurhuleni decreased to R0.5 billion at 31 March 2025 (2024: R1.6 billion) and was settled in July 2025.

CoT and Eskom concluded a five-year payment arrangement plan in December 2024, which CoT is honouring. The payment arrangement is subject to CoT settling its current accounts on time, failing which the arrear debt owed will become payable immediately.

The High Court ordered CoJ to settle its outstanding debt, although CoJ appealed the matter and disputed the amounts billed by Eskom. In November 2024, Eskom served a notice of intent to interrupt power supply to CoJ. Following an engagement between CoJ, Eskom and the Minister of Electricity and Energy, the notice was withdrawn, subject to CoJ settling its current accounts and to allow an independent evaluation of the disputed billing, which was concluded in February 2025. We reached an agreement in June 2025, with the metro required to pay R3.2 billion over the next four years to settle its outstanding debt.

MUNICIPAL DEBT RELIEF PROGRAMME

National Treasury implemented its municipal debt relief programme from 1 June 2023. The objective of the programme is to resolve the poor payment levels of municipalities and improve their settlement of current accounts over time, thereby leading to an improvement in our operating cash flows.

Regrettably, the programme has delivered disappointing results to date. By 31 March 2025, 63 out of the 71 municipalities were still failing to settle their current accounts as they fall due.

After a municipality has demonstrated compliance with the conditions of the programme for 12 consecutive months, National Treasury will request Eskom to write off one-third of the municipality's ring-fenced arrear debt balance outstanding at 31 March 2023. If fully complied with, the programme aims to fully write off the arrear municipal debt over a period of three years.

By year end, National Treasury had requested Eskom to write-off one-third of the ring-fenced arrear debt for 14 municipalities, with the requested write-offs totalling R3.5 billion.

Five of these municipalities (Emfuleni, City of Matlosana, City of Mbombela, Mangaung and Ulundi), with combined write-offs of R3 billion, were pending possible termination from the programme due to non-compliance with the conditions. Eskom had therefore not processed the write-off for these municipalities by year end. National Treasury subsequently issued an amendment to the municipal debt relief conditions in August 2025, allowing for a municipality to catch up on outstanding payments after the close of the first 12-month cycle; accordingly, these write-offs will be processed in FY2026, following Eskom's governance processes.

Debt relief for the other nine municipalities (Rand West City, Matzikama, Beaufort West, Dawid Kruiper, Kannaland, Cederberg, Mogale City, Nama Khoi and Bela-Bela), with combined write-offs of R0.5 billion, was approved by National Treasury by year end, given the municipalities' compliance with the conditions for the first 12-month cycle. These write-offs have been processed by Eskom, following governance processes.

After year end, National Treasury approved debt relief for an additional ten municipalities (Ubuntu, Amahlathi, Umsobomvu, Ramotshere Moiloa, Makana, Msunduzi, Sol Plaatje, Raymond Mhlaba, Endumeni and Siyancuma), with combined write-offs of R0.6 billion. Governance processes are underway before these write-offs will be processed in FY2026.



Debt relief write-offs do not affect our profitability as the arrear amounts have been fully provided for; they were either not recognised as revenue or a receivable to begin with, due to the accounting criteria for collectability not being met, or they had been impaired.

Financial review *continued*



Distribution agency agreements framework

We have offered active partnering agreements to support municipalities faced with systemic challenges that inhibit them from adequately fulfilling the duties of their distribution license. These agreements relate to the provision of technical services, including maintenance of infrastructure, as well as credit management services. However, participation in active partnering is voluntary, with only six municipalities electing to participate by year end. By 30 June 2025, this had declined to four municipalities – Emfuleni, Msunduzi, Maluti-A-Phofung and Bela-Bela municipalities.

Raymond Mhlaba appointed a new service provider for the prepaid services that Eskom was providing, terminating their agreement on 30 June 2025. The agreement with Phumelela evolved into a full handover from 1 May 2025, incorporating the Warden and Ezenzeleni areas into Eskom's licensed areas of supply, following NERSA's approval in February 2025.

We are intensifying our efforts and engaging with Government to encourage municipalities participating in the municipal debt relief programme to enter into distribution agency agreements (DAAs) with Eskom, to benefit from the full scope of active partnering. We are also discussing the option of Government compelling defaulting municipalities with serious payment challenges to enter into DAAs to improve their outlook. DAAs will support municipalities in providing sustainable local services, while also contributing to Eskom's financial sustainability through improved billing and revenue collection.



Regrettably, the municipal debt relief programme is not achieving the expected improvement in current account payment levels by the majority of the participating municipalities. Furthermore, the conditions of the programme prohibit us from pursuing action against defaulting municipalities for the duration of the programme. Only once a municipality is removed from the programme, will we be allowed to resume our credit control and debt management policies, as well as any legal proceedings. We have requested National Treasury to engage with municipalities to implement remedial action or remove them from the programme should they fail to rectify the breach, although no municipalities have been removed to date.

We have proposed alternate solutions for Government to consider for defaulting municipalities, some of which may require legislative amendments, including:

- Compelling municipalities to enter into DAAs with Eskom
- Implementing prepaid or credit-limited electricity supply agreements for defaulting municipalities
- Paying a portion of defaulting municipalities' equitable share directly to Eskom or withholding equitable share payments to municipalities that fail to settle their Eskom accounts
- Increasing the kWh allowance for free basic electricity, with national funding paid directly to Eskom
- Reforming the electricity distribution industry model and addressing legacy challenges, including the culture of non-payment

While awaiting the outcome of these discussions, we are proactively engaging with municipalities to conclude DAAs on a voluntary basis. In parallel, Eskom is engaging with the Development Bank of Southern Africa to conclude a memorandum of understanding to collaborate on efforts to address municipal debt challenges and the implementation of DAAs.

The escalating municipal debt continues to jeopardise Eskom's legal separation, by threatening the financial viability of the separate Distribution company. If the challenge is not addressed, this may require an extension to the timelines for legal separation of Distribution as well as further reliance on Government support beyond the debt relief period. The municipal debt challenge requires a multi-stakeholder approach. We will continue to support municipalities participating in the debt relief programme, as well as actively partner with municipalities to improve service delivery and revenue collection. We are engaging at various inter-governmental platforms to address the sustainability challenges affecting municipalities and drive reform across the electricity distribution industry.

Strengthening our infrastructure

Eskom's infrastructure forms the foundation of South Africa's electricity supply, supporting the country's growth and development. Over the past year, we have focused on recovering performance at our generation fleet and modernising our transmission and distribution networks, while also accelerating the integration of renewable energy sources. Our efforts are guided by a commitment to reliability, resilience and sustainability, ensuring that our manufactured capital continues to deliver value in a rapidly changing energy landscape.

This year saw the commercial operation of Kusile Unit 5, adding 799MW of new capacity to the grid, as well as the synchronisation of Kusile Unit 6. The return to service of Medupi Unit 4 in July 2025 marked a critical step in restoring base-load reliability. Through NTCSA, we also commissioned new high-voltage transmission lines and transformer capacity, to support grid stability and enable the connection of independent power producers and cross-border imports. The rollout of smart meters to customers and the successful recoding of millions of prepaid meters have enhanced customer service and helped to improve revenue collection and reduce non-technical losses.

Despite these achievements, our ageing infrastructure faces persistent challenges. High utilisation rates have accelerated wear and tear, requiring sustained investment in refurbishments and predictive maintenance. Non-technical and technical energy losses remain elevated, driven by equipment theft, illegal connections and network inefficiencies. The grid is under pressure due to delays in bringing new IPP capacity online as well as regional droughts reducing power imports, necessitating increased reliance on expensive OCGTs. Human factors, including skills shortages and fatigue, have also impacted operational performance.

To address these risks, we have refocused the Generation Recovery Plan, integrating people, plant and process interventions and deepening collaboration with international utilities and original equipment manufacturers. The Transmission Development Plan sets out an ambitious strategy to construct thousands of kilometres of new transmission lines, unlocking grid capacity for new generation. Looking ahead, we are prioritising the commercialisation of Kusile Unit 6, the completion of the long-term operation project at Koeberg to extend the nuclear power station's life by

an additional 20 years, and the installation of more than 2 600km of new transmission lines and 17 750MVA of transformer capacity over the next three years. Distribution will target the rollout of 7.2 million smart meters and 250 microgrids over the next five years to support demand flexibility, reduce energy losses and enable customer-centric services. We are investing in battery energy storage systems and research-driven innovation, and we aim to add at least 2GW of clean energy capacity under Eskom Green over the next five years while maintaining system reliability and affordability.

Our infrastructure strategy is anchored in reliability, adaptability and innovation. By strengthening our core assets, embracing new technologies and fostering partnerships, we are building a power system that can meet South Africa's current and future needs of a stable, reliable and affordable supply of electricity. Our progress this year demonstrates the organisation's resilience and capacity for transformation, laying the foundation for sustainable growth and energy security in the years ahead.

MANAGING ELECTRICITY SUPPLY AND DEMAND

THE ROLE OF THE SYSTEM OPERATOR

NTCSA's System Operator plays a critical role in maintaining the stability and reliability of South Africa's electricity grid. Operating within a narrow frequency band between 49.85Hz and 50.15Hz, the System Operator ensures a continuous balance between real-time electricity supply and demand. This is achieved through optimally dispatching available generation capacity, while adapting to the challenges posed by the intermittent nature of non-dispatchable renewable energy sources such as wind and solar.

South Africa's journey to incorporate variable renewable energy sources requires adaptation to protect the national grid. Wind generation, for instance, can fluctuate by as much as 2 000MW from one day to the next, particularly during winter cold fronts – this causes a sharp rise demand in the densely-populated Gauteng, coupled with a decline in wind output in the southern regions. When this coincides with lower solar PV output due to cloud cover, the system experiences a compounded supply constraint. These dynamics require agile system management and robust emergency reserves.

To safeguard the integrity of the national grid, the System Operator maintains sufficient reserves at pumped storage and open-cycle gas turbine (OCGT) stations to respond effectively to unplanned breakdowns. When demand exceeds available supply and emergency reserves have been depleted, loadshedding and load curtailment are essential tools for preserving system stability and preventing a grid collapse. While we are committed to consistently overcoming the need for loadshedding, these measures remain vital to averting the greater threat of a regional or national blackout. Regular testing of the various defence systems ensures our resilience in responding to a major unplanned event or series of events.

SYSTEM PERFORMANCE

The performance of our coal-fired power stations has shown marked improvement over the past year. This was driven by ongoing focused implementation of the

Generation Recovery Plan since March 2023, delivering sustained and ongoing structural improvement in the performance and availability of our generation fleet. Unplanned unavailability averaged below 12 500MW for the year, below the base-case assumptions under the Winter and Summer Outlook.

By midnight on Thursday 30 January 2025, we had achieved 310 consecutive days without loadshedding since its suspension on 26 March 2024, a milestone last reached in June 2018.

Due to a significant easing of generation supply constraints, loadshedding for the year was limited to 13 days in total (2024: 329 days), a dramatic reduction from the prior year. These instances were confined to four separate and isolated incidents during the final quarter of FY2025.



Root causes of recent loadshedding incidents

Management has conducted a root cause analysis of the events contributing to the loadshedding during the final quarter of FY2025 and identified interventions to prevent a recurrence of these issues. The Board's Business Operations Performance Committee has provided input into the process.

Several main causes were identified:

- Escalation in unplanned breakdowns and delays in returning units from outages, including Koeberg Unit 2 and Medupi Unit 4, as well as the delayed first synchronisation of Kusile Unit 6
- A seasonal increase in PCLF due to higher summer maintenance, coupled with reduced imports due to challenges at Cahora Bassa
- Extreme weather-related disruptions, with some stations impacted despite rain readiness plans, with others affected by multiple unit shutdowns and excessive load losses
- High demand variability caused by unpredictable renewable energy contribution (including behind-the-meter solar PV) led to excessive utilisation of emergency resources

- Human factors and skills deficits, with fatigue and stress, leadership gaps and procedural non-compliance leading to operational errors
- Procurement and process inefficiencies, with delays in ordering international spares and registering new suppliers negatively affecting outage timelines

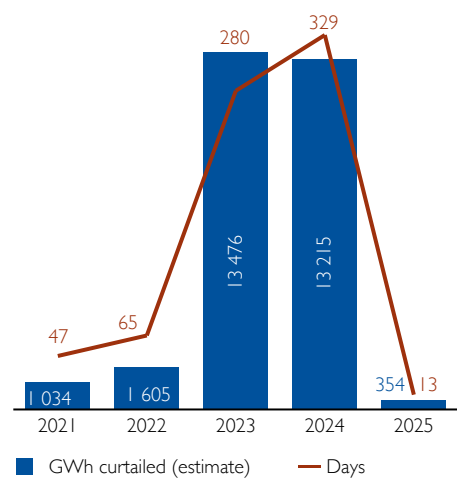
The employee-related challenges include the impact of prolonged stress and fatigue due to the constant pressure to meet production targets, requiring excessive levels of overtime; inadequately skilled resources; lack of guidance due to leadership vacancies; and even complacency and negligence in some instances.

This root cause analysis has informed refinement leading to the Generation Operational Reliability and Sustainability Plan, with a strategic shift toward long-term reliability and sustainability. The plan now integrates people, plant and process interventions, supported by international utility partnerships and enhanced governance structures. We remain focused on consistently overcoming the need for loadshedding as a steppingstone to longer-term uninterrupted power supply.

Strengthening our infrastructure *continued*

The energy not supplied due to loadshedding decreased significantly to below 0.4TWh (2024: 13.2TWh). This equates to a total loadshedding duration of 175 hours, or about one week of continuous interruption during the entire year (2024: 6 367 hours, or almost 38 weeks), a substantial improvement against the prior year.

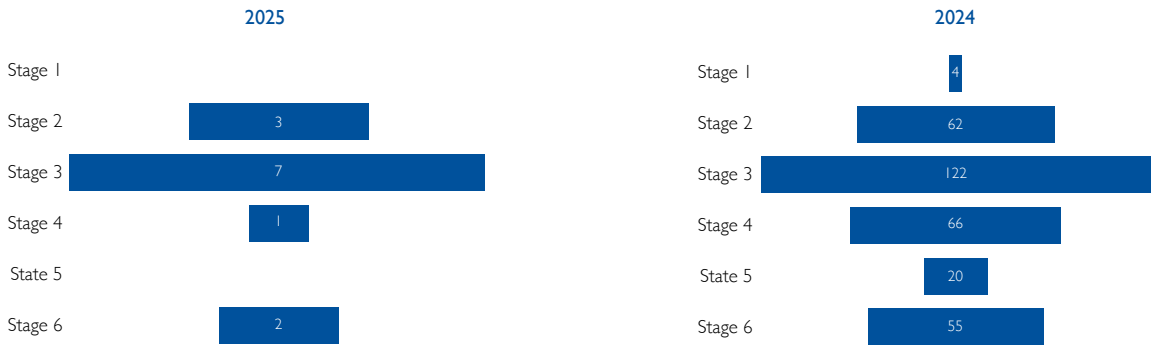
Loadshedding and load curtailment over the past five years, GWh and days



- This improvement was supported by:
- Kusile Units 1, 2 and 3 returning to service using temporary stacks until the permanent stack had been completed
 - Kusile Unit 5 achieving commercial operation on 30 June 2024
 - Koeberg Unit 2 returning to service at the end of December 2024 from a long-term operation outage to replace the steam generators
 - Kusile Unit 6 being synchronised to the grid in March 2025, with commercial operation achieved on 29 September 2025

Despite these gains, the system continued to experience periodic constraints due to lower production than anticipated by renewable IPPs, coupled with a reduction in cross-border imports due to the regional drought limiting hydroelectric supply.

Loadshedding implemented during the financial year, days



IR For more on the use of Eskom and IPP-owned OCGTs to meet demand during periods of constraint, refer to “Use of open-cycle gas turbines”

Renewable IPPs produced 17.4TWh to support the power system stability throughout the year (2024: 17.9TWh). Solar PV provided essential daytime support, while wind generation provided additional capacity to meet demand over evening peaks.

DEMAND TRENDS AND EMERGING RISKS

Despite an increase in energy availability, sales volumes rose by only 3.5% against the prior year. This can be attributed in part to the continued impact of behind-the-meter embedded self-generation, mainly through rooftop solar PV installations across many sectors. While the increase in renewable energy sources supports the country's decarbonisation objectives, it introduces volatility as discussed earlier and erodes our revenue base. Sales volumes also remain suppressed due to the persistent impact of electricity theft through illegal connections, meter tampering and the use of illegal electricity tokens on prepaid meters. The impact of electricity theft is estimated at 14.9TWh for the year (2024: 13.9TWh), accounting for almost 8% of sales.

The System Operator anticipates continued improvement in system reliability with the addition of dispatchable capacity, particularly from Medupi Unit 4, Koeberg Unit 1 and Kusile Unit 6 after the unit synchronised to the grid. However, the structural shortfall in base-load generation capacity of 4 000MW–6 000MW remains a critical risk until additional generation capacity is fully integrated into the grid. In support, NTCSA is expediting the Transmission Development Plan to enable greater integration of renewable energy sources and IPPs into the national grid.

Strengthening our infrastructure *continued*

Measure and unit	Target 2028 ¹	Target 2026	Target 2025	Target met?	Actual 2025	Actual 2024	Actual 2023
OCGT production, GWh	2 536	1 269	1 899	●	2 176	3 634	3 018
OCGT diesel usage, R million ²	19 033	9 028	15 551	●	13 316	23 873	21 355
IPP OCGT production, GWh	1 058	528	792	●	662	1 509	1 098
IPP OCGT cost, R million	8 451	3 783	4 463	●	4 374	10 054	8 287

1. The 2028 target is the cumulative target over the next three years.

2. The OCGT cost includes diesel storage and demurrage costs of R151 million (2024: R95 million; 2023: R104 million) incurred when not utilising the OCGTs.

USE OF OPEN-CYCLE GAS TURBINES

Open-cycle gas turbines (OCGTs) continue to play a vital role in our operational strategy, providing essential support during periods of constrained supply. While OCGTs are significantly more expensive than other generation sources, their strategic deployment has been instrumental in reducing the need to implement loadshedding, particularly during periods of high unplanned unavailability and delays in returning generation capacity to service.

Eskom and IPP-owned OCGTs generated a combined 2 838GWh during the year (2024: 5 143GWh), reflecting improved base-load generation performance resulting in lower usage of emergency resources. This output was achieved at load factors of 10.3% and 7.5% respectively (both against a budgeted load factor of 9%), with expenditure on OCGTs totalling R17.7 billion for the year (2024: R33.9 billion), delivering substantial savings against the prior year and directly benefitting the bottom line. Favourable diesel price movements added to the gains from the improved operational performance.

The reduction in reliance on OCGTs was made possible by the return to service of key generating units, including Kusile Units 1, 2 and 3, the commercial operation of Kusile Unit 5 and the synchronisation of Kusile Unit 6 as discussed earlier. These

developments, alongside the anticipated return of Medupi Unit 4 and Koeberg Unit 1 during FY2026, are expected to further stabilise the system and reduce the need for emergency generation.

In the final quarter of FY2025, reliance on OCGTs increased, primarily due to the underperformance of coal-fired power stations, along with lower output from renewable IPPs and lower electricity imports, with a combined shortfall of 5.5TWh for the year.

Although OCGT production is essential to alleviate supply constraints and consistently overcome the need for loadshedding, it is significantly more expensive than other generation sources. Consequently, despite forming a necessary component of our short-term energy security strategy, the use of OCGTs will be progressively curtailed to ensure long-term financial sustainability and alignment with our decarbonisation objectives. Looking ahead, we have budgeted for a 6% load factor on both Eskom and IPP-owned OCGTs for FY2026, with a further reduction to 3% from FY2027 onwards, rising again to 5.5% in FY2030. This trajectory aligns with the expected improvement in generation plant availability due to the continued implementation of the refocused Generation Recovery Plan, together with the commissioning of new renewable and dispatchable IPP capacity.

Measure and unit	Target 2028 ¹	Target 2026	Target 2025	Target met?	Actual 2025	Actual 2024	Actual 2023
Energy availability factor (EAF), % ^{SC}	74.00	70.00	65.00	●	60.60	54.56	56.03
Planned capability loss factor (PCLF), % ^{SC}	10.50	10.50	10.50	●	12.76	12.04	10.39
Unplanned capability loss factor (UCLF), %	14.00	18.00	23.00	●	26.05	32.34	31.92
Other capability loss factor (OCLF), %	1.50	1.50	1.50	●	0.59	1.06	1.66
Partial load losses, average MW	n/a	n/a	n/a	n/a	5 913	6 615	6 057
Post-philosophy outage UCLF, %	n/a	n/a	n/a	n/a	29.69	31.61	35.75
Boiler tube failure rate (12-month moving average), number	n/a	n/a	n/a	n/a	2.31	2.37	2.17
Unplanned automatic grid separations (UAGS trips), number	n/a	n/a	n/a	n/a	699	593	736

1. Future targets shown as n/a are dependent on system performance.

GENERATION PERFORMANCE

To meet the country's energy demands and provide electricity at a reasonable price, we continue to operate 30 base-load, mid-merit, peaking and renewable power stations, with a total nominal capacity of 46 866MW. The 100MW Sere Wind Farm and four small hydroelectric stations are included in this capacity, although these are not considered for capacity management purposes. The median age of our coal-fired stations exceeds 40 years.

IR [Detailed information on the installed and nominal capacity of our power stations, as well as IPP capacity, is set out on pages 145 to 146](#)

TECHNICAL PERFORMANCE

We use a range of performance indicators to monitor the health and reliability of our generation fleet:

- **Energy availability factor (EAF):** Measures the percentage of time the plant is available to generate electricity
- **Planned capability loss factor (PCLF):** Reflects the proportion of capacity unavailable due to planned maintenance
- **Unplanned capability loss factor (UCLF):** Captures capacity lost due to unplanned outages or breakdowns
- **Other capability loss factor (OCLF):** Accounts for losses outside of operational control, such as environmental or external constraints

Successful execution of the Generation Recovery Plan, combined with interventions under the President's Energy Action Plan overseen by the National Energy Crisis Committee (NECOM), have led to a significant improvement in the reliability, efficiency and availability of the coal-fired generation fleet over the past year. The recovery in generation plant performance was made possible by improved risk management; increased focus on ancillary plant performance, spares availability, quality of outage execution and skills; and involving original equipment manufacturers (OEMs) when executing planned maintenance.

Strengthening our infrastructure *continued*

Average plant availability (EAF) at 60.60% for the year is significantly higher than the previous year (2024: 54.56%), although still below the shareholder compact target of 65%. The improvement in plant availability is largely due to a notable decrease of around 4 000MW (about four stages of loadshedding) in unplanned losses (UCLF) to 26.05% (2024: 32.34%), coupled with a decrease in other load losses (OCLF) to 0.59% (2024: 1.06%). Planned maintenance (PCLF) increased to 12.76% (2024: 12.04%) due to ongoing efforts under the Generation Recovery Plan to improve the performance of the generation fleet over the longer term through focused maintenance. Instantaneous EAF exceeded 70% on several days during the year, with UCLF at times falling below 20%.

The improved performance also reflects the successful return to service of key units, including Kusile Units 1, 2 and 3 and the commercial operation of Kusile Unit 5 on 30 June 2024, which will become official for measurement purposes one year later, from 1 July 2025. Medupi's five operational units achieved an average EAF of close to 70% for the year, underscoring the benefits of resolving major new-build defects.

However, the generation fleet continues to operate under considerable strain. The average energy utilisation factor (EUF) for coal-fired stations remained elevated at 91.85% (2024: 96.51%), well above the international norm of around 75% for a fleet of this age. This high utilisation rate, while necessary to meet demand in the shorter term, accelerates wear and contributes to increased unplanned outages in the medium to longer term.

These performance trends highlight the importance of sustained investment in midlife refurbishments, predictive maintenance and digital diagnostics to extend asset life and improve reliability. We must also reduce EUF to sustainable levels by adding new dispatchable capacity and improving plant reliability. Our collective focus remains on further reducing unplanned unavailability to consistently overcome the need for loadshedding. Our target is to achieve an average EAF of 66% in FY2026, moving towards 70% by FY2028.

EXECUTING PLANNED MAINTENANCE

Execution of planned maintenance improved year-on-year in FY2025, exceeding the target. This reflects our continued commitment to restoring the reliability of our generation fleet through disciplined maintenance practices.

Outage planning is informed by system capacity constraints, plant-specific risk profiles, and the availability of critical spares and skilled resources. A total of 69 outages were scheduled for the year. By year end, we had successfully completed 36 outages, 12 were in execution, 18 had been deferred to the coming year and three had been cancelled, with the required work completed under alternative outage windows. In addition to the scheduled programme, we executed 51 short-term corrective maintenance outages. These interventions were implemented to mitigate emerging risks and prevent potential availability losses, underscoring the agility of our maintenance teams in responding to dynamic plant conditions.

In recent years, outage performance and recovery plans have been hampered by the late release of funds caused by Eskom's constrained liquidity position. This had a ripple effect on outage readiness for activities such as the ordering of spares and other long-lead materials, issuing of task orders and finalising the integrated schedule. The situation improved considerably during the year due to better liquidity levels driven by financial support received under Government's debt relief programme. This situation aided decision-making on the use of cash from operations towards outage planning knowing that debt servicing is covered by the debt relief support.

POST-OUTAGE PERFORMANCE

Post-outage performance remains a key focus area. The post-outage UCLF – measured over a 60-day period following unit synchronisation after maintenance – was recorded at 29.69% (2024: 31.61%), remaining significantly higher than the aspiration level of 14%.

This performance gap highlights the need for continued improvement in the quality of outage planning and execution to improve post-outage performance. We are addressing these challenges through:

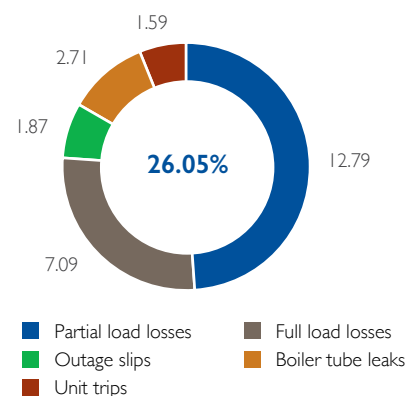
- Enhanced outage readiness protocols
- Improved contractor performance management
- Root cause analysis of post-outage failures
- Increased investment in midlife refurbishments and critical spares

These efforts are integral to the Generation Recovery Plan and are expected to contribute to sustained improvements in plant availability and overall fleet reliability in the years ahead.

ADDRESSING UNPLANNED LOSSES

Addressing excessive levels of unplanned unavailability remains a critical challenge, despite intensified efforts under the Generation Recovery Plan. UCLF has improved compared to the previous year, due to a reduction in both full and partial load losses. Nevertheless, persistent issues continue to drive elevated levels of UCLF.

Contribution to UCLF, %



Average partial load losses of 5 913MW are significantly lower than the previous year (2024: 6 615MW), thereby contributing to the improved system performance. Nevertheless, these losses contributed 12.79% to UCLF (2024: 14.21%), accounting for half of total unplanned losses. Outage slips also reduced significantly, contributing 1.98% to overall UCLF (2024: 3.56%), despite post-outage UCLF decreasing marginally as discussed above. Unit trip performance has deteriorated, with 699 trips during the year (2024: 593). Generation has established the Trip Reduction Forum to identify and monitor trends and significant concerns in areas with high numbers of trips; plant running outside reliable operating limits is identified to prevent avoidable trips.

The boiler tube failure rate (failures per unit per year) improved slightly to 2.31 for commercial units using a 12-month moving average (2024: 2.37), with boiler tube failures contributing 2.77% to UCLF (2024: 2.97%). The boiler tube failure rate seems to have stabilised after an upward trend over the past five years, attributable to the maintenance backlog during that period that resulted from constrained capital funding.



Four stations achieved a failure rate less than or equal to one failure per unit per year, these being Camden, Kendal, Medupi and Tutuka.

Three stations recorded a failure rate between 1 and 1.8 failures per unit per year, namely Matimba, Kriel and Kusile.

Strengthening our infrastructure *continued*



In response to the unit's successful synchronisation, Dan Marokane, Eskom's Group Chief Executive, commented, "Today's developments once again reflect the progress of our Generation Recovery Plan, which is central to ensuring the long-term sustainability of the broader economy. This achievement moves us closer to consistently overcoming the need for loadshedding, which is now largely behind us due to structural improvements in the generation fleet, as we continue to build a more reliable, resilient and sustainable power system."

Bheki Nxumalo, Group Executive for Generation, added, "We applaud the Medupi team, support staff and all execution partners for their dedication and professionalism, including the daunting task of safely transporting the 400-ton generator stator approximately 1 000km by road from Richards Bay to Medupi, a feat accomplished by Eskom Rotek Industries. Their achievement serves as a motivation for our teams as we advance our recovery efforts. We are confident that, like the other units, Unit 4 will deliver stable electricity to the national grid, enhancing South Africa's energy security."

Full load losses due to major incidents

Medupi Unit 4 suffered significant damage in a generator explosion in August 2021. The unit was excluded from the nominal asset base from October 2023 until 1 June 2025.

To enable the return to service of the unit until a new generator stator can be fitted during a future planned outage, a used stator from the Netherlands was installed as an interim measure. The unit was successfully synchronised to the grid on 6 July 2025, marking a major milestone in our strategic objective of achieving operational stability. Once the unit reaches full output, it will further strengthen our base-load generation capacity, contributing to the stability of electricity supply and enhancing national energy security.

At Tutuka Unit 6, a fire during recommissioning in November 2023 after a planned outage delayed the unit's return. The unit was placed in extended inoperability in August 2024. The recovery plan is being executed, with progress on the manufacturing and supply of spares at 70% by the end of the financial year; installation is in the initial stages. The unit is expected to be recovered by October 2026.

Matla Unit 6 suffered an incident in December 2024 due to the rupture of a high-pressure steam pipe above the transformer. Testing and analysis to determine the root cause is still underway. Due to the long lead time for sourcing the required parts, the unit is expected to be recovered by September 2026. The unit was removed from the nominal base for reporting purposes and placed in extended inoperability from 1 July 2025.

Other losses

Poor coal quality accounted for 0.37% OCLF for the year (2024: 0.75%), with most losses being experienced at Matla.

KOEBERG PERFORMANCE

Koeberg Nuclear Power Station continues to operate safely and reliably, delivering the lowest marginal primary energy cost among Eskom's base-load generation assets. The station remains an indispensable contributor to South Africa's energy security and decarbonisation objectives.

Koeberg Unit 2 commenced the long-term operation (LTO) programme on 11 December 2023 to replace its three steam generators and prepare the unit for long-term operation for another 20 years. The outage was successfully completed, and the unit synchronised to the grid on 30 December 2024, completing the commissioning phase around mid-January 2025.

The unit experienced a reactor trip on 2 March 2025 due to operator error. A steam leak was discovered during start-up three days later and the unit was taken out of service for repairs. The unit was synchronised to the grid on 11 March 2025 and continues to operate at full load.

Koeberg Unit 1 was shut down in accordance with operating technical specifications to restore the steam pressure relief system following a routine test on 11 September 2024. The unit was safely returned to service on 20 September 2024.

The unit began ramping down on 1 January 2025 for a refuelling and long-term operating outage. The unit was taken offline for the planned outage on 17 February 2025, ten days later than planned to assist in meeting higher than anticipated demand. The unit is expected to return to service by October 2025.

LTO programme

The Koeberg LTO programme, which includes the steam generator replacement project, is progressing in line with Eskom's commitment to extend the station's operational capability by 20 years beyond its original design life. This is aligned with the Integrated Resource Plan (IRP 2019) and national energy security objectives.

The steam generator replacement is expected to result in improved efficiency which will enable the units to produce more power. However, the quantum of the capacity increase cannot be certified until the defects monitoring period and plant optimisation efforts to enhance the units' efficiency and output have been completed. Approval to increase the maximum continuous rating (MCR) is required from internal and external governing bodies before the capacity increase can be implemented.

The NNR granted Eskom a long-term operating licence on 15 July 2024 to continue operating Koeberg Unit 1 for a further 20 years. The unit is now licensed to continue operating until July 2044, with scheduled maintenance and upgrades being performed in line with the licence requirements. These activities will be tracked as part of business-as-usual activities over the unit's extended operating life.

The NNR has indicated that it will announce its decision on Unit 2's long-term operation prior to the expiry of the current licence on 9 November 2025, once the current outage has been completed and all prerequisites have been met.

Activities linked to the NNR's directives for long-term operation will be performed over the remaining life of the units. These activities will be tracked to ensure adherence to the directives.

As part of the licence requirements, we continue working with the NNR to establish a ring-fenced nuclear decommissioning fund. This will ensure that sufficient financial resources will be available to fund Koeberg's decommissioning costs in line with international best practices and regulatory requirements. To date, we have set aside R2.4 billion in this regard (2024: R1 billion).

Strengthening our infrastructure *continued*

Nuclear safety

We maintain a robust nuclear safety culture underpinned by a defence-in-depth approach with multiple layers of controls across the full spectrum of nuclear operations. Safety and security remain the overriding priorities in all of Koeberg's activities, ensuring the protection of personnel, the public and the environment.

Nuclear safety is governed by a comprehensive framework of objectives, policies and procedures, which are continuously validated through multi-layered oversight. This includes internal governance by Eskom executives and independent assurance from national and international regulatory and peer review bodies. These mechanisms provide us with a holistic and benchmarked view of nuclear safety performance.

Eskom remains an active member of the World Association of Nuclear Operators (WANO), while South Africa continues its membership in the International Atomic Energy Agency (IAEA). These affiliations enable Eskom to:

- Align with international safety and operational standards
- Participate in peer reviews and performance benchmarking
- Access global best practices and technical expertise
- Support the continuous development and training of nuclear personnel

The NNR's decision in July 2024 to grant a 20-year licence extension for Unit 1 reflects its confidence in Eskom's safety case and operational readiness. The decision on Unit 2 is expected following the completion of its current outage and finalisation of remaining LTO prerequisites. If the life extension of Unit 2 is approved, it would be allowed to continue operating until March 2026, as it has sufficient fuel to complete its current cycle before having to shut down for routine refuelling.

REFOCUSING THE GENERATION RECOVERY PLAN: FROM STABILISATION TO SUSTAINABLE RELIABILITY

Eskom's Generation Recovery Plan, originally launched in March 2023, has delivered measurable improvements in plant availability and system stability, while laying the foundation for deeper structural reforms. The most notable achievement is the avoidance of loadshedding on 352 out of 365 days, with only five isolated instances of loadshedding between January and May 2025, with four of those in FY2025. EAF levels over 70% were achieved on multiple occasions.

The plan was significantly refocused and expanded after year end to transition from short-term recovery to long-term reliability and sustainability, culminating in the launch of the Generation Operational Reliability and Sustainability Plan. The expanded plan introduces a strategic shift from reactive recovery of plant availability to a proactive focus on long-term reliability and sustainability. This shift is anchored in four key focus areas:

1. Improving plant reliability by reducing unplanned unavailability

- Reducing unit trips and unplanned losses, which varied by up to 4 000MW during FY2025
- Prioritising recovery at stations with high partial load losses, such as Kendal, Majuba and Tutuka
- Addressing cross-cutting technical issues across multiple stations (such as mills, turbines, ash plant and cooling towers)

2. Enhancing outage planning and execution

- Strengthening the Outage Performance Improvement Centre (OPIC) to provide central oversight and assurance
- Improving outage readiness, due-date performance and post-outage reliability

3. Executing strategic projects

- Achieving commercial operation of Kusile Unit 6
- Recovering capacity under long-term outages at Medupi Unit 4 and Koeberg Unit 1
- Executing midlife refurbishment projects at Kendal, Matimba, Lethabo and Majuba

4. Embedding a people, plant and process mindset

- Implementing leadership and technical development programmes
- Strengthening contract management, spares procurement and operational excellence initiatives
- Finalising long-term contracts with OEMs

The previous focus on the top six underperforming stations – Duvha, Kendal, Kusile, Majuba, Matla and Tutuka – has since been refined. Matla will be removed from the priority list due to sustained improvement, and Matimba will be added. Arnot and Kriel will continue to be closely monitored.

Station-specific recovery plans, incorporating recommendations by external experts, are being implemented with support from the Generation Recovery Office and Centres of Excellence for Operations, Maintenance and Outages. These plans are closely tracked to ensure accountability and measurable progress.

