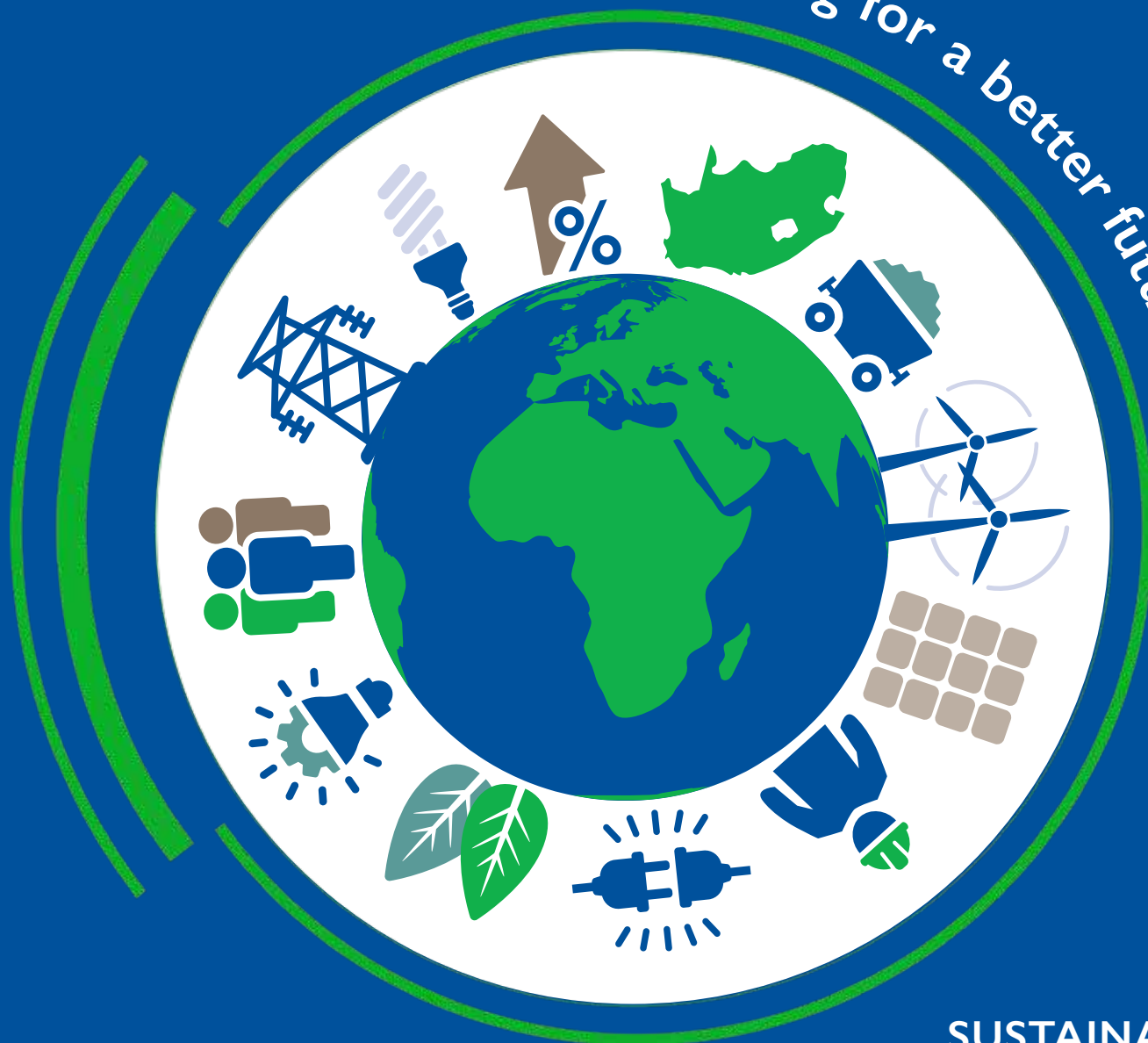




Redefining for a better future



SUSTAINABILITY REPORT
FOR THE YEAR ENDED 31 MARCH 2024

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OUR SUITE OF REPORTS

As part of our comprehensive integrated and financial reporting, our reporting suite for 2024 consists of the following