Eskom has deepened collaboration with international utilities and OEMs to address persistent technical challenges and enable skills transfer. Examples include:

- KEPCO and Siemens supporting boiler optimisation and outage execution at Kendal and Majuba
- CNEEC providing spares and refurbishment support at Tutuka and Lethabo
- NTPC assisting with FGD optimisation at Kusile

The revised Generation Operational Reliability and Sustainability Plan aspires to an EAF trajectory of 66% by the end of FY2026, 68% by FY2027 and 70% from FY2028 onwards. These targets are supported by the closure of enabling actions identified in external reviews coupled with the continued implementation of the Energy Action Plan in collaboration with NECOM.



Strengthening our infrastructure *continued*

ENERGY SUPPLIED BY IPPs

We continue to procure energy from IPPs under a range of government-led programmes, which are essential to diversifying the country's energy mix towards cleaner energy sources, enhancing system resilience and supporting the transition to a more competitive electricity market.

We had 124 power purchase agreements (PPAs) in place at year end through NTCSA, representing total contracted capacity of 10 216MW. Energy was supplied by 95 renewable energy projects with combined capacity of 6 180MW under the Renewable Energy IPP (RE-IPP) Programme. NTCSA also procures capacity from two IPP-owned OCGT with capacity of 1 005MW, together with the Risk Mitigation IPP Procurement Programme (RMIPPPP) of 150MW and the Emergency Generation short-term energy procurement programme which contribute combined capacity of 160MW at year end.

IR For a breakdown of IPP operational capacity by source, refer to "Plant information" on page 145

Despite this progress, delays in bringing new IPP capacity online – relative to the expectations set out in the Integrated Resource Plan (IRP) 2019 – continue to place pressure on the national grid, with no new renewable IPP capacity being commissioned during the year. These delays have necessitated increased reliance on Eskom and IPP-owned OCGTs to make up the shortfall and mitigate the risk of loadshedding. We continue to collaborate with partners across Government and the private sector to accelerate delivery and improve procurement efficiency to allow IPPs to play a vital role in securing South Africa's energy future.

ENERGY CAPACITY AND PURCHASES

Available IPP capacity and details of energy procured under various IPP programmes is set out below.

Measure and unit	Target 2028 ¹	Target 2026	Target 2025	Target met?	Actual 2025	Actual 2024	Actual 2023
Total capacity, MW	9 859	7 559	9 164	●	7 495	7 495	7 110
Total energy purchases, GWh	93 700	28 307	23 921	●	19 365	20 183	17 957
Total spent on energy, R million	202 404	60 408	58 771	●	47 274	49 407	43 400
Lease accounting adjustment, R million ²	(4 893)	(2 592)	(4 085)	n/a	(1 631)	(1 632)	(1 635)
Total expenditure, R million	197 511	57 816	54 686	●	45 643	47 775	41 765
Weighted average cost, c/kWh ³	211	213	246	●	244	245	242

- The 2028 target is the cumulative target over the next three years.
- For accounting purposes, the fixed capacity charges for the Avon and Dedisa IPP OCGTs are treated as arrangements that contain a lease in terms of IFRS 16. Refer to note 2.8 in the financial statements for the related accounting policy.
- The weighted average cost is calculated on the total amount spent on energy, before deducting the lease adjustment.

IR Refer to "Impacting the environment – Investing in renewable energy" for more information on energy supplied by renewable IPPs

PROGRESS ON IPP PROGRAMMES

RE-IPP Programme

Bid window 5: Of the 25 projects (2 583MW) announced in October 2021, 19 projects (1 759MW) reached legal close. Of these, 11 projects (1 159MW) are under construction and expected to reach commercial operation in FY2026. Eight projects (600MW) failed to reach commercial close and have been withdrawn.

Bid window 6: Six preferred bidders (1 000MW) were announced in December 2022. Two projects (360MW) reached legal close in April 2024, with commercial operation anticipated over the next 12-18 months. The remaining four projects received extensions to March 2026 to reach commercial close.

Bid window 7: Launched in December 2023 with a request for proposals for 5 000MW. Eight preferred bidders (1 760MW) were announced in December 2024. Governance approvals have been obtained from NTCSA, and final governance approval through Eskom's Board to conclude PPAs with the preferred bidders is underway.

Risk Mitigation IPP Procurement Programme (RMIPPPP)

The RMIPPPP initially identified 11 preferred bidders (1 996MW). Of that, 1 568MW had to withdraw from the programme due to unresolved environmental and port authorisation issues. Three solar PV projects with battery storage (150MW) achieved commercial operation by December 2023. The remaining 278MW is in construction and expected to achieve commercial operation during FY2026.

Eskom's short-term procurement programmes

Eskom launched two short-term procurement mechanisms during FY2023 to address the prevailing capacity shortfall.

Standard Offer Programme: Enables Eskom to purchase energy from customers or generators with surplus capacity at the avoided cost of Eskom generation. By 31 March 2025, agreements for 620MW had been signed, with projects expected to come online during FY2026.

Emergency Generation Programme: Allows for the procurement of energy from existing generators at prices below Eskom's marginal cost of generation. Six contracts were awarded, with two projects (160MW) operational during FY2025. However, these contracts and their associated approvals expired by the end of the year; governance processes are underway to extend the programme.



In terms of pricing structure, the Standard Offer sets a fixed price at which suppliers can choose to sell to NTCSA, while the Emergency Generation Programme allows suppliers to bid their price and volume, with NTCSA selecting offers based on system needs and cost-effectiveness.

Battery Energy Storage IPP Programme (BESIPPP)

Round 1: Five preferred bidders (513MW) were announced. Four projects achieved commercial close by the end of November 2024 and the remaining project achieve commercial close in June 2025. The projects are in construction and are anticipated to achieve commercial operation from July 2026.

Round 2: Launched in December 2023 for 615MW across eight sites in the North West. Eight preferred bidders were announced in December 2024. Governance approvals have been obtained from NTCSA, and final governance approval through Eskom's Board to conclude PPAs with the preferred bidders is underway.

Round 3: Launched in March 2024 for 616MW across five sites in the Free State. Bid submissions closed in November 2024, with five preferred bidders announced in May 2025. The process to obtain governance approvals to conclude PPAs with the preferred bidders is underway.

Strengthening our infrastructure *continued*

Gas-to-Power Programme

Launched in December 2023 with a request for proposals to procure 2 000MW of land-based gas-fired capacity. The bid submission deadline was extended to October 2025. The expectation is that this will be at various sites.

DEE has requested NTCSA to consider a consolidated 6GW gas programme to kickstart a local gas industry. Studies are underway to investigate an appropriately sized gas generation plant that would support the bankability of a gas import terminal.

International sales and purchase volumes

GWh	Target 2028 ¹	Target 2026	Target 2025	Target met?	Actual 2025	Actual 2024	Actual 2023
International sales	31 805	10 591	10 471	●	14 532	10 362	11 437
International purchases	16 814	4 791	9 776	●	7 570	9 150	8 654
Net sales	14 991	5 800	695	●	6 962	1 212	2 783

1. The 2028 target is the cumulative target over the next three years.

International sales rose by 40% year-on-year, driven by emergency support needed by neighbouring countries and opportunistic sales on a non-firm basis, with the regional drought reducing the power available from other sources. This success was facilitated by our improved generation performance.

Firm power supply agreements were concluded or extended with Botswana, Namibia and Zambia. These agreements are expected to become increasingly common as the generation mix evolves. Non-firm exports are only possible when supply is not constrained and when loadshedding is not required.

Cross-border purchase volumes declined by 17% due to lower output from Hidroelétrica de Cahora Bassa (HCB) as a result of the regional drought. Additionally, more faults and outages were experienced on the high-voltage direct current (HVDC) scheme that delivers the power to our transmission grid.

CROSS-BORDER POWER IMPORTS AND EXPORTS

We actively participate in the Southern African Power Pool (SAPP), which facilitates coordinated planning and operation of the interconnected power systems of its nine member countries. This regional collaboration supports reliable and cost-effective electricity supply across Southern Africa.

STRENGTHENING REGIONAL ENERGY COOPERATION

As part of initiatives under the National Energy Crisis Committee (NECOM), NTCSA is actively pursuing a short-term energy purchase programme from cross-border utilities and IPPs to alleviate domestic supply constraints. The programme will use a standard offer mechanism which reflects the avoided cost of generation.

The Cross-Border Standard Offer Programme was launched in October 2023, following receipt of the necessary government approvals. Although several applications have been received from IPPs in neighbouring countries, none have met the criteria for development towards a power purchase agreement.

These regional procurement efforts form part of our comprehensive strategy to diversify generation supply sources, enhance grid stability and reduce reliance on expensive emergency generation alternatives. These initiatives not only bolster security of supply, but also reinforce South Africa's leadership in promoting regional energy integration and cooperation.

NETWORK PERFORMANCE

NTCSA's transmission network plays a foundational role in ensuring the secure and efficient delivery of electricity across South Africa, with high-voltage lines evacuating energy from our power stations. An extensive distribution network distributes electricity delivered by the transmission network and IPPs to customers. We also supply redistributors (municipalities and metros) that manage their own distribution networks.

IR Detail of our transmission and distribution infrastructure is set out on page 147

Measure and unit	Target 2028	Target 2026	Target 2025	Target met?	Actual 2025	Actual 2024	Actual 2023
Number of system minutes lost <1, minutes ^{SC, 1}	3.53	3.53	3.53	●	4.37	3.29	4.71
Number of major incidents ≥1 minute, number	2	2	2	●	4	1	1
System average interruption duration index (SAIDI), hours ^{SC}	36.8	37.5	38.0	●	34.9	34.9	35.5
System average interruption frequency index (SAIFI), events	14.3	14.5	17.5	●	11.7	11.7	11.8
Restoration time, % ²	91.5	91.5	91.5	●	93.5	93.1	92.2
Distribution energy losses, % ^{SC}	10.46	11.33	9.65	●	10.42	9.92	9.74

1. One system minute is equivalent to interrupting the whole of South Africa at maximum demand for one minute.

2. Restoration time considers the time it takes to restore supply during an unplanned outage by measuring the percentage of dispatched work orders where power is restored within 7.5 hours.

TRANSMISSION NETWORK PERFORMANCE

System reliability performance for system minutes lost <1 performed outside target at 4.37 minutes (2024: 3.29), with four major incidents being recorded during the year (2024: one), due to several equipment failures at substations, human-related incidents as well as a veld fire that tripped several transmission lines. Nonetheless, switchgear performance improved due to the reduced frequency of switching operations related to loadshedding.

Challenges persist due to ageing infrastructure which requires refurbishment. To improve overall system performance over the medium term, NTCSA is implementing the following initiatives:

- Reinforcing and refurbishing critical infrastructure through system strengthening (N-1) projects
- Ensuring disciplined maintenance execution
- Minimising human error and enhancing operational efficiency

TRANSMISSION DEVELOPMENT PLAN (TDP)

NTCSA is committed to increasing grid capacity and ensuring grid stability to support the grid connection of much-needed new renewable generation capacity. The Transmission Development Plan 2024 (TDP) was published at the end of October 2024, setting out the capital investment strategy to facilitate the grid connection of additional generation capacity. The TDP represents the most ambitious infrastructure expansion initiative in Eskom's history.

The 2024 update highlights the urgency of constructing approximately 14 500km of new high-voltage transmission lines by 2034, which is essential to unlock grid capacity and enable the integration of 37GW of new generation capacity. This ambition requires an average construction rate of 1 500km

Strengthening our infrastructure *continued*

annually, a significant increase from around 300km per year over the past five years. The regions being prioritised for expansion are the Western Cape (12GW), Eastern Cape (7GW), Northern Cape (6GW) and Mpumalanga (5GW).

Under the TDP, the focus remains on accelerating project development and execution. To accelerate delivery, NTCSA is implementing innovative project delivery models, including public-private partnerships and the Independent Transmission Projects (ITP) programme. These initiatives are designed to attract private investment, share risk and expedite execution while maintaining system integrity. Capital affordability is influenced by NERSA's decision on the MYPD 6 application, in light of the restriction on borrowings under Government's debt relief programme.

DISTRIBUTION NETWORK PERFORMANCE

Distribution network performance, measured by the frequency and duration of customer interruptions and the time taken to restore supply, remained consistent with the prior year and significantly better than target. However, electricity theft through illegal connections, meter tampering and illegal vending continue to present significant financial and operational challenges. Overloaded networks and transformers, particularly in high-density and informal areas, combined with theft and vandalism of equipment, exert pressure on the network, leading to increased system interruptions. These challenges impact performance and divert resources from attending to planned maintenance, network faults and other critical incidents.

IR Refer to "Energy losses and equipment theft" below for more information on our efforts to reduce these losses

To safeguard network equipment and ensure public safety, we have to utilise load reduction to protect transformers overloaded due to illegal connections. In doing so, we aim to mitigate the human, financial and operational cost of repeated equipment failures.

As part of the Key Revision Number (KRN) rollover project, 7.2 million prepaid meters were successfully recoded from KRN 1 to KRN 2, with around 5.6 million meters actively transacting. Additionally, around 800 000 smart meters have been installed as

part of the digitalisation and metering infrastructure refurbishment programme. Once fully operational, these meters will facilitate load limiting, prevent meter tampering and manage customer debt through remote disconnections.

The outage management system pilot concluded during the year will be rolled out to all operating units in FY2026. This initiative is expected to improve efficiency in handling both planned and unplanned (forced) interruptions.

To support long-term network sustainability and enable future revenue growth, Distribution plans to strengthen the network by construction of around 1 800km of lines over the next five years. This investment is crucial to:

- Accommodate growing distributed energy resources and embedded generation
- Improve service reliability
- Reduce technical losses
- Enable customer-centric innovations such as smart metering and microgrids

ENERGY LOSSES AND EQUIPMENT THEFT

Eskom continues to face significant energy losses across our networks, comprising both technical and non-technical components. These losses have material financial and operational implications, particularly in the context of constrained supply and rising infrastructure costs.

Technical losses are an inherent feature of transmitting and distributing electricity, resulting from energy dissipated as heat when electricity flows through conductors, transformers and other network equipment. These losses are influenced by network design, conductor resistance, asset condition and load profiles.

Non-technical losses, however, remain the dominant concern. These include electricity theft, illegal connections, meter tampering and bypassing, ghost vending (the purchase of fraudulent prepaid tokens) and billing inaccuracies. These activities not only erode revenue but also compromise network integrity and public safety.

Total energy losses remained elevated at 12.34% (2024: 11.98%), with distribution losses accounting for 10.42% and transmission losses for 2.35% (2024: 9.92% and 2.23% respectively). Total distribution energy losses amounted to 20.5TWh, of which almost 73% – or 14.9TWh – were attributed to non-technical losses (2024: 13.9TWh out of 19.1TWh). The estimated cost of these non-technical losses, based on the variable cost of coal-fired production, was estimated at R7.2 billion for the year (2024: R6.4 billion). The associated revenue loss is much greater.

REDUCING TECHNICAL LOSSES

To mitigate technical losses, we are implementing targeted interventions on medium-voltage networks, including:

- Correction of voltage phase imbalances on feeders
- Network reconfiguration to optimise load distribution
- Replacement of ageing infrastructure contributing to elevated losses

These measures are aligned with our broader grid modernisation strategy and are essential to improving operational efficiency, reducing losses and enhancing financial sustainability.

CURBING NON-TECHNICAL LOSSES

We have intensified efforts to curb non-technical losses through a multi-pronged strategy:

Reducing zero buyers: The KRN rollover project, completed in November 2024, uncovered approximately 2.2 million customers who were either buying tokens from ghost vendors or had tampered with their meters; these are referred to as zero buyers. Substantial progress was made during the year, with zero buyers reducing by almost 900 000, driven by the Zero Buyers Reduction programme.

Smart meter rollout: The conversion of conventional meters to smart prepaid meters is being prioritised in high-risk areas, as smart meters with advanced metering infrastructure will contribute to preventing illegal vending. Around 800 000 smart meters were installed during the year, with another 7.2 million meters to be installed over the next three years under our compact with the shareholder.

Community engagement: We continue to engage with community leaders to promote awareness, encourage legal connections and foster shared responsibility for infrastructure protection and safe electricity use.

IR For more information on addressing electricity theft through ghost vending, refer to "Fighting crime, fraud and corruption – Ongoing investigation into the breach of Eskom's online vending system"

AFS Note 45.2 in the financial statements deals with the associated contingent liability

Theft of overhead aluminium conductors, copper cables and pylon components continues to disrupt operations. We have deployed advanced intrusion detection systems at substations, replaced stolen copper with lower-value alternatives and intensified intelligence-led disruption operations. Despite these interventions, conductor and cable theft alone resulted in losses of R77 million from 1 585 incidents during the year (2024: R120 million from 2 380 incidents). Eskom continues to collaborate with other state-owned companies, industry stakeholders, the South African Police Service and the National Prosecuting Authority to strengthen enforcement and prosecution. These efforts contributed to the decline in incidents and led to 73 arrests during the year (2024: 126 arrests).

DELIVERING CAPACITY EXPANSION

Since inception of our capacity expansion programme in 2005 to 31 March 2025, we have increased installed generation capacity by 16 328MW, extended high-voltage transmission lines by 8 915km and enhanced transmission substation capacity by 42 148MVA. The programme is on track for completion by FY2028.

We made notable progress in advancing the expansion of generation and transmission capacity during FY2025, despite earlier setbacks and ongoing constraints.

Strengthening our infrastructure *continued*

Measure and unit	Target 2028 ¹	Target 2026	Target 2025	Target met?	Actual 2025	Actual 2024	Actual 2023
Generation capacity installed and commissioned (commercial operation), MW ^{SC, 2}	800	800	800	●	799	–	799
Transmission lines installed, km ^{SC}	2 635.0	423.0	286.0	●	292.6	74.4	326.1
Transmission transformer capacity installed and commissioned, MVA ^{SC}	17 750	3 750	2 380	●	2 620	23	–

1. The 2028 target is the cumulative capacity or lines to be commissioned and/or installed over the next three years.

2. The 2025 generation capacity target is a repeat of the 2024 target, i.e. the delivery of Kusile Unit 5, which was not achieved in FY2024. The cumulative target to 2028 refers to the delivery of Kusile Unit 6 in FY2026.

In September 2022, the gas air heater on Kusile Unit 5 caught fire during the third boiler steam blows, which was the final milestone activity prior to first synchronisation of the unit. This resulted in the suspension of all commissioning activities, causing significant delays. Comprehensive repairs were required before commissioning activities – including plant optimisation and capability tests – could resume. The repairs were completed by the end of August 2023 and the unit was successfully synchronised to the grid on 31 December 2023. The unit went into commercial operation on 30 June 2024, adding 799MW of installed capacity to the grid. Despite the final rated capacity of the unit being 1MW lower than planned, it is considered to have met the shareholder compact expectation.

NTCSA's focused efforts and ongoing risk management strategies enabled the target for the installation of transmission lines installed for the year being exceeded, with significant progress achieved across four key projects. The target for transformer capacity was also exceeded, with 2 040MVA being commissioned at six substations together with an additional 580MVA from three IPP self-build projects.

To advance the TDP, aimed at extending transmission lines and transformer capacity to support the grid connection of 37GW in additional generation capacity over the coming years, emphasis remains on accelerating project development and execution. Notable project risks include contractor performance, community unrest, servitude access and delays in placing major contracts. The TDP Execution Oversight Committee was set up to closely monitor project progress and delivery.

Potential manufacturing delays could impact future transformer capacity delivery. To mitigate this risk, 23 international factories have been accredited to supply high-voltage transformers and a panel of 14 owner's engineers appointed to supplement NTCSA's internal project development, engineering and project management capabilities.

Group funded capital expenditure (excluding capitalised borrowing costs)

Area, R million	Target 2028 ¹	Target 2026	Target 2025	Actual 2025	Actual 2024	Actual 2023
Generation plant	74 424	27 953	26 525	26 683	26 531	24 517
Transmission network	60 555	9 800	6 732	6 473	4 269	3 543
Distribution network	36 642	8 980	3 507	4 112	2 879	2 603
Subtotal: infrastructure investment	171 621	46 733	36 764	37 268	33 679	30 663
Future coal and nuclear fuel	11 643	3 594	3 851	3 011	2 769	2 861
Other support areas	3 185	1 703	1 604	855	573	425
Total group funded capital expenditure ²	186 449	52 030	42 219	41 134	37 021	33 949

1. The 2028 target is the cumulative capital expenditure targeted over the next three years. An amount of R52 billion is targeted in 2026, with R65.4 billion in 2027 and R69 billion in 2028.

2. Capital expenditure includes additions to property, plant and equipment, intangible assets and future fuel, but excludes strategic spares, construction stock and capitalised borrowing costs. Figures noted above are based on internal reporting and do not necessarily align to the movement on property, plant and equipment as disclosed in note 8 in the annual financial statements.

Capital expenditure for the year was R1.1 billion lower than budget, primarily due to delays on the battery energy storage project and future fuel projects at several collieries, as well as commercial delays affecting transmission network strengthening and refurbishment projects. This was partially offset by increased spend on Distribution's rollout of smart meters.

MEDUPI AND KUSILE PROJECT PERFORMANCE

On Kusile Unit 6, all key commissioning milestones have been successfully achieved, and the unit was synchronised to the grid on 23 March 2025, followed by full load on 23 April 2025. The unit has since been contributing base-load power to the grid. The unit has undergone extensive testing and optimisation – which includes grid code compliance, a 72-hour continuous run and 30-day reliability run – ahead of commercial operation, which was achieved on 29 September 2025. The overall Kusile project is on track for completion early in FY2028.

Kusile Units 1 to 3 – which were taken offline in October 2022 following a flue gas duct failure in the west chimney stack – have been successfully returned to service using temporary stacks about a year later. The stabilisation of the main stack was completed in July 2024. The reinstatement of the flue gas desulphurisation (FGD) plant and main stack for

Unit 3 was completed and the unit returned to service on 7 February 2025. The reinstatement of Unit 2 was completed on schedule and the unit was reconnected to the permanent stack on 31 March 2025. Unit 1 was shut down for a planned outage on 31 March 2025, ensuring compliance with DFFE's exemption for operating the temporary stacks. The unit returned from outage connected to the permanent stack on 4 June 2025. Dismantling of the original stack has been completed, with all construction work expected to be completed by the third quarter of FY2026.

At Medupi, five units were in full commercial operation during the year under review, with Medupi Unit 4 remaining offline following the generator explosion in August 2021 until it was returned to service with a used generator stator on 6 July 2025.

IR For more information on the return to service of Medupi Unit 4 subsequent to the year end, refer to "Generation performance – Full load losses due to major incidents" earlier in this section

The focus at Medupi is on completing the remaining balance-of-plant scope, resolving outstanding claims and moving towards full project close-out. The FGD retrofit project is a longer-term priority to ensure environmental compliance.

Strengthening our infrastructure *continued*

CORRECTING MAJOR DESIGN AND CONSTRUCTION DEFECTS AT MEDUPI AND KUSILE

The technical remediation of all major plant defects at both the Medupi and Kusile power stations were successfully completed by December 2024. These corrective measures have resulted in a steady improvement in unit availability and reliability, supporting our broader objective of stabilising generation performance and ensuring that new-build assets meet contractual performance obligations.

The defect correction programme was executed in close collaboration with the original contractors and overseen by Eskom Engineering. The total cost of addressing boiler plant defects at both stations amounted to R688 million. These costs were contained within the Board-approved execution release approvals (ERAs) for the projects.

Establishing accountability for the defects remains a priority. The contractual process to determine liability is ongoing, with responsible parties being held to account within the provisions of their contracts. We continue to enforce our rights to ensure that the financial burden of these defects is not transferred to the utility or the public.

While the major technical issues have been resolved, further modifications may be required to address residual performance risks or to enhance long-term operational efficiency. These will be planned, budgeted and implemented as part of the ongoing technical optimisation programmes at each site, depending on unit outage availability under the outage plan and the extent of solutions required.

The successful resolution of these long-standing defects marks a critical milestone in Eskom's infrastructure recovery journey and reinforces our commitment to engineering excellence, contractual discipline and operational resilience.

OTHER PROJECTS MEDUPI FGD RETROFIT

The Medupi FGD retrofit project is a critical component of our environmental compliance strategy and a key condition of the World Bank's funding agreement for Medupi Power Station. The retrofit will enable Eskom to reduce sulphur dioxide emissions in line with South Africa's atmospheric emission licence (AEL) requirements and international best practices.

While Kusile Power Station was commissioned with wet FGD technology installed, Medupi's original business case included a commitment to retrofit FGD systems within six years of each unit's commissioning, aligned with scheduled general overhaul outages, supporting our broader air quality strategy and long-term sustainability objectives.

The project remains in the development phase. The Board's Investment and Finance Committee has approved Eskom's revised strategy, which confirmed wet FGD as the preferred technology.

The request for proposal for the project and the closing date has been extended to 2 February 2026 following requests from bidders. The design, fabrication and construction will follow contract award. As the lead funder on the Medupi project, the World Bank

is regularly updated on the status and progress – it will be provided with a more accurate programme after contract award to the chosen Engineering, Procurement and Construction supplier and delivery partner. The final schedule will depend on the chosen contractor's execution schedule, the technology solution selected and the power station outage plan.

Implementation of the last three FGD units is dependent on an additional water supply line from Thabazimbi, implemented by the Trans-Caledon Tunnel Authority, an agency of the Department of Water and Sanitation. The construction tender was awarded early in FY2026, with completion of this critical supply line being anticipated by January 2030. Water for the first three units of Medupi's FGD retrofits will be available from the existing Mokolo Dam.

The original cost estimate of R38.4 billion has been revised to R41.7 billion, reflecting inflationary pressures and market dynamics. This estimate will be further refined following the conclusion of the tender process.

Meeting the atmospheric emission licence (AEL) conditions and adhering to lender timelines pose significant challenges. We are actively engaging with the shareholder and other relevant stakeholders regarding the possibility of an extension.

BATTERY ENERGY STORAGE SYSTEM

Eskom's battery energy storage system (BESS) programme is a cornerstone of our strategy to modernise the grid, enhance system flexibility and support the integration of renewable energy. The programme is co-financed by the World Bank, the New Development Bank and the African Development Bank, and is aligned with South Africa's broader energy transition objectives.

The BESS initiative addresses local system challenges – such as peak demand, grid congestion and renewable intermittency – while demonstrating the viability of large-scale storage deployment in support of the national renewable energy strategy. Phase 1 of the BESS programme will deliver approximately 800MWh of storage capacity across four implementation packages.

Under phase 1, the Hex site is complete and fully operational. The Pongola and Elandskop sites achieved commercial operation in October 2024, contributing to grid stability and peak demand management. Construction activities, although delayed, continue at the Skaapvlei, Graafwater and Paleisheuvel sites – all of the battery equipment has been delivered, and commissioning is anticipated during FY2026. We expect the contract for the Melkhout and Rietfontein sites to be awarded by the third quarter of FY2026 following the no-objection decision from the World Bank.

Phase 2 of the project is on hold given Government's debt relief conditions and the lack of funds from our own reserves. However, the 600MWh Komati PV and BESS project has been decoupled from phase 2 and is proceeding under existing approvals.



Strengthening our infrastructure *continued*

RESEARCH AND DEVELOPMENT PROJECTS

Our Research, Testing and Development (RT&D) unit plays a pivotal role in supporting the organisation's strategic transformation and future sustainability, by ensuring that Eskom remains at the forefront of energy technology advancements. The research agenda is shaped by the needs of our core business, with the emphasis on applied research that delivers hands-on, operational solutions directly aligned with our strategic objectives. At the same time, we examine emerging technologies and innovations to ensure that Eskom remains competitive and sustainable.

Investment in projects is based on a 60:30:10 strategy across the short, medium and long term. In the short term, RT&D's strategy focuses on supporting operational recovery across the generation, transmission and distribution businesses. Over the medium term, the unit is enabling the transition from coal-based generation to a diversified, lower-carbon energy mix. In the long term, it is assisting to position Eskom as a leading clean energy utility, driving innovation, sustainability and competitiveness in a transformed electricity industry.

During the past year, RT&D advanced several high-priority initiatives aligned with Eskom's operational and strategic objectives.

- **High-resistant fabric filter bags**

High-resistance filter bags were installed at Medupi and Kusile to address corrosion and erosion in fabric filter plants. These improve gas distribution and filtration efficiency, reducing operational downtime required for maintenance and enhancing environmental compliance through improved air quality control.

- **Low fuel ignitors**

Plasma and mini oil burner ignition systems are being piloted to reduce fuel oil consumption during start-up and low-load operations, thereby lowering operating costs and improving efficiency at coal-fired stations.

- **Grid-forming inverters**

Research was concluded on the role of grid-forming inverters to enhanced grid stability in utility-scale renewable integration. Recommendations based on the Finnish specification will be proposed to update the national grid code.

- **Dynamic volt-amp reactive (D-VAR) devices**

D-VAR technology is being piloted to manage voltage fluctuations caused by variable solar and wind generation on medium-voltage networks. This will improve power quality and voltage regulation in renewable energy-rich areas.

- **Kilbarchan passive mine water treatment**

A passive treatment system is being tested at a rehabilitated coal mine to manage contaminated water discharge. If successful, this will lead to a cost-effective, low-maintenance solution supporting long-term environmental protection.

- **Infrastructure protection using beneficiated ash**

Ash-based concrete, which is fireproof and more durable than traditional cement, is being piloted to protect telecom infrastructure from vandalism and theft. This will enhance infrastructure resilience using sustainable materials.

SR For more on our efforts to find innovative applications for beneficiated ash, refer to "Environmental management – coal ash beneficiation" in the sustainability report

These initiatives are complemented by our broader innovation agenda, which includes deploying containerised microgrids for the electrification of rural communities and to enable charging of electric vehicles (EVs), as well as rolling out Africa's largest battery energy storage system (BESS) at the Hex site in the Western Cape.

SR For more on these initiatives, refer to "Research and development" in the sustainability report

RT&D continues to collaborate with academic institutions, industry partners and international agencies to accelerate the development and deployment of technologies that support Eskom's Just Energy Transition (JET), operational improvement, environmental compliance and digital transformation goals.



Interacting with the environment

As an electricity utility reliant on resource-intensive processes, our operations continue to exert a significant impact on the environment, while our operations are also affected by the environment. We depend primarily on non-renewable resources – coal, water, nuclear fuel and diesel – to generate electricity, which result in emissions, land and biodiversity impacts, as well as ash and other waste streams that must be managed responsibly. Our nuclear power station, Koeberg, uses little fresh water, and nuclear is considered a low-carbon technology. We remain committed to reducing our environmental footprint through targeted interventions across air quality, water use, waste management and biodiversity protection, together with burning coal more efficiently to reduce the environmental impact.

Key milestones in FY2025 included the reinstatement of the permanent flue gas desulphurisation (FGD) stack serving Kusile Units 1, 2 and 3 to reduce SO₂ emissions. We also achieved a reduction in CO₂ emissions compared to 2019 levels of around 9%, contributing to a declining share of national greenhouse gas emissions, which now stands at around 41%. Our particulate emissions and relative water consumption reduced further by taking partial load losses at less efficient units when required and the operation of dry-cooled stations such as Medupi, Kusile, Matimba and Kendal.

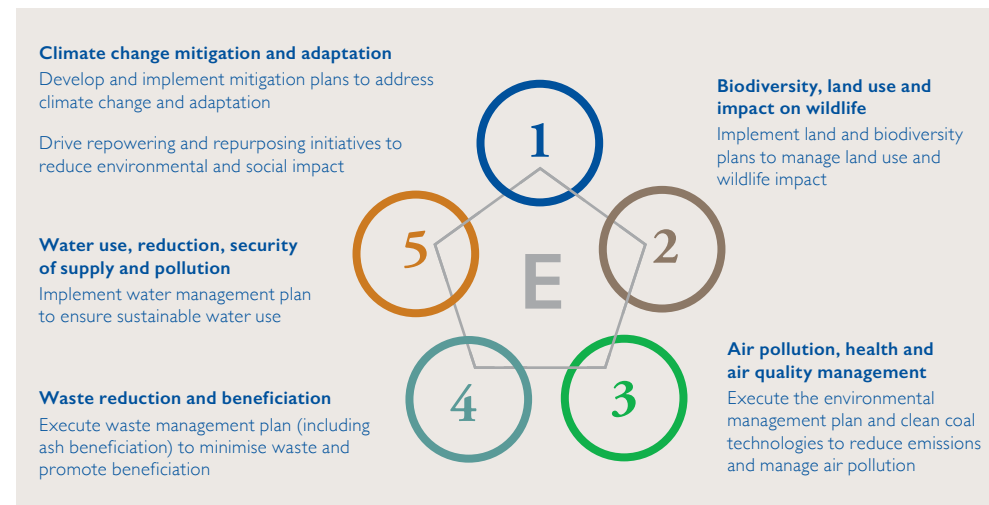
We acknowledge our environmental compliance challenges. In response, we are implementing long-term strategies to address these challenges. These include the Just Energy Transition strategy which covers the repowering and repurposing of

ageing power stations, the deployment of advanced technologies to improve environmental performance, together with a strategic shift toward renewable energy investments.

A cornerstone of Eskom's sustainability agenda is our commitment to increasing the share of renewables in our energy portfolio, thereby reducing our carbon footprint and aligning with national and global climate objectives. These initiatives are embedded within our broader strategic planning and risk management frameworks. We continue to focus on compliance with licences for atmospheric emissions, water use and other activities as well as our ash beneficiation initiatives, aligned to our value of Zero Harm. These actions and initiatives demonstrate our dedication to responsible corporate citizenship and long-term environmental stewardship.

Climate change remains a central concern. In alignment with the Climate Change Act, 2024 which came into effect in March 2025, we implemented divisional and subsidiary climate adaptation plans and strengthened our risk management systems and reporting on greenhouse gas (GHG) emissions. Our GHG emissions for FY2025 were limited to 205.1Mt CO₂e, well below the baseline of 214Mt CO₂e expressed in our second Pollution Prevention Plan. These efforts support our Just Energy Transition and our long-term goal of achieving net-zero emissions by 2050. We are actively reducing our environmental footprint while supporting global and national climate commitments.

We are also dedicated to embedding the environmental aspect of our ESG plan into our operations as shown below.



SECURING OUR RESOURCE REQUIREMENTS

Eskom's electricity generation relies on a diverse mix of primary energy sources: coal, fuel oil, diesel, nuclear fuel and water, together with sun and wind for renewable plant. In FY2025, securing these resources remained vital to ensuring system reliability, affordability and environmental compliance. Our primary energy sourcing approach prioritised timely procurement, quality assurance and cost optimisation, while also aligning with our broader strategic objectives of operational recovery, decarbonisation, and long-term sustainability.

BALANCING THE QUALITY AND COST OF OUR COAL SUPPLY

Technical performance

Measure and unit	Target 2028	Target 2026	Target 2025	Target met?	Actual 2025	Actual 2024	Actual 2023
Coal burnt, Mt ¹	90.73	99.10	102.17	●	106.18	99.48	102.38
Coal purchased, Mt	n/a	107.18	106.24	●	107.29	107.45	98.42
Coal purchase R/ton, % increase ^{5C}	n/a	14.0	10.0	●	2.9	6.6	12.6
Coal stock days	n/a	107	92	●	79	80	65
Normalised coal stock days, budgeted standard daily burn ²	n/a	32	32	●	40	45	29

- From 1 April 2022, pre-commissioning burn is no longer capitalised to the asset and instead recognised in primary energy cost. However, pre-commissioning burn is still excluded from the figures reported above. The current year figure excludes 416kt coal burnt during the commissioning at Kusile (2024: 573kt).
- Normalised coal stock days exclude coal at Medupi.

Interacting with the environment *continued*

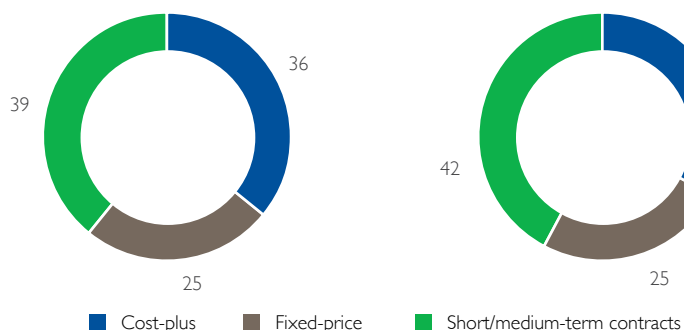
SECURING STABILITY WHILE MANAGING TRANSITION RISK

Coal remains the dominant fuel source in our generation portfolio, accounting for approximately 85% of our installed capacity and more than 90% of energy sent out by Eskom in FY2025. With coal procurement representing around 85% of Eskom's primary energy costs during the year, securing a reliable and cost-effective coal supply of acceptable quality is critical to both operational stability and financial sustainability.