IR
Integrated report



AFS
Annual financial statements



SR
Sustainability report

A list of abbreviations is available on page 47

To complete a short survey on our reports, please click here



Our suite of reports

Our 2024 reporting suite covers the financial year ended 31 March 2024. The reports were approved on 18 December 2024 and can be accessed at www.eskom.co.za/investors/integrated-results/

Our suite of reports comprises the integrated report, annual financial statements and sustainability report. Each of these reports is prepared for a specific audience and serves a particular purpose. Various frameworks and regulations are applied in the preparation of these reports, and each is subject to certain materiality considerations. Finally, the reports are subject to various levels of assurance. The particulars of each report is set out below.

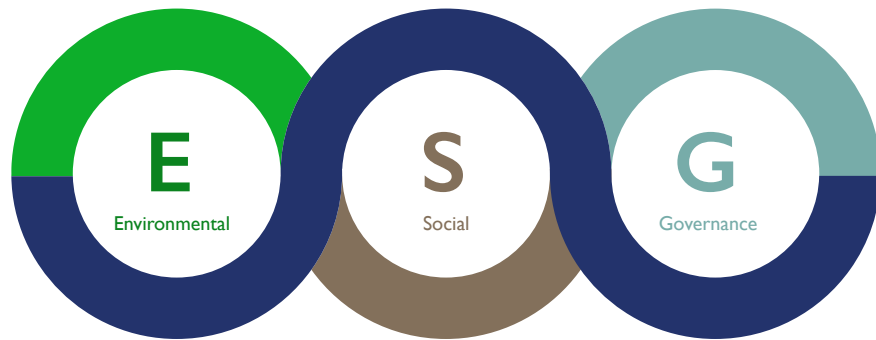
What it covers	Frameworks applied	Materiality	Assurance	
INTEGRATED REPORT Our integrated report aims to provide a holistic account of how we create and preserve value, our strategy, risks and opportunities, performance and outlook, as well as governance of these areas. Supplementary information is included at the back of the report. It is a holistic report to stakeholders covering all our areas of our value creation journey and is aimed predominantly at providers of financial capital – lenders, bondholders and other investors, as well as the shareholder, representing the people of South Africa. Nevertheless, the report aims to provide information to a wide range of stakeholders. The report considers our performance in the context of our internal framework that covers environmental, social and governance (ESG) practices.	The integrated report is prepared in accordance with the Integrated Reporting Framework, issued in January 2021 by the International Integrated Reporting Council, which later merged with the Sustainability Accounting Standards Board to form the Value Reporting Foundation, which was then consolidated into the IFRS Foundation. The content is further guided by legal and regulatory requirements, such as the Companies Act, 2008 and the King IV Report on Corporate Governance™ for South Africa, 2016¹ (King IV) as well as global best practice. Certain disclosures required under regulations issued by National Treasury relating to the disclosure of information under the Public Finance Management Act, 1999 (PFMA), are also covered in the report. In June 2023, the International Sustainability Standards Board (ISSB) issued IFRS® Sustainability Disclosure Standards S1 and S2 which cover the general requirements for sustainability-related disclosures and climate-related disclosures respectively. These standards may be implemented for financial years beginning on or after 1 January 2024, subject to certain transitional provisions and adoption by local regulators. We are in the process of assessing the impact of these standards on our future reporting.	In accordance with the Integrated Reporting Framework, we believe in providing a balanced, transparent and complete account of our 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. We apply the concept of double materiality in the integrated report, in other words, by considering both those external matters that may have an impact on our financial results (financial materiality), as well as those internal matters that have an impact on the outside world (impact materiality). We also consider qualitative and quantitative matters material to our operations and our turnaround and strategic objectives, as well as strategic risks and opportunities.	We apply combined assurance to the content in the integrated report. Eskom's Internal Audit Department provided reasonable assurance of quantitative information (other than financial information subject to external audit) in the report. The group's independent external auditors, Deloitte & Touche, were engaged to provide reasonable assurance on selected key performance indicators (KPIs) disclosed in the integrated report. All but one of the 40 KPIs scoped for reasonable assurance received an unqualified opinion. The list of KPIs subject to reasonable assurance by the external auditors are set out from page 123 of the integrated report. Deloitte & Touche's independent sustainability assurance report is included from page 126 of the integrated report.	        
ANNUAL FINANCIAL STATEMENTS The consolidated and separate annual financial statements set out the financial performance of the Eskom group and company. It includes the directors' report and a report by the Audit and Risk Committee, as well as statements covering the financial position at year end, and the profit and loss, changes in equity and cash flows for the year ended 31 March 2024, together with detailed notes. Events subsequent to the reporting date are also covered, together with an assessment of the impact of new standards and interpretations affecting financial reporting requirements. It is aimed at a broad range of stakeholders, including the shareholder and other investors, creditors, regulators, analysts, employees and the general public. The financial statements intend to provide a fair and comprehensive view of the group and company's financial position, performance and cash flows, to provide decision-useful information to users and ensure transparency and comparability across different reporting periods and entities.	The consolidated and separate financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB) as well as the requirements of the PFMA and the Companies Act.	The financial statements have been prepared with reference to financial materiality. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of the entity's financial statements.	The consolidated and separate financial statements have been audited by Deloitte & Touche, who issued a qualified opinion relating to the quantification and disclosure of information required in terms of the PFMA. Except for this qualification, the financial statements are considered to be fairly presented in terms of IFRS Accounting Standards. Furthermore, the independent auditors have emphasised a number of matters in their report, including a material uncertainty relating to Eskom's ability to continue as a going concern. However, these matters do not affect their opinion. The independent auditor's report is included in the financial statements.	
SUSTAINABILITY REPORT Eskom's sustainability report supplements and provides more detailed information than the integrated report on our sustainable development impacts. The report is aimed at a wide range of stakeholders with an interest in Eskom's sustainability impacts.	The sustainability report is guided by the reporting principles of the Global Reporting Initiative (GRI) and also considers our contribution to the United Nations' Sustainable Development Goals (SDGs). It includes disclosures based on the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD), which have now been incorporated into IFRS S2 <i>Climate-related Disclosures</i>. We have established an internal framework that covers our ESG practices by setting out the material ESG risks and opportunities we face and the governance structures that provide oversight on the plans in places to address these. We measure our performance through targeted metrics.	Matters dealt with in the sustainability report are based on impact materiality, being those matters that represent the organisation's most significant impacts on the economy, environment and people.	The Internal Audit Department provided reasonable assurance on quantitative information and certain qualitative aspects of the report.	