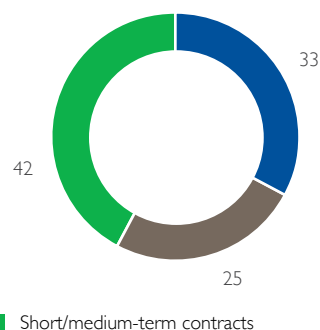
Our coal supply strategy continues to prioritise long-term, cost-effective contracts delivered by conveyor, aligned to station-specific coal quality requirements. In FY2025, this strategy was reinforced to support the Generation Recovery Plan, which enabled a sustained period of improved energy availability and reduced reliance on emergency generation, enabling the achievement of 310 consecutive days without loadshedding until 30 January 2025.

The volumes and value of coal purchased over the past year were made up as follows:

Coal volumes, %



Value of coal purchased, %



To mitigate supply risk and stabilise stock levels, we increased procurement from cost-plus contracts, maintaining a disciplined approach to cost. The average cost per ton of coal rose by only 2.9% year-on-year (2024: 6.6%) due to improved production at cost-plus mines and favourable pricing negotiated with short- and medium-term suppliers.

Although we continued to prioritise the recovery of coal stock days during the year to enhance operational resilience and reduce the risk of supply disruptions, five power stations had coal stock levels below their individual minimum stockholding requirement by year end (2024: none). Despite these shortfalls, all power stations maintained stock levels above the Grid code requirement and normalised coal stock days remained above target, thereby ensuring continued compliance to support operational stability.

To address these shortfalls, we have implemented robust recovery plans. The under-supply from existing suppliers, exacerbated by extended periods of high rainfall, contributed significantly. Furthermore, coal supply to Majuba faced disruptions due to rail infrastructure issues and locomotive failures. We are actively collaborating with Transnet Freight Rail to resolve these challenges and ensure a stable coal supply.

During the year, we concluded several coal supply agreements (CSAs) to address coal requirements across various power stations. Key agreements include:

- Kusile: Approximately 54.4Mt of coal will be supplied by conveyor from a nearby mine
- Duvha and Tutuka requests for proposal: CSAs have been concluded for both stations
- Matla: Renewal negotiations are in progress, with the existing CSA extended until an agreement can be concluded

All supply contracts are actively managed to align with stations' useful lives, avoiding surplus coal stock and financial penalties. This approach supports both operational continuity and our broader transition objectives by ensuring coal supply remains stable while the energy mix evolves.

Our top 10 coal suppliers are set out below.

Supplier	Contract type
Exxaro Coal	Mix of cost-plus and fixed-price
Seriti Coal	Mix of cost-plus and fixed-price
Universal Coal	Fixed-price
Salungano	Fixed-price
Glencore	Fixed-price
HCI Coal	Fixed-price
Mbuyelo	Fixed-price
Into Africa Mining and Exploration	Fixed-price
Mwelase Mining	Fixed-price
Namane Resources	Fixed-price

Managing coal quality to enhance reliability and reduce emissions

Coal quality remained a key operational focus in FY2025, particularly at high-impact stations such as Matla, which accounts for more than 85% of the coal-related load losses. Despite this, coal-related losses were contained at 0.37% OCLF (2024: 0.75%).

Significant progress was made in improving the quality of coal delivered by both conveyor and road. At Matla, a blended supply strategy – mixing coal from the tied colliery with higher-quality sources – was implemented as an interim measure, while longer-term beneficiation options are being explored in collaboration with the mine. Across the system, verification sampling and quality assurance initiatives have yielded measurable improvements in coal quality from short- and medium-term suppliers.

SUSTAINING GENERATION OPERATIONS THROUGH WATER SECURITY

Water remains a critical input for Eskom's coal-fired generation fleet, particularly for cooling and demineralisation water processes. In FY2025, we continued to prioritise water security through long-term supply agreements, infrastructure resilience and proactive engagement with the Department of Water and Sanitation (DWS). Our water strategy aligns with the broader transition to a lower-carbon energy mix, while ensuring uninterrupted operations at existing wet-cooled stations.

The Integrated Vaal River System (IVRS) remained stable at 101.6% storage at 30 March 2025 (2024: 90.7%). Although the system yield is expected to remain in deficit until the Lesotho Highlands Water Project Phase 2 is commissioned in 2028, no restrictions to Eskom's operations are anticipated over the next four years.

The development of the Mokolo Crocodile Water Augmentation Project (MCWAP) Phase 2A is now expected to deliver water by January 2030. This is critical to supporting the flue gas desulphurisation (FGD) retrofit at Medupi and ensuring long-term water supply to Matimba and Exxaro's Grooteegeluk mine. The Mokolo River System, which supplies Matimba and Medupi, remained at full capacity at year end, at 105.5% (2024: 100.2%), but the risk of curtailment remains until MCWAP Phase 2A becomes operational.

IR Refer to "Strengthening our infrastructure – Other projects" on page 108 for more information

The Lesotho Highlands Water Project Phase 1 underwent essential planned maintenance work from October 2024 until April 2025, with some delays experienced. Water supplied from the Vaal Dam to Eskom's power stations, Rand Water and municipalities was not affected as the Vaal Dam's level remained above 100% following a high rainfall period.

Interacting with the environment *continued*

Our water security strategy has been tested by infrastructure constraints, climate variability and the increasing complexity of inter-basin transfers. Although dam levels remained high across key systems, the risk of localised curtailments and water quality deterioration persisted, requiring proactive planning and coordination with DWS and other stakeholders.

Water quality deterioration in the upper Vaal River System remains a concern, with several stations requiring upgrades to water and waste treatment infrastructure to enable operation with poor water quality. We continue to engage with DWS through quarterly forums to address these risks and ensure alignment with national water reallocation strategies.

In response to growing water stress in Gauteng, we have implemented water conservation and demand management measures across our facilities and activated business continuity plans to mitigate the impact of municipal supply interruptions.

Looking ahead, our total water demand is expected to decline over the next decade as older wet-cooled coal stations are decommissioned and replaced by dry-cooled stations together with renewable and nuclear capacity. However, the retrofitting of flue gas desulphurisation (FGD) systems would increase water use at selected stations, requiring careful balancing of environmental compliance and resource efficiency.

IR For a discussion of our water usage, refer to "Managing water consumption" on page 114 in this section

ENSURING KOEBERG'S CONTINUITY THROUGH NUCLEAR FUEL SECURITY

Eskom maintained security of nuclear fuel supply for the Koeberg Nuclear Power Station throughout FY2025. Long-term contracts for enriched uranium product remain in place through 2028, providing continuity and flexibility in the nuclear fuel supply chain. Existing contracts with Westinghouse and Framatome ensured uninterrupted delivery of fabricated nuclear fuel, with sufficient volumes secured to meet operational requirements through the end of the 2025 calendar year. Processes are

underway to initiate a new procurement cycle for fuel fabrication services, with contracts expected to be awarded for deliveries commencing in 2026.

These arrangements are critical to sustaining Koeberg's contribution to South Africa's base-load energy mix, particularly as the station undergoes life-extension and modernisation initiatives aligned with our broader decarbonisation and energy security objectives.

AFS For further information on nuclear fuel balances, refer to note 10 on future fuel supplies and note 13 on inventories in the annual financial statements

REDUCING OUR ENVIRONMENTAL FOOTPRINT

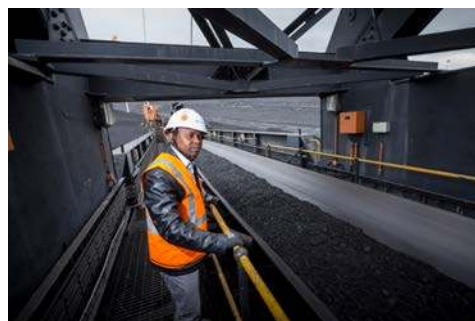
We employ several KPIs to measure the effectiveness of our interventions. These include relative particulate emissions, specific water consumption and the number of reported environmental legal contravention incidents.

The environmental interaction of our operations is strategically managed through the implementation of governance oversight plans. These include comprehensive water management strategies, emission reduction initiatives and air quality improvement plans at our generation facilities. Additionally, we are engaged in bird mortality mitigation projects on our operations.

Measure and unit	Target 2028	Target 2026	Target 2025	Target met?	Actual 2025	Actual 2024	Actual 2023
Particulate emissions, kt ¹	n/a	n/a	n/a	n/a	122.94	145.30	129.32
Relative particulate emissions, kg/MWh sent out ^{SC, 2}	0.33	0.35	0.30	●	0.64	0.79	0.70
Carbon dioxide (CO ₂), Mt ^{1, 3}	n/a	n/a	n/a	n/a	204.6	190.4	187.5
Nitrous oxide (N ₂ O), t ^{1, 3}	n/a	n/a	n/a	n/a	1 470	1 382	1 438
Methane (CH ₄), t ^{1, 3}	n/a	n/a	n/a	n/a	1 567	1 523	1 483
Carbon dioxide equivalent (CO ₂ e), Mt ^{1, 3}	n/a	n/a	n/a	n/a	205.1	190.9	187.9
Sulphur dioxide (SO ₂), kt ^{1, 3}	n/a	n/a	n/a	n/a	1 591	1 431	1 449
Nitrogen oxide (NO _x as NO ₂), kt ^{1, 4}	n/a	n/a	n/a	n/a	772	735	743
Specific water consumption, ℓ/kWh sent out ^{SC, 2}	1.35	1.37	1.37	●	1.40	1.43	1.39
Net raw water consumption, Mℓ ¹	n/a	n/a	n/a	n/a	268 638	260 680	256 430
Environmental legal contraventions, number ¹	n/a	n/a	n/a	n/a	65	68	105
Environmental legal contraventions reported as a result of significant failure of business systems, number ⁵	—	—	—	●	—	7	10

1. No target is set for emission volumes, net raw water consumption or environmental legal contraventions. Therefore, the target for these measures is shown as not applicable.
2. Relative particulate emissions values and specific water consumption include all units at Medupi as well as Kusile Units 1 to 4. Units are only included one year after achieving commercial operation, therefore, Kusile Unit 5 is still excluded. At stations with unusually high emission levels, such as Kendal, the monitors often exceed their maximum limits, resulting in an under-reporting of total emissions and relative performance.
3. Emission figures are calculated based on coal characteristics and power station design parameters using coal analysis and coal burnt tonnages. Figures include coal-fired and gas turbine power stations, as well as oil consumed during power station start-ups.
4. N₂O and NO_x are calculated using average station-specific emission factors (which are measured intermittently) and tonnages of coal burnt.
5. These relate to specific cases of environmental legal contravention incidents that are of high significance in terms of the impact on the environment and/or on Eskom in that they have a material business impact and illustrate a significant failure of business systems.

IR Refer to page 149 for information on the environmental implications of using or saving electricity



Interacting with the environment *continued*

LIMITING PARTICULATE AND GASEOUS EMISSIONS

The generation of electricity through burning coal releases greenhouse gases, particularly carbon dioxide (CO₂) which contributes to climate change. Coal-fired power stations also emit other major contributors to air pollution: these are particulate matter (PM) and gaseous emissions such as nitrogen oxides (NO_x) and sulphur dioxide (SO₂).

Air pollution poses serious global health risks, especially from long-term exposure to fine particulate matter, which contributes to cardiovascular and respiratory diseases. These pollutants harm both humans and the environment. Monitoring ambient air quality is vital for assessing pollution, guiding policies and protecting communities and our employees who live and work near and in coal-fired power stations.

The National Environmental Management: Air Quality Act, 2004 (NEMAQA) requires the installation of technology to reduce emissions. Since the early 1980s, we have implemented pollution reduction technology to reduce particulate matter and NO_x emissions. Kusile Power Station is our first power station to have FGD installed to reduce SO₂ emissions, while Medupi Power Station should be retrofitting FGD.

IR More information on particulate and gaseous emissions is available in the technical statistical table on page 140

COMPLIANCE WITH ATMOSPHERIC EMISSION LICENCES

We are permitted to emit atmospheric pollutants within certain limits, based on atmospheric emission licences (AELs) issued by the authorities to individual power stations.

Coal-fired stations continue to operate in general compliance with emission limits in their AELs, although non-compliance with these limits occurs periodically and are reported to the authorities as required. Our AELs require us to report emergency incidents to the authorities, referred to as section 30 incidents under the National Environmental Management: Air Quality Act, 1998 (NEMAQA).

IR Incidents reported to DFFE under section 30 of NEMAQA are disclosure under "Reducing environmental legal contraventions" later in this section

By year end, 19 units were operating in non-compliance with average monthly emission limits (2024: 16), placing 12 735MW at risk of censure or closure by the authorities (2024: 9 045MW). The main contributors were Kendal, Matla, Lethabo, Matimba and Kriel. Some notable reasons for operating in non-compliance were malfunctions at the dust handling plant, underperformance of the electrostatic precipitators and flue gas conditioning (SO₃) plant, as well as excessive emission exceedances during unit start-ups.

Particulate matter limits

It is estimated that coal-fired units have operated in non-compliance with their allowable daily limits for particulate matter emissions on 1 508 operating days (combined for all units) during the year (2024: 2 235 days). The biggest contributors were continuous exceedances at Matimba, Kendal and Kriel, with deteriorating plant performance and system constraints remaining the greatest contributing factors, with units forced to operate in non-compliance to meet demand and mitigate the risk of loadshedding.

NO_x emission limits

There were three reportable exceedances of NO_x limits by coal-fired power stations during the year (2024: 31). Most of the exceedances initially recorded are either due to monitoring issues, which were proven during investigation to have been misreported as exceedances or legally allowable in terms of the grace periods allowed by AELs relating to upset conditions, unit shutdown or start-up, and maintenance conditions.

SO₂ emission limits

There were no reportable exceedances of daily SO₂ limits by coal-fired power stations during the year (2024: seven). Most of the exceedances initially recorded are due to monitoring issues, which were proven during investigation to have been misreported as exceedances.



Following the failure of the west chimney stack at Kusile in October 2022, the Department of Forestry, Fisheries and the Environment (DFFE) authorised Eskom in June 2023 to construct temporary stacks to operate the units until the permanent stack could be completed. DFFE provided the necessary approvals to operate the temporary stacks at relaxed sulphur dioxide emissions levels while repairs were undertaken to the west stack.

The permanent repair of the west chimney stack at Kusile has been completed. Eskom maintained the necessary environmental approvals to construct and operate the temporary stack solution until 31 March 2025. The reinstatement of the FGD plant has been completed and all three units have been connected to the permanent stack. None of units operated without FGD after 31 March 2025.

For further information on the return of the permanent stack, refer to "Strengthening our infrastructure – Medupi and Kusile project performance" on page 107.

No non-compliance with the SO₂ stack limits or SO₂ ambient standards occurred while operating the temporary stacks.

RELATIVE PARTICULATE EMISSIONS

Relative particulate emission performance of 0.64kg/MWh sent out has shown significant improvement since the previous year (2024: 0.79kg/MWh sent out), despite still falling short of the target. Kriel, Matla, Kendal, Lethabo and Matimba continue to underperform significantly. Factors contributing to poor performance include challenges in dust handling and ash plant operations; poorly performing and damaged electrostatic precipitators (ESPs) which are essential for limiting particulate emissions; and sulphur conditioning (SO₃) plant failures. Additionally, when electricity supply is constrained, some units have to continue operating with high emissions at times in order to mitigate the risk of loadshedding.

Six of the 14 coal-fired stations met their relative emission targets for the year, namely Kusile, Hendrina, Medupi, Tutuka, Camden and Duvha. Additionally, Grootvlei, Arnot and Majuba came close to meeting their targets for the year. The remaining five stations significantly underperformed against their targets.

To address the poor performance, Generation continues to foster a culture of environmental compliance, acknowledging its critical role in enabling sustainable asset management. Efforts are ongoing to implement emission recovery actions across underperforming units. When necessary, underperforming units take partial load losses or they are taken offline for repairs to improve overall operational efficiency.

Kendal emission challenges

In 2019, Eskom was charged with non-compliance with the atmospheric emission licence (AEL) at Kendal Power Station. Proceedings continued since then, with the final court hearing taking place in November 2024. A judgment in Eskom's favour was received in January 2025. In the judgment, the magistrate discharged two charges relating to the exceedance of particulate matter emission limits under normal operating conditions based on a lack of evidence presented by the State. On the third charge, concerning the exceedance of fugitive emission levels from the ashing facility, the magistrate also ruled to discharge the matter.

Interacting with the environment *continued*

Kendal has significantly improved its emissions and regularly achieved compliance on the south stack by year end. This was due to the focused implementation of the agreed-upon emission recovery plan as a condition of the AEL compliance directive received in 2019, with repairs on all units having been completed.

Air quality offset programmes

We are undertaking an air quality offset programme to align to DFFE's call to reduce emissions caused by power generation. The programme aims to reduce particulate matter emissions in communities adjacent to and affected by some of our coal-fired power stations by improving ambient air quality and indoor thermal comfort, through insulating homes with ceilings, switching households from coal to electricity and liquid petroleum gas, and reducing the burning of waste. Our goal is to reduce harmful indoor emissions and create a cleaner, healthier environment for communities living near and affected by our power stations.

The project in KwaZamokuhle near Hendrina concluded in October 2024, with 3 505 houses completed as planned. At Ezamokuhle near Majuba, the project concluded in September 2024, with 2 086 out of a planned 2 100 houses completed. In the Sharpeville area, all six waste clean-ups have been completed. Planning and contracting for further phases of the programme is underway.

COMPLIANCE WITH MINIMUM EMISSION STANDARDS

We are required to reduce gaseous emissions of sulphur dioxide and nitrogen oxides as well as particulate matter under limits set out in the Minimum Emission Standards (MES), first published in 2013 and amended in 2018. The objective of the regulations is to protect people and the environment by requiring reasonable measures for the prevention of pollution and ecological degradation, while ensuring ecologically sustainable development and promoting justifiable economic and social development.

After several rounds of exemption applications and appeals, the then Minister of Forestry, Fisheries and the Environment (DFFE) announced a decision on our appeals on our MES postponement applications

in May 2024, after consultation with the National Environmental Consultative and Advisory Forum she had established. The decision was generally favourable to the continued operation of our coal-fired power stations.

In relation to the power stations that are to be decommissioned by 2030 – Hendrina, Grootvlei, Arnot, Camden and Kriel – our request for suspension of the MES limits was granted; this affects around 10 000MW of installed capacity. The decision allows these stations to continue operating at emission levels attainable using already installed emission reduction technologies. We were directed to submit decommissioning plans within 12 months of the decision. The decommissioning and/or repowering and repurposing plans were prepared and submitted to the DFFE Minister in May 2025 as legally required.

For power stations operating beyond 2030, namely Lethabo, Duvha, Matla, Tutuka, Kendal, Majuba, Medupi and Matimba (affecting around 30 000MW of installed capacity), we were directed to apply for an exemption from the provisions of NEMAQA in respect of each of these facilities within 60 days of the issuance of the decision. We requested an extension, which DFFE granted. After public consultation, the exemption application was submitted in December 2024 as required under the extension.

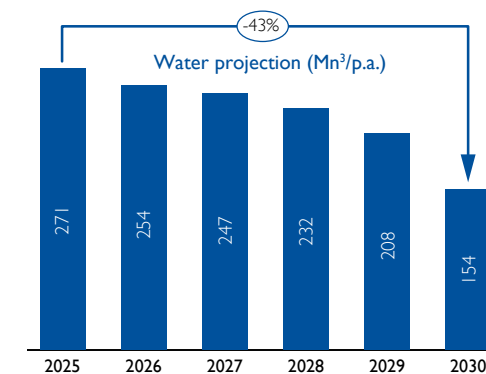
On 31 March 2025, the DFFE Minister issued a generally favourable MES exemption decision for Lethabo, Duvha, Matla, Tutuka, Kendal, Majuba, Medupi and Matimba. The decision grants exemption until 31 March 2030 for Lethabo, Tutuka, Kendal, Majuba, Medupi and Matimba, thereby allowing these stations to continue to operate. Duvha and Matla received an MES exemption until their planned decommissioning in 2034. No requirement for additional NO_x or SO_x projects beyond Eskom's existing commitments have been stipulated in the MES exemption decision. However, the decision does place multiple additional requirements on Eskom, ranging from additional ambient air quality monitoring to additional health support to communities. Work has been initiated to meet these requirements.

The decommissioning and/or repowering and repurposing plans for stations which received a suspension decision in May 2024 were prepared and submitted to the DFFE Minister in May 2025 as required. DFFE has appointed an expert panel to review our submissions.

MANAGING WATER CONSUMPTION

Generation utilises high volumes of water to produce electricity. Given our status as a strategic water user assured of water supply at the highest level of assurance over the life of our power stations, we have a responsibility to reduce our water use in a water scarce country such as South Africa. Over the next five years, Generation plans to decrease its water use by 43%.

Projected annual water use over the medium term



Interacting with the environment *continued*

Kendal and Tutuka have been identified as priority power stations to reduce water consumption. The power stations have identified site-specific water reduction actions that will be implemented within the framework of the National Water Resource Strategy and managed through Water Management Task Team forums. The identified actions focus on the following areas:

- **Water recycling and reuse:** Operating power stations under the Zero Liquid Effluent Discharge Philosophy by recycling and reusing water at the plant to reduce raw water intake. This includes recycling of treated effluent from sewerage plant for cooling and other processes
- **Advanced water treatment technologies:** Techniques are being explored at the stations to reduce the need for raw water intake. This includes the use of water treatment techniques such as reverse osmosis to treat effluent water for reuse at the plant
- **Optimising cooling tower operations:** Efficiency of cooling towers will be enhanced through improved maintenance and operational practices to minimise water loss due to evaporation and drift
- **Leak detection and repair:** Regularly inspecting, identifying and repairing leaks at the plant to reduce water wastage



Dry-cooled stations like Medupi, Kusile, Matimba and Kendal use air-cooled condensers instead of water-intensive wet cooling systems. This approach significantly reduces water consumption and avoids the visible steam plumes typical of conventional cooling towers.

SPECIFIC WATER CONSUMPTION

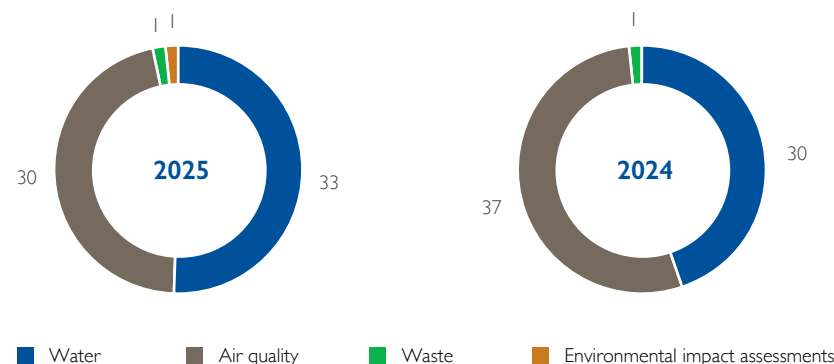
Despite not meeting target, specific water usage has shown marginal improvement to 1.40ℓ/kWh sent out (2024: 1.43ℓ/kWh sent out). Water performance across the fleet continues to be negatively affected by lower load factors and poor water management practices, as well as the inability to conduct maintenance required to address the issues causing poor water performance due to system constraints.

Focused monitoring of the effective implementation of water management action plans, both at power station level and by the Generation Environmental Compliance Steering Committee, have yielded results with a slight improvement in water performance.



REDUCING ENVIRONMENTAL LEGAL CONTRAVENTIONS

A total of 65 environmental legal contravention incidents were recorded during the year (2024: 68), with the reasons indicated below. Sixty-two of the incidents occurred at coal-fired power stations (2024: 68), with two recorded by Group Capital and one by NTCSA. Notably, Distribution and ERI did not record any environmental legal contraventions during the year.



None of the environmental legal contravention incidents were classified by the Environmental Incident Classification Committee as being the result of a significant failure of business systems (2024: seven).

Altogether, 17 incidents have been reported to DFFE under section 30 of NEMAQA (2024: 19), 14 of which occurred in Generation and three in Distribution. A total of 41 incidents were reported to DWS under section 20 of the National Water Act, 1998 (2024: 36), with 40 of these recorded in Generation and the remaining one in Distribution.

Eskom's Environmental Steering Committee and the Generation Environmental Compliance Steering Committee actively oversee our responses to compliance notices issued by regulatory authorities. Additionally, the Social, Ethics and Sustainability Committee closely monitors management's progress on fulfilling our environmental compliance commitments. To meet our environmental compliance obligations and exercise our duty of care towards the environment, we have adopted an integrated approach that prioritises governance, performance management, skills development and training.

We have established detailed operational plans to address the risks and root causes of incidents of non-compliance relating to relative particulate emissions, water use and the release of polluted water by power stations.

After completing the phasing out of materials containing or contaminated by polychlorinated biphenyls (PCBs) in FY2024, we have completed and submitted the final external PCB audit report to DFFE in compliance with the relevant regulations.

IR [Detail on the disposal of ash, asbestos as well as used nuclear fuel and nuclear waste is set out in the technical statistical table on page 140](#)

Interacting with the environment *continued*

PROMOTING RESPONSIBLE ENVIRONMENTAL STEWARDSHIP SUPPORTING BIODIVERSITY

Our operations impact and are affected by biodiversity, including red data bird populations. We perform environmental impact assessments, habitat restoration and conservation initiatives to scientifically assess biodiversity risks and protect vulnerable species.

Red data bird mortalities recorded during the year reduced slightly to 210 (2024: 258), although the actual figure may be higher.

SR For more information on our partnerships and efforts to mitigate the risk of our operations to vulnerable birdlife, refer to "Environmental management – Biodiversity" in the sustainability report

We have established integrated responsible land and biodiversity management practices to minimise the impact of our activities on ecosystems and to enhance ecosystem services. These mitigation interventions are often undertaken in collaborations with conservation organisations, local communities and other stakeholders.

Eskom has declared three nature reserves at Koeberg, Ingula and Majuba power stations, focusing on conserving biodiversity and promoting environmental sustainability. These initiatives contribute to the protection of natural habitats and species, supporting South Africa's biodiversity heritage and the United Nations Sustainable Development Goals. We also manage land under conservation practices at Thyspunt, Bantamsklip, Grootvallei, Majuba and Sere.

Through innovation, partnerships and sustainable land management, we seek to ensure that sustainable power does not come at the cost of biodiversity. We believe that energy and ecology can coexist through science-led approaches and responsible stewardship.



Safeguarding South Africa's vultures: Eskom's role in mitigating infrastructure risks

South Africa's critically endangered vultures – the Cape, white-backed and lappet-faced vulture – face growing threats from expanding infrastructure. Between 2020 and 2025, Vulpro recorded 191 vulture deaths or injuries due to collisions with powerlines, with incidents rising sharply in recent years. These birds often suffer severe burns and trauma, particularly during storms or while roosting on power structures.

We have partnered with Vulpro and other stakeholders to mitigate these risks. Key initiatives include retrofitting high-risk powerlines, installing bird flight diverters and aligning to DFFE's Biodiversity Management Plan for Vultures published in 2022. While implementation challenges persist, we remain committed to reducing avian mortality through infrastructure innovation and collaboration.

Encouragingly, some renewable energy operators have demonstrated success with bird-safe designs and operational adjustments, showing that conservation and energy development can coexist once renewable energy generation is rolled out on a larger scale, by both IPPs and Eskom.

We will continue to support research, rehabilitation and education efforts to protect South Africa's birdlife and promote sustainable energy practices.

ENHANCING WASTE MANAGEMENT

We are committed to protecting the health of citizens and the environment by reducing pollution and ecological degradation through effective waste management. A fundamental principle in this regard is to manage waste as close to the source as possible, while investigating and implementing ways to reduce, reuse, recycle and recover waste in line with DFFE's waste hierarchy.

We achieve this by integrating circular economy principles into our operations. Circularity is realised through various initiatives, including:

- Recycling various waste streams
- Selling ash and gypsum from coal-fired power stations for reuse
- Beneficiation initiatives such as ash-based road construction
- Mine backfilling using ash
- Replacing wooden poles with geopolymer poles made from ash
- Soil amelioration projects

Several ash beneficiation projects are undertaken to drive waste reduction and minimise the volume of ash being disposed of in ash facilities to prevent the accumulation of legacy ash and its associated environmental risks.

SR For more information on our activities directed at ash beneficiation, refer to "Environmental management – Coal ash beneficiation" in the sustainability report

These efforts reflect our commitment to reducing landfill dependency, and promoting resource efficiency and sustainability across our operations.

PROVISIONS FOR ENVIRONMENTAL RESTORATION AND REHABILITATION

We have made provision for our environmental obligations related to the decommissioning of:

- Nuclear plant, including the rehabilitation of the associated land and the management of spent nuclear fuel assemblies and radioactive waste
- Other generating plant, including the rehabilitation of the associated land
- Cost-plus mines, where we are contractually or constructively obligated to reimburse coal suppliers. This covers the estimated closure costs, including the rehabilitation of the associated land together with pollution control

We have raised the following provisions relating to environmental rehabilitation and restoration:

R million	Actual 2025	Actual 2024	Actual 2023
Power station-related environmental restoration – nuclear plant	16 068	23 679	21 824
Power station-related environmental restoration – other generating plant	17 635	16 086	15 863
Mine-related closure, pollution control and rehabilitation	14 240	13 280	13 113
Total	47 943	53 045	50 800

AFS Refer to notes 4.5 and 28 in the financial statements for more information

Interacting with the environment *continued*

INVESTING IN RENEWABLE ENERGY

Our direct investment in renewable generating capacity has been modest to date, with one wind facility and six small hydroelectric stations. Although we operate three pumped storage schemes with total installed capacity of 2 732MW, these stations are net consumers of electricity.

During the year, our Sere Wind Farm contributed 332GWh to the national grid (2024: 329GWh). It maintained an average load factor of 36.33% (2024: 35.81%), which aligns to expectations for wind-based renewable plant, and recorded an average availability factor of 96.70% (2024: 97.40%).

We purchase renewable energy from IPPs, mainly from wind and solar projects, alongside smaller contributions from biomass, landfill gas and small hydro technologies. Renewable IPPs contributed 17 420GWh during the year (2024: 17 851GWh), constituting 8% of energy available for distribution for the year (excluding wheeling). Furthermore, most of our imported power is supplied by Cahora Bassa, a hydroelectric station in neighbouring Mozambique.

IR For information on the capacity of our power stations and a breakdown of capacity supplied by IPPs, refer to page 145

In aggregate, 11.3% of the power supplied during the year was sourced from renewable energy sources in the form of solar, wind and hydro, with 84.2% being supplied by coal and diesel and 3.9% by nuclear (2024: 13.1%, 82.5% and 3.9% respectively). The balance of 0.6% was derived from other sources (2024: 0.5%).

We are steadfast in our commitment to transition from being a traditional base-load provider to a diversified energy leader, with a focus on flexible and clean energy solutions. We have a pipeline of at least 2GW of clean energy projects ready for execution in the short to medium term. We will continue repowering and repurposing our stations independent of the station shutdown plan. Our strategic initiatives target the development of a 5.9GW clean energy pipeline in the longer term,

which includes gas-to-power and battery storage projects, and the establishment of Eskom Green as a separate subsidiary to spearhead investment and innovation in renewable energy. We are committed to significantly increasing our renewable capacity to reach our long-term objective of attaining net-zero emissions by 2050.

RESPONDING TO CLIMATE CHANGE

Climate change remains one of the most urgent and complex challenges of our time, with escalating impacts on ecosystems, economies and communities. The past decade has been the warmest on record, and the frequency and intensity of extreme weather events continue to rise. As a major emitter and a central player in South Africa's energy system, we recognise our responsibility to act decisively in support of a just, inclusive and climate-resilient future.

From a governance perspective, the Board is responsible for oversight and implementation of Eskom's business strategy, which incorporates the ambition to achieve net-zero emissions by 2050. The Board is supported by the Audit Committee and the Risk Committee as well as the Social, Ethics and Sustainability Committee, which regularly review and evaluate the organisation's progress on climate-related issues through regular reports from management and discussions with experts in the field. This process ensures that the Board and its committees are kept informed of the latest developments in this field and that they are equipped to make informed decisions on climate-related matters.

The Board and its committees have to consider the impact of climate-related issues when evaluating and guiding the organisation's overall strategy, key initiatives, risk management policies, annual budgets and business plans. This includes ensuring that performance objectives are aligned with the organisation's ambition of achieving net-zero emissions by 2050 and monitoring the implementation and progress towards meeting these objectives, including those to reduce emissions. The Board and its committees also play a vital role in monitoring and managing climate-related risks and opportunities.

Exco plays an essential role in governing, supporting and regularly engaging in discussions surrounding the management of JET initiatives and climate change-related matters. Progress on implementation of these initiatives are regularly assessed through the monthly JET Steering Committee, as well as Exco and Board meetings, to ensure that the organisation remains on track towards its climate goals. Priority climate-related risks are actively tracked and monitored to ensure that they are being effectively addressed.

To ensure effective management of climate-related issues, several subcommittees and positions have been established, including the Risk Subcommittee under Exco, the Risk and Resilience Governance Committee, the JET Office, together with a senior manager responsible for climate change and sustainable development.

GLOBAL MOMENTUM: OUTCOMES FROM COP29 AND THE ROAD TO COP30

The 29th United Nations Climate Change Conference (COP29) – held in Baku, Azerbaijan in November 2024 – marked a pivotal moment in the global climate agenda. With nearly 200 countries and over 56 000 delegates in attendance, the conference underscored the urgency of accelerating climate action. Key outcomes included the adoption of a new collective quantified goal on climate finance, tripling support to developing countries to US\$300 billion annually by 2035, and the operationalisation of the Loss and Damage Fund to assist vulnerable nations.

COP29 also finalised the long-awaited Article 6 Rulebook, establishing a robust framework for international carbon trading. This development is particularly relevant for South Africa, where emerging carbon markets are expected to play a growing role in financing the energy transition.

Eskom actively participated in COP29, hosting and contributing to seven high-profile events. These engagements showcased our leadership in the Just Energy Transition (JET), highlighted lessons from Komati's repurposing and explored innovative financing models to unlock investment in grid infrastructure and renewable energy.

ALIGNING SOUTH AFRICA'S POLICY AND REGULATORY ENVIRONMENT

Domestically, South Africa has made significant strides in formalising its climate response. The Climate Change Act, 2024, signed into law in July 2024 and effective from March 2025, provides a legal framework for mitigation and adaptation planning across sectors. Eskom is well-positioned to comply with the Act's requirements, having already embedded climate risk management into our governance and operational frameworks.

The Act introduces mandatory carbon budgets for high-emitting sectors (expected from 2026), building on Eskom's prior participation in DFFE's voluntary carbon budget programme. In parallel, the Carbon Tax Act, 2019 is entering its second phase, with National Treasury proposing to maintain electricity price neutrality between 2026 and 2030, to mitigate the socio-economic impacts of electricity affordability.

South Africa's long-term emissions trajectory will be shaped by the transformation of the electricity sector; as outlined in the draft IRP 203 and enabled by the Transmission Development Plan. Eskom's role in this transformation is vital to achieving the country's nationally determined contribution (NDC) under the Paris Agreement.

We have classified the inability to fully comply with evolving climate change legislation and meet associated emission reduction targets as a Priority 2 under our risk management standard. All risks are tracked through our risk management system, with controls and treatment actions reviewed regularly.

ESKOM'S CLIMATE STRATEGY: MITIGATION AND ADAPTATION IN ACTION

Our climate response is anchored in a dual strategy of mitigation and adaptation, aligned with our ambition to achieve net-zero emissions by 2050. In FY2025, we continued to move towards decarbonising our energy mix by expanding our renewable energy pipeline, repowering coal-fired stations and investing in grid modernisation and smart technologies.

Interacting with the environment *continued*



Exxaro Resources and Eskom have formalised a strategic partnership through a Memorandum of Understanding (MoU) concluded in April 2025. The MoU is centered on collaboration in reducing carbon emissions, enhancing air quality and advancing the Just Energy Transition, aligning with South Africa's commitment to the Paris Agreement and international environmental standards.

The primary focus of this partnership includes joint efforts to measure, manage and reduce scope 1, 2, and 3 emissions; considering investments in innovative technologies to drive decarbonisation efforts; inclusive transition initiatives such as skills development and job creation in green sectors; and proactive stakeholder engagement to ensure climate resilience. It contains provisions for data sharing and transparent reporting to track progress and ensure accountability.

This collaboration underscores Eskom's dedication to achieving our climate goals and enhancing the sustainability of South Africa's energy sector.

Our GHG emissions footprint, while still significant, is on a declining trajectory. CO₂ emissions for the 2025 calendar year are anticipated to represent a reduction of just under 10% compared to 2019 levels, and our share of national emissions has decreased to approximately 41%. We continue to disclose our carbon footprint through platforms such as the Carbon Disclosure Project and we are strengthening internal controls to ensure accurate and timely reporting.

IR The results of our carbon footprint study for the 2024 calendar year are set out in "Eskom's carbon footprint" on this page

Our targeted mitigation efforts include:

- Accelerating deployment of wind, solar and hydroelectric capacity through Eskom Green and public-private partnerships
- Retrofitting existing coal-fired units to improve efficiency and reduce local pollutants
- Researching carbon capture and storage technologies and carbon utilisation through ash beneficiation
- Expanding electric vehicle charging infrastructure and rolling out of 7.2 million smart meters by FY2030

BUILDING CLIMATE RESILIENCE: ESKOM'S ADAPTATION PLANS

Eskom's infrastructure is increasingly exposed to climate-related risks, including floods, wildfires and extreme heat. In FY2025, we advanced the implementation of divisional and subsidiary climate adaptation plans, which were developed by multidisciplinary teams comprising environmental practitioners, engineers, disaster management specialists and risk professionals.

These plans are guided by our organisation-wide procedure for climate adaptation planning and are aligned with the requirements of the Climate Change Act. They have been formally adopted by governance committees and are monitored through annual reporting to the Climate Change and Sustainable Development Department.

Key adaptation measures include:

- Applying high-resolution (8km) downscaled climate projections developed with the CSIR to assess future exposure to extreme weather under the IPCC's RCP 4.5 and RCP 8.5 scenarios
- Prioritising infrastructure upgrades in high-risk provinces such as the Western Cape, KwaZulu-Natal and Gauteng, where flooding and wildfires have already disrupted operations
- Strengthening emergency preparedness through national simulation exercises and integrated disaster response protocols
- Integrating climate risk into asset design, investment planning and business continuity strategies

We have classified climate-related physical risks as Priority 2 under our risk management standard, recognising their potential to escalate into Priority 1 risks. These risks are tracked through our risk management system, with controls and treatment actions reviewed regularly.

Looking ahead, our updated climate change strategy places renewed emphasis on:

- Continuous improvement in climate risk identification and management

- Financial integration of climate-related risks and opportunities
- Stakeholder engagement and capacity-building
- Accurate and timely GHG emissions reporting

As we navigate the complexities of the energy transition, we remain committed to delivering on our mandate while contributing meaningfully to global, national and local climate goals.

SR Refer to "Our climate change performance" in the sustainability report for more on our response to climate change

ESKOM'S CARBON FOOTPRINT

Our operational activities contribute to scope 1, 2 and 3 GHG emissions. We have calculated our annual carbon footprint expressed in tons of carbon dioxide equivalent (tCO₂e) for the 2024 calendar year, using the same methodology as the prior year. The footprint was calculated in line with the globally recognised *GHG Protocol: A Corporate Accounting and Reporting Standard*.

GHG emissions by source, tCO ₂ e	2024 calendar year	2023 calendar year	2022 calendar year
Scope 1			
Stationary combustion ²	191 585 395	183 904 930	193 157 386
Eskom fleet vehicles	95 457	129 543	71 623
Fugitive emissions	84 718	85 762	65 712
Waste disposal	19 969	3 189	81 972
Non-combustion product use	23 263	10 925	9 689
Scope 2			
Electricity and heat purchased ³	55 554	131 899	85 171
Scope 3			
Electricity purchased from IPPs	322 390	765 429	494 263
Coal delivery to site – road and rail	2 716 425	3 717 648	4 900 752
Waste treated by third parties	1 764	2 371	35
Business travel – use of employee vehicles	11 730	8 122	8 598
Business travel – air travel	17 023	11 129	3 621
Business travel – vehicle rental	6 221	489	627
Total⁴	194 939 909	188 771 436	198 879 449

1. Years refer to calendar years, and not financial years as indicated elsewhere in the report.

2. For coal, an Eskom-specific annual weighted average net calorific value of 0.0184TJ/ton fuel was used based on the actual measured value for 2024.

3. As electricity generation is Eskom's main activity, scope 2 emissions are in principle accounted for as scope 1 direct emissions under the GHG Protocol. However, since 2022 we have included estimated energy losses on the transmission and distribution networks relating to electricity purchased from IPPs as scope 2.

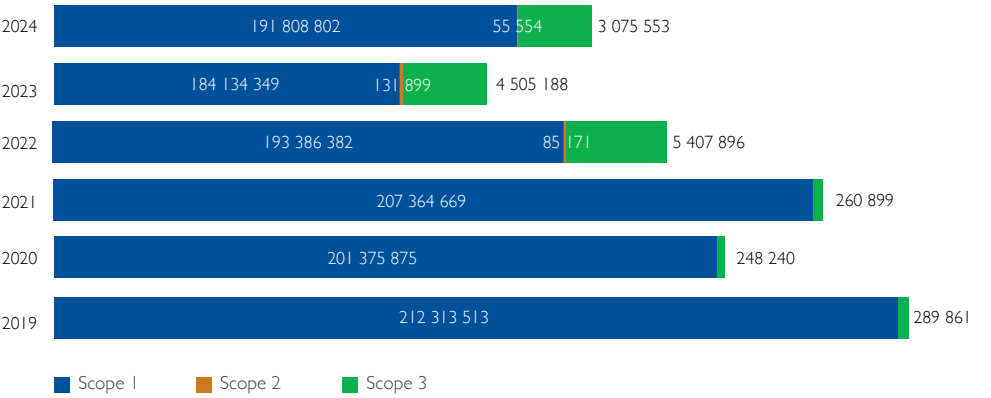
4. Due to different scopes and input assumptions, the results are not directly comparable with our CO₂ emissions reported in the table on page 112.

Interacting with the environment *continued*

The carbon footprint calculated based on the GHG Protocol guidelines covers all operational activities undertaken by an organisation. It involves different methodology and assumptions compared to DFFE’s regulated reporting requirements. Therefore, while the results of the 2024 carbon footprint study presented above may provide valuable insights, direct comparisons with regulated data may not be meaningful.

As South Africa’s national electricity utility and the single highest emitter of GHGs, we rely heavily on fossil fuels – including coal and diesel – for electricity production. Consequently, scope 1 emissions contribute more than 98% to our emissions. Although the relative share of scope 3 emissions has increased since our first report in 2019, this is primarily due to expanding the coverage of our reporting. Since that base year, our carbon footprint has steadily declined.

Reduction in Eskom’s carbon footprint



Our scope 1 emissions increased due to increased coal-fired electricity generation enabled by improved generation plant availability which has also significantly reduced loadshedding. Increased use of coal-fired power stations resulted in higher coal usage. Kusile Unit 5 was also brought into commercial operation. Scope 3 emissions increased due to improvements in data collection and reporting, together with the inclusion of ERI’s emissions since 2023.

As in the prior year, we have accounted for electricity purchased from IPPs as scope 3 emissions, because it is not produced by Eskom. However, the purchased electricity being transmitted and distributed along our infrastructure incurs losses before reaching the end user. These losses are reported as scope 2 emissions, depending on the amount of electricity purchased from IPPs.

Over the years, our carbon footprint reporting has seen significant improvements, driven by our dedication to understanding and minimising our environmental impact, and we aim to maintain this momentum. Our carbon footprint results will assist in setting attainable emission reduction targets to ensure that we remain sustainable.



Growing our people

Eskom's success relies on the strength, expertise and dedication of our people to deliver on our mandate and strategic objectives. In 2025, we continued to build a skilled, diverse and resilient workforce through inclusive transformation; competitive remuneration and enhanced rewards to incentivise productivity; a strong safety culture; and targeted training. Our People Strategy is anchored in creating a high-performance, ethical culture that supports a future-proof Eskom in a transforming energy landscape.

At Eskom, our purpose – powering growth sustainably – is underpinned by a commitment to cultivating a high-performance, ethical culture through our human capital strategy. This aspirational culture is guided by six foundational cornerstones: people prioritisation, operational excellence, financial prudence, accountability, customer centricity, and being values-driven. These principles shape how we engage with one another and with our customers, suppliers, shareholder and investors, partners and communities. To bring this culture to life through being leader-led, we have embedded 10 strategic culture enablers to drive behavioural change, reinforce accountability and foster a workplace where integrity, innovation and collaboration can thrive.

Our workforce increased to 42 030, growing by 1 405 employees. We finalised the Diversity, Equity, Inclusion and Belonging Strategy which will be implemented in FY2026, met our racial equity and disability targets, and appointed 51 learners with disabilities under the Youth Employment Service (YES) programme that provides work experience to previously unemployed black youth in entry-level and non-professional roles.

Eskom was recognised as a Top Employer in South Africa by the global Top Employers Institute and as a Top Gender Empowered Company by Standard Bank Top Women, reaffirming our dedication to fostering a diverse, inclusive and supportive workplace where employees can thrive. The *Grad Star Students Choice Awards* recognised Eskom as a Top Graduate Employer that graduates aspire to work for, cementing our status as a preferred employer in the industry.



Remuneration and benefits are aligned to market norms, with bargaining unit employees receiving salary increases of 7% across the board in July 2024 together with a R10 000 once-off payment, while managerial levels received an average increase of 7% in October 2024, which included a discretionary element granted to top performers as a retention incentive. We awarded monthly production bonuses to eligible employees for improving operational performance based on daily targets. We also completed the process to address income differentials in March 2025, thereby closing historical pay gaps to ensure fairness, transparency and compliance. The exercise commenced in FY2018, in response to income disparities identified at the time by the then Department of Labour.

The Board approved the reimplementing of a group short-term incentive scheme for FY2025 to drive operational performance excellence and employee retention, which was approved by the shareholder as required by the debt relief conditions. The scheme has boosted morale and commitment, supported the retention of scarce skills, and reinforced efforts to build a high-performance, ethical culture as evidenced by the significant improvements in technical performance.

We remain committed to our value of Zero Harm. In 2025, we strengthened occupational health and safety systems, reduced contractor-related safety incidents and expanded wellness programmes addressing mental health, grief, menopause and disability inclusion. We understand that our operations could have a negative impact on the health and wellbeing



of our employees through exposure to air pollution and noise. Every effort is made to ensure that these impacts are minimised. Our efforts reflect our commitment to a safe, inclusive and future-fit workforce.

We invested R1.5 billion in training and development during the year, with the Eskom Academy of Learning delivering functional and technical training to more than 38 000 group employees using both in-person and online platforms. To strengthen our learner pipeline, we enrolled 1 407 new learners in technical and non-technical positions across the group.

The Human Capital and Remuneration Committee is committed to driving implementation of Eskom's human capital priorities through our People Plan:

- Fostering a high-performance, ethical culture that fosters agility and innovation and prioritises accountability and consequence management through effective performance management

- Positioning Eskom as an employer of choice by tailoring rewards and recognition practices to attract and retain talent; enhancing diversity, equity and inclusion; improving employee morale, health and wellbeing; and addressing risks such as employee fatigue during times of crisis
- Developing a future-fit, productive and adaptable organisation able to meet the challenges of a transforming electricity industry and changing world of work
- Enhancing skills and capabilities across the group to close any identified gaps to deliver Eskom's strategy and related strategic objectives

Growing our people *continued*

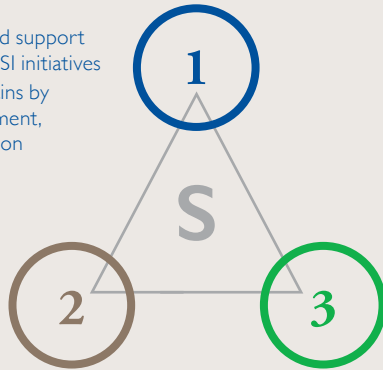
We are dedicated to embedding the social aspect of our ESG plan into our operations as shown below.

Social capital

- Ensure fair JUST energy transition to sustainable energy sources
- Foster community welfare and support local development through CSI initiatives
- Ensure sustainable supply chains by focusing on supplier development, industrialisation, and localisation

Health and safety

- Safeguard the wellbeing of all employees and contractors
- Strengthen safety protocols throughout the organisation
- Ensure the safe management of waste, including nuclear of waste, including nuclear



Human capital

- Prioritise employee wellbeing and development
- Promote diversity and inclusivity within the workforce through equity initiatives
- Become employer of choice by investing in employee skills and career growth
- Encourage innovative ideas and solutions from employees
- Transform organisational culture to be a high-performance ethical culture and promote inclusivity

WORKFORCE COMPOSITION AND TRANSFORMATION

OUR PEOPLE IN NUMBERS

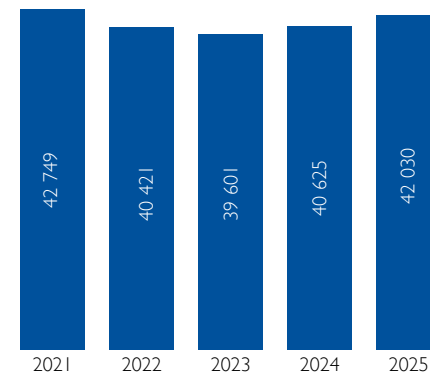
Group headcount increased to 42 030 employees at the end of the year (2024: 40 625), including 612 learners under the YES programme. The headcount increase also results from the appointment of core and critical skills in Generation and Eskom Rotek Industries.

We recorded a gross attrition rate of 5.9% (2024: 5.7%), with 2 436 employee exits during the year. However, we replaced skills at a higher rate, with 3 841 employees appointed from the external market, together with 3 106 internal hires (including promotions and internal transfers) to advance our people.

The introduction of external skills allows the organisation to benefit from fresh perspectives and exposure to different practices, which encourages continuous improvement and adaptability. However, the departure of experienced skills also results in the loss of valuable institutional knowledge, highlighting the importance of supporting new employees in their understanding of our business operations and organisational culture.

The Eskom Workforce Plan ensures that current and future staffing requirements support our strategic objectives. The latest iteration was developed and implemented during FY2025 and focuses on retaining core and critical skills while driving transformation targets and prioritising training and development.

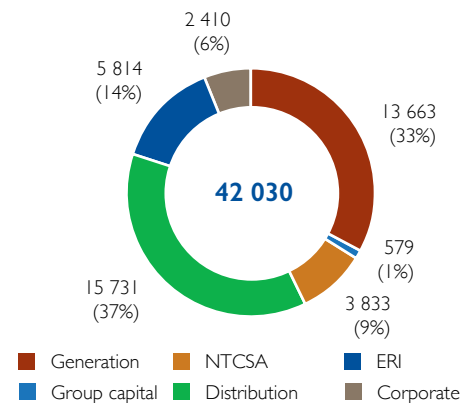
Change in group headcount



Over the next five years, we aim to maintain our headcount at an upper limit of 42 602.



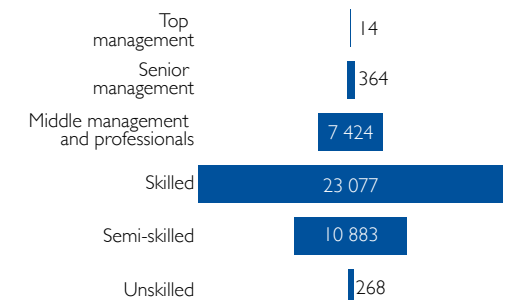
Employee complement by function



More than 90% of the group's workforce is directly involved in the essential operations of generating, transmitting and distributing electricity to customers. As the new build programme nears completion, we are proactively investing in upskilling, reskilling and redeploying employees across the business.

These efforts are aimed at preserving jobs while ensuring our people remain agile and equipped to support the transforming energy landscape. We are also strengthening capacity in emerging focus areas, including our Renewables and Strategic Delivery Units, to align with Eskom's long-term strategic priorities.

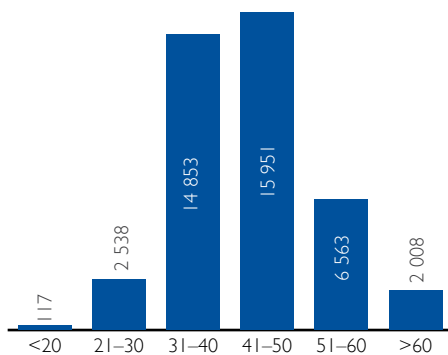
Employee complement by occupational level, number



Growing our people *continued*

Eskom, like many organisations globally, faces a growing "expertise supply crisis" as a sizeable portion of our experienced workforce approaches retirement. To address this, we have proactively identified critical roles most at risk of knowledge loss through retirements in the next five years and are implementing structured knowledge transfer initiatives. These include digital platforms, mentorship programmes and succession planning frameworks designed to capture institutional expertise and ensure continuity. Our goal is to increase the proportion of critical roles with qualified internal successors, thereby safeguarding operational resilience and supporting long-term sustainability.

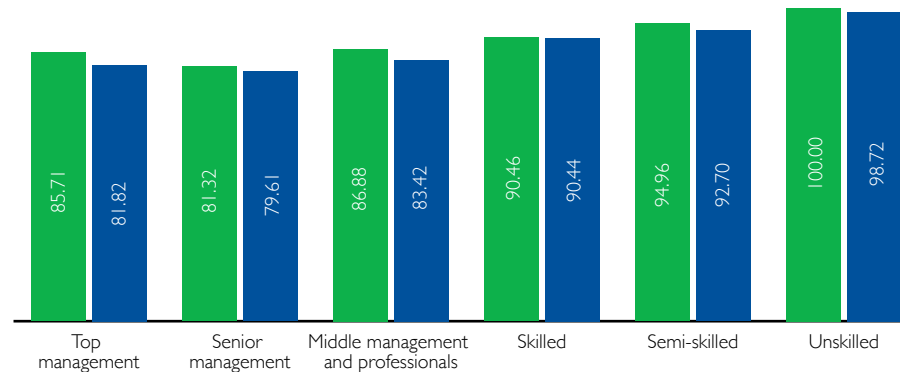
Employee complement by age, number



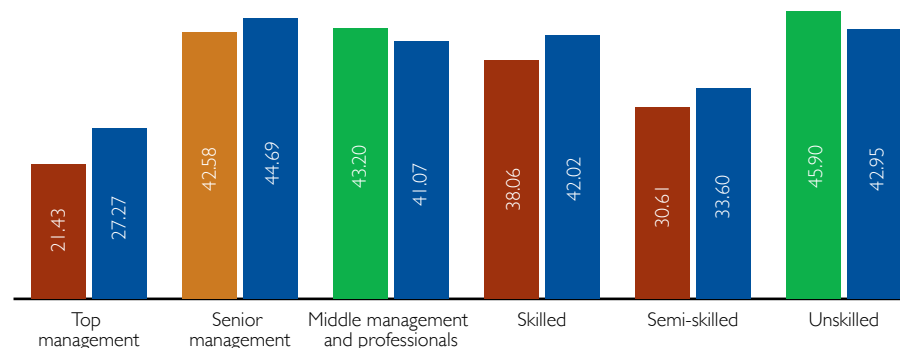
TRANSFORMING OUR WORKFORCE

Eskom is committed to building a workforce that reflects the rich diversity of South Africa. Guided by our Employment Equity Plan and aligned with the Employment Equity Act, 1998, our transformation efforts aim to foster a more inclusive, representative and high-performing organisation that embraces the unique backgrounds, perspectives and diverse talents of all employees. These efforts are also aligned with the strategic intent of our shareholder and the national transformation agenda.

Racial equity by occupational level, %



Gender equity by occupational level, %



■ Target ■ Actual met target ■ Actual almost met target (within 5% threshold) ■ Actual did not meet target

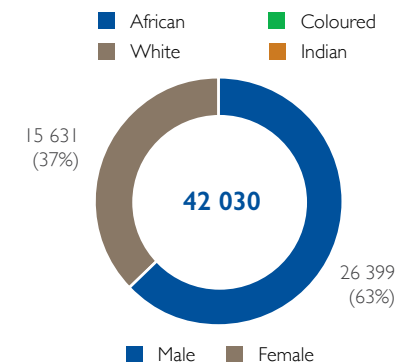
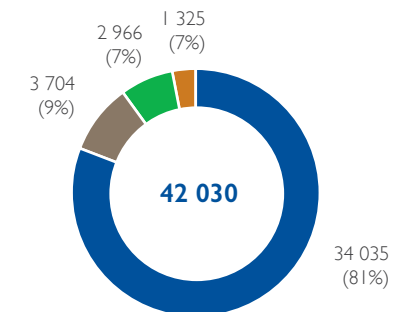
IR Our group and company employment equity performance at senior and middle management/professional level is set out in the statistical tables from page 143

While we have made notable progress in improving racial and gender representation at most levels, gender representation remains below target at many levels. Our overall gender ratio moved to 63% male and 37% female (2024: 64% and 36%), with a goal of achieving female representation at all levels of 40.72% by FY2028. The target for female representation at senior and executive level is 45%.



The Labour Court ruled in May 2024 that Eskom had unfairly discriminated against a white male employee. It found that Eskom's practice of not shortlisting members of non-designated groups for advertised posts amounts to an absolute barrier and is not an affirmative action measure as contemplated by the Employment Equity Act. Eskom filed for leave to appeal, on the basis that the recruitment process allows for a second round of shortlisting where the initial round did not yield a suitable candidate. The second round expands the scope to include other race groups. Judgment on the appeal is awaited.

Racial and gender representation across the workforce



Growing our people *continued*

These figures are consistent with recent data on South Africa's economically active population, which comprises 81% African, 9% Coloured, 3% Indian and 7% white individuals. However, Eskom's gender profile has yet to reach full representativeness compared to the national distribution, with approximately 46% of the economically active population being female and 54% male.

We are also committed to the fair and inclusive representation of persons with disabilities. At year end, 1 308 employees (3.11% of the workforce) reported living with disabilities, (2024: 1 201 or 2.96%). This exceeds the national target of 2% set by the Department of Employment and Labour and moves us closer to our internal target of 3.15%, in line with the *White Paper on the Rights of Persons with Disabilities*. Ongoing efforts include awareness campaigns, virtual training platforms and the provision of tailored equipment to enhance accessibility.



The Eskom Women Advancement Programme (EWAP), implemented in FY2013, has been revised following a strategic review to ensure it continues to meet future business needs. This will include the establishment of female employee resource groups (ERGs) in renewable energy and digital technologies, rolling out holistic programmes to develop women in leadership and technical spaces, as well as driving an environment conducive to removing the barriers that affect women.

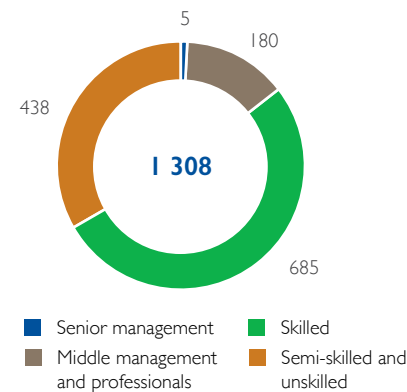
Under this programme, we have developed a post-partum reintegration standard and implemented mothers' rooms, to provide working mothers returning from maternity leave with lactation facilities at our head office as well as in six satellite offices across the country. These facilities are situated at Medupi, Majuba, Hendrina, Koeberg, the Eskom Academy of Learning and NTCSA's base of operations in Simmerpan, Germiston.

After year end, Dr Candice Hartley, our Chief People Officer, launched the next generation of our women's programme: Eskom Women in Power (EWIP). The programme will be rolled out nationally as part of the revised Eskom People Strategy. EWIP is aligned with Eskom's Diversity, Equity, Inclusion and Belonging Strategy and focuses on five priority areas:

- *Women in leadership*: accelerating representation of women and strengthening leadership pipelines
- *Women in energy*: advancing female participation across all energy disciplines, in both technical and non-technical roles
- *Governance of empowerment*: embedding accountability, policies and practices that drive equity
- *Conducive environments*: creating safe, inclusive and supportive workplaces with a focus on women
- *Strategic partnerships*: leveraging collaboration within and outside the energy sector to amplify impact

Our initiatives focus on enhancing representation across all occupational levels, particularly for women, youth and persons with disabilities. We are fostering a culture that celebrates diversity and promotes inclusivity through targeted learning and development programmes, including EWAP and others delivered in partnership with academic institutions. These initiatives are designed to empower under-represented groups and ensure that every employee has the opportunity to thrive and contribute meaningfully to Eskom's future.

Employees with disabilities by occupational level, number



REWARDS AND RECOGNITION EMPLOYEE VALUE PROPOSITION AND ENGAGEMENT

At Eskom, our people are central to delivering on our mandate and driving sustainable growth. Our employee value proposition (EVP) is designed to foster a high-performance, ethical culture while cultivating a deep sense of belonging and connectedness across the organisation. We aim to create an environment where every employee feels valued, supported and empowered to thrive.

Our EVP extends beyond traditional rewards and recognition. It includes market-aligned remuneration, comprehensive benefits and access to first-rate development opportunities, both locally and internationally. Employees are exposed to diverse career pathways and gain experience through participation in large-scale infrastructure projects and emerging technologies.

To support wellbeing and flexibility, we have adopted hybrid work practices that allow eligible employees to work remotely, balanced with on-site presence based on operational needs. This approach enhances work-life integration while maintaining productivity and collaboration.



In May 2025, Eskom hosted the prestigious Chairman's Awards to honour employees whose exceptional contributions, leadership and commitment have shaped our journey of operational recovery and cultural transformation. These awards are a cornerstone of our employee value proposition, reinforcing a culture of recognition, accountability and excellence.

Aligned with Eskom's core values, the award categories spanned all leadership levels and operating units, celebrating individuals who exemplify high performance, collaboration and dedicated service. Special commendations were issued by the Chairman to those leaders who played a pivotal role in stabilising operational performance and restoring public trust during a critical period for the organisation.

These recognitions are more than symbolic – they reflect our belief that people are at the heart of Eskom's progress. By celebrating excellence, we inspire a culture where employees feel seen, valued and motivated to contribute to a sustainable energy future.

One of the channels through which we give our employees a voice is the annual Human Capital Organisational Effectiveness Survey, which considers the following dimensions: employee engagement, organisational culture and Eskom's value proposition. The most recent survey saw a record 36.5% participation rate, with improvements across all three dimensions. Key areas for improvement – such as communication around unbundling, access to coaching mentorship, and recognition of achievements – are being addressed through targeted action plans, monitored at divisional and executive levels.

Growing our people *continued*

Our engagement efforts include leadership site visits, executive communications and employee recognition events. These initiatives are pivotal in reinforcing our culture, boosting morale and ensuring that employees remain connected to Eskom's vision and purpose and to one another.

REMUNERATION AND BENEFITS

Eskom's remuneration and benefits framework is designed to attract, retain and motivate a skilled and high-performing workforce, while remaining aligned with market benchmarks and shareholder expectations. Our approach balances financial sustainability with the need to reward excellence and support employee wellbeing. Our remuneration strategy is underpinned by principles of fairness, transparency and alignment with Eskom's turnaround objectives and subject to the conditions of the Eskom Debt Relief Act, 2023.

IR For full information on remuneration principles for non-executive directors, executives and staff, together with disclosure of relevant remuneration, refer to "Leveraging governance for transformation – Remuneration report" from page 65

SAFETY AND WELLBEING

FOCUS ON SAFETY

Ensuring a safe and healthy working environment for employees and contractors remains a priority, supported by Eskom's occupational health and safety strategy. We enhance the wellbeing of our workforce by implementing measures that address various health and safety aspects in the workplace, including safety training, equipment maintenance and setting out operating protocols. Employees are responsible for following operational guidelines and reporting safety concerns.

We track our safety performance using the number of fatalities among employees and contractors, together with the lost-time injury rate (LTIR) for employees. The LTIR target reflected in the table below indicates our tolerance level. In line with our value of Zero Harm, the true target is zero.

Measure and unit	Target 2028	Target 2026	Target 2025	Target met?	Actual 2025	Actual 2024	Actual 2023
Fatalities (employees and contractors), number	–	–	–	●	3	5	5
Fatalities (public), number	–	–	–	●	15	20	16
Employee lost-time injury rate, index (including occupational diseases) – group ^{SC}	0.29	0.30	0.30	●	0.23	0.29	0.26

Despite our commitment to safety, we suffered one employee (2024: two) and two contractor fatalities (2024: three) during the year.

In memoriam

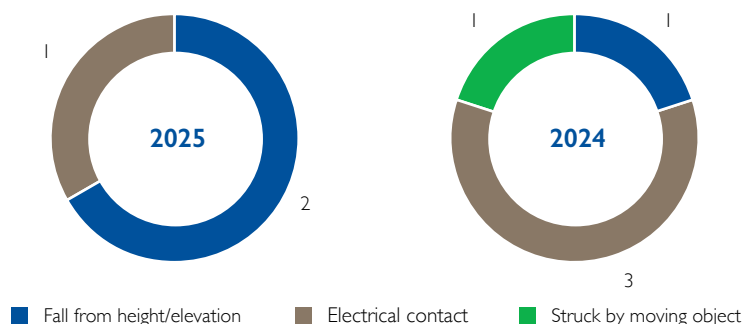
Our heartfelt condolences go to the families, friends and colleagues of the following individuals who lost their lives while in service of Eskom and our customers.

Cebo Clifford Zondo: Distribution contractor (28 June 2024)

July Samuel Khanye: Distribution employee (17 August 2024)

Ntate Elias Dibilane: Generation contractor (30 November 2024)

The causes of these fatalities are shown below.



IR Public fatalities, including those related to coal haulage activities, are discussed under "Sustaining communities – Public safety" on page 131

The employee LTIR improved to 0.23 for the year (2024: 0.29). The primary contributors to lost-time incidents are falls from the same level, confirmed occupational diseases, vehicle accidents and incidents related to being struck by or caught between objects. A total of 15 occupational diseases were confirmed during the year (2024: 37). As in the past, these relate mainly to noise-induced hearing loss incidents.

Initiatives were developed across the organisation to address the concerning LTIR trend seen in recent years and promote continuous improvement. These include collaboration, consultation and leadership training focused on safety within our business operations, as well as leadership onboarding, seminars and workshops. The initiatives are bearing fruit, as demonstrated by the improvement in the employee LTIR during the year.

Additional safety initiatives will be implemented across all levels of the organisation to further reduce workplace injuries and ill health as well as contractor-related incidents. We will support our workforce to understand and manage safety-related risks by enhancing communication and occupational health and safety processes.

HEALTH AND WELLNESS

Eskom is committed to supporting the health and wellbeing of our employees through a range of proactive and inclusive programmes. These initiatives empower employees to make safe, healthy choices through prevention, care, education and support.

Regular medical surveillance protocols, fitness-for-duty assessments and wellness campaigns help detect and prevent occupational and lifestyle-related illnesses and injuries early. Sickness absenteeism rates remain well below tolerance levels, which is due in part to our hybrid work policy.

Through a free hotline, the employee assistance programme offers confidential support for personal and work-related challenges, including relationship issues both at home and at work, financial stress, dealing with loss and grief, mental health concerns, as well as coping with work-related stress and fatigue. Utilisation of the service has increased slightly year-on-year, indicating growing trust in mental health services.

Growing our people *continued*

We have also expanded programmes addressing issues that affect employees beyond the workplace, such as dealing with disability, mental health challenges, loss and grief, and navigating menopause, to foster a more informed and compassionate workplace culture. Internal capacity to support employee wellbeing has been strengthened through targeted training of the relevant professionals. Nevertheless, there has been an increase in the number of employees diagnosed with mental health illnesses, signalling a rise in psychosocial stressors. This requires more deliberate and tailored wellness programmes, as well as treatment of causes emanating in the workplace.

SR For more information on employee wellbeing initiatives, please refer to the sustainability report

LEARNING AND DEVELOPMENT

Our development efforts are aligned with Eskom's People Plan and the strategic priorities of the Human Capital and Remuneration Committee, which include fostering a high-performance, ethical culture, building critical skills with the capacity to innovate and positioning Eskom as an employer of choice.

The Eskom Academy of Learning (EAL) is being repositioned to address competency gaps and support future-readiness by delivering streamlined, high-impact learning solutions. The EAL is being converted into a smart campus using digital technologies and renewable energy training to foster innovation and adaptability, to address emerging business needs and future skills requirements. This will improve Eskom's compliance, operational performance and ability to meet the evolving energy sector demands. This transformation will revolutionise employee training, increase asset utilisation and reduce operational costs, while contributing to national socio-economic development.

The Leadership Development Unit within the EAL will enhance leadership capabilities and strengthen the leadership pipeline through succession planning and talent management programmes. This will sustain leadership excellence and adaptability in response to the evolving energy landscape. Eskom is focusing on

developing strong leadership capabilities to address business challenges through mandatory training for all supervisory and managerial employees. Mandatory training includes business acumen, management fundamentals and supervisory development. These initiatives include the Management Development Programme, Top Talent Programme and Talent Programme for Millennials.



We have partnered with local organisations such as the Energy and Water Sector Education Training Authority (EWSETA), Finance and Accounting Services Sector Education and Training Authority (FASSET) and Duke Corporate Education to upskill over one hundred women in the energy and finance sectors. This initiative supports our diversity dividend objective. These candidates graduated over the past two years, strengthening organisational transformation and contributing to leadership diversity.

We are implementing training programmes to address technical competency gaps to ensure that the workforce is equipped with the required knowledge and skills to deliver Eskom's strategic objectives. The growing importance of renewable energy competencies has necessitated the fast-tracking of renewable energy technology training through the EAL smart campus to support the JET strategy. The training will leverage advanced technologies such as artificial intelligence (AI), machine learning, virtual reality (VR) and augmented reality (AR) to simulate generation scenarios to enhance practical learning and operational readiness. We will establish additional training facilities at Komati and Grootvlei to further expedite renewable energy training as part of our repowering and repurposing programme of older power stations.

We have partnered with universities, further training and education colleges, state-owned entities, industry leaders and international partners to facilitate knowledge exchange on digital transformation, thereby ensuring the effective integration of advanced technologies into training programmes. Data analytics, cybersecurity and AI training programmes are being implemented to empower employees to enhance their digital literacy, improve operational efficiency, ensure compliance and equip employees with skills to adapt to evolving best practice.

Despite allocating significant resources to training and development to support employees and organisational performance, it is concerning that training interventions remained reactive and focused on addressing current business needs, with limited emphasis on future skills requirements. All areas are being encouraged to prioritise future-focused training interventions, particularly in digital transformation, energy transition and leadership development.

Based on the results of our skills audit concluded in October 2022, we are prioritising interventions across several proficiencies, including technical and plant knowledge; business acumen and financial literacy; leadership and management capabilities; and understanding the broader energy industry and associated regulations. We continue to monitor and report progress on closing skills gaps identified against the baseline. We have recorded significant improvement on all initiatives, with the most notable being an increase in training spend and the number of employees trained, together with an increase in the number of accredited training centres and the elimination of lapsed workplace accreditations. We are planning a follow-up skills audit in FY2027, with preparations to commence in the coming year.



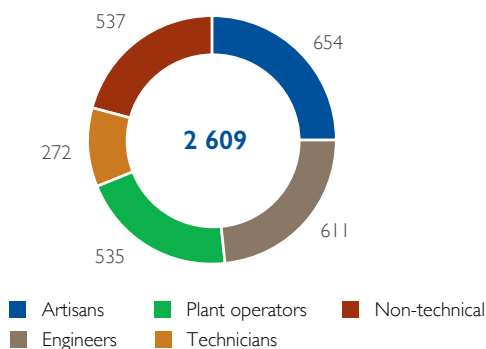
Growing our people *continued*

LEARNER PIPELINE

Eskom's learner pipeline is a cornerstone of our long-term workforce sustainability strategy. As we navigate a generational shift in our employee base, we are proactively investing in the next generation of talent to ensure continuity, innovation and resilience to drive sustainable growth. Our learner programmes are designed not only to address the challenges posed by an ageing workforce, but also to meet our broader social responsibility commitments by creating meaningful opportunities for young South Africans.

At the end of the year, our learner pipeline comprised 2 609 individuals, representing 8% of Eskom's permanent company workforce, significantly exceeding our 2.5% target. This reflects a 25% year-on-year increase in learners, underscoring our commitment to skills development. Approximately 80% of learners are employed in technical fields.

Learner pipeline, number



Excluding learners participating in the YES programme.

Learners who have successfully completed their trade test certifications are now equipped to enter the job market, having gained valuable experience and qualifications through our structured development programmes. This transition supports national employment objectives while reinforcing Eskom's role as a catalyst for socio-economic upliftment.

FURTHER STUDIES

Eskom recognises that investing in employee development is not only a strategic imperative, but also a catalyst for long-term organisational resilience and transformation. During the year under review, 930 employees took advantage of the opportunity to participate in further education programmes – 70% of whom were women – demonstrating our commitment to inclusive growth and empowerment.

These employees pursued qualifications ranging from certificates to doctorates, with more than 70% working toward a bachelor's degree or higher. This investment in human capital development supports our broader transformation agenda and ensures that our workforce remains agile, future-fit and equipped to meet the evolving demands of the transforming energy sector.