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Our Environmental, Social and Governance (ESG) material matters

ESKOM'S ESG MATERIAL MATTERS

We recognise the relationship between environmental, social and governance issues (integrated approach) due to the interconnectivity between them. We classify material matters as those of high-likelihood, high-consequence factors that significantly impact the creation, preservation or erosion of enterprise value over the short, medium and long term. By their very nature, these include both positive and negative matters. We apply the concept of double materiality, in other words, by considering both those external matters that may have an impact on our financial results (financial materiality), as well as those internal matters that have an impact on the outside world (impact materiality). Our approach to determining our ESG impact is aligned to the United Nations' Sustainable Development Goals (SDGs).



Transitional risk and physical climate:

- Climate Change mitigation and adaptation

Natural Capital:

- Water use, reduction, security of supply and pollution
- Biodiversity – land use and impact on wildlife

Waste management and air quality:

- Air pollution, health and air quality management.
- Waste reduction and beneficiation

Social capital:

- Energy security, affordability/access and sustainability
- Loadshedding
- Just energy transition
- Electricity theft, low and non-payment by customers
- Supplier development, industrialisation and localisation
- Corporate social responsibility

Health and safety:

- Safety to the public, contractors and employees

Human capital:

- Diversity and inclusivity
- High performance culture
- Skills development and retention

Governance structures:

- Leadership, Governance, compliance and ethics
- Unbundling and legal separation of Eskom

Risk management, culture and oversight:

- Values
- Culture
- Enterprise risk management
- Resilience
- Cyber-security

Transparency and reporting:

- Integrated and sustainability reporting
- Fraud, corruption, and criminality



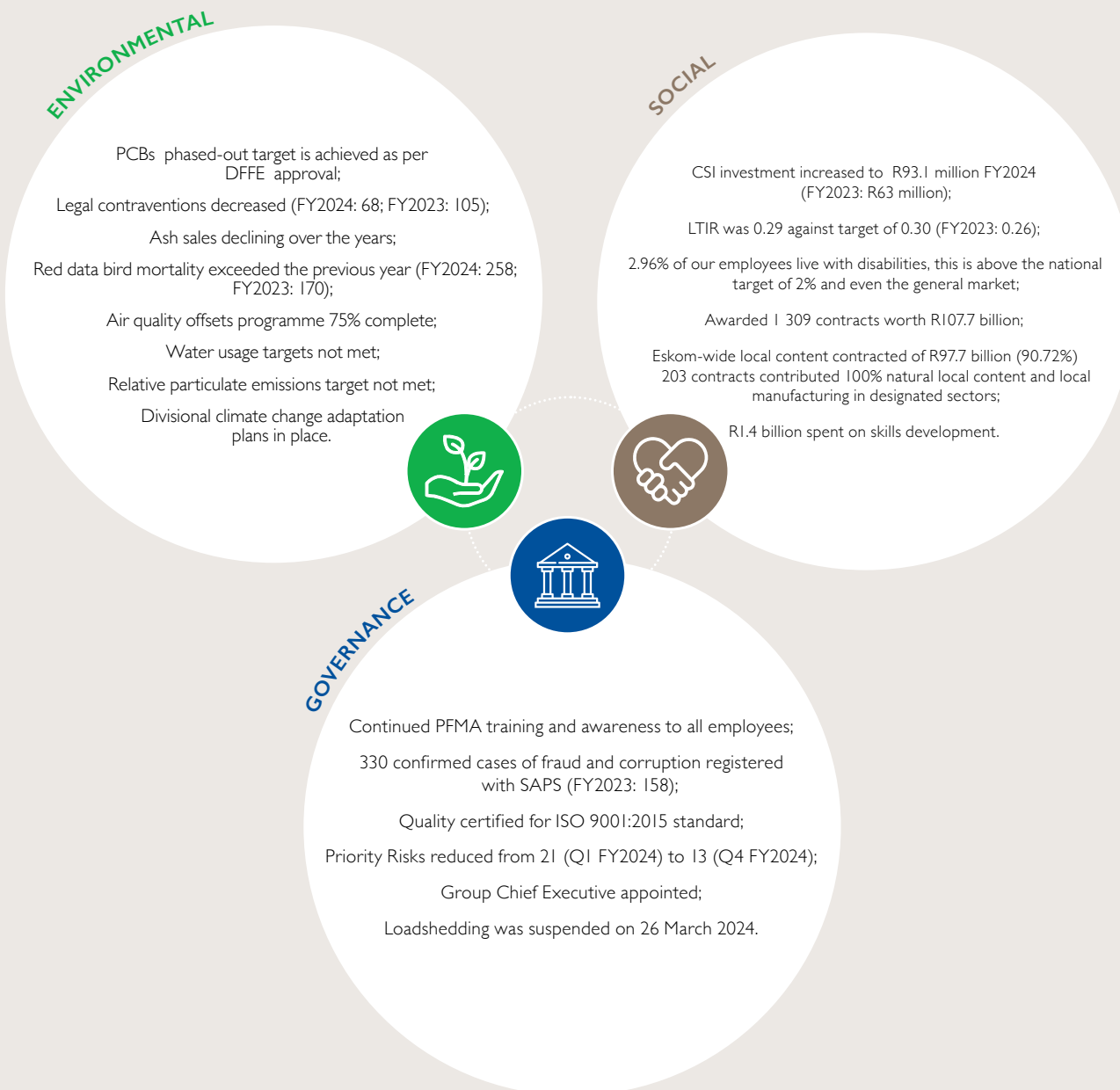
The year in review

Our role, as a state-owned company (SOC) with both a commercial and social mandate, is to supply electricity in an efficient and sustainable manner, to contribute to lowering the cost of doing business in South Africa, and to enable economic growth. Our operations are executed in a manner aimed at minimising any negative effects/impacts we may potentially pose to our people, the environment, and the South African economy. As an organisation embarking on an energy transition that will be undertaken in a just manner and ensuring social inclusivity, we have a vision to drive economic growth by being a financially sustainable provider of energy solutions across Africa.

Globally, there has been a move by stakeholders, most notably investors, towards weighing the sustainability and ethical impact of an organisation by assessing how it approaches environmental, social and governance (ESG) matters. Our stakeholders, and particularly our lenders, base their relationship decisions with us on their insight into our risks and opportunities, i.e., the sustainability of Eskom. These stakeholders have consistently gained valuable insights into our financial risks and opportunities through the financial and integrated reports, enabling them to make well-informed decisions. However, it is important that these stakeholders have a better understanding of the non-financial opportunities and risks, particularly those associated with the United Nations' Sustainable Development Goals (SDGs) linked to ESG matters. This Sustainability Report focuses on our ESG performance.

As a business with a country and continent-wide footprint, our reputation is affected by material ESG matters, amongst them being that of balancing of the energy trilemma, i.e., how to simultaneously ensure (i) energy security, (ii) affordability and access, and (iii) sustainability of our business. Our ESG framework and resulting plan ensures a collective approach in addressing material ESG risks and opportunities. The focus being on: (1) the material ESG matters; (2) the governance framework to address the risks and/or capitalise on the opportunities; (3) the strategy/plan/initiative(s) to treat the risks and/or pursue the opportunities; and (4) the key performance indicators (KPIs) to measure the outcomes and respond accordingly. These documents are the guiding pillars of how, as different parts of a large complex business, we can consolidate our sustainability risks, performance, and impact across all our operations.