PEOPLE RELATIONS AND CONSEQUENCE MANAGEMENT

Eskom's three recognised trade unions – National Union of Mineworkers (NUM), National Union of Metalworkers of South Africa (NUMSA) and Solidarity – play a vital role in representing and protecting the interests of unionised employees. At Eskom, unions engage actively in negotiations on remuneration and conditions of service, ensuring fair and transparent agreements. They are also key stakeholders in discussions around major organisational changes, such as the unbundling process, helping to safeguard employee rights as part of the transition. Through established and approved structures, unions raise members' concerns with Eskom, fostering open dialogue and constructive resolution of workplace issues.

The relationship with our recognised trade unions is governed by a recognition agreement that promotes constructive engagement through good faith bargaining, consultation and information sharing. The agreement relies on various participative structures that ensure employee voices are heard and respected at all levels of the organisation:

- *Strategic Forum*: A high-level platform where Eskom and union leadership discuss strategic priorities and principles
- *Central Bargaining Forum*: The primary forum for national consultations on matters affecting the entire organisation, involving management, union officials and full-time shop stewards
- *National Group Divisional Forum*: Focuses on issues impacting specific divisions, with participation from management together with full-time and part-time shop stewards
- *Business Unit Forum*: Addresses topics within the authority of business unit management, with input from local management and part-time shop stewards
- *Steering committees*: These ensure the effective functioning of all forums at national, group, and business unit levels

In addition, Eskom and its recognised unions have established a restructuring consultative framework, which supplements the recognition agreement, to guide consultation during organisational restructuring.

The Board and management remain committed to driving accountability and effective consequence management. This will address governance and compliance challenges and support the fight against crime, fraud and corruption, to put the organisation on a more sustainable path. In support of a disciplined, respectful and productive work environment, we have established clear disciplinary and grievance procedures for both bargaining unit and managerial employees.

Disciplinary procedures outline fair and consistent processes to address alleged misconduct, with employees being entitled to representation. The goal is not only punitive when needed, but also corrective, to encourage positive behaviour and reinforce alignment with Eskom's values. Grievance procedures provide employees with a structured and confidential way to raise concerns about workplace conflict, unfair treatment or dissatisfaction. The aim is to resolve issues constructively and uphold a culture of mutual respect, teamwork and professionalism.

IR For more on how we monitor the effectiveness of our ethics and anti-corruption initiatives, refer to "Leveraging governance for transformation – Fighting crime, fraud and corruption" on page 75

Sustaining communities

We are committed to creating lasting value for the communities in which we operate, recognising that our social licence to operate is rooted in trust, transparency and collective progress. As we continue to make strides in turning around performance and delivering on our commercial mandate to provide reliable and sustainable electricity supply, we also embrace our developmental responsibilities – supporting economic empowerment, job creation, skills development, transformation and universal access to electricity across South Africa.

We acknowledge the impact of Eskom's past challenges on our stakeholders and are actively working to rebuild public confidence through an ethical high-performance culture, improved stakeholder engagement and a renewed focus on the customer experience. We strive to be a customer-centric organisation that delivers world-class customer service and are committed to protecting members of the public from the hazards of our operations and infrastructure, while educating communities on the safe use of electricity.

Our socio-economic transformation plan comprises 37 initiatives across five focus areas, reinforcing our commitment to a competitive, sustainable and inclusive energy future.

These initiatives are designed to sustain and uplift communities through electrification, job creation, economic inclusion as well as infrastructure and skills development. Our JET is central to this effort, ensuring that the shift to a low-carbon future is inclusive and equitable, particularly for communities dependent on the coal value chain.

 Education and skills development	Enhancing skills in critical areas through bursary schemes, learnerships and capacity-building programmes that support the objectives of improving education and innovation
 Economic empowerment	Promoting enterprise and supplier development to drive inclusive economic growth and foster small business participation, aligned with employment growth priorities
 Community and infrastructure development	Expanding electrification projects and supporting rural development, directly addressing access to electricity and infrastructure backlogs
 Just Energy Transition (JET)	Driving investments in renewable energy projects to meet the NDP's clean energy targets and support the low-carbon economy
 Localisation and industrialisation	Maximising local manufacturing and supplier capacity to strengthen South Africa's industrial base and create sustainable jobs

CUSTOMER CENTRICITY

We are focused on customer centricity to remain the distributor of choice in an evolving electricity supply industry. As customers increasingly seek energy independence through renewable and embedded self-generation technologies, we recognise the need to diversify our product and service offerings to remain relevant and adapt to changing needs. Furthermore, we are prioritising improving reliability of supply and restoration time of faults to support customer retention and satisfaction.

To this end, we are exploring innovative value-added services and enhancing customer service delivery through:

- Access to renewable energy through wheeling, green tariffs and energy trading platforms
- Energy management services, including smart meters, sensors and controllers that enable real-time load management, either to improve customer energy efficiency or to support load limiting for continuity of supply
- Flexible services such as demand response, remote control of geysers, as well as solar PV and battery systems to support network stability
- Digital technologies, analytics and communication platforms that enhance customer integration and empower customers through self-service channels
- Operational improvements, such as faster quotation and connection times, timely resolution of queries and faults, improved meter reading and billing accuracy for conventional meters, as well as proactive notifications for planned and unplanned outages

Our newly reintroduced demand management programme promotes load management and energy efficiency by encouraging customers to reduce consumption during peak demand periods. This aids customers in better managing their energy use, while supporting stability of the national grid.



For further information, refer to <https://www.eskom.co.za/distribution/demand-management-programme/>

Sustaining communities *continued*



Our Distribution Division has embarked on a programme to transition its vehicle fleet to electric vehicles (EVs) to reduce Eskom's carbon footprint and stimulate growth in the South African e-mobility market. We are planning to establish and install fast-charging stations for public use, capable of fully charging a medium-sized EV within one hour at market-related tariffs.

We plan to expand our fleet with 875 EVs and roll out 238 e-mobility charging stations over the next five years, scaling up to around 4 300 EVs (or 50% of the fleet) by 2035. By year end, 10 charging stations had been installed at five pilot sites.

We are conducting impact assessments by monitoring the utilisation and charging patterns of the EV fleet to inform optimal sizing, suitable tariffs and network capacity planning for future charging stations. In addition, the integration of solar PV or renewable microgrids at charging sites will help to realise the full environmental benefits of EV adoption.

The growth in customer numbers has slowed steadily in recent years due to challenging economic conditions and the increasing adoption of alternative supply sources and embedded self-generation technologies by some customer categories. The decline over the past year is mainly attributable to a 0.7% reduction in residential customers, our largest customer category.

IR Detailed customer information, including sales per customer category, is set out in the supplementary information on page 148

The key revision number (KRN) rollover project, completed in November 2024, successfully recoded legacy prepaid meters from KRN 1 to KRN 2, updating a total of 7.2 million meters. At the same time, we conducted a comprehensive data analysis and account clean-up exercise, identifying approximately 2.2 million customers who were either buying tokens from ghost vendors or had tampered with their meters; these are referred to as zero buyers.

A dedicated zero buyers reduction programme has been implemented to regularise these accounts. By year end, around 900 000 accounts had been corrected, with roughly 1.3 million zero buyers remaining.

We recognise that energy theft and losses are systemic issues, in part due to the country's socio-economic challenges. We are engaging with community leaders to encourage high-risk communities to play an active role in managing electricity infrastructure and promote the safe use of electricity. We are also prioritising the disconnection and normalisation of illegal connections and conducting meter audits to detect and resolve meter tampering. Interventions are underway to address the risk of illicit prepaid electricity tokens, including the replacement of Eskom's online vending system.



Converting customers to smart meters

To address non-technical losses, we are converting conventional and prepaid meters to smart meters – prioritising customers most likely to be involved in the use of illegal tokens – and installing smart meters for all new customer connections. Around 800 000 smart meters have been installed as part of our digitalisation and metering infrastructure refurbishment programme as well as our electrification programme. Altogether, we are targeting the replacement and electrification of 7.2 million smart meters over the next three years.

Once fully operational, smart meters will enable optimised management of distributed energy resources, such as microgrids, enable improved theft and tamper detection, provide real-time visibility of outages, as well as support meter reading and fault-finding services. Real-time monitoring will also help identify overloaded equipment and improve the implementation of load limiting to protect equipment and improve service delivery.

Customers will benefit from real-time access to their energy usage, instant outage and service notifications, as well as the ability to participate in new pricing structures and enjoy new products and services, including demand response programmes, load management services and EV capabilities.

CUSTOMER SERVICE

Customer satisfaction is measured on a continuous basis using a range of perception-based surveys.

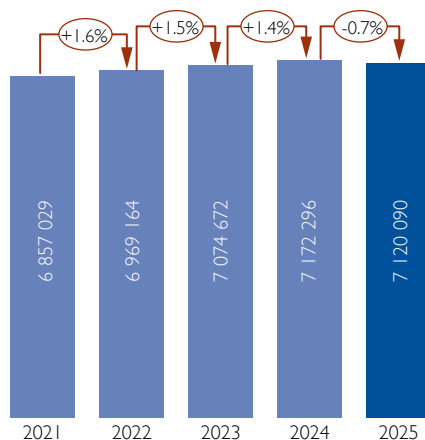
Measure and unit	Target 2028	Target 2026	Target 2025	Target met?	Actual 2025	Actual 2024	Actual 2023
Key Customer Delight, %	80.0	80.0	80.0	●	86.8	88.1	88.4
Customer Delight, index	3.7	3.6	3.6	●	4.1	4.4	3.6

Key Customer Delight performance, which measures the satisfaction of large industrial customers, remains above target. The scores for all service dimensions remain above the target of 80%, except for reliability of supply which scored 79% due to the impact of load curtailment and loadshedding as well as unplanned network outages.

The Customer Delight index is a composite customer perception measure, based on customer satisfaction following interaction with customer care channels, as well as operational performance metrics related to billing accuracy, planned outages and the resolution of customer issues or queries.

We have successfully met our customer service targets for the year and remain committed to offering convenient access to customer care through digital and self-service channels.

Number of customers



You can chat to Alfred, our friendly chatbot, at any time at <https://alfred.eskom.co.za/chatroom/> or on WhatsApp at 08600 37566



Alternatively, put the power in your hands and download the MyEskom Customer app in your app store.



Sustaining communities *continued*

OUR CONTRIBUTION TO SUPPLIER DEVELOPMENT

Measure and unit	Target 2028	Target 2026	Target 2025	Target met?	Actual 2025	Actual 2024	Actual 2023
Preferential procurement, % of TMPS ^{SC}	80.00	80.00	80.00	●	93.21	74.35	72.80
Procurement from black-owned (BO) suppliers, % of TMPS	40.00	40.00	40.00	●	51.02	38.82	42.48
Procurement from black women-owned (BWO) suppliers, % of TMPS	12.00	12.00	12.00	●	11.60	8.29	7.21
Procurement from black youth-owned (BYO) suppliers, % of TMPS	2.00	2.00	2.00	●	5.17	4.53	4.26
Procurement spend with suppliers owned by black persons with disabilities (BPwD), % of TMPS	1.00	1.00	1.00	●	0.42	0.10	0.18
Procurement spend with qualifying small enterprises (QSE), % of TMPS	15.00	15.00	15.00	●	7.54	4.50	4.39
Procurement spend with exempted micro enterprises (EME), % of TMPS	15.00	15.00	15.00	●	7.03	4.65	5.86

We continuously strive to align to national transformation imperatives to unlock growth, support localisation and industrialisation, create employment and contribute to skills development in South Africa through our procurement and supply chain management practices.

Eskom is recognised as a level 3 B-BBEE contributor, with our status independently recertified in February 2025. This year, we achieved our highest performance to date in the skills development category, driven in part by our continued support for Government's Youth Employment Service (YES) programme. While our performance in the management control category was negatively affected by gender equity in top management due to executive vacancies at the time of the recertification, this has since been addressed through a restructured Exco. Our positive procurement equity performance was recognised, although opportunities remain to improve procurement spend with certain designated groups.

Despite a decrease in TMPS to R220.3 billion for the year (2024: R240.4 billion), attributable spend with B-BBEE compliant suppliers increased to R205.4 billion (2024: R178.8 billion), resulting in improved procurement equity across all designated groups. We continue to monitor supplier compliance and request suppliers to maintain valid B-BBEE certification to reduce the extent of spend with non-compliant suppliers.

We have made a concerted effort to support small black-owned businesses by hosting workshops to address the underperformance on procurement with BPwD, QSE and EME groups. Our procurement policy is under revision and, once implemented, is expected to improve support for these designated groups.

During the year, we awarded 1 786 contracts at company level, achieving 93.79% local content (2024: 1 309 contracts, with 90.72% local content). Of these, 362 contracts were related to designated sectors, resulting in 85.83% local content spend in designated sectors (2024: 203 contracts, with 60.34% local content for designated sectors).

ENTERPRISE AND SUPPLIER DEVELOPMENT

We invested R7 million in enterprise development, exceeding our target of R5 million (2024: R6.1 million). Various initiatives were conducted to support small and medium enterprises (SMMEs), including training on business skills, tender requirements and other key topics. Over 1 120 SMMEs benefited from development opportunities through these initiatives. Our contribution to supplier development amounted to R12.3 billion, exceeding the target of R6 billion (2024: R8.3 billion), mainly due to subcontracting.

Looking ahead, we are pursuing more impactful targets to enhance the outcomes of our enterprise and supplier development initiatives in line with the B-BBEE Codes. Over the next three years, we aim to invest a total of R27 billion in supplier development, mainly due to procurement spend with developing suppliers, and R230 million in enterprise development programmes.



Sustaining communities *continued*

MAXIMISING OUR SOCIO-ECONOMIC CONTRIBUTION

Measure and unit	Target 2028 ¹	Target 2026	Target 2025	Target met?	Actual 2025	Actual 2024	Actual 2023
Total electrification connections, number	128 661	41 340	44 974	●	83 031	114 800	102 590
Corporate social investment committed spend, R million ^{5C}	452.2	146.1	146.1	●	146.2	93.1	63.0
Corporate social investment, number of beneficiaries	2 100 000	600 000	450 000	●	1 203 566	272 217	438 094

1. The 2028 target is the cumulative target over the next three years.

ELECTRIFICATION

We continue to connect previously disadvantaged households and farm dwellings in Eskom's licensed areas of supply through the Government-funded electrification programme. Universal access to electricity remains a national development priority to improve the welfare of South Africans, with the goal of connecting 97% of households to the national grid. The remaining 3% – largely located in remote and rural areas – will be served through non-grid-based solutions, such as microgrids, where grid-based solutions are impractical.

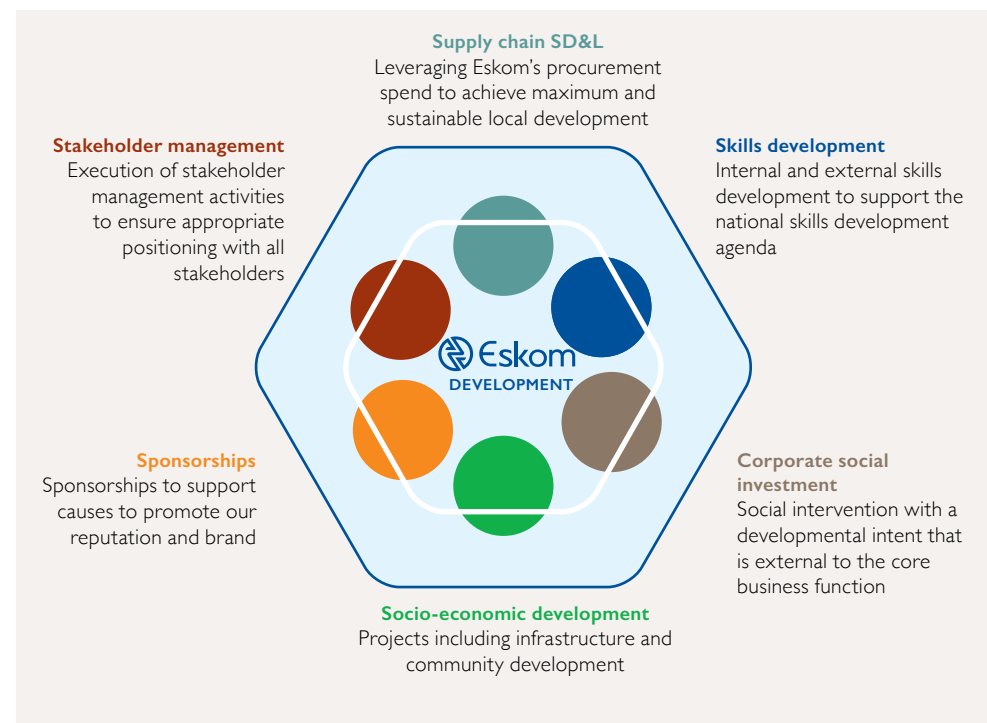
During the year, 83 031 households were connected to the grid, exceeding the target due to the electrification of additional dwellings in underserved areas, such as informal settlements, and rollovers from prior years.

We are targeting the installation of containerised microgrid units to address rural electrification challenges. These will be prioritised for hospitals, clinics, schools and essential services centres in vulnerable communities. The microgrids will leverage renewable technologies, such as solar PV, to electrify previously unserved areas. A regulatory framework for microgrids is being developed in collaboration with NERSA and other stakeholders to establish guidelines and standards for implementation of microgrid technology.

CORPORATE SOCIAL INVESTMENT

The Eskom Development Foundation NPC (the Foundation), our wholly owned subsidiary, is responsible for executing Eskom's CSI strategy to achieve critical developmental goals and improve the quality of life within the communities where we operate. Our CSI strategy aims to create an enabling environment that maximises the impact of our socio-economic contributions through six key levers. CSI initiatives are focused on education, health, the environment, enterprise development, food security, rural communities, infrastructure development and socio-economic upliftment.

During the year, the Foundation implemented communication campaigns to enhance CSI impact by business units across the group, resulting in a significant increase in CSI outcomes. Education remains the largest area of investment, accounting for R38.2 million of total CSI spend. Developing future skills pipelines for Eskom and South Africa remain a key objective of our CSI strategy, with a focus on all levels of education, from early childhood development to tertiary education, and a strong emphasis on Science, Technology, Engineering, Mathematics and Innovation (STEMI) disciplines.



The Foundation delivered several impactful community CSI projects in FY2025, including the completion of a community multi-purpose centre in Empangeni, KwaZulu-Natal and disaster relief for communities affected by flooding. Disaster-relief efforts included the provision of essential goods and the construction of 26 mobile classrooms for five schools in KwaZulu-Natal.

SR For further information, please refer to the 2025 sustainability report, which highlights a selection of our flagship CSI projects

During the year, the Foundation also concluded strategic partnerships with organisations that share our CSI ambitions – including Transnet, the National Development Agency (NDA) and the Small Enterprise Development and Finance Agency (SEDFA) – to better leverage resources and funding and maximise our collective impact going forward.

Looking ahead, future initiatives will include support for community electrification programmes, development of SMMEs, incubation and localisation in support of B-BBEE, as well as opportunities linked to Eskom's JET.

Sustaining communities *continued*

JUST ENERGY TRANSITION

Our JET strategy seeks to balance the three pillars of the energy trilemma – energy security, affordability and sustainability – to drive a fair, inclusive and equitable transition to a low-carbon economy. A “just” transition requires a people-centred approach that prioritises job creation, addresses the needs of workers and surrounding communities affected by the shutdown of ageing coal-fired power stations and ensures alternative economic opportunities.

The strategy is based on five E's – employment, environment, economy, equity and energy – to guide the transition and ensure a balance between social, economic and environmental imperatives.

IR Refer to “Our strategic and risk landscape – Repositioning Eskom for sustainability in a transforming industry” from page 42 for further information

REPOWERING AND REPURPOSING

We have conducted socio-economic impact assessment (SEIA) studies at 10 coal-fired power stations to understand the implications of their shutdowns on local communities. The studies found that, while shutdowns would reduce negative climate change impacts and improve air quality and water availability, unmitigated shutdowns would have far-reaching socio-economic consequences for surrounding communities due to job losses and reduced economic activity along the coal value chain.

In response, we will be prioritising repowering and repurposing (R&R) projects at six stations (Komati, Camden, Grootvlei, Hendrina, Arnot and Kriel). Over the next five years, the R&R programme aims to add 3 233MW of additional renewable capacity through solar PV, wind, battery storage and synchronous condensers, leveraging existing grid infrastructure. The programme is expected to create over 1 800 permanent and 16 000 temporary jobs, primarily in renewable energy and manufacturing industries, supported by training and skills development for workers and affected communities.

The R&R programme has been decoupled from station operations and decommissioning schedules, allowing R&R projects at these stations to proceed in parallel with continued operations. This is intended to alleviate security of supply risks while transitioning to a cleaner energy mix over time.

Several milestones were achieved at the Komati pilot site during the year:

- Construction of the aquaponics system and agrivoltaics plant was completed
- Assembly lines for the manufacture of containerised microgrids have been established. Construction of 13 microgrid units, which commenced in FY2024, was concluded in May 2024 against a target of 30 units, due to limited orders and delays in securing planned funding. We have engaged with stakeholders and secured commitments for FY2026 to support our electrification programme through the deployment of containerised microgrids
- A fully accredited training centre has been established, offering technical training in welding, solar PV installation, aquaponics and agrivoltaics, as well as enterprise development, ethics, basic finance and small business operations through the Eskom Academy of Learning and other partnership agreements

Lessons learned from the Komati pilot are being applied to initiatives at other stations. R&R plans for Camden, Grootvlei and Hendrina have been approved and several initiatives for economic diversification have commenced. R&R plans for Arnot and Kriel are undergoing engagement and finalisation, with implementation planned for 2029.

Construction of a climate-smart horticulture facility at Grootvlei commenced in November 2024, in partnership with the Netherlands. Work was halted in December 2024 to facilitate further stakeholder engagement. Work recommenced in January 2025, but heavy rains made construction impossible. The site remained waterlogged and inaccessible until year end. Construction is scheduled for completion in FY2026, with the facility expected to become operational by 31 March 2026, complemented with the necessary training.

IR Refer to “Sustainability indicators selected for reasonable assurance” from page 150 for more information on the targets and outcomes of the microgrid assembly line at Komati and the horticulture facility at Grootvlei

Looking ahead, ash beneficiation centres for brickmaking and road filling are being established at Camden, Grootvlei and Hendrina, along with steel fabrication facilities. Construction of the solar PV plant and battery storage system at Komati is scheduled to commence during FY2026. Furthermore, a copper recycling plant at Komati is expected to be completed by the end of FY2026, to produce 130 tons of copper cables annually. Engagements with various multilateral development finance institutions are underway to support these initiatives.

We continue to engage with affected communities in close collaboration with local and provincial government. We are also working with technical and vocational education training colleges to expand the reach of our training centres and align training curricula with worker and community needs.

PUBLIC SAFETY

We remain committed to public safety in line with our value of Zero Harm. Nationwide public safety campaigns continue to play a vital role in educating the public on the safe use of electricity and the dangers of electrical contact. Key focus areas include raising awareness about the hazards of illegal connections, overloaded electrical outlets and risks associated with purchasing prepaid electricity from unauthorised vendors. We also encourage the public to avoid and report low-hanging power lines, meter tampering and vandalism of electrical infrastructure in their communities.

Sadly, we recorded 15 public recordable fatality incidents (PRFIs) during the year, with 12 electrical contact and three motor vehicle incidents (2024: 20 PRFIs, with 10 electrical contact and 10 motor vehicle incidents).

Given the impact of our coal haulage operations on road safety and infrastructure, we continue to promote driver and vehicle safety and participate in road safety awareness campaigns. Regrettably, supplier coal haulage by road resulted in 11 public fatalities during the year (2024: 12).

To strengthen our public safety efforts, we have established working relationships with key stakeholders, including Sasol, Transnet, PRASA, the Railway Safety Regulator and SANRAL. We convene a quarterly public safety forum to collaborate on initiatives aimed at minimising public injuries and fatalities.

Supplementary information



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Abbreviations

ACI African, Coloured and Indian

AEL Atmospheric emissions licence

ARC Audit and Risk Committee (a Board committee) which was approved for separation into a distinct Audit Committee and Risk Committee in February 2025 (both are Board committees)

B-BBEE Broad-based black economic empowerment

BESS Battery energy storage system

BOPC Business Operations Performance Committee (a Board committee)

CCMA Council for Conciliation, Mediation and Arbitration

CSA Coal supply agreement

CSI Corporate social investment

DEE Department of Electricity and Energy

DFFE Department of Forestry, Fisheries and the Environment

DFI Development finance institution

DMPRRP Department of Mineral and Petroleum Resources

DoA Delegation of authority

DWS Department of Water and Sanitation

EAF Energy availability factor (see glossary)

EBITDA Earnings before interest, taxation, depreciation and amortisation and fair value adjustments

ECA Export credit agency

ERI Eskom Rotek Industries SOC Ltd

ESP Electrostatic precipitator

EUF Energy utilisation factor (see glossary)

Exco Executive Management Committee

FFP Fabric filter plant

FGD Flue gas desulphurisation

GCE Group Chief Executive

GCFO Group Chief Financial Officer

GDP Gross domestic product

GIS Group Investigations and Security Department

GSC Governance and Strategy Committee (a Board committee)

GW Gigawatt = 1 000 megawatts

GWh Gigawatt-hour = 1 000MWh

HCRC Human Capital and Remuneration Committee (a Board committee)

IASB International Accounting Standards Board (part of the IFRS Foundation)

IFC Investment and Finance Committee (a Board committee)

IFRS® International Financial Reporting Standards

IPP Independent power producer (see glossary)

IRP Integrated Resource Plan

ISSB International Sustainability Standards Board (part of the IFRS Foundation)

King IV King IV Report on Corporate Governance for South Africa, 2016

kℓ Kilotitre = 1 000 litres

KPI Key performance indicator

kt Kiloton = 1 000 tons

kV Kilovolt = 1 000 volts

kWh Kilowatt-hour = 1 000 watt-hours (see glossary)

kWhSO Kilowatt-hour sent out

LTIR Lost-time injury rate (see glossary)

MES Minimum Emission Standards

MI Megalitre = 1 million litres

MOI Memorandum of Incorporation

mSv Millisievert

Mt million tons

MVA Megavolt-ampere = 1 million volts

MW Megawatt = 1 million watts

MWh Megawatt-hour = 1 000kWh

MWhSO Megawatt-hour sent out

MYPD Multi-year price determination

NECOM National Energy Crisis Committee

NEDCSA National Electricity Distribution Company of South Africa SOC Ltd

NEMA National Environmental Management Act, 1998

NEMAQA National Environmental Management: Air Quality Act, 2004

NERSA National Energy Regulator of South Africa

NNR National Nuclear Regulator

NTCSA National Transmission Company South Africa SOC Ltd

OCGT Open-cycle gas turbine (see glossary)

OCLF Other capability loss factor (see glossary)

OEM Original equipment manufacturer

PCLF Planned capability loss factor (see glossary)

PFMA Public Finance Management Act, 1999

PPA Power purchase agreement

PRFI Public recordable fatality incident (see glossary)

PV (Solar) photovoltaic

RC Risk Committee (a Board committee)

RCA Regulatory clearing account

RE-IPP Renewable energy independent power producer

RMIPPPP Risk Management Independent Power Producer Procurement Programme

SADC Southern African Development Community

SAIDI System average interruption duration index

SAIFI System average interruption frequency index

SALGA South African Local Government Association

SAPP Southern African Power Pool

SARS South African Revenue Service

SES Social, Ethics and Sustainability Committee (a Board committee)

SIU Special Investigating Unit

SOC State-owned company

SSEG Small-scale embedded generation

TMPS Total measured procurement spend

TWh Terawatt-hour = 1 000GWh

UAGS Unplanned automatic grid separations

UCLF Unplanned capability loss factor (see glossary)

WANO World Association of Nuclear Operators

Glossary of terms

Arrear debt as percentage of revenue	Gross arrear debt written off (relating to electricity receivables only) divided by gross electricity revenue multiplied by 100
Base-load plant	Largely coal-fired and nuclear power stations, designed to operate continuously
Cash interest cover (ratio)	Provides a view of the company's ability to satisfy the interest burden on its borrowings by utilising cash generated from operating activities. It is calculated as net cash from operating activities divided by net interest paid (interest paid on financing activities less interest received from financing activities)
Current ratio	(The current portion of inventory, payments made in advance, trade and other receivables and taxation assets) divided by (the current portion of trade and other payables, payments received in advance, provisions, employee benefit obligations and taxation liabilities)
Daily peak	Maximum amount of energy demanded by consumers in one day
Debt/equity including long-term provisions	Net financial assets and liabilities plus non-current retirement benefit obligations and non-current provisions divided by total equity
Debt service cover (ratio)	Cash generated from operations divided by (net interest paid from financing activities plus debt securities and borrowings repaid)
Decommission	To remove a facility (e.g. reactor) from service and either store it safely or dismantle it
Demand-side management	Planning, implementing and monitoring activities to encourage consumers to use electricity more efficiently, including both the timing and level of demand
EBITDA margin	EBITDA as a percentage of revenue (excluding revenue not recognised due to uncollectability)
Electricity operating costs per MWh	Electricity-related costs (primary energy costs, employee benefit costs plus net impairment loss and other operating expenses, less other income) divided by total electricity sales in GWh multiplied by 1 000
Electricity revenue per kWh	Electricity revenue (including electricity revenue not recognised due to uncollectability) divided by total kWh sales multiplied by 100
Embedded derivative	Financial instrument that causes cash flows that would otherwise be required by modifying a contract according to a specified variable such as currency
Energy availability factor (EAF)	Measures power station availability, taking account of both planned and unplanned energy losses under the control of plant management, as well as other non-controllable energy losses
Energy efficiency	Programmes to reduce energy used by specific end-use devices and systems, typically without affecting services provided
Energy utilisation factor (EUF)	Ratio of actual electrical energy produced during a period of time divided by the total available energy capacity. It is a measure of the degree to which the available energy capacity of an electricity supply network is utilised. Available energy capacity refers to the capacity after all unavailable energy (planned and unplanned energy losses) has been taken into account, and represents the net energy capacity made available to the System Operator or national grid
Fatality	A fatality is an incident occurring at work, or arising out of or in connection with the activities of persons at work, or in connection with the use of plant or machinery, in which or in consequence of which, any person (an employee, contractor, or member of the public) dies, regardless of the time intervening between the injury and/or exposure to the cause and death. The date of the incident will reflect the date on which the incident occurred, irrespective of the date of death
Forced outage	Shutdown of a generating unit, transmission line or other facility for emergency reasons or a condition in which generating equipment is unavailable for load due to unanticipated breakdown
Free basic electricity	Amount of electricity deemed sufficient to provide basic electricity services to a poor household (50kWh per month)
Free funds from operations	Cash generated from operations adjusted for working capital
Gross debt	Debt securities and borrowings plus finance lease liabilities plus the after-tax effect of provisions and employee benefit obligations
Gross debt/EBITDA ratio	Gross debt divided by earnings before interest, taxation, depreciation, amortisation and fair value adjustments
Independent non-executive director	A director who (a) is not a full-time salaried employee of the company or its subsidiary nor a shareholder representative; (b) has not been employed by the company in any executive capacity in any of the past three financial years; (c) is not a professional advisor, significant supplier or customer of the company; and (d) is not receiving remuneration contingent on the performance of the company
Independent power producer (IPP)	Any entity, other than Eskom, that owns or operates, in whole or in part, one or more independent power generation facilities
Kilowatt-hour (kWh)	Basic unit of electric energy equal to one kilowatt of power supplied to or taken from an electric circuit steadily for one hour
Lead independent director (LID)	Acts as a sounding board for the Chairman and can lead or chair Board meetings in the Chairman's absence or when he has a conflict of interest. The LID can assist with amplifying the voice of other board members and resolving problematic board dynamics. The LID will also lead the Chairman's performance appraisal
Load	Amount of electric power delivered or required on a system at any specific point
Load curtailment	Typically, larger industrial customers reduce their demand by a specified percentage for the duration of a power system emergency. Due to the nature of their business, these customers require two hours' notification before they can reduce demand
Load management	Activities to influence the level and shape of demand for electricity so that demand conforms to the present supply situation, long-term objectives and constraints

Glossary of terms *continued*

Loadshedding	Scheduled and controlled power cuts that rotate available capacity between all customers when demand is greater than supply in order to avoid blackouts. Distribution or municipal control rooms open breakers and interrupt load according to predefined schedules. Use of the term loadshedding typically includes the concept of load curtailment
Lost-time injury (LTI)	A work injury which arises out of and in the course of employment and which renders the injured employee or contractor unable to perform his/her regular/normal work on one or more full calendar days or shifts other than the day or shift on which the injury occurred. It includes occupational diseases and fatalities
Lost-time injury rate (LTIR)	Proportional representation of the occurrence of lost-time injuries over 12 months per 200 000 working hours
Major incident	An interruption on the transmission network with a severity $\geq$ I system minute
Maximum demand	Highest demand of load within a specified period
Non-technical losses	Energy losses due to electricity theft through illegal connections, tampering and bypassing of electricity meters, as well as the purchase of electricity tokens from unregistered or illegal vendors. It includes meter reading and billing errors
Occupational disease/illness	Any confirmed disease/illness arising out of, and in the course of, an employee's employment, that is listed in Schedule 3 of the Compensation for Occupational Injuries and Diseases (COID) Act, 1993, or any other condition as determined by an occupational medical practitioner
Off-peak	Period of relatively low system demand
Open-cycle gas turbine (OCGT)	Liquid fuel turbine power station that forms part of peak-load plant and runs on kerosene or diesel. Designed to operate in periods of peak demand
Other capability loss factor (OCLF)	Energy losses outside of a station's control as well as internal non-engineering constraints
Outage	Period in which a generating unit, transmission line, or other facility is out of service
Peak demand	Maximum power used in a given period, traditionally between 7:00 and 10:00 as well as 18:00 to 20:00 in summer; and 6:00 to 9:00 as well as 17:00 to 19:00 in winter
Peaking capacity	Generating equipment normally operated only during hours of highest daily, weekly or seasonal loads
Peak-load plant	Gas turbines, hydroelectric or a pumped storage scheme used during periods of peak demand
Planned capability loss factor (PCLF)	Energy losses due to planned maintenance on power station units, whether due to full shutdowns or partial load reduction
Primary energy	Energy from natural resources, e.g. coal, diesel, uranium, sunlight, wind and water
Public recordable fatality incident (PRFI)	An incident resulting in the electrocution of a member of the public by coming into contact with Eskom apparatus within the point of supply, as well as any work-related incident where an Eskom employee or contractor is responsible for the death of a member of the public. It excludes electrocution resulting from criminal activities or incidents where a member of the public is solely at fault. A minor being electrocuted as a result of criminal activity will, however, be regarded as a PRFI
Pumped storage scheme	A lower and an upper reservoir with a power station/pumping plant between the two. During off-peak periods the reversible pumps/turbines use electricity to pump water from the lower to the upper reservoir. During periods of peak demand, water runs back into the lower reservoir through the turbines, generating electricity
Reserve margin	Difference between net system capability and the system's maximum load requirements (peak load or peak demand)
Return on assets	EBIT divided by the regulated asset base, which is the sum of property, plant and equipment, trade and other receivables, inventory and future fuel, less trade and other payables and deferred income
Sustainability	Refers to practices that can be maintained without harming the environment, society or the economy, and considers future generations. It involves finding a balance between the needs of the present and the ability of future generations to meet their own needs
System minutes	Global benchmark for measuring the severity of transmission network interruptions to customers. One system minute is equivalent to the loss of the entire system for one minute at annual peak. A major incident is an interruption with a severity $\geq$ I system minute
Technical losses	Naturally occurring losses that depend on the power systems used
Unit capability factor (UCF)	Measure of availability of a generating unit, indicating how well it is operated and maintained
Unplanned capability loss factor (UCLF)	Energy losses due to outages are considered unplanned when a power station unit has to be taken out of service and it is not scheduled at least four weeks in advance
Used nuclear fuel	Nuclear fuel irradiated in and permanently removed from a nuclear reactor. Used nuclear fuel is stored on site in used fuel pools or storage casks
Watt	The watt is the International System of Units' (SI) standard unit of power. It specifies the rate at which electrical energy is dissipated (energy per unit of time)
Wheeling	Refers to the movement of electricity between international customers through Eskom's network, without the power being available to customers on the South African grid

Leadership qualifications and directorships

BOARD OF DIRECTORS AT 31 MARCH 2025

Mteto (M) Nyati (60)

Chairman

Independent non-executive director

Appointed to Board in October 2022;

appointed as Chairman in October 2023

Qualifications and designations

B Sc Mechanical Engineering
(University of KwaZulu-Natal)
PhD (Honoris Causa) Information Technology
Management (University of Johannesburg)

Directorships

Accelerated Growth Partners (Pty) Ltd
Ammo (Pty) Ltd
Business Systems Group (Africa) (Pty) Ltd
Sako Green Energy (Pty) Ltd
The Collective X NPC
Wazo Investments (Pty) Ltd



Dan (DL) Marokane (53)

Group Chief Executive

Executive director

Appointed to Board in March 2024

Qualifications and designations

B Sc Chemical Engineering
(University of Cape Town)
M Sc Petroleum Engineering
(University of London)
DIC (Imperial College London)
MBA (University of Cape Town)

Directorships

Energy Council of South Africa NPC



Calib (C) Cassim (53)

Group Chief Financial Officer

Executive director

Appointed to Board in July 2017

Qualifications and designations

B Com (University of KwaZulu-Natal)
B Accounting Sciences (Unisa)
Chartered Accountant (SA)
Master of Business Leadership (Unisa)

Directorships

Escap SOC Ltd
Eskom Enterprises SOC Ltd
Eskom Finance Company SOC Ltd



Leslie (LA) Mkhabela (52)

Lead independent director (LID)

Independent non-executive director

Appointed to Board in October 2022;

appointed as LID in January 2025

Qualifications and designations

B Juris (University of Limpopo)
LLB (University of Limpopo)
Admitted Attorney

Directorships

China Africa Joint Arbitration Centre Johannesburg NPC
Dunocol (Pty) Ltd
Escap SOC Ltd
Jordigraph (Pty) Ltd
Khomani Group (Pty) Ltd
Mkhabela Huntley Attorneys Inc
Roodt Mkhabela Inc
The Arbitration Foundation of Southern Africa NPC



Fathima (FBB) Gany (49)

Independent non-executive director

Appointed to Board in October 2022

Qualifications and designations

B Accounting Sciences (Unisa)
B Compt (Hons) (Unisa)
Certificate of Theory in Accounting (Unisa)
Chartered Accountant (SA)
Advanced Certificate in Auditing
Certificate in Strategy Design (GIBS)
Certificate in Strategy Execution (GIBS)

Directorships

Air Chefs SOC Ltd
Kunjali Consulting (Pty) Ltd
Kunjali Investment Holdings (Pty) Ltd
South African Airways SOC Ltd
South African Airways Technical SOC Ltd
South African Post Office SOC Ltd



Lwazi (LL) Goqwana (49)

Independent non-executive director

Appointed to Board in October 2022

Qualifications and designations

B Sc (Hons) Mechanical Engineering
(University of Cape Town)
MBA (Milpark Business School)
Pr Eng (Engineering Council of South Africa)

Directorships

Allpides (Pty) Ltd
Infrastructure Specialist Group (Pty) Ltd
MPA Consortium
National Society of Black Engineers of South Africa NPC
Pamimar (Pty) Ltd
Rocla (Pty) Ltd
Technicrete ISG (Pty) Ltd
Technicrete Mining Services (Pty) Ltd
Zepide Group (Pty) Ltd



Clive (CR) le Roux (73)

Independent non-executive director

Appointed to Board in October 2022

Qualifications and designations

B Sc Electrical Engineering (cum laude)
(University of Witwatersrand)
Advanced Executive Diploma in Leadership
(Unisa)

Directorships

None



Ayanda (APZ) Mafuleka (45)

Independent non-executive director

Appointed to Board in October 2022

Qualifications and designations

B Com Management
(University of KwaZulu-Natal)
B Compt (Hons) (Unisa)
Certificate in Advanced Financial
Management (University of Johannesburg)
Chartered Accountant (SA)

Directorships

Escap SOC Ltd
Netball SA Investment Holdings NPC
Rand Water Foundation NPC



Ages are shown at 31 March 2025.