SR Further details on these material ESG matters and how we are effectively managing them, are found in the body of this Sustainability Report.



Introduction



ABOUT THIS REPORT

PURPOSE OF THE REPORT

This report is a transparent account to our stakeholders of our sustainability contribution and performance. These stakeholders include, but are not limited to, the South African government, our employees, unions, investors, market regulators, suppliers, civil society, and customers. We reflect on our FY2024 ESG performance and provide an outlook of our future initiatives.

The sustainability report 2024 complements our integrated report 2024. It is a non-financial account of the progress we have made on sustainability matters and reflects on the risks and impacts we face as a business. To ensure full context, this report must be read in conjunction with our 2024 suite of reports, particularly the integrated report.

REPORTING FRAMEWORKS

The Global Reporting Initiative (GRI) and the United Nations SDGs agenda provide a reporting framework that guides this Sustainability Report. The report is also influenced by the United Nations' Guiding Principles, the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the Carbon Disclosure Project (CDP).

The reporting period is from 1 April 2023 to 31 March 2024, against material ESG topics. We use the GRI materiality methodology to determine the significant environmental, social, and economic/governance impacts of our organisation or those that materially influence the assessments and decisions of our stakeholders. In addition, the report discusses our future aspirations in these areas in the context of national and international priorities for sustainable development and the United Nations Global Compact (UNGC) principles.

REPORTING SCOPE

The information in this report refers to the performance of the Eskom Group, which includes the business of Eskom Holdings SOC Ltd, operating in South Africa, and our main operating subsidiaries, unless otherwise stated. The operations of Eskom outside the South African borders have not been considered in the accounting and reporting contained in this document.

DATA AND ASSURANCE

Some of the information included in this report has been sourced from the 2024 Eskom integrated report. Our Internal Audit department has provided reasonable assurance on the quantitative information and, to a lesser extent, certain qualitative aspects of the report. Furthermore, Deloitte & Touche ("Deloitte") has provided reasonable assurance on the sustainability KPIs narrated in the integrated report.