Only active directorships and memberships are reflected.

Leadership qualifications and directorships *continued*

BOARD OF DIRECTORS AT 31 MARCH 2025 *continued*

Dr Tsakani (TL) Mthombeni (45)

Independent non-executive director
Appointed to Board in October 2022

Qualifications and designations
B Sc (Hons) Electrical Engineering
(University of Cape Town)
M Sc Electrical Engineering
(Clarkson University)
PhD Electrical Engineering
(Clarkson University)

Directorships

KPTL Investments (Pty) Ltd
Royal Bafokeng Platinum Ltd



Bheki (B) Ntshalintshali (71)

Independent non-executive director
Appointed to Board in October 2022

Qualifications and designations
Comparative Industrial Relations
(Ruskin College)
Diploma in Industrial Relations
(Allenby College)

Directorships

National Labour and Economic
Development Institute NPC
The Rand Mutual Assurance Company Ltd



Tryphosa (T) Ramano (53)

Independent non-executive director
Appointed to Board in October 2022

Qualifications and designations
B Com (University of Cape Town)
Postgraduate Diploma in Accounting
(University of Cape Town)
Chartered Accountant (SA)

Directorships

Denel SOC Ltd
GBVF Response FundI NPC
K2021862248 (South Africa) (Pty) Ltd
Kwaheri Psychiatry (Pty) Ltd
Longmarket Capital
National Transmission Company South Africa SOC Ltd
Public Investment Corporation SOC Ltd
Solidarity Response Fund NPC
Tumaini Psychiatry (Pty) Ltd
The International Women's Forum South Africa NPC
Urithi Psychiatry (Pty) Ltd
University of Pretoria



Dr Busisiwe (CB) Vilakazi (41)

Independent non-executive director
Appointed to Board in October 2022

Qualifications and designations
B Sc Electrical Engineering
(University of Witwatersrand)
M Sc Engineering (University of Witwatersrand)
MBA (University of Witwatersrand)
PhD Engineering Science
(University of Oxford)

Directorships

Macsteel Service Centres SA (Pty) Ltd
Milpark Bee Investment (Pty) Ltd
National Transmission Company South Africa SOC Ltd
Ndilantwa Group (Pty) Ltd
Sako Green Energy (Pty) Ltd
Stadio Holdings Ltd



Dr Claudelle (C) von Eck (54)

Independent non-executive director
Appointed to Board in October 2022

Qualifications and designations
BA Psychology (University of
Witwatersrand)
Diploma in Business Management
(Institute of Accounting and Commerce)
Certified Director (Institute of Directors
South Africa)
Master of Business Leadership (Unisa)
DPhil Leadership (Change Management)
(University of Johannesburg)

Directorships

Brave Inflexions (Pty) Ltd
Mapungubwe Institute for Strategic Reflection NPC
MVE Horizons Human Capital Solutions cc



Ages are shown at 31 March 2025.

Only active directorships and memberships are reflected.

Leadership qualifications and directorships *continued*

EXECUTIVE MANAGEMENT COMMITTEE AT 31 MARCH 2025

Dan (DL) Marokane (53)

Group Chief Executive

Appointed to Exco in March 2024

6 years in Eskom (including 2010 to 2015)

Qualifications and designations

B Sc Chemical Engineering (University of Cape Town)

M Sc Petroleum Engineering (University of London)

DIC (Imperial College London)

MBA (University of Cape Town)

Directorships

Energy Council of South Africa NPC



Calib (C) Cassim (53)

Group Chief Financial Officer

Appointed to Exco in July 2017

23 years in Eskom

Qualifications and designations

B Com (University of KwaZulu-Natal)

B Accounting Sciences (Unisa)

Chartered Accountant (SA)

Master of Business Leadership (Unisa)

Directorships

Escap SOC Ltd

Eskom Enterprises SOC Ltd

Eskom Finance Company SOC Ltd



Monde (ML) Bala (51)

Group Executive: Distribution

Appointed to Exco in June 2023

28 years in Eskom

Qualifications and designations

B Sc Electrical Engineering (University of Cape Town)

Graduate Diploma in Industrial Engineering (University of Witwatersrand)

Master of Engineering (University of Witwatersrand)

Directorships

Eskom Enterprises SOC Ltd

Eskom Rotech Industries SOC Ltd

National Electricity Distribution Company of South Africa SOC Ltd



Roman (RA) Crookes (52)

Group Executive: Group Capital

Appointed to Exco in November 2024

16 years in Eskom (including 1999 to 2016)

Qualifications and designations

B Sc Mechanical Engineering (University of Witwatersrand)

M Sc Mechanical Engineering (University of Witwatersrand)

Directorships

None



Leonard (LM) de Villiers (68)

Chief Technology and Information Officer

Appointed to Exco in November 2024

<1 year in Eskom

Qualifications and designations

National Diploma in Electronic Data Processing (Tygerberg Technical College)

Global Information and Telecommunications Industries (Insead Business School)

Delivering Information Services and Information Technology (Harvard Business School)

Directorships

iMas Finance Co-operative Ltd

Professional Provident Society (PPS) Insurance Company Ltd

Moyo Business Advisory (Pty) Ltd

Southbend 3365 cc



Nontokozo (NY) Hadebe (47)

Group Executive: Strategy and Sustainability

Appointed to Exco in November 2024

<1 year in Eskom

Qualifications and designations

B Sc (Hons) Biochemistry (University of Zululand)

Certificate Programme in Leadership Development (University of Witwatersrand)

Master of Business Leadership (Unisa)

Postgraduate Diploma in Financial Strategy (University of Oxford)

Directorships

None



Dr Candice (CBH) Hartley (44)

Chief People Officer

Appointed to Exco in March 2025

<1 year in Eskom

Qualifications and designations

BA Psychology (University of Johannesburg)

BA (Hons) Psychology (University of Johannesburg)

Postgraduate Diploma in Business Administration (University of Pretoria)

MBA (University of Pretoria)

PhD Business (University of Cape Town)

Directorships

None



Ages are shown at 31 March 2025.

Only active directorships and memberships are reflected.

The NTCSA board approved the secondment of Mr Monde Bala, Group Executive: Distribution, to the role of interim CEO of NTCSA from 1 August 2025.

Ms Agnes Mlambo is acting as Group Executive: Distribution.

Leadership qualifications and directorships *continued*

EXECUTIVE MANAGEMENT COMMITTEE AT 31 MARCH 2025 *continued*

Portia (PB) Mngomezulu (49)

Group Executive: Corporate Services

Appointed to Exco in November 2024

<1 year in Eskom

Qualifications and designations

B Com Accounting (Unisa)

Postgraduate Diploma in Business

Administration (University of Pretoria)

MBA (Gordon Institute of Business Science)

Directorships

Harpo Corporation (Pty) Ltd



Rivoningo (RP) Mnisi (43)

Group Executive: Renewables

Appointed to Exco in February 2025

<1 year in Eskom

Qualifications and designations

B Tech Industrial Engineering (University of Johannesburg)

B Sc (Hons) Applied Science (University of Pretoria)

MBA (Gordon Institute of Business Science)

Directorships

Bhubezi Minerals Resources (Pty) Ltd



Bheki (BJ) Nxumalo (56)

Group Executive: Generation

Appointed to Exco in June 2023

28 years in Eskom

Qualifications and designations

National Diploma in Chemical Engineering

(Mangosuthu University of Technology)

National Higher Diploma in Chemical

Engineering (Vaal University of Technology)

MBA (North West University)

Directorships

BJ Zwile Nozalo (Pty) Ltd

Eskom Enterprises SOC Ltd

Eskom Rotek Industries SOC Ltd

Fountaindale Farming (Pty) Ltd

Takuwani Holdings (Pty) Ltd



Alfred (AE) Seema (52)

Group Executive: Strategic Delivery

Appointed to Exco in December 2024

<1 year in Eskom

Qualifications and designations

B Sc Chemical Engineering (University of

Cape Town)

MBA (Henley Business School)

B Com Financial Management (Unisa)

Directorships

None



Ages are shown at 31 March 2025.

Only active directorships and memberships are reflected.

Technical statistics

Measure and unit	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Safety										
Employee lost-time injury rate (LTIR) – group, index ¹	0.23^{RA}	0.29 ^{RA}	0.26 ^{RA}	0.24 ^{RA}	0.22 ^{RA}	0.30 ^{RA}	0.31 ^{RA}	0.24	0.39	0.30
Fatalities (employees and contractors), number	3	5	5	6	11	9	7	14	10	17
Employee fatalities, number	1	2	2	4	3	–	3	3	4	4
Contractor fatalities, number	2	3	3	2	8	9	4	11	6	13
Customer statistics										
Number of customers	7 120 090	7 172 296	7 074 672	6 969 164	6 857 029	6 716 201	6 497 372	6 258 616	5 976 557	5 688 640
Key Customer Delight, % ²	86.8	88.1	88.4	85.0	86.2	81.5	81.7	79.5	107.0	104.3 ^{RA}
Arrear debt as % of revenue, %	6.28	3.95	4.80	3.91	3.24	3.69	4.30 ^{RA}	2.73 ^{RA}	2.42	1.14
Debtors days – municipalities, average debtors days	215.7	212.6	179.3	149.6	140.7	116.1	94.3 ^{RA}	76.6 ^{RA}	53.3 ^{RA}	42.9
Debtors days – large power top customers excluding disputes, average debtors days	15.1	15.5	14.5	14.6	15.0	14.6	13.5 ^{RA}	13.9 ^{RA}	15.3 ^{RA}	15.5
Debtors days – other large power users (<100 GWh p.a.), average debtors days	14.9	16.5	16.3	17.5	17.5	17.0	17.2 ^{RA}	16.6 ^{RA}	16.8 ^{RA}	16.2
Debtors days – small power users (excluding Soweto), average debtors days	45.9	45.2	46.2	47.7	50.1	44.1	42.6 ^{RA}	43.4 ^{RA}	48.8 ^{RA}	48.2
Sales and revenue										
Total sales, GWh ³	189 723	183 311	188 401	198 281	191 852	205 635	208 319	212 190	214 121	214 487
Growth/(decline) in GWh sales, %	3.5	(2.7)	(5.0)	3.4	(6.7)	(1.3)	(1.8)	(0.9)	(0.2)	(0.8)
Electricity revenue, R million	338 901	294 061	257 837	244 461	202 644	197 307	177 312	174 905	175 094	161 688
Growth/(decline) in revenue, %	15.2	14.0	5.5	20.6	2.7	11.3	1.4	(0.1)	8.3	10.5
Electricity output										
Power sent out by Eskom stations, GWh	195 702	184 576	191 307	205 688	201 400	214 968	218 939	221 936	220 166	219 979
Coal-fired stations, GWh	179 426	166 607	171 131	184 568	183 553	194 357	200 210	202 106	200 893	199 888
Nuclear power station, GWh	8 409	8 172	9 803	12 355	9 903	13 252	11 580	14 193	15 026	12 237
Pumped storage stations, GWh	4 649	4 386	4 081	4 743	4 795	5 060	4 590	4 479	3 294	2 919
Gas turbine stations, GWh	2 176	3 634	3 018	1 826	1 457	1 328	1 202	118	29	3 936
Hydroelectric stations, GWh	710	1 448	3 060	1 943	1 387	688	1 029	709	579	688
Wind energy, GWh	332	329	214	253	305	283	328	331	345	311
IPP purchases, GWh	19 365	20 183	17 957	15 973	13 526	11 958	11 344	9 584	11 529	9 033
Energy imports from SADC countries, GWh	7 570	9 150	8 654	8 500	8 812	8 568	7 355	7 731	7 418	9 703
Wheeling, GWh	2 028	2 449	2 904	2 499	2 310	2 491	2 750	2 266	2 910	3 930
Total electricity available (generated by Eskom and purchased), GWh	224 665	216 358	220 822	232 660	226 048	237 985	240 388	241 517	242 023	242 645
Consumed by pumped storage stations, GWh ⁴	(6 064)	(5 710)	(5 504)	(6 434)	(6 625)	(6 629)	(5 981)	(6 031)	(4 808)	(4 046)
Total available for distribution, GWh ³	218 601	210 648	215 318	226 226	219 423	231 356	234 407	235 486	237 215	238 599
Supply and demand										
Total peak demand on integrated power system, MW	33 485	33 873	34 666	35 005	34 155	34 510	35 345	35 769	34 913	34 499
Peak demand on integrated power system after load curtailment, MW	31 416	27 854	30 808	31 953	31 470	32 948	34 256	35 457	34 122	33 343
Loadshedding implemented, number of days	13	329 ^{RA}	280 ^{RA}	65	47	46	30	0	0	81

1. The employee LTIR includes occupational diseases and fatalities.

2. This measure was introduced in FY2020 and is calculated on a 12-month moving average. Prior to FY2020, the comparatives are for Eskom KeyCare.

3. The difference between electricity available for distribution and electricity sold is mainly due to energy losses.

4. Used by Eskom for pumped storage facilities and synchronous condenser mode of operation

^{RA} Reasonable assurance provided by the independent assurance provider for the respective year. Refer to pages 153 to 154 for the independent sustainability assurance report relating to FY2025.

Technical statistics *continued*

Measure and unit	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Infrastructure										
Total Eskom power station capacity – installed, MW	53 193	52 451	52 451	51 866	51 115	49 517	48 029	48 039	46 407	45 075
Total Eskom power station capacity – nominal, MW	46 866	46 788	46 788	47 145	46 466	45 117	44 172	45 561	44 134	42 810
Total IPP power station capacity – nominal, MW	7 495	7 495	7 110	6 831	6 083	5 206	4 981	4 779	5 027	3 392
Total transmission lines, km	33 367	33 367	33 234	33 233	33 198	33 027	32 698	31 951	32 220	31 957
Total transmission transformer capacity, MVA	161 223	160 748	160 468	160 148	159 127	153 135	152 415	151 105	147 415	143 440
Total distribution lines and underground cables, km	377 814	375 760	371 979	371 625	366 388	358 757	354 935	349 643	352 492	345 330
Total distribution transformer capacity, MVA	147 387	146 927	146 073	146 131	155 623	153 814	145 097	134 632	129 168	101 197
Asset creation										
Generation capacity installed and commissioned, MW	799 ^{RA}	0 ^{RA}	799 ^{RA}	794 ^{RA}	1 598 ^{RA}	1 588 ^{RA}	0 ^{RA}	2 387	1 332 ^{RA}	794 ^{RA}
Transmission lines installed, km	292.6 ^{RA}	74.4 ^{RA}	326.1 ^{RA}	180.5 ^{RA}	65.6 ^{RA}	127.9 ^{RA}	378.7 ^{RA}	722.3	585.4 ^{RA}	345.8 ^{RA}
Transmission transformer capacity installed and commissioned, MVA	2 620 ^{RA}	23 ^{RA}	— ^{RA}	1 065 ^{RA}	750 ^{RA}	250 ^{RA}	540 ^{RA}	2 510	2 300 ^{RA}	2 435 ^{RA}
Total capital expenditure – group (excluding capitalised borrowing costs), R billion	41.1	37.0	33.9	30.2	23.9	23.4	33.9	48.0	60.0	57.4
Plant performance										
Energy availability factor (EAF), % ¹	60.60 ^{RA}	54.56 ^{RA}	56.03 ^{RA}	62.02 ^{RA}	64.19 ^{RA}	66.64 ^{RA}	69.95 ^{RA}	78.00 ^{RA}	77.30 ^{RA}	71.07 ^{RA}
Planned capability loss factor (PCLF), % ¹	12.76 ^{RA}	12.04 ^{RA}	10.39 ^{RA}	10.23 ^{RA}	12.26 ^{RA}	8.92 ^{RA}	10.18 ^{RA}	10.35 ^{RA}	12.14 ^{RA}	12.99
Unplanned capability loss factor (UCLF), % ¹	26.05 ^{RA}	32.34 ^{RA}	31.92	25.35	20.04	22.86	18.31	10.18	9.90	14.91 ^{RA}
Other capability loss factor (OCLF), % ¹	0.59 ^{RA}	1.06 ^{RA}	1.66	2.40	3.51	1.58	1.56	1.47	0.66	1.03
Unit capability factor (UCF), % ¹	61.18	55.62	57.69	64.42	67.70	68.22	71.51	79.47	78.00	72.10
Generation load factor, % ¹	47.2	44.6	45.7	49.5	49.0	52.6	54.4	55.9	57.9	58.8
OCGT load factor, %	10.3	17.2	14.3	8.7	6.9	6.3	5.7	0.6	0.1	18.6
Unplanned automatic grid separations (UAGS trips), number ¹	699	593	736 ^{RA}	697 ^{RA}	527 ^{RA}	594 ^{RA}	517	333	444	469
Integrated Eskom system load factor (EUF), % ¹	77.8	81.8	81.5	79.8	76.3	79.0	77.8	71.6	75.0	82.7
Network performance										
Total system minutes lost for events <1, minutes	4.37 ^{RA}	3.29 ^{RA}	4.71 ^{RA}	2.88 ^{RA}	3.48 ^{RA}	4.36 ^{RA}	3.16 ^{RA}	2.09 ^{RA}	3.80 ^{RA}	2.41 ^{RA}
Major incidents ≥1 minute, number	4 ^{RA}	1	1	2	2	3	3	0	0	1
System average interruption frequency index (SAIFI), events ²	11.7	11.7	11.8	12.3 ^{RA}	13.2 ^{RA}	14.4 ^{RA}	14.9 ^{RA}	17.5 ^{RA}	18.9 ^{RA}	20.5 ^{RA}
System average interruption duration index (SAIDI), hours ²	34.9 ^{RA}	34.9 ^{RA}	35.5 ^{RA}	35.5 ^{RA}	35.4 ^{RA}	36.9 ^{RA}	38.0 ^{RA}	34.9 ^{RA}	38.9 ^{RA}	38.6 ^{RA}
Technical and other losses, GWh	25 339	23 502	23 879	24 811	25 078	23 457	23 292	21 086	21 399	19 895
Total energy losses, %	12.3	12.0	11.8	11.5	11.8	10.4	10.2	9.1	9.3	8.5
Transmission energy losses, %	2.4	2.2	2.3	2.3	2.3	2.2	2.2	2.0	2.2	2.6
Distribution energy losses, %	10.4 ^{RA}	9.9 ^{RA}	9.7 ^{RA}	9.6 ^{RA}	10.1 ^{RA}	8.8 ^{RA}	8.5 ^{RA}	7.7 ^{RA}	7.6 ^{RA}	6.4
Primary energy										
Coal stock, days	79	80	65	76 ^{RA}	82	81	67	68	74	58
Coal purchased, Mt	107.3	107.5	98.4	108.7	110.0	119.3	118.3	115.3	120.3	118.7
Coal burnt, Mt	106.2	99.5	102.4	110.3	104.9	108.6	113.8	115.5	113.7	114.8
Average calorific value, MJ/kg	19.89	19.62	19.42	19.64	19.82	19.08	19.24	19.81	20.05	19.57
Average ash content, %	30.96	31.79	32.13	31.39	31.24	29.65	30.98	30.92	28.62	28.19
Average sulphur content, %	0.80	0.77	0.79	0.83	0.82	0.78	0.84	0.87	0.84	1.07
Overall thermal efficiency, % ³	30.39	30.71	30.56	30.05	30.61	30.65	30.99	31.22	31.20	31.08
Diesel and kerosene usage for OCGTs, Mℓ	679.1	1 129.5	937.5	580.4	458.7	426.2	385.0	37.8	10.0	1 247.8

1. The calculation of KPIs include all units at Medupi as well as Kusile Units 1 to 4. Units are only included one year after achieving commercial operation, therefore Kusile Unit 5 is still excluded. Kusile Unit 4 has been included since 1 June 2023.

2. SAIDI and SAIFI are reported after allowing for exclusions defined in the National Regulated Standards adopted from 1 April 2018.

3. Only power stations where all units have achieved commercial operation are included in the calculation. Therefore, Kusile Power Station is excluded from this KPI.

^{RA} Reasonable assurance provided by the independent assurance provider for the respective year. Refer to pages 153 to 154 for the independent sustainability assurance report relating to FY2025.

Technical statistics *continued*

Measure and unit	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Environmental statistics										
Emissions										
Relative particulate emissions, kg/MWh sent out ^{1, 4, 5}	0.64 ^{RA}	0.79 ^{RA}	0.70 ^{RA}	0.34 ^{RA}	0.38 ^Q	0.47 ^{RA}	0.47 ^{RA}	0.27 ^{RA}	0.30 ^{RA}	0.36 ^{RA}
Carbon dioxide (CO ₂), Mt ⁴	204.6 ^{RA}	190.4 ^{RA}	187.5 ^{RA}	207.2 ^{RA}	206.8 ^{RA}	213.2 ^{RA}	220.9 ^{RA}	205.5 ^{RA}	211.1 ^{RA}	215.6 ^{RA}
Carbon dioxide equivalent (CO ₂ e), Mt ⁴	205.1	190.9	187.9	207.7	207.3	214.0	221.7	—	—	—
Sulphur dioxide (SO ₂), kt ⁴	1 591	1 431	1 449	1 671	1 604	1 721	1 853	1 802	1 766	1 699
Nitrous oxide (N ₂ O), t ⁴	1 470	1 382	1 438	1 561	1 527	2 826	2 844	2 642	2 782	2 757
Nitrogen oxide (NO _x) as NO ₂ , kt ⁶	772	735	743	822	804	851	890	859	885	893
Methane (CH ₄), t ⁴	1 567	1 523	1 483	1 466	1 442	—	—	—	—	—
Particulate emissions, kt	122.94 ^{RA}	145.30 ^{RA}	129.32	66.65	71.35	94.92	99.87	57.13	65.13	78.37
Water										
Specific water consumption, ℓ/kWh sent out ¹	1.40 ^{RA}	1.43 ^{RA}	1.39 ^{RA}	1.45 ^{RA}	1.42 ^{RA}	1.42 ^{RA}	1.41 ^{RA}	1.30 ^{RA}	1.42 ^{RA}	1.44 ^{RA}
Net raw water consumption, Mℓ	268 638	260 680	256 430	283 610	270 736	286 553	292 344	276 335	307 269	314 685
Waste										
Ash produced, Mt	30.24	29.27	30.20	32.90	30.84	32.04	33.23	31.65	32.61	32.59
Ash sold, Mt	4.1	2.5	2.6	2.8	3.1	2.9	2.8	2.7	2.8	2.7
Ash recycled, %	13.4	9.0	12.0	11.0	10.1	9.1	8.4	8.6	8.5	8.3
Asbestos disposed, tons	19 825.6	143.6	171.1	39.5	22 475.8	59.8	464.1	144.9	383.0	274.5
Material containing polychlorinated biphenyls thermally destroyed, tons ⁷	—	5.1	96.2	46.5	134.3	238.3	43.1	26.3	61.9	59.8
Nuclear										
Public individual radiation exposure due to effluents, mSv ⁸	0.0010	0.0012	0.0022	0.0010	0.0014	0.0004	0.0026	0.0012	0.0005	0.0006
Low-level radioactive waste generated (steel drum), cubic metres	151.6	188.2	164.6	158.9	147.6	159.3	188.3	164.2	162.9	176.1
Low-level radioactive waste disposed of, cubic metres	296.6	415.1	348.3	98.1	117.0	98.3	99.0	118.8	108.0	213.1
Intermediate-level radioactive waste generated (concrete drum), cubic metres	29.6	43.2	18.3	34.2	31.2	22.3	20.8	20.8	11.4	33.4
Intermediate-level radioactive waste disposed of, cubic metres	136	168	192	88	18	38	0	0	0	0
Used nuclear fuel, number of elements discharged ⁹	60	56	48	56	116	48	56	116	60	56
Used nuclear fuel, number of elements discharged, cumulative figure	2 845	2 785	2 729	2 681	2 625	2 509	2 461	2 405	2 289	2 229
Legal contraventions										
Environmental legal contraventions, number	65	68	105	65	81	59	24	30	29	20
Environmental legal contraventions reported as a result of significant failure of business systems, number ¹⁰	0	7	10	7	7	5	2	2	0	1

1. The calculation of KPIs include all units at Medupi as well as Kusile Units 1 to 4. Units are only included one year after achieving commercial operation, therefore Kusile Unit 5 is still excluded. Kusile Unit 4 has been included since 1 June 2023.

2. Only power stations where all units have achieved commercial operation are included in the calculation. Therefore, Kusile Power Station is excluded from this KPI.

3. SAIDI and SAIFI are reported after allowing for exclusions defined in the National Regulated Standards adopted from 1 April 2018.

4. Figures are calculated based on coal characteristics and power station design parameters using coal analysis and coal burnt tonnages. Figures include coal-fired and gas turbine power stations, as well as oil consumed during power station start-ups. For carbon dioxide emissions, it also includes the underground coal gasification pilot plant.

5. At power stations with unusually high particulate emission levels, such as Kendal Power Station, the monitors often exceed their maximum limits. In instances where these ranges are exceeded, particulate emissions will be reported at the maximum of the monitor range. From February 2019, it is possible that actual emissions exceeded reported emissions based on measurements.

6. NO_x reported as NO₂ is calculated using average station-specific emission factors (which are measured intermittently) and tonnages of coal burnt.

7. Material containing polychlorinated biphenyls was phased out in compliance with legislation by 31 December 2023. Consequently, after FY2024, there was no such material left to be destroyed.

8. The limit set by the National Nuclear Regulator is ≤ 0.25mSv.

9. The gross mass of a nuclear fuel element is approximately 670kg, with Uranium mass typically between 462kg and 464kg.

10. Specific cases of environmental legal contravention incidents that are considered to be of very high significance in terms of their impact on the environment and/or on Eskom are recorded as incidents as a result of a significant failure of business systems.

^{RA} Reasonable assurance provided by the independent assurance provider for the respective year. Refer to pages 153 to 154 for the independent sustainability assurance report relating to FY2025.

^Q Qualified by the independent assurance provider for the respective year.

Non-technical statistics: Group

Measure and unit	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Finance¹										
Electricity operating costs, R/MWh	1 276.20	1 377.09	1 201.71	981.94	895.05	791.04	712.87	622.41	651.98	617.02
EBITDA, R million	99 038^{RA}	43 410	34 565 ^{RA}	52 954 ^{RA}	32 608 ^{RA}	36 816 ^{RA}	31 417	45 359	37 532	32 811
EBITDA margin, %	29.05	14.67 ^{RA}	13.32	21.39	15.96	18.46	17.46	25.57	21.19	20.29
Current ratio	1.04	0.98	0.89	0.90	0.95	0.82	1.00	1.03	0.85	0.83
Cash interest cover, ratio	2.76^{RA}	1.18	1.29 ^{RA}	1.69 ^{RA}	0.85 ^{RA}	0.94 ^{RA}	0.94	1.22	1.73	1.73
Debt service cover, ratio	1.11^{RA}	0.46 ^{RA}	0.58 ^{RA}	0.76 ^{RA}	0.30 ^{RA}	0.52 ^{RA}	0.47	0.87	1.37	1.14
Gross debt/EBITDA, ratio	4.90	11.58 ^{RA}	13.92	8.54	13.98	14.43	15.73	9.74	10.84	10.95
Debt/equity (including long-term provisions), ratio	1.45	1.99	1.88	1.81	2.03	2.44	3.17	2.58	2.11	1.65
Gearing, %	59	67	65	64	67	71	76	72	68	62
Free funds from operations, R million	106 073	53 975	43 847	63 795	42 972	41 120	29 047	40 022	47 571	39 443
Free funds from operations after net interest paid, R million	74 926	19 830	11 567	31 904	6 496	2 606	(5 940)	9 147	21 148	17 927
Free funds from operations as % of gross debt, %	21.85	10.74	9.12	14.11	9.42	7.74	5.88	9.06	11.69	10.98
Building skills										
Headcount (including fixed-term contractors)	42 030	40 625	39 601	40 421	42 749	44 772	46 665	48 628	47 658	47 978
Transformation										
Socio-economic contribution										
Corporate social investment committed spend, R million	146.2^{RA}	93.1	63.0 ^{RA}	75.1 ^{RA}	67.4 ^{RA}	123.8 ^{RA}	132.4 ^Q	192.0	225.3	103.6
Corporate social investment, number of beneficiaries	1 203 566	272 217 ^{RA}	438 094	785 085	802 635	1 479 395	933 139	1 116 044	841 845	302 736
Procurement equity										
B-BBEE attributable expenditure, R billion	205.4	178.8	150.1	134.2	100.4	101.7	84.5	102.3	127.7	125.0
Black-owned expenditure, R billion	112.4	93.3	87.6	83.2	53.8	46.9	52.1	57.6	53.9	52.9
Black women-owned expenditure, R billion	25.6	19.9	14.9	16.4	19.0	15.6	18.8	20.9	19.4	30.8
Black youth-owned expenditure, R billion	11.4	10.9	8.8	9.5	5.4	4.1	3.5	3.9	2.0	1.4
Procurement from B-BBEE compliant suppliers, % ²	93.21^{RA}	74.35	72.80	75.89	64.51	65.97	58.66	80.25	98.25	81.65
Procurement from black-owned (BO) suppliers, %	51.02	38.82	42.48	47.08	34.60	30.38	36.17	45.20	41.49	33.61
Procurement from black women-owned (BWO) suppliers, %	11.60	8.29	7.21	9.26	12.24	10.10	13.07	16.41	14.92	19.30
Procurement from black youth-owned (BYO) suppliers, %	5.17	4.53	4.26	5.40	3.46	2.65	2.41	3.05	1.52	0.94
Procurement spend with qualifying small enterprises (QSE), % of TMPS	7.54	4.50	4.39	4.91	4.29	4.08	5.17	8.86	8.91	4.62
Procurement spend with exempted micro enterprises (EME), % of TMPS	7.03	4.65	5.86	7.88	8.07	9.77	14.01	10.21	11.24	5.89
Employment equity										
Disabilities, number of employees	1 308	1 201	1 171	1 188	1 252	1 348	1 416	1 441	1 396	1 311
Employment equity – disability, %	3.11	2.96	2.96	2.94	2.93	3.01	3.03	2.96	2.93	2.73
Racial equity in senior management, % black employees	81.32	78.89	76.92	76.67	73.72	71.00	69.80	68.31	65.80	61.06
Gender equity in senior management, % female employees	42.58	42.52	42.01	43.33	41.99	41.73	39.85	38.20	36.58	28.13
Racial equity in professionals and middle management, % black employees	86.88	85.11	83.59	81.68	80.10	78.04	76.22	75.27	73.50	71.68
Gender equity in professionals and middle management, % female employees	43.20	42.03	40.92	39.91	38.95	38.24	37.89	37.47	35.98	35.11

1. Financial ratios impacted by restatements in the annual financial statements have been restated where applicable.

2. This measure was renamed to "Preferential procurement" in the shareholder compact from FY2020.

^{RA} Reasonable assurance provided by the independent assurance provider for the respective year. Refer to pages 153 to 154 for the independent sustainability assurance report relating to FY2025.

^Q Qualified by the independent assurance provider for the respective year.