APPROVAL

Eskom's Executive Management Committee (Exco) and the Social, Ethics and Sustainability Committee (SES) of the Board of Directors have approved the contents of this report.

OUR REPORTING SUITE

Our 2024 reporting suite is available online at <https://www.eskom.co.za/investors/integrated-results/>

INTEGRATED REPORTING AND ADDITIONAL INFORMATION

The integrated report is prepared in accordance with the integrated reporting framework. It considers our value creation model, strategy, risks and opportunities, performance, and outlook, as well as governance of these areas. Certain disclosures required under regulations issued by National Treasury relating to the disclosure of information under the Public Finance Management Act (PFMA), 1999, are also covered in this report. Supplementary information of interest to a variety of stakeholders is included at the back of the Integrated report.

ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements of Eskom Holdings SOC Ltd have been prepared in accordance with International Financial Reporting Standards (IFRS) as well as the requirements of the Companies Act, 2008 and the PFMA, 1999.

The independent auditor's report is incorporated in the annual financial statements.

Statement by the Chairman of the SES Committee

As a Social, Ethics and Sustainability (SES) Committee, our role is to assist the Eskom Board in fulfilling its statutory obligations by making recommendations on social, ethics and sustainability matters for its consideration and approval.

This report is a transparent account to our stakeholders of our company's sustainability contribution and performance, giving insight into our ESG impacts for the 2024 financial year.

The safety and health of our people is our first priority. Through our non-negotiable value of "Zero harm", we prioritise safety and health of our employees, contractors and members of the public through effective measures and robust initiatives to eliminate fatalities and injuries.

Despite our disappointing safety performance, with five fatalities and an increase in occupational diseases and lost-time incidents, we remain committed to our value of Zero Harm by continuing to promote safety excellence in all areas.

Our sincere condolences go out to all families, friends and colleagues that have been impacted by these tragedies, the loss of any life in Eskom is one too many.

We continue to contribute to the National Development Plan (NDP), supporting socio-economic and transformation imperatives as part of our agreements with the shareholder.

Considering the current geopolitical and economic turbulence, the significance of sustainable electricity solutions for the modern economy becomes increasingly apparent. As a key player in the electricity sector, we are committed to driving the energy transition in a manner that is fair and advantageous to all members of society.

During a year characterised by intense weather events, an unpredictable macroeconomic climate, and exceptional disasters, we have made significant progress in promoting adaptability and enhancing resilience within the organisation.

Globally, rapidly evolving operating contexts are impacting strategies with increased necessity for unparalleled agility. The evolution of the electricity supply industry requires us to adapt our business model to participate optimally within the new energy market rules and to take advantage of opportunities associated with clean energy generation.

The update of the IRP 2023 provides much needed certainty in planning for the electricity industry and allows us to update our long-term planning outlook. The draft Integrated Resource Plan (IRP) has been evaluated considering both global advancements and Eskom's 2035 strategy, which aims to achieve an optimal balance between prioritising operational, financial, and structural recovery from the challenges that threaten our business sustainability and responding effectively to the global and local transformation shaping the electricity sector. All of which

are addressing the three legs of the energy trilemma – energy security, equity, and sustainability, with the aim of achieving a resilient net zero electricity sector by 2050.

Our appeal to the Minimum Emission Standards (MES) resulted in a favourable decision by the Minister of DFFE for the continued operation of our coal fired power stations while we prepare detailed submissions for emissions management and compliance to the MES. This decision contributes to the country's energy security whilst we transition to less carbon intensive technologies.

We have made headway towards enabling growth of the business through implementation of our business strategies including that of our Just Energy Transition (JET) plan. Given the multifaceted benefits of the JET Strategy, we believe that through its implementation, some of our environmental and economic challenges will be alleviated, while we continue to contribute positively to socio-economic development (SED). We have commenced with the implementation of our repowering and repurposing plan by undertaking developmental work at Grootvlei, Camden and Hendrina power stations. The focus being on ensuring that our communities and affected parties are not left behind.

With Eskom being a vital engine to South Africa's economy, it is important to communicate and engage with our stakeholders. The role of business in society and the expectations that our stakeholders have of us have never been more prominent or relevant as it is now, the experiences at Komati being a prime example. It is important that our stakeholders get a better understanding of the non-financial opportunities and risks, particularly those associated with ESG matters. We are making strides in restoring our reputation and role in society, by implementing specific initiatives to address stakeholder concerns and enhance collaboration.

We remain committed to the diversity dividend by creating a multi-gender, ethno-cultural, multi-generational and racially diverse workforce in a responsible and sustainable manner, aligned to shareholder targets through our human resource processes. This year, we have progressed significantly in implementing our Diversity, Equity, and Inclusion (DEI) strategy. To achieve our diversity objectives, our women empowerment programmes through the Eskom Women Advancement Programme (EWAP) and organisational effectiveness initiatives, support efforts to ensure equity, inclusion and belonging. We are strongly committed to providing equal opportunity to all in Eskom including people living with disabilities. We have also ensured our recruitment processes are inclusive and promote diversity.

Reflecting on progress made this past year, the company's sustainability journey is continually maturing. We acknowledge the challenges we have faced in environmental performance. Despite these, we remain steadfast in our commitment to sustainability. We are dedicated to overcoming



the challenges and continuously improving our environmental performance and stewardship for a greener future. Overall, Eskom continues to progress in its holistic approach to sustainability, moving beyond a predominant focus on addressing just environmental challenges but also focusing largely on climate change, social matters and a just transition.

The unbundling of Eskom into three legal entities is a critical step in ensuring Eskom's sustainability by focusing on improving operational efficiency and providing greater transparency and accountability.

Integrity is a core value for Eskom, demonstrated through transparent governance, ethical practices, and accountability. We have initiatives promoting integrity, such as compliance training, anti-corruption measures, and whistle blower protection. Leaders demonstrate integrity, promoting a culture of trust and accountability among employees, stakeholders, and communities.

I am confident that the Board SES have effectively discharged their responsibilities on oversight of all environmental and sustainability matters within Eskom and am delighted to present our sustainability report for the financial year 2024.

Mr Bheki Ntshalintshali

Chairman: Social, Ethics and Sustainability Committee

Statement by the Group Chief Executive

As part of our continued drive for ESG disclosure and transparency to our stakeholders, it gives me great pleasure to present the Eskom sustainability report for the 2023/2024 period.

Eskom has a critical role to play in South Africa's economy and energy transition, as the dominant player in electricity generation and the operator of our transmission and distribution networks. Our environmental, climate change and Just Energy Transition (JET) strategies enable us to manage and reduce this contribution in a drive towards net-zero emission by 2050.

However, we continue to grapple with the competing objectives of balancing energy security, equity, and sustainability – commonly referred to as the energy trilemma. Our reliance on coal accounting for about 80% of electricity generation results in us contributing around 40% of the country's emissions.

The energy challenges experienced in FY2024 negatively impacted GDP growth with cascading effects on unemployment and inequality and access to, and affordability of electricity. However, through the commitment and dedication of our employees, we have reached an important turning point in driving operational excellence and high performance culture in the organisation. Our Generation Recovery Plan has improved the performance of our fleet and achieved significant reduction in loadshedding and associated costs.

To address the energy trilemma, the South African electricity industry saw several key developments in the last year. The implementation of the Energy Action Plan, the formalisation of the role of the Ministry of Electricity (MoE) and the associated memorandum of understanding (MoU) with the Department of Public Enterprises (DPE), have all had a direct impact on our operating environment. Specific to electricity policy and direction, the National Energy Crisis Committee (NECOM), led by the Minister in the presidency responsible for electricity, has been implementing the Energy Action Plan to address energy security. NECOM has five priorities; fixing Eskom and improving the availability of existing supply, fast-tracking the addition of new power, encouraging residents and businesses to install solar panels, enabling private sector investment in generation, and transforming the electricity sector. Several milestones have been achieved against the Energy Action Plan.