Non-technical statistics: Company

Measure and unit	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Finance¹										
Electricity revenue per kWh (including environmental levy), c/kWh	187.98	165.43	141.38	127.32	111.04	101.86	90.01	85.06	83.60	76.24
Electricity operating costs, R/MWh	1 473.58	1 384.77	1 207.29	992.80	906.36	803.01	729.26	634.69	662.98	628.00
EBITDA, R million	61 851	42 733	35 428	51 178	31 633	35 199	29 168	43 428	35 989	30 932
EBITDA margin, %	19.35	14.45	13.65	20.67	15.48	17.65	16.21	24.48	20.32	19.13
Current ratio	1.07	1.12	0.90	0.89	0.94	0.82	0.99	1.04	0.86	0.86
Cash interest cover, ratio	1.96	1.19	1.27	1.63	0.81	0.90	0.91	1.18	1.73	1.64
Debt service cover, ratio	0.78	0.46	0.56	0.71	0.29	0.49	0.46	0.84	1.37	1.09
Gross debt/EBITDA, ratio	8.15	11.77	13.69	8.87	14.48	15.22	17.08	10.26	11.39	11.71
Debt/equity (including long-term provisions), ratio	1.69	2.06	2.10	2.00	2.24	2.68	3.50	2.77	2.22	1.71
Gearing, %	63	67	68	67	69	73	78	73	69	63
Free funds from operations, R million	72 388	53 029	44 941	61 075	41 470	39 465	27 318	39 064	46 336	37 954
Free funds from operations after net interest paid, R million	41 923	18 495	12 466	29 053	4 864	818	(7 897)	8 017	19 776	16 260
Free funds from operations as % of gross debt, %	14.37	10.55	9.26	13.46	9.06	7.37	5.48 ^{RA}	8.77 ^{RA}	11.30 ^{RA}	10.48 ^{RA}
Building skills										
Headcount (including fixed-term contractors)	32 383	35 151	34 518	34 690	36 124	37 765	39 292 ^{RA}	41 316 ^{RA}	41 940	42 767
Training spend as % of gross employee benefit costs, %	4.26^{RA}	4.19 ^{RA}	3.57 ^{RA}	2.70 ^{RA}	2.58 ^{RA}	3.67 ^{RA}	3.85 ^{RA}	5.21 ^{RA}	4.89 ^{RA}	4.45 ^{RA}
Learner intake – Artisans, number ²	196	173 ^{RA}	135 ^{RA}	106 ^{RA}	0 ^{RA}	91 ^{RA}	0	1 815	2 155	1 955
Learner intake – Engineers, number ²	362	184 ^{RA}	144 ^{RA}	58 ^{RA}	0 ^{RA}	16 ^{RA}	10	1 241	1 480	895
Learner intake – Technicians, number ²	214	184 ^{RA}	105 ^{RA}	51 ^{RA}	0 ^{RA}	11 ^{RA}	3	838	1 209	415
Total learner intake (including plant operators and sector-specific) ³	952^{RA}	806	474	335	0	118	21	726 ^Q	3 048 ^Q	1 370
Transformation										
Socio-economic contribution										
Total number of electrification connections, number ³	83 031^{RA}	114 800 ^{RA}	102 590 ^{RA}	97 947 ^{RA}	106 669 ^{RA}	163 613 ^{RA}	191 585 ^{RA}	215 519	207 436	158 312
Procurement equity										
Local content contracted (Eskom-wide), % ⁴	93.79	90.72	87.02	86.89	65.99 ^Q	92.84 ^Q	91.51 ^{RA}	87.16	73.37 ^Q	75.22 ^Q
Local content contracted (new build), % ⁴	75.48	97.05	73.08	57.53	56.94	88.53	81.14 ^{RA}	85.59	85.78 ^Q	84.04 ^{RA}
B-BBEE attributable expenditure, R billion	411.6	181.9	152.3	131.4	98.8	97.1	80.3	97.0	137.3	132.0
Black-owned expenditure, R billion	103.0	90.9	83.6	78.6	50.1	43.7	48.8	53.5	50.4	51.0
Black women-owned expenditure, R billion	22.3	18.7	13.2	14.6	17.4	14.6	18.1	19.7	17.3	30.2
Black youth-owned expenditure, R billion	10.0	10.0	7.7	7.9	4.4	3.7	3.1	3.4	1.7	1.3
Procurement from B-BBEE compliant suppliers, % ⁵	110.72	75.55 ^{RA}	73.44 ^{RA}	73.35 ^{RA}	62.34 ^{RA}	61.57 ^{RA}	54.41 ^Q	74.24 ^{RA}	100.75 ^{RA}	83.08 ^{RA}
Procurement from black-owned (BO) suppliers, %	27.71	37.76	40.29	43.85	31.62	27.70	33.08 ^Q	40.93 ^{RA}	36.98 ^{RA}	30.98 ^{RA}
Procurement from black women-owned (BWO) suppliers, %	6.01	7.75	6.35	8.13	10.98	9.27	12.28 ^Q	15.08 ^{RA}	12.67 ^{RA}	17.72 ^{RA}
Procurement from black youth-owned (BYO) suppliers, %	2.68	4.15	3.70	4.43	2.76	2.32	2.10 ^Q	2.58 ^{RA}	1.25 ^{RA}	0.82 ^{RA}
Procurement spend with suppliers owned by black persons with disabilities (BPwD), % of TMPS	0.24	0.09	0.18	0.14	0.15	0.12	0.15 ^Q	0.11 ^{RA}	0.02 ^{RA}	0.01 ^{RA}
Procurement spend with qualifying small enterprises (QSE), % of TMPS	3.80	4.06	3.90	4.01	3.36	3.37	4.47 ^Q	7.80 ^{RA}	7.67 ^{RA}	4.03 ^{RA}
Procurement spend with exempted micro enterprises (EME), % of TMPS	3.49	4.20	4.73	6.24	6.83	9.12	13.32 ^Q	9.32 ^{RA}	10.15 ^{RA}	4.81 ^{RA}
Employment equity										
Disabilities, number of employees	1 106	1 092	1 049	1 057	1 113	1 198	1 265	1 292	1 263	1 271
Employment equity – disability, %	3.42	3.11	3.04	3.05 ^{RA}	3.08 ^{RA}	3.16 ^{RA}	3.22 ^{RA}	3.13 ^{RA}	3.01 ^{RA}	2.97 ^{RA}
Racial equity in senior management, % black employees	81.57	78.55	76.38	76.80 ^{RA}	73.67 ^{RA}	70.72 ^{RA}	69.44 ^{RA}	67.97 ^{RA}	65.77 ^{RA}	60.90 ^{RA}
Gender equity in senior management, % female employees	42.66	42.90	42.33	43.89 ^{RA}	42.63 ^{RA}	41.71 ^{RA}	39.90 ^{RA}	38.25 ^{RA}	36.69 ^{RA}	28.07 ^{RA}
Racial equity in professionals and middle management, % black employees	86.17	85.10	83.60	81.71 ^{RA}	80.18 ^{RA}	78.06 ^{RA}	76.25 ^{RA}	75.35 ^{RA}	73.60 ^{RA}	71.98 ^{RA}
Gender equity in professionals and middle management, % female employees	44.54	42.71	41.57	40.59 ^{RA}	39.69 ^{RA}	38.99 ^{RA}	38.63 ^{RA}	38.06 ^{RA}	36.65 ^{RA}	36.01 ^{RA}

- Financial ratios impacted by restatements in the annual financial statements have been restated where applicable.
- The reporting boundary for FY2025 includes NTCSA, to ensure comparability with the prior year when the activities of the Transmission Division formed part of the Eskom company. The definition of learners was changed from FY2018, to account for learners only once at the time they sign up, and not continuously for the duration of their contract.
- Electrification connections includes farmworker connections.

- Local content is measured as procurement of locally manufactured/produced goods and services as a percentage of total contracts awarded for all procurement at Eskom company level. The definition of local content which is reported in terms of the shareholder compact in the directors' report measures local content from designated sectors as a percentage of total contracts awarded for all Eskom company procurement.
- This measure was renamed to "Preferential procurement" in the shareholder compact from FY2020.

^{RA} Reasonable assurance provided by the independent assurance provider for the respective year. Refer to pages 153 to 154 for the independent sustainability assurance report relating to FY2025.

^Q Qualified by the independent assurance provider for the respective year.

Plant information

POWER STATION CAPACITIES

at 31 March 2025

The difference between installed and nominal capacity reflects auxiliary power consumption and reduced capacity caused by the age of the plant.

Name of station	Location	Years commissioned, first to last unit	Number and installed capacity of generator sets MW	Total installed capacity MW	Total nominal capacity MW
Base-load stations				45 340	39 177
Coal-fired (15)					
Arnot	Middelburg	Sep 1971 to Aug 1975	6x370	2 220	2 100
Camden ^{1,3}	Ermelo	Mar 2005 to Jun 2008	3x200; 1x196; 2x195; 1x190; 1x185	1 561	1 481
Duvha ²	Emalahleni	Aug 1980 to Feb 1984	5x600	3 000	2 875
Grootvlei ^{1,3}	Balfour	Apr 2008 to Mar 2011	4x200; 2x190	1 180	570
Hendrina ³	Middelburg	May 1970 to Dec 1976	3x200; 1x195; 1x191; 4x170	1 666	1 041
Kendal ⁴	Emalahleni	Oct 1988 to Dec 1992	6x686	4 116	3 840
Komati ^{1,5}	Middelburg	Mar 2009 to Oct 2013	4x100; 4x125; 1x90	990	–
Kriel	Bethal	May 1976 to Mar 1979	3x430; 3x500	2 790	2 640
Kusile ⁴	Ogies	Aug 2017 to Jun 2024	5x799	3 995	3 600
		Under construction	1x800	–	–
Lethabo	Vereeniging	Dec 1985 to Dec 1990	6x618	3 708	3 558
Majuba ⁴	Volksrust	Apr 1996 to Apr 2001	3x657; 3x713	4 110	3 807
Matimba ⁴	Lephalale	Dec 1987 to Oct 1991	6x665	3 990	3 690
Matla ⁶	Bethal	Sep 1979 to Jul 1983	6x600	3 600	3 450
Medupi ^{4,7}	Lephalale	Aug 2015 to Jul 2021	5x794; 1x790	4 760	3 600
Tutuka ⁸	Standerton	Jun 1985 to Jun 1990	6x609	3 654	2 925
Nuclear (1)				1 934	1 854
Koeberg	Cape Town	Jul 1984 to Nov 1985	1x970; 1x964		
Peaking stations				2 426	2 409
Gas/liquid fuel turbine stations (4)					
Acacia	Cape Town	May 1976 to Jul 1976	3x57	171	171
Ankerlig	Atlantis	Mar 2007 to Mar 2009	4x149.2; 5x148.3	1 338	1 327
Gourikwa	Mossel Bay	Jul 2007 to Nov 2008	5x149.2	746	740
Port Rex	East London	Sep 1976 to Oct 1976	3x57	171	171
Pumped storage schemes (3)⁹				2 732	2 724
Drakensberg	Bergville	Jun 1981 to Apr 1982	4x250	1 000	1 000
Ingula	Ladysmith	Jun 2016 to Feb 2017	4x333	1 332	1 324
Palmiet	Grabouw	Apr 1988 to May 1988	2x200	400	400
Hydroelectric stations (2)¹⁰				600	600
Gariep	Norvalspont	Sep 1971 to Mar 1976	4x90	360	360
Vanderkloof	Petrusville	Jan 1977 to Feb 1977	2x120	240	240
Total used for capacity management purposes				53 032	46 764



Plant information *continued*

Name of station	Location	Years commissioned, first to last unit	Number and installed capacity of generator sets MW	Total installed capacity MW	Total nominal capacity MW
Renewable energy					
Wind energy (1)¹¹					
Sere	Vredendal	Mar 2015	46x2.2	100	100
Total capacity including renewable energy				53 132	46 864
Other hydroelectric stations (4)¹¹				61	2
Mbashe ¹²	Mbashe River		3x14	42	—
First Falls ¹²	Umtata River		2x3	6	—
Ncora	Ncora River		2x0.4; 1x1.6	2	2
Second Falls ¹²	Umtata River		2x5.5	11	—
Total Eskom power station capacities (30)				53 193	46 866
Nominal capacity available to the grid – Eskom-owned					88.11%
Nominal capacity of Eskom-owned power stations					46 866
Independent power producers (IPP) capacity					7 495
Biomass					25
Concentrating solar power					500
Fossil fuels (STPPP)					160
Gas/liquid fuel					1 005
Hydroelectric					18
Landfill					8
Renewable with battery storage (RMIPPPP)					150
Solar PV energy					2 287
Wind					3 342
Total nominal capacity available to the grid – Eskom and IPPs					54 361

1. Former moth-balled power stations that have been returned to service. The original commissioning dates were:

- Camden was originally commissioned between August 1967 and September 1969
- Grootvlei was originally commissioned between June 1969 and November 1977
- Komati was originally commissioned between November 1961 and March 1966

Due to technical and/or financial constraints, some units at these stations have been derated.

- The Duvha Unit 3 recovery project was cancelled and the unit was removed from the installed base in FY2018.
- Certain units are under reserve storage and their capacity removed from the nominal base.
- Dry-cooled unit specifications based on design back-pressure and ambient air temperature.
- All of Komati's units have been shut down, with the last unit shut down by 1 November 2022. The station is being repurposed as part of Eskom's Just Energy Transition initiative.
- Matla Unit 6 was placed in extended inoperability and removed from the nominal base for reporting purposes from 1 July 2025 until its expected return to service in September 2026.
- Medupi Unit 4 was placed in extended inoperability and removed from the nominal base from 1 October 2022. It was once again included in the nominal base from 1 June 2025 and synchronised to the grid on 6 July 2025.
- Tutuka Unit 6 was placed in extended inoperability and removed from the nominal base from 1 August 2024 until its expected return to service in October 2026.
- Pumped storage facilities are net users of electricity. Water is pumped during off-peak periods so that hydroelectricity can be generated during peak periods.
- Use restricted to periods of peak demand, dependent on the availability of water in the Gariep and Vanderkloof Dams.
- Installed and operational, but not included when calculating technical performance KPIs.
- Small hydro stations were placed in reserve storage from 1 April 2021.



Plant information *continued*

POWER LINES AND SUBSTATIONS IN SERVICE

at 31 March 2025

Category	2025	2024	2023	2022	2021
Power lines					
Transmission power lines, km ¹	33 367	33 367	33 234	33 233	33 198
765kV	2 784	2 784	2 784	2 784	2 784
533kV DC (monopolar)	1 032	1 032	1 032	1 032	1 032
400kV	20 036	20 036	19 916	19 916	19 760
275kV	7 395	7 395	7 395	7 342	7 342
220kV	1 352	1 352	1 352	1 352	1 351
132kV	728	728	714	766	889
Below 132kV	40	40	40	40	40
Distribution overhead power lines, km	369 342	367 335	363 603	363 286	358 100
132kV and higher	27 855	27 474	27 378	27 265	26 441
44 to 88kV	22 414	22 535	22 219	22 359	21 367
33kV	4 110	4 061	3 879	3 851	3 730
1 to 22kV	314 963	313 264	310 127	309 811	306 561
Distribution underground cables, km	8 472	8 425	8 376	8 339	8 288
132kV and higher	71	70	70	97	97
44 to 88kV	205	205	205	215	209
33kV	330	330	330	323	323
1 to 22kV	7 866	7 820	7 771	7 704	7 659
Total all power lines, km	411 181	409 128	405 213	404 858	399 586
Total transformer capacity, MVA	308 610	307 675	306 541	306 279	314 750
Transmission, MVA ²	161 223	160 748	160 468	160 148	159 127
Distribution and reticulation, MVA	147 387	146 927	146 073	146 131	155 623
Total transformers, number	418 521	415 367	415 351	414 632	420 519
Transmission, number ²	517	518	516	515	513
Distribution and reticulation, number	418 004	414 849	414 835	414 117	420 006

1. Transmission power line lengths are included based on distances from the Geographic Information System.

2. In the past, only transmission lines with a primary voltage ≥ 132 kV and transmission transformers rated ≥ 30 MVA were reported. In an effort to align internal and external reporting, transmission lines and transformers with a lower voltage or rating have been included from FY2025. Comparatives were restated accordingly.



Customer information

Category	2025	2024	2023	2022	2021
Number of Eskom customers					
Distributors	792	799	799	799	804
Residential ¹	6 997 657	7 046 042	6 944 488	6 833 928	6 720 150
Commercial	49 183	49 968	50 846	52 736	52 880
Industrial	2 501	2 516	2 560	2 601	2 649
Mining	889	894	906	926	945
Agricultural	68 658	71 666	74 608	77 692	79 115
Rail	398	400	454	471	475
International	12	11	11	11	11
	7 120 090	7 172 296	7 074 672	6 969 164	6 857 029
Electricity sales per customer category, GWh					
Distributors	78 993	76 102	79 480	83 831	82 354
Residential ¹	8 776	8 559	9 177	10 520	10 949
Commercial	10 071	9 427	9 376	9 872	9 696
Industrial ²	43 153	44 231	44 635	45 220	40 973
Mining	27 239	28 072	27 843	28 030	26 991
Agricultural	5 286	4 911	4 785	5 382	5 461
Rail	1 673	1 647	1 668	2 128	1 931
International	14 532	10 362	11 437	13 298	13 497
	189 723	183 311	188 401	198 281	191 852
International sales to countries in southern Africa, GWh					
	14 532	10 362	11 437	13 298	13 497
Botswana	771	179	370	851	785
Eswatini	871	710	609	713	677
Lesotho	794	370	416	341	324
Mozambique	7 873	7 662	8 228	8 215	8 263
Namibia	1 079	423	622	1 653	1 493
Zambia	1 847	83	25	6	78
Zimbabwe	1 083	927	1 152	1 456	1 791
Short-term energy market ³	214	8	15	63	86
Electricity revenue per customer category, R million					
Distributors	145 299	124 302	111 414	105 369	90 228
Residential ¹	22 161	19 317	18 052	18 680	16 924
Commercial	24 869	20 900	17 622	16 723	14 304
Industrial ²	63 509	61 367	53 269	48 204	37 026
Mining	52 761	47 923	39 958	36 630	30 708
Agricultural	16 291	13 858	11 660	11 600	10 262
Rail	4 333	3 835	3 374	3 477	2 977
International	21 611	11 457	10 699	11 450	10 383
Gross electricity revenue	350 834	302 959	266 048	252 133	212 812
Less: Revenue capitalised ⁴	–	–	–	–	(3 991)
Less: Revenue not recognised ⁵	(23 797)	(17 245)	(15 774)	(14 215)	(12 112)
Add: Recognised on the cash basis ⁶	11 864	8 347	7 563	6 543	5 935
Electricity revenue less capitalised revenue per note 32 in the financial statements	338 901	294 061	257 837	244 461	202 644

1. Prepaid electricity and public lighting are included under the residential category.
2. IPP network consumption is included under the industrial category.
3. The short-term energy market consists of all the utilities in the southern African countries that form part of the Southern African Power Pool. Energy is traded on a daily, weekly and monthly basis as there is no long-term bilateral contract.
4. From 1 April 2022, revenue from the sale of production, while testing generating plant not yet commissioned, is no longer capitalised to the plant and instead recognised as revenue in the income statement. The comparative for 2022 was restated accordingly.
5. The principle of only recognising revenue if it is deemed collectable at the date of sale, as opposed to recognising the revenue and then impairing the customer debt when conditions change, has been applied since 2015. External revenue of R23 797 million was thus not recognised at 31 March 2025.
6. Under IFRS 15 *Revenue from Contracts with Customers*, certain supplies to distributors were recognised on the cash basis, due to uncertainty around collectability at the time of sale.



Environmental implications of using or saving electricity

FACTOR 1

Figures are calculated based on total electricity sales by Eskom, which is based on the total available for distribution (including purchases), after excluding losses through transmission and distribution (technical losses), losses through theft (non-technical losses), our own internal use and wheeling. Thus to calculate CO₂ emissions per MWh, divide the quantity of CO₂ emitted by electricity sales:
204.6Mt of CO₂ ÷ 189 723GWh sales = 1.08 tons per MWh

FACTOR 2

Figures are calculated based on total electricity generated by Eskom, which includes coal, nuclear, pumped storage, wind, hydro and gas turbines, but excludes the total consumed by Eskom. Thus, divide the quantity of CO₂ emissions by (electricity generated less Eskom's electricity consumption for pumped storage stations):
204.6Mt of CO₂ ÷ (195 702GWh generated less 6 064GWh own consumption for pumping) = 1.08 tons per MWh

Figures represent the 12-month period from 1 April 2024 to 31 March 2025.

	Factor 1 (total energy sold)	Factor 2 (total energy generated)	If electricity consumption is measured in:			
			kWh	MWh	GWh	TWh
Coal use	0.56	0.56	kilogram	ton	thousand tons (kt)	million tons (Mt)
Water use ¹	1.42	1.42	litre	kilolitre	megalitre (Mℓ)	thousand megalitres
Ash produced	159	159	gram	kilogram	ton	thousand tons (kt)
Particulate emissions	0.65	0.65	gram	kilogram	ton	thousand tons (kt)
CO ₂ emissions ^{2, 3}	1.08	1.08	kilogram	ton	thousand tons (kt)	million tons (Mt)
SO _x emissions ²	8.38	8.39	gram	kilogram	ton	thousand tons (kt)
NO _x emissions ⁴	4.07	4.07	gram	kilogram	ton	thousand tons (kt)

1. Volume of water used at all Eskom power stations.
2. Calculated figures based on coal characteristics and power station design parameters. Sulphur dioxide and carbon dioxide emissions are based on coal analysis and using coal burnt tonnages. Figures include coal-fired and gas turbine power stations, as well as oil consumed during power station start-ups and, for carbon dioxide emissions, the underground coal gasification pilot plant.
3. This calculated figure should not be considered an official grid emission factor. While Eskom has taken reasonable care in collecting and analysing data, Eskom is not responsible for any loss that may result from the use of this information. Before making any business decisions, interested parties are advised to refer to grid emission factors published by DFFE.
4. NO_x reported as NO₂ is calculated using average station-specific emission factors, which have been measured intermittently, and tonnages of coal burnt.

Multiply electricity consumption or saving by the relevant factor in the table above to determine the environmental implication.

Example 1: Water consumption

Using Factor 1

Used 90MWh of electricity
90 × 1.42 = 127.8
Therefore 127.8 kilolitres of water used

Example 2: CO₂ emissions

Using Factor 1

Used 90MWh of electricity
90 × 1.08 = 97.2
Therefore 97.2 tons CO₂ emitted

Using Factor 2

Used 90MWh of electricity
90 × 1.42 = 127.8
Therefore 127.8 kilolitres of water used

Using Factor 2

Used 90MWh of electricity
90 × 1.08 = 97.2
Therefore 97.2 tons CO₂ emitted



Sustainability indicators selected for reasonable assurance

Deloitte & Touche has been engaged to provide reasonable assurance on selected sustainability key performance indicators (KPIs) for the year ended 31 March 2025. These KPIs are reported based on internally developed measure specification documents which set out the reporting criteria. These criteria are summarised in the measurement description for each KPI in the table below.

All but one of the 35 KPIs scoped for reasonable assurance received an unqualified opinion.

IR Refer to the independent sustainability assurance report from page 153 for further information

The selected KPIs and corresponding performance for the year ended 31 March 2025 are as follows:

Key performance indicator	Unit of measure	Measurement description	Boundary	Actual 2025
Safety				
Lost-time injury rate (employees only) ^{SC}	Rate	Proportional representation of lost-time injuries over 12 months per 200 000 working hours. The measure includes occupational diseases but excludes third party at fault incidents and all passengers in commuting incidents	Group	0.23 ^{RA}
Generation				
Energy availability factor (EAF) ^{SC}	%	Measures power station availability of official generating units based on nominal capacity. It considers planned and unplanned energy losses under the control of plant management, as well as other non-controllable losses	Generation	60.60 ^{RA}
Planned capability loss factor (PCLF) ^{SC}	%	Energy losses due to planned maintenance on power station units, whether due to full shutdowns or partial load reduction	Generation	12.76 ^{RA}
Unplanned capability loss factor (UCLF)	%	Unplanned losses, whether due to full breakdowns or partial unavailability of plant	Generation	26.05 ^{RA}
Other capability loss factor (OCLF)	%	Energy losses outside of a station's control as well as internal non-engineering constraints	Generation	0.59 ^{RA}
Post-philosophy outage unplanned capability loss factor (PPO UCLF)	%	Unplanned breakdowns of power station units that occur within sixty days after the unit has returned from a planned philosophy outage	Generation	29.69 ^{RA}
Particulate emissions	kt	The mass of particulates emitted from Eskom's coal-fired power stations	Generation	122.94 ^{RA}
Relative particulate emissions ^{SC}	kg/MWh sent out	The mass of particulates emitted from Eskom's coal-fired power stations per unit of energy sent out	Generation	0.64 ^{RA}
Atmospheric emission licence (AEL) compliance ^{SC}	%	Annual average of AEL compliance per coal-fired power station, scored on an internal assessment of each station's compliance with the required AEL conditions. It includes emission limit compliance, number of NEMA section 30 incidents, emission monitor status and gaseous monitor reliability, among others	Generation	85.62 ^{RA}
Carbon dioxide emissions (from fossil fuel generation)	MtCO ₂	Tonnage of CO ₂ emitted through fossil fuel generation	Generation	204.6 ^{RA}
Specific water consumption ^{SC}	ℓ/kWh sent out	The amount of raw water used for power generation per unit of energy sent out	Generation	1.40 ^{RA}
Coal purchase Rand/ton increase ^{SC}	%	Determined by comparing the current average fleet purchase price of coal against the previous year's actual price	Generation	2.9 ^{RA}
Generation capacity installed and commissioned (commercial operation) ^{SC}	MW	New power station units installed and commissioned on Eskom's network	Generation	799 ^{RA} Note 1
NTCSA				
System minutes lost <1 ^{SC}	Minutes	Measures the sum of system minutes lost for interruptions on the transmission network. It excludes major incidents with a severity of one minute or more	NTCSA	4.37 ^{RA}
Number of interruptions	Number	The number of interruptions on the transmission network	NTCSA	43 ^{RA}
Major incidents ≥1 minute	Number	An interruption on the transmission network with a severity ≥1 system minute	NTCSA	4 ^{RA}
Transmission lines installed ^{SC}	km	New high-voltage transmission lines installed on the transmission network	NTCSA	292.6 ^{RA}
Transmission transformer capacity installed and commissioned ^{SC}	MVA	New transformer capacity installed and commissioned at transmission substations	NTCSA	2 620 ^{RA}

Sustainability indicators selected for reasonable assurance *continued*

Key performance indicator	Unit of measure	Measurement description	Boundary	Actual 2025
Distribution				
System average interruption duration index (SAIDI) ^{SC}	Hours	The average duration of interruptions on the distribution network experienced by customers during a year	Distribution	34.91 ^{RA}
Distribution total energy losses ^{SC}	%	Losses incurred on the distribution network in the process of receiving energy from the transmission network and supplying energy to Eskom's end customers. Losses may arise from technical and non-technical reasons. The latter includes losses due to electricity theft through illegal connections, tampering and bypassing of electricity meters, as well as the purchase of electricity tokens from unregistered or illegal vendors. Meter reading and billing errors are included	Distribution	10.42 ^{RA}
Payment levels ^{SC}	%	Total payments received on amounts invoiced to customers for electricity consumption, including interest	Distribution	93.86 ^{RA}
Total electrification connections	Number	New connections of households and farm dweller houses in Eskom's licensed areas of supply, funded from Government's electrification programme or directly by Eskom	Distribution	83 031 ^{RA}
Finance				
EBITDA ^{SC}	R million	Earnings before interest, tax, depreciation and amortisation	Group	99 038 ^{RA}
Cash interest cover ratio ^{SC}	Ratio	Operating cash flows available to service net interest on borrowings	Group	2.76 ^{RA}
Debt service cover ratio ^{SC}	Ratio	Operating cash flows available to service net interest and capital repayments on borrowings	Group	1.11 ^{RA}
Savings from turnaround initiatives ^{SC}	R billion	Capital, operational or working capital savings arising from cost avoidance and optimisation initiatives, as well as other income initiatives, achieved through Eskom's savings programme. Measured as the improvement against an initial baseline	Group	16.3 ^Q Note 2
Human resources				
New learner enrolment ^{SC, 1}	Number	Total number of new learners, including artisans, engineers, technicians and sector-specific learners	Eskom company & NTCSA ²	952 ^{RA}
Training expenditure as % of actual gross employee benefit expense ^{SC}	%	Training and development cost as a percentage of actual gross employee benefit expense	Eskom company	4.26 ^{RA}
Procurement				
Preferential procurement ^{SC}	%	Procurement of goods and services from B-BBEE compliant suppliers. Calculated as a percentage of total measurable procurement spend	Group	93.21 ^{RA}
Local content ^{SC}	%	Procurement of locally manufactured and/or produced goods and services from designated sectors as a percentage of total contracts awarded at Eskom company level	Eskom company	85.83 ^{RA}
Enterprise development ^{SC}	R million	Value of enterprise development initiatives provided to new and existing black-owned enterprises	Eskom company & NTCSA ²	6.98 ^{RA}
Supplier development ^{SC}	R billion	Value of initiatives undertaken and contracts awarded or subcontracted to qualifying enterprises	Eskom company & NTCSA ²	12.29 ^{RA}
Corporate social investment (CSI)				
CSI committed spend ^{SC}	R million	Total amount committed or paid towards corporate social investment	Group	146.20 ^{RA}
Just Energy Transition (JET)				
Assembly of containerised microgrids at Komati ^{SC}	Number	The number of containerised microgrids assembled at the facility at Komati	Group	13 ^{RA} Note 3
Construction of the climate-smart horticulture facility at Grootvlei ^{SC}	%	Completion of construction of a climate-smart horticulture facility at Grootvlei	Group	80 ^{RA} Note 4

1. This KPI is an aggregation of the learner intake figures reported in the prior year.

2. The reporting boundary includes NTCSA, to ensure comparability with the prior year when the activities of the Transmission Division formed part of the Eskom company.

^{SC} Indicates that a KPI was included in the shareholder compact for FY2025.

^{RA} Reasonable assurance provided by the independent assurance provider.

^Q Qualified by the independent assurance provider. Refer to the independent sustainability assurance report from page 153 for further information.

Sustainability indicators selected for reasonable assurance *continued*

Note 1: Generation capacity installed and commissioned

On 17 September 2022, the gas air heater (GAH) on Kusile Unit 5 caught fire while executing the third boiler steam blows, being the last milestone activity prior to first synchronisation. As a result, all unit commissioning activities were discontinued. At that time, eight key commissioning milestone activities had been successfully achieved. A technical investigation was conducted, and the investigation report was finalised in February 2023.

The GAH fire incident significantly impacted the unit commissioning schedule as the GAH had to be fully repaired before commissioning activities, which included plant optimisation and capability tests, could

resume. GAH repairs were completed at the end of August 2023. First synchronisation of the unit to the grid was successfully achieved on 31 December 2023.

Despite the significant schedule delays due to the GAH fire incident, the shareholder advised Eskom not to submit a second addendum to the shareholder compact for FY2024. Instead, the measure and target were rolled over to the shareholder compact for FY2025.

Commercial operation of Kusile Unit 5 was successfully achieved on 30 June 2024, connecting 799MW to the grid. Despite the final rated capacity of the unit being 1MW lower than planned, the unit is considered to have been delivered in line with the shareholder compact expectation.

Note 2: Savings from turnaround initiatives

Deloitte has qualified this KPI. The reported results are deemed to be overstated due to factual differences associated with ten initiatives amounting to R2.9 billion as well as their disagreement with the estimates and judgements applied by management to establish approved baselines for seven initiatives amounting to R3.4 billion. For a further R1.4 billion savings associated with Generation site-based contracts, Deloitte was unable to obtain sufficient and appropriate audit evidence to support the reported results.

IR [Refer to the qualification contained in the independent sustainability assurance opinion on page 154 for further information](#)

Note 3: Assembly of containerised microgrids at Komati

Construction of 13 containerised microgrid units, which commenced in FY2024, was concluded in May 2024 against a target of 30 units, due to limited orders and delays in securing planned funding from DEE. Although internal funding was secured in February 2025 to manufacture additional units, there was insufficient time to complete the assembly and fabrication of the remaining units by year end. No containers were in fabrication at year end.

The strategy has been revised and we have engaged with stakeholders to secure commitments for the offtake of an additional 43 units during FY2026.

Note 4: Construction of the climate-smart horticulture facility at Grootvlei

Significant development work was concluded during the year, including identifying and ring-fencing land, finalising funding and partnership arrangements, obtaining environmental approvals, concluding designs and appointing contractors for civil work and fencing.

Construction of the facility commenced in November 2024, although construction was halted in early December 2024 to facilitate further engagement with business forums as well as local and provincial government. Work recommenced in January 2025, but heavy rains made construction impossible. The site remained waterlogged and inaccessible until year end. Nevertheless, expenditure was incurred during the year on fencing, the greenhouse and transformer.

Construction is scheduled for completion in FY2026, with the facility expected to become operational by 31 March 2026, complemented with the necessary training.



Independent sustainability assurance report by Deloitte & Touche

INDEPENDENT ASSURANCE PRACTITIONER'S REASONABLE ASSURANCE REPORT ON SELECTED KEY PERFORMANCE INDICATORS TO THE DIRECTORS OF ESKOM HOLDINGS SOC LTD

We have undertaken a reasonable assurance engagement on selected key performance indicators (KPIs), as described below, and presented in the integrated report of Eskom Holdings SOC Ltd (Eskom) for the year ended 31 March 2025. This engagement was conducted by a multidisciplinary team including environmental, safety, social and assurance specialists with relevant experience in sustainability reporting.

SUBJECT MATTER

We have been engaged to provide a reasonable assurance opinion in our report on the following selected KPIs, marked with ^{RA} in the integrated report. The selected KPIs described below have been prepared in accordance with Eskom's internal reporting guidelines (reporting criteria) and the associated reporting boundary, which are set out on pages 150 to 151.

Key performance indicator and unit of measure	Boundary
Safety	
Lost-time injury rate (employees only), rate	Group
Generation	
Energy availability factor (EAF), %	Generation
Planned capability loss factor (PCLF), %	Generation
Unplanned capability loss factor (UCLF), %	Generation
Other capability loss factor (OCLF), %	Generation
Post-philosophy outage unplanned capability loss factor (PPO UCLF), %	Generation
Particulate emissions, kt	Generation
Relative particulate emissions, kg/MWh sent out	Generation
Atmospheric emissions licences (AEL) compliance, %	Generation
Carbon dioxide emissions (from fossil fuel generation), MtCO ₂	Generation
Specific water consumption, l/kWh sent out	Generation
Coal purchase Rand/ton % increase, %	Generation
Generation capacity installed and commissioned (commercial operation), MW	Generation
NTCSA	
System minutes lost <1, minutes	NTCSA
Number of interruptions, number ¹	NTCSA
Major incidents ≥1 minute, number ¹	NTCSA
Transmission lines installed, km	NTCSA
Transmission transformer capacity installed and commissioned, MVA	NTCSA

Key performance indicator and unit of measure	Boundary
Distribution	
System average interruption duration index (SAIDI), hours	Distribution
Distribution total energy losses, %	Distribution
Payment levels, %	Distribution
Total electrification connections, number	Distribution
Finance	
EBITDA, R million	Group
Cash interest cover ratio	Group
Debt service cover ratio	Group
Savings from turnaround initiatives, R billion	Group
Human resources	
New learner enrolment, number ²	Eskom company & NTCSA
Training expenditure as % of actual gross employee benefit expense, %	Eskom company
Procurement	
Preferential procurement, %	Group
Local content, %	Eskom company
Enterprise development, R million	Eskom company & NTCSA
Supplier development, R billion	Eskom company & NTCSA
Corporate social investment (CSI)	
CSI committed spend, R million	Group
Just Energy Transition (JET)	
Assembly of containerised microgrids at Komati, number ¹	Group
Construction of the climate-smart horticulture facility at Grootvlei, % ¹	Group

1. We were not required to provide assurance on these KPIs in the prior year.

2. This KPI is an aggregation of the learner intake figures which were assured separately in the prior year.

Independent sustainability assurance report by Deloitte & Touche *continued*

DIRECTORS' RESPONSIBILITY

The directors are responsible for the selection, preparation and presentation of the selected KPIs in accordance with reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal controls relevant to the preparation of the integrated report that is free from material misstatement, whether due to fraud or error. The directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected KPIs and for ensuring that those criteria are publicly available to users.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

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)*.

Deloitte & Touche applies the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

ASSURANCE PRACTITIONER'S RESPONSIBILITY

Our responsibility is to express a reasonable assurance opinion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International

Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our engagement to obtain reasonable assurance about whether the selected KPIs are free from material misstatement.

A reasonable assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the measurement of the selected KPIs and related disclosures in the integrated report. The nature, timing and extent of procedures selected depend on the auditor's professional judgement, including the assessment of the risks of material misstatement of the selected KPIs, whether due to fraud or error.

In making those risk assessments we have considered internal controls relevant to Eskom's preparation of the selected KPIs. A reasonable assurance engagement also includes:

- Evaluating the appropriateness of quantification methods, reporting policies and internal guidelines used and the reasonableness of estimates made by Eskom
- Assessing the suitability in the circumstances of Eskom's use of the applicable reporting criteria as a basis for preparing the selected information
- Evaluating the overall presentation of the selected sustainability performance information

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

BASIS FOR QUALIFIED OPINION

Included in the "Savings from turnaround initiatives" reported of R16.3 billion are:

1. Savings of R2.9 billion, related to ten specific initiatives, which are overstated based on the supporting evidence provided in respect of the actual results used to determine the savings

2. Savings of R3.4 billion, related to seven specific initiatives, which are overstated due to a disagreement in respect of inappropriate estimates and judgements applied by management in establishing the approved baselines
3. Savings of R1.4 billion associated with the "Contract Negotiations, Once-Off Purchase Orders and Standard Rates contracts" initiative, specific to Generation site-based contracts, for which we were unable to obtain sufficient and appropriate audit evidence to the actual savings reported and were unable to do so by alternative means

Consequently, the "Savings from turnaround initiatives" reported is overstated by R6.3 billion. We were unable to determine whether any additional adjustment would be required to the savings related to the "Contract Negotiations, Once-Off Purchase Orders and Standard Rates contracts" initiative of R1.4 billion and therefore increase the R6.3 billion overstatement of the "Savings from turnaround initiatives" KPI reported.

QUALIFIED REASONABLE ASSURANCE OPINION

In our opinion, except for the possible effects of the matter referred to in the "Basis for qualified opinion" paragraph above, the selected KPIs as set out in the "Subject matter" paragraph above for the year ended 31 March 2025 are prepared, in all material respects, in accordance with the reporting criteria.

OTHER MATTERS

Our report includes the provision of reasonable assurance on selected KPIs, as indicated in the "Subject matter" paragraph above, on which we were previously not required to provide assurance.

The maintenance and integrity of Eskom's website is the responsibility of Eskom's management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the integrated report or our independent reasonable assurance report that may have occurred since the initial date of its presentation on Eskom's website.

RESTRICTION OF LIABILITY

Our work has been undertaken to enable us to express a reasonable assurance opinion on the selected KPIs to the directors of Eskom in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Eskom, for our work, for this report, or for the conclusion we have reached.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, 2005, we report that we have identified a reportable irregularity in terms of the Auditing Profession Act. We have reported this matter to IRBA. The matter pertaining to the reportable irregularity has been described in item 1 of note 52 of Eskom's annual financial statements for the year ended 31 March 2025.



Deloitte & Touche
Registered Auditors

Per Jyoti Vallabh
Chartered Accountant (SA)
Registered Auditor
Partner

29 September 2025

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Waterfall City, Waterfall
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South Africa

Disclosure of information under the PFMA

Section 55(2)(b)(i) of the Public Finance Management Act, 1999 (PFMA) requires that the particulars of any irregular expenditure, any fruitless and wasteful expenditure as well as material losses due to criminal conduct be disclosed in an entity's annual financial statements and annual report. The National Treasury Instruction 4 of 2022/23 on PFMA Compliance and Reporting Framework, effective from 3 January 2023, was applied in this regard when compiling the disclosure in Eskom's annual financial statements and integrated report. The instruction applies to all departments, trading entities, constitutional institutions and public entities listed in Schedules 2 and 3 to the PFMA.

The instruction note requires reporting of irregular expenditure and fruitless and wasteful expenditure inclusive of value-added tax (VAT). However, National Treasury has granted Eskom a departure from this requirement in terms of section 79 of the PFMA. Eskom has historically reported all amounts excluding VAT and has continued to do so for FY2025; therefore, all amounts disclosed in this note exclude VAT.

In addition to the annual disclosure provided in the financial statements and integrated report, the group reports quarterly to National Treasury on current and historical irregular expenditure and fruitless and wasteful expenditure that has not been fully addressed, as required.

Eskom received a qualified audit opinion from the external auditors for FY2024 related to the disclosure of irregular expenditure, fruitless and wasteful expenditure and losses due to criminal conduct in the annual financial statements. Furthermore, the prior year auditor's report highlighted material findings in Eskom's compliance with specific matters and key legislation, as well as significant internal control deficiencies. Eskom has once again received a qualified opinion for FY2025, relating to the quantification and disclosure of information required

in terms of the PFMA relating to irregular expenditure and losses due to criminal conduct, as the associated financial records were not complete or accurately maintained in line with legislative requirements. The auditors have raised material findings in respect of the lack of completeness and accuracy of Eskom's reported PFMA information, both relating to the current year and the cumulative balances.

AFS Refer to the "Report on the audit of the consolidated and separate financial statements – Basis for qualified opinion" and "Other information" in the independent auditor's report in the financial statements for further information

Eskom continues to actively seek ways to enhance PFMA compliance through a proactive and effective response to address PFMA-related audit qualifications. This requires a multi-year approach due to the impact of the PFMA on the entire group. An audit recovery programme was initiated in February 2025 with a core focus on enhancing governance in supply chain management (SCM), to proactively identify any non-compliance with the PFMA process. The audit recovery programme is designed to strengthen internal controls, address non-compliance with PFMA requirements, enhance audit readiness and enable Eskom to achieve unqualified audit opinions in the longer term.

The group's PFMA compliance status is assessed on a regular basis in accordance with the compliance risk monitoring plan. We have identified gaps and areas where PFMA compliance remains a challenge and will continue to analyse the root causes of non-compliance to address them effectively. A detailed action plan to address the audit qualification is being executed with clear objectives, timelines and responsible areas, the progress of which is monitored regularly.

From an improvement perspective, it is imperative to align Eskom's PFMA procedures and processes with changing regulations and best practice. Eskom's revised process instruction on the treatment of irregular expenditure has been implemented, together with awareness sessions. The revised process instruction on the treatment of fruitless and wasteful expenditure is at an advanced stage of implementation. PFMA awareness and training will continue to be rolled out and is mandatory for all employees to enhance understanding of their responsibilities as well as the importance of PFMA compliance, while also communicating key changes in the process. A dedicated communication channel has been created to enhance communication on PFMA-related matters throughout the group.

Eskom will continue to seek ways to enhance and strengthen internal controls to improve PFMA compliance. These measures are aimed at fostering a culture of transparency and accountability within Eskom while ensuring that individuals responsible for PFMA non-compliance are held accountable for their actions.

AFS Refer to note 51 in the annual financial statements for further information

IRREGULAR EXPENDITURE

Irregular expenditure is defined as expenditure, other than unauthorised expenditure, incurred in contravention of or not in accordance with a requirement of any applicable legislation. The scope includes transgressions of any laws or regulations regardless of whether the expenditure was justified from a business perspective, value was received, the breaches were deliberate or accidental, or the breaches happened unknowingly or in good faith.

Irregular expenditure is deemed to be incurred when the related transaction is recognised in Eskom's financial records in terms of International Financial Reporting Standards (IFRS). The irregular expenditure is deducted from the cumulative balance through a process of condonation by the relevant authority, removal of matters not condoned, recovery of losses or write-off of irrecoverable losses. Irregular expenditure is reported in the following categories:

BREACH OF MORE THAN ONE LEGISLATIVE REQUIREMENT

In certain instances, transgression of more than one legislative requirement was identified.

TENDER PROCESSES NOT ADHERED TO AND INSUFFICIENT DELEGATION OF AUTHORITY

Irregular expenditure was incurred where incorrect tender processes were followed in a manner that was not deemed fair, equitable, transparent, competitive and cost-effective and/or transactions were executed without the appropriate approvals.

MODIFICATIONS EXCEEDING ALLOWED AMOUNTS

National Treasury required that their approval be obtained for any modification made to an original contract from 1 May 2016 to 1 April 2022 where the value of the modification was more than 20% of the contract or purchase order value or R20 million for construction-related goods, works or services, and 15% of the contract or purchase order value or R15 million for all other goods or services. The group did not initially comply with this requirement predominantly due to a misinterpretation of the instruction note. The requirement to obtain National Treasury approval for these transactions has since been repealed through the PFMA SCM National Treasury Instruction Note 3 of 2021/2022, effective from 1 April 2022.

IR Refer to page 161 for a summary of expansions and variations during the past year

TAX NON-COMPLIANCE

The Preferential Procurement Policy Framework Act, 2000 (PPPPFA) regulations stipulate that suppliers must be compliant with SARS regulations.

Disclosure of information under the PFMA *continued*

USE OF SOLE SOURCE

Expenditure was incurred on contract awards which did not meet the National Treasury requirements for limited bidding, where contracts were incorrectly awarded to predetermined suppliers. Sole source requests are now scrutinised to confirm compliance with criteria before approval through the relevant governance processes.

The requirement to obtain National Treasury approval for these transactions has since been repealed through the PFMA SCM National Treasury Instruction Note 3 of 2021/2022.

IR Refer to page 162 for a summary of deviations from normal procurement practices during the past year

CONTRACTS AWARDED WITHOUT FOLLOWING CONSTRUCTION INDUSTRY DEVELOPMENT BOARD (CIDB) REQUIREMENTS

The group did not always comply with CIDB regulations regarding the advertising of tenders, grading of contractors and publishing of awards.

PPPFA: INCORRECT TENDER PROCESS APPLIED

The PPPFA requires that the preferential points calculation is determined inclusive of VAT. Certain procurement was performed incorrectly where the preferential points calculation was determined exclusive of VAT.

INCORRECT CLASSIFICATION AS EMERGENCY OR URGENT PROCUREMENT

Irregular expenditure was incurred where emergency purchases did not meet the National Treasury requirements for emergency or urgent procurement.

The requirement to obtain National Treasury approval for these transactions has since been repealed through the PFMA SCM National Treasury Instruction Note 3 of 2021/2022.

IR Refer to page 162 for a summary of deviations from normal procurement practices during the past year

EXPENDITURE NOT IN ACCORDANCE WITH OTHER NATIONAL TREASURY INSTRUCTIONS

Non-compliance with National Treasury Instructions, unrelated to SCM instructions, which are reflected in other disclosure categories.

DESIGNATED SECTORS

Where local production and content is of critical importance in the award of tenders in designated sectors, such tenders must be advertised with a specific tendering condition that only locally produced goods, services or works or locally manufactured goods that meet the stipulated minimum threshold for local production and content will be considered. Contracts were awarded to suppliers despite them having declared a local content threshold that was below the required stipulated threshold as per the Department of Trade, Industry and Competition's list of designated materials.

Irregular expenditure for the year ended 31 March 2025

Description, R million	Opening balance restated	Confirmed	Total incurred	Condoned	Not condoned and removed	Recovered or written off	Closing balance
Breach of more than one legislative requirement	54 062	561	54 623	(40)	(1)	–	54 582
Tender processes not adhered to and insufficient delegation of authority	23 849	708	24 557	(288)	(71)	(43)	24 155
Modifications exceeding allowed amounts	8 621	2	8 623	(16)	–	–	8 607
Tax non-compliance	9 274	183	9 457	(1)	–	–	9 456
Use of sole source	3 821	1	3 822	(39)	–	–	3 783
Contracts awarded without following CIDB requirements	935	–	935	–	(305)	–	630
PPPFA: Incorrect tender process applied	881	–	881	–	–	–	881
Incorrect classification as emergency or urgent procurement	630	–	630	(1)	(3)	–	626
Expenditure not in accordance with other National Treasury instructions	609	–	609	–	–	–	609
Designated sectors	381	7	388	(60)	–	–	328
Other	169	75	244	–	(2)	–	242
Total	103 232	1 537	104 769	(445)	(382)	(43)	103 899

Note 1

Note 3

Note 3

Note 3

Disclosure of information under the PFMA *continued*

Irregular expenditure for the year ended 31 March 2024

Description, R million	Opening balance	Prior period errors	As restated	Confirmed and disclosed 2024	Prior period errors	Restated 2024 expenditure	Total incurred	Condoned, removed and recovered	Closing balance
Breach of more than one legislative requirement	49 579	1 526	51 105	3 272	295	3 567	54 672	(610)	54 062
Tender processes not adhered to and insufficient delegation of authority	22 787	396	23 183	1 130	364	1 494	24 677	(828)	23 849
Modifications exceeding allowed amounts	8 604	–	8 604	17	–	17	8 621	–	8 621
Tax non-compliance	5 724	3 235	8 959	239	200	439	9 398	(124)	9 274
Use of sole source	5 030	(1 211)	3 819	12	(10)	2	3 821	–	3 821
Contracts awarded without following CIDB requirements	1 240	(320)	920	15	–	15	935	–	935
PPPPA: Incorrect tender process applied	882	(1)	881	–	–	–	881	–	881
Incorrect classification as emergency or urgent procurement	647	–	647	–	–	–	647	(17)	630
Expenditure not in accordance with other National Treasury instructions	609	–	609	–	–	–	609	–	609
Designated sectors	428	15	443	–	18	18	461	(80)	381
Other	67	28	95	53	21	74	169	–	169
Total	95 597	3 668	99 265	4 738	888	5 626	104 891	(1 659)	103 232
		Note 2		Note 1	Note 2	Note 1		Note 3	

1. Current year expenditure

Description, R million	Note	2025	2024
Expenditure confirmed in the current year	(a)	1 537	4 738
Prior period errors for 2024 expenditure	Note 2		888
Total current year expenditure		1 537	5 626

(a) Expenditure for the current year

Expenditure of R479 million incurred in FY2025 relates to new matters. The remaining amount incurred in FY2025 relates to existing multi-year contracts that will continue to attract irregular expenditure until condoned.

The group reported 49 incidents where irregular expenditure was incurred in FY2025, 16 of which related to non-compliances that occurred in FY2025 and 33 relating to continuing spend on multi-year contracts where the transgression took place in previous years.

2. Prior period errors

Description, R million	2024 expenditure	2024 opening balance
Total prior period errors	888	3 668

There were restatements to the FY2025 opening balance on 202 matters, the net effect of which is an increase of R4 556 million, comprising restatements to FY2024 expenditure of R888 million and R3 668 million to the FY2024 opening balance. In addition to corrections to amounts previously disclosed, irregular expenditure that relates to years prior to FY2025 which was concluded and quantified in the current year are disclosed as prior period errors in compliance with National Treasury Instruction Note 4 of 2022/23.

There was a recategorisation from the "use of sole source" category to the "breach of more than one legislative requirement" category on non-compliant contracts that were incorrectly categorised in prior years by Eskom Rotek Industries. Although the net effect is zero, the impact on each category is R12 million incurred in FY2024 and R1 166 million incurred in prior years.

3. Irregular expenditure condoned, recovered, removed and written off

Fifty-three matters to the value of R445 million were condoned during the financial year (2024: 45 matters totalling R1 159 million). A total of R43 million was recovered on one matter (2024: two matters totalling R500 million). One matter amounting to approximately R14 000 that was not recovered was written off (2024: one matter of approximately R120 000).

Disclosure of information under the PFMA *continued*

Eskom has implemented a revised process for dealing with the removal of irregular expenditure that was not condoned by the relevant authority. Irregular expenditure to the value of R382 million was removed relating to 26 matters during the year (2024: none).

Details of current and previous year irregular expenditure (under assessment, determination and investigation)

Description, R million	Note	2025	2024
Irregular expenditure under assessment or determination	Note 4	12 927	8 950
Irregular expenditure under investigation	Note 5	–	–
Total		12 927	8 950

4. Irregular expenditure under assessment or determination

It should be noted that figures disclosed are estimated and, in some instances, includes the full contract value, that may not have been fully expensed. Quantification of actual irregular expenditure incurred takes place during the assessment and determination process. Irregular expenditure under assessment or determination at year end relating to periods prior to FY2024 is estimated at R28 645 million.

5. Irregular expenditure under investigation

If a suspicion of fraudulent, corrupt or other criminal conduct arises during the assessment and determination phase, the matter is referred to a mandated investigative function. In certain instances, the suspected criminal conduct does not stem from the assessment and determination process, such as matters that are directly reported to the Group Investigations and Security Department or other investigative units. Irregular expenditure under investigation relating to periods prior to FY2024 is estimated at R99 million.

Details of current and previous year disciplinary action or criminal steps taken as a result of irregular expenditure

Warnings were issued on one new incident relating to FY2025, and nine warnings were issued on incidents with continuing spend on multi-year contracts where the transgression took place in prior years. Expenditure in FY2024 resulted in eight warnings, with 10 warnings for multi-year contracts that ended in FY2024.

A sanction of suspension without pay was issued on one matter relating to FY2024 expenditure.

Disciplinary action was pending or in progress for 15 incidents incurred in FY2025 and nine incidents for continuing spend in FY2025. There were also 46 pending matters for FY2024, and 30 for multi-year contracts that ended in FY2024.

In some instances, no disciplinary sanction was issued due to various reasons, including where the responsible employees left the organisation; disciplinary action was deemed not appropriate and other corrective action was applied; or the employee was found not guilty during the disciplinary process. This was the case in 15 incidents with continuing spend in FY2025, five matters in FY2024, and seven for multi-year contracts that ended in FY2024.

FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure made in vain that could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is reported in the annual financial statements and integrated report when it is confirmed.

Fruitless and wasteful expenditure for the year ended 31 March 2025

Description, R million	Opening balance	Confirmed	Total incurred	Recovered	Written off	Closing balance
Project management	2 504	–	2 504	–	(120)	2 384
Procurement and contract management	1 628	–	1 628	–	–	1 628
Interest and penalties	13	8	21	–	–	21
Other	793	12	805	–	(741)	64
Total	4 938	20	4 958	–	(861)	4 097

Note 1

Note 3

Note 3

Fruitless and wasteful expenditure for the year ended 31 March 2024

Description, R million	Opening balance	Prior period errors	As restated	Confirmed and disclosed 2024	Prior period errors	Restated 2024 expenditure	Total incurred	Recovered and written off	Closing balance
Project management	3 625	(1 121)	2 504	–	–	–	2 504	–	2 504
Procurement and contract management	1 627	–	1 627	–	2	2	1 629	(1)	1 628
Interest and penalties	9	5	14	–	–	–	14	(1)	13
Other	794	(11)	783	1	10	11	794	(1)	793
Total	6 055	(1 127)	4 928	1	12	13	4 941	(3)	4 938

Note 2

Note 2

Note 1

Note 3

Disclosure of information under the PFMA *continued*

1. Current year expenditure

Description, R million	Note	2025	2024
Expenditure confirmed in the current year	(a)	20	1
Prior period errors for 2024 expenditure	Note 2	–	12
Total current year expenditure		20	13

(a) Expenditure for the current year

Fruitless and wasteful expenditure incurred in FY2025 comprises 37 incidents (2024: 46 incidents, restated).

2. Prior period errors

Description, R million	Note	2024 expenditure	2024 opening balance
Total prior period errors		12	(1 127)

There were restatements to the FY2025 opening balance on 99 matters, the net effect of which is a decrease of R1 115 million, comprising an increase in FY2024 expenditure of R12 million and a reduction of R1 127 million relating to the FY2024 opening balance. The reduction can mainly be attributed to the derecognition of potential overpayments on capital projects that were prematurely disclosed as fruitless and wasteful expenditure, due to pending arbitration and/or litigation of contractual disputes. In addition to corrections to amounts previously disclosed, fruitless and wasteful expenditure that relates to years prior to FY2025 which was concluded and quantified in the current year are disclosed as prior period errors in compliance with National Treasury Instruction Note 4 of 2022/2023.

3. Fruitless and wasteful expenditure recovered or written off

Recoveries were achieved on 62 matters totalling R293 555 during FY2025, either partial or in full (2024: 51 amounting to approximately R1.4 million). Losses on 17 matters of approximately R861 million were written off as irrecoverable (2024: 26 amounting to approximately R2.4 million).

Details of current and previous year fruitless and wasteful expenditure (under assessment, determination and investigation)

Description, R million	Note	2025	2024
Fruitless and wasteful expenditure under assessment or determination	Note 4	887	1 329
Fruitless and wasteful expenditure under investigation	Note 5	–	–
Total		887	1 329

4. Fruitless and wasteful expenditure under assessment or determination

It should be noted that figures disclosed are estimated. Quantification of actual fruitless and wasteful expenditure incurred takes place during the assessment and determination process. Fruitless and wasteful expenditure under assessment or determination at year end relating to periods prior to FY2024 is estimated at R11 988 million, of which 37% relates to a single matter regarding inventory write-offs for FY2022 and FY2023.

5. Fruitless and wasteful expenditure under investigation

If a suspicion of fraudulent, corrupt or other criminal conduct arises during the assessment and determination phase, the matter is referred to a mandated investigative function. In certain instances, the suspected criminal conduct does not stem from the assessment and determination process, such as matters that are directly reported to the Group Investigations and Security Department or other investigative units. Fruitless and wasteful expenditure under investigation on one event relating to periods prior to FY2024 is estimated at R4 million.

Details of current and previous year disciplinary action or criminal steps taken as a result of fruitless and wasteful expenditure

There was a dismissal on one matter where expenditure was incurred in FY2024. Written warnings were issued in 10 matters incurred in FY2025 and 12 matters incurred in FY2024. Disciplinary action is pending or in progress for 25 incidents for FY2025 and 27 matters relating to FY2024.

No disciplinary action was taken on one matter relating to FY2025 and five matters relating to FY2024 due to various reasons, including where the responsible employees left the organisation; disciplinary action was deemed not appropriate and other corrective action was applied; or the employee was found not guilty during the disciplinary process.

MATERIAL LOSSES THROUGH CRIMINAL CONDUCT

Material losses caused by criminal conduct and any disciplinary, civil or criminal action taken in respect of such losses are reported in terms of the Significance and Materiality Framework as previously agreed with the shareholder representative.

Losses incurred

Description, R million	Note	2025	2024
Estimated non-technical energy losses	(a)	7 068	6 441
Theft of conductors, cabling and network-related equipment	(b)	77	120
Fraud and corruption	(c)	4	64
Malicious damage to property	(b)	77	67
Common theft	(b)	–	26
Total material losses		7 226	6 718

Losses recovered

Description, R million	Note	2025	2024
Estimated non-technical energy losses	(d)	324	229
Theft of conductors, cabling and network-related equipment	(d)	5	3
Fraud and corruption	(d)	2	1
Malicious damage to property	(d)	2	13
Common theft	(d)	–	2
Total recoveries on material losses	(d)	333	248

(a) Estimated non-technical energy losses

Non-technical energy losses relate to losses due to electricity theft through illegal connections, tampering and bypassing of electricity meters, as well as the purchase of electricity tokens from unregistered or illegal vendors. The management of non-technical losses focuses on ensuring that all energy supplied is accounted for, and includes initiatives to minimise non-technical energy losses. The reported losses represent the estimated cost of non-technical energy lost.

Non-technical energy losses are determined by applying a scientific approach to measure total energy losses as the difference between energy produced and energy sold. Technical energy losses are derived based on known factors of the electrical grid such as conductor resistance, as well as transformer and equipment losses. The residual of total losses is attributed to non-technical losses.

Disclosure of information under the PFMA *continued*

The risk emanating from the bulk generation of illegal prepaid tokens on Eskom's online vending system, which was identified through an investigation, has reduced due to interventions and control enhancements and measures applied during FY2025 to mitigate against the growth of illicit prepaid electricity tokens and non-technical losses.

IR Refer to "Leveraging governance for transformation – Fighting crime, fraud and corruption" from page 75 for further information on the investigation into the breach of Eskom's online vending system

(b) **Theft of conductors, cabling and network-related equipment, malicious damage to property, common and attempted theft**

Theft of network-related equipment includes theft of cable, including airdac, tower members and transformers.

Unlawful and intentional damage to property belonging to another is reported as malicious damage to property. Vandalism is the action involving deliberate destruction of or damage to public or private property. Damage towards any property without permission of the owner is reported as vandalism.

Common theft consists of the unlawful appropriation of movable property belonging to another with the intent to deprive the owner permanently of the property. Property includes laptops, tools, cell phones, equipment, air conditioners and all other items not included in the list of Eskom essential infrastructure or security crime categories. The losses incurred in 2025 due to criminal conduct relating to this category were below the materiality threshold.

Actions to combat losses through criminal conduct are managed in collaboration with other affected state-owned entities, industry role players, law enforcement and criminal justice agencies such as SAPS and the NPA.

Some of the initiatives being pursued include but are not limited to the following:

- Realigning of security contracts (scope and resources) and optimisation of deployment
- Improving the Eskom asset disposal process and strategies
- Focusing on asset management and protection, through research and implementation of innovative solutions, such as unique marking and tracking capabilities
- Implementing policy and legislative changes to address scrap and market regulations
- Introducing integrated, intelligent and smart security technologies and systems to reduce dependence on the human factor, such as the use of drones, intelligent cameras and alarm systems
- Implementing focused strategies and projects aimed at combatting revenue loss, through metering, vending, tampering and disruptive operations
- Minimising breaches that allow easy access to sites and assets by improving housekeeping, appropriate storage of material and equipment with well-functioning delay and deterring solutions to prevent or minimise the impact
- Deploying robust security systems that can detect and prevent crime and provide evidence that can be used for disciplinary or criminal proceedings
- Ensuring consistent and continuous screening and vetting of contractors and staff to prevent and minimise insider threat involvement and collusion
- Making arrests and working with relevant role players to build strong cases and dockets leading to convictions

(c) **Fraud and corruption**

Eskom concluded four investigations into fraud during the year (2024: 21, restated) where losses due to criminal conduct were incurred. The internal control measures in the affected areas have been reviewed and enhancements recommended for implementation to the accountable line managers. This includes improving controls as well as instituting disciplinary, criminal or civil proceedings against those involved.

(d) **Losses through criminal conduct recovered**

Eskom recovered R333 million of material losses due to criminal conduct (2024: R248 million). Most of the value relates to non-technical energy losses. Eskom invoiced R407 million of additional revenue during the year (2024: R307 million), of which R324 million has been received (2024: R229 million).

Deviations, expansions and variations reported to National Treasury

To strengthen compliance, transparency, and accountability in Supply Chain Management (SCM), National Treasury implemented PFMA SCM Instruction Note 3 of 2021/2022, effective 1 April 2022. This instruction note introduced revised requirements governing deviations from normal bidding processes – referred to as procurement by other means – as well as expansions or variations of existing contracts.

Procurement by other means includes:

- Limited bidding, such as sole source, single source or multiple source procurement
- Written price quotations not within the threshold determined by National Treasury
- Procurement that occurs in emergency situations and urgent cases

These mechanisms are to be applied strictly as exceptions and not as routine procurement practices.

In terms of the instruction note, state-owned enterprises are permitted to internally approve procurement transactions conducted through exceptional mechanisms. Once approved, these transactions must be reported to both National Treasury and the Auditor-General of South Africa (AGSA). All procurement activities, including those conducted through deviations, must adhere to Section 217 of the Constitution of the Republic of South Africa, 1996, which requires that the procurement of goods and services be undertaken in a manner that is fair, equitable, transparent, competitive and cost-effective. Eskom's supply chain procedures are aligned with constitutional and regulatory requirements and incorporate controls for monitoring and reporting of these transactions to ensure compliance.

Eskom regularly reports to National Treasury upon concluding such transactions, as required. National Treasury granted Eskom approval to report procurement by other means on a monthly basis instead of the prescribed 14-day reporting period from 14 June 2024. Contract expansions and variations are also required to be reported monthly. National Treasury reports across state-owned entities on a quarterly basis.

Based on the stipulations outlined in the instruction note, divisions have reported a total of 2 152 transactions during the year (2024: 1 555). Of these, 1 633 were classified as deviations from the normal bidding process (2024: 1 133), while 519 were identified as expansions and variations of contracts (2024: 422). The top contributor is Generation, which accounts for 82% of all transactions, followed by the National Transmission Company of South Africa SOC Ltd (NTCSA) at 5% and Distribution at 4%. The total value of all transactions amounts to R147.2 billion for the year (2024: R140.6 billion).

ANALYSIS OF TRENDS

The following divisional reporting trends have been identified when compared to FY2024:

- The number of deviations increased by 44% and the value increased by 12%
- The number of urgent procurement transactions increased by 52%, from 774 to 1 173, and the value increased by 45%. The number of urgent transactions in Generation increased by 55% year-on-year, from 710 to 1 104
- The number of emergency procurement transactions decreased by 25%, although the value increased by 1 289%, primarily due to NTCSA
- The number of sole source procurement transactions increased by 48% and the value increased by 498%, primarily due to Generation
- The number of single source procurement transactions decreased by 4%, although the value increased by 198%, primarily due to Generation
- The number of expansions and variations increased by 23%, although the value decreased by 13%

EMERGENCY PROCUREMENT

The number of emergency transactions decreased from 57 to 43. The total value of emergency transactions increased from R258 million to R3.6 billion, primarily due to high-value transactions by NTCSA and Eskom Rotek Industries SOC Ltd (ERI). Key reasons include plant equipment failures and system integrity risks; weather-related infrastructure damage; theft, vandalism and security risks; environmental and compliance-related incidents; as well as operational continuity and workforce support.

Summary of high-value emergency procurement transactions

Description	Value
Procurement under the Emergency Generation Programme	R3.3 billion
Provision of labour services for ERI	R90 million

SOLE SOURCE PROCUREMENT

The number of sole source transactions increased from 218 to 322. The total value of sole source transactions increased from R7.2 billion to R43 billion, primarily due to high-value transactions by Generation of R41.1 billion. Generation accounted for 79% of the sole source transaction volume.

Summary of high-value sole source transactions

Description	Value
Provision of rail services for coal and other commodities	R28.6 billion
Refurbishment, repair, and supply of OEM spares for boiler water circulating pumps, FGD valves at Kusile, feed pumps at Hendrina and pumps and valves at Grootvlei	R2.7 billion
Refurbishment and/or repair of pumps and auxiliaries across multiple stations	R1.8 billion
Supply and refurbishment of E-type mill and air heater gearboxes and spares across various stations	R802 million
Supply of spares, refurbishment of the low-pressure rotor and a new gas generator for Ankerlig	R630 million

SINGLE SOURCE PROCUREMENT

The number of single source transactions decreased from 67 to 64. The total value of single source transactions increased from R18.5 billion to R53.6 billion, primarily due to high-value transactions from Generation of R52 billion.

Summary of high-value single source transactions

Description	Value
Supply delivery and storage of diesel to Gourikwa Power Station	R49.6 billion
Construction of the ash dump facility and bulk material handling services at Medupi	R1.5 billion
Design and construction of drainage, dams, site rehabilitation and coal crushing at Medupi	R383.5 million
Preventative machining, whip peening, core sampling and friction welding across various sites	R488.5 million
Freight forwarding, customs clearance, inland transport and rentals for 10 years (as-and-when required)	R275 million

NATIONAL TREASURY TRANSVERSAL CONTRACTS

The use of transversal contracts in Generation has gained momentum, with 23 transactions recorded, totaling R271.4 million, primarily for the supply and delivery of vehicles.

Deviations, expansions and variations reported to National Treasury *continued*

EXPANSIONS AND VARIATIONS OF CONTRACTS

The number of expansions and variations increased from 422 to 519.

The total value of expansions and variations of contracts decreased from R33.6 billion to R29.2 billion. Generation accounted for 69% of the value of transactions, followed by Corporate at 12% and Distribution at 11%.

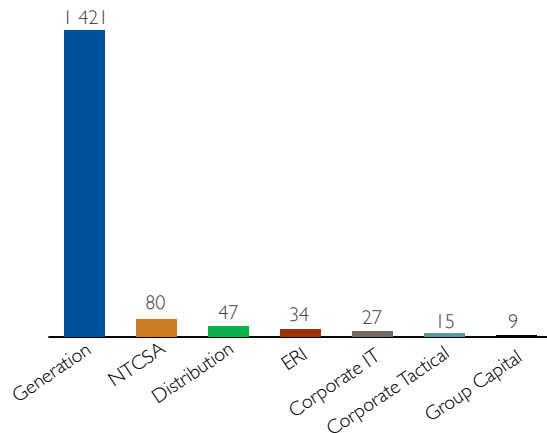
Generation accounted for 65% of the number of transactions, followed by Group Capital and Corporate at 9% and Distribution at 8%.

Significant modifications

Description	Value
First right of refusal to offtake coal for Duvha Power Station	R9.8 billion
Supply of scaffolding and thermal insulation material	R1.5 billion
Hybrid information technology transformation	R1.7 billion
Sedans, light and heavy commercial vehicles, and buses	R1.3 billion
Scaffolding and insulation services	R952 million
Scaffolding and thermal insulation material	R944 million

DEVIATIONS AND PROCUREMENT BY OTHER MEANS

The figure below depicts the number of deviations per division for FY2025.



Out of 1 173 urgent transactions, Generation executed 94%, NTCSA 2% and Distribution 2%, followed by Corporate and ERI at 1%.

The number of contracts and amounts per division for deviations are set out below, broken down by contract currency, with the total Rand amount also being shown.

Deviations for the year ended 31 March 2025

Division	No	Rand amounts	USD amounts	Euro amounts	GBP amounts	JPY amounts	CAD amounts
Generation	1 421	109 209 520 703.23	17 041 688.67	17 797 581.64	218 010.00	641 162 800.00	
NTCSA (previously Transmission)	80	3 670 334 341.88	70 000.00				
Distribution	47	589 316 640.44					
Group Capital	9	794 517 641.42					
Corporate: IT	27	1 157 764 304.13	29 241 912.94				
Corporate: tactical	15	330 294 728.30					3 813 826.60
ERI	34	2 266 547 822.48					
Total	1 633	R118 018 296 181.88	\$46 353 601.61	€17 797 581.64	£218 010.00	¥641 162 800.00	CAD3 813 826.60
Average exchange rate		1.00	17.83	19.29	23.17	0.0824	13.39
Converted Rand value		R118 018 296 181.88	R826 484 716.62	R343 315 349.84	R5 051 291.70	R52 831 814.72	R51 067 138.17
Total Rand value of all transactions		R119 297 046 492.93					

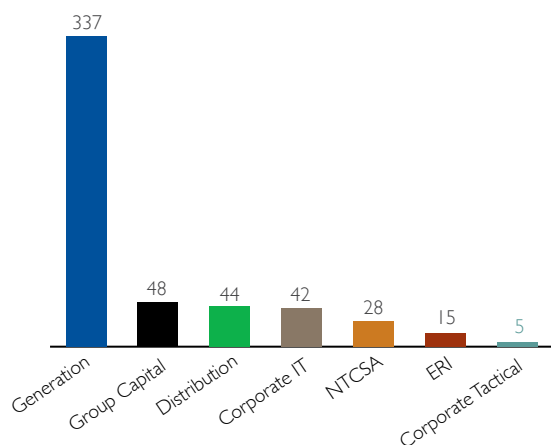
Deviations for the year ended 31 March 2024

Division	No	Rand amounts	USD amounts	Euro amounts	GBP amounts	SEK amounts
Generation	954	25 004 373 410.79	51 853 383.28	99 590.30	213 512.00	4 957 433.00
Transmission Division	69	75 794 168 522.78				
Distribution	50	548 678 923.86				
Group Capital	13	1 291 721 365.46				
Corporate: IT spend	39	2 755 140 153.57	1 765 112.00	401 220.00		
Corporate: tactical spend	8	16 218 616.12				
Total	1 133	R105 410 300 992.58	\$53 618 495.28	€500 810.30	£213 512.00	SEK4 957 433.00
Average exchange rate		1.00	18.91	19.58	23.94	1.76857
Converted Rand value		R105 410 300 992.58	R1 013 925 745.74	R9 805 865.67	R5 111 477.28	R8 767 567.28
Total Rand value of all transactions		R106 447 911 648.55				

Deviations, expansions and variations reported to National Treasury *continued*

CONTRACTUAL EXPANSIONS AND VARIATIONS

The figure below depicts the number of expansions and variations per division for FY2025.



The number of contracts and amounts per division for expansions and variations are set out below, broken down by contract currency, with the total Rand amount also being shown.

Expansions and variations for the year ended 31 March 2025

Division	No	Rand amounts	USD amounts	Euro amounts	AUD amounts	JPY amounts
Generation	337	20 087 480 934.85	240 546 210.76	21 611 582.37		123 920 998.00
NTCSA (previously Transmission)	28	349 848 743.36				
Distribution	44	3 275 222 157.07				
Group Capital	48	1 490 063 646.91				
Corporate IT	42	3 337 382 331.06	3 831 393.96		900 123.57	
Corporate Tactical	5	15 995 045.08				
ERI	15	622 926 511.95				
Total	519	R29 178 919 370.28	\$244 377 604.72	€21 611 582.37	AUD900 123.57	¥123 920 998.00
Average exchange rate		1.00	17.83	18.51	11.10342	0.0824
Converted Rand value		R29 178 919 370.28	R4 357 252 692.16	R400 030 389.67	R9 994 450.05	R10 211 090.24
Total Rand value of all transaction		R33 956 407 992.39				

Expansions and variations for the year ended 31 March 2024

Division	No	Rand amounts	Euro amounts	USD amounts
Generation	220	28 020 841 528.66	22 377 291.92	3 436 259.20
Transmission Division	41	924 237 163.78		
Distribution	65	1 252 031 894.30		
Group Capital	55	1 180 791 204.25		
Corporate IT	28	2 225 537 250.95		1 445 558.49
Corporate Tactical	13	22 916 614.46		
Total	422	R33 626 355 656.40	€22 377 291.92	\$4 881 817.69
Average exchange rate		1.00	19.58	18.91
Converted Rand value		R33 626 355 656.40	R438 147 375.79	R92 315 172.52
Total Rand value of all transaction		R34 156 818 204.71		

Corporate information

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Our suite of reports covering our integrated results for 2025 is available at <https://www.eskom.co.za/investors/integrated-results/>

FORWARD-LOOKING STATEMENTS

Certain statements in this report regarding Eskom's business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations.

Forward-looking statements constitute current expectations based on reasonable assumptions, data or methods that may be imprecise and/or incorrect and that may be incapable of being realised. As such, they are not intended to be a guarantee of future results. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. Eskom neither intends nor assumes any obligation to update or revise any forward-looking statements contained in this report, whether as a result of new information, future events or otherwise.

Future performance plans and/or strategies referred to in the integrated report have not been reviewed or reported on by the group's independent auditors.