In terms of energy sustainability, our JET Strategy continues to deliver on reductions in emissions and water consumption. The establishment of the Komati Training Facility and partnership with the South African Renewable Energy Technology Centre will contribute to employment through new renewable energy diversified jobs and equity through reskilling of staff and communities. The strategy will drive a positive impact on the economy through, clean energy generation and a catalysis of new renewable energy-based industries. The JET is being done at a

pace and scale that our country can afford and in a manner that ensures energy security.

The enactment of the Electricity Regulation Act Amendment Bill by the National Assembly indicates the imminent transformation of the electricity supply industry by enabling more players in the generation sector and allowing consumers to choose from which energy supplier they want to buy power. This will enable competition and efficiency from multiple electricity generators. Through the unbundling of Eskom and as the National Transmission Company of South Africa (NTCSA) starts trading, the TSO which will be in place in due course will enable equal access and greater participation.

Poor generation plant performance and system-wide capacity constraints remain a significant risk for both Eskom and the country but the Generation Recovery Plan (GRP) and interventions through NECOM are being successfully executed within the expected timeframes. Although this risk had become a reality, resulting in sustained high levels of loadshedding over the past years, we are progressively turning the corner and achieving our milestones and as I write this, we have had over 250 days of no loadshedding, and we look forward to many more.

Since taking the helm in March 2024, I acknowledge we have not had the easiest of roads to traverse. Our revenue continues to be undermined by increasing non-payment and growing electricity theft (non-technical losses). Environmental compliance risks remain significant in the generation business. Our Emission Reduction Plan underpins our commitment to the Minimum Emission Standards (MES) decision taken by DFFE in May 2024 and we continue to implement strict operational controls to meet regulatory requirement and minimise environmental impacts to ensure a sustainable future.

By leveraging our capabilities and through collaborations and partnerships with a multitude of stakeholders, our goal of creating an electricity dispensation that is underpinned by the Sustainable Development Goals (SDGs) and our pledge to meet our climate change mitigation and adaptation goals is steadily coming to fruition. We are finding opportunities and innovative ways to maximise our socio-economic contribution and alleviate unemployment whilst remaining committed to resolving our financial sustainability, constrained energy supply and making a just transition to a low carbon future.

Our human resource is our greatest asset, their safety and wellbeing are of paramount importance to us. In recognising their limitless potential, the Minister of Electricity, the Board, Exco and myself are continually engaging with staff on matters of safety, business expectations and ensuring we are all aligned to the same vision to derive the greatest value of each other and in particular support our values of Zero Harm and Sinobuntu.



In our continuous efforts to drive a holistic sustainability approach, Eskom has initiated the Eskom Factor, a project that will culminate in a report to highlight Eskom's footprint in South Africa, quantified through a comprehensive assessment of the company's economic, governance, social and environmental impact on the country, both from a positive and negative perspective. This report will help our stakeholders understand our ESG footprint over the past six years and the vision we have for the organisation and its impact on the country.

We note that the business community plays an integral role in the implementation of our ESG objectives and as a result, we are working closely with industry bodies and other stakeholders to ensure alignment.

During this financial year, we will focus on reviewing our business strategy to ensure that our strategic direction remains on addressing our most significant challenges and that our objectives and pace of execution are adjusted to ensure success in delivering the desired outcomes to set the organisation on a path to sustainability. This path will be unpinned by good governance and executed with integrity. The Executive Committee and I remain committed to advancing and elevating our ESG matters throughout all Eskom businesses.

Mr Dan Marokane
Group Chief Executive



Governance



The Government of the Republic of South Africa is our sole shareholder. As a public entity, we are governed by the provisions of the PFMA, which requires us to conclude a shareholder compact with the shareholder representative. Our sustainability performance as reported in our shareholder compact has been reasonably assured by Deloitte and Touche for the year ending 31 March 2024.

The governance framework, which regulates our relationship with the shareholder and informs the way we conduct our business, is reflected in the figure below:

HOW WE ARE REGULATED AND GOVERNED



Our leadership

Our governance framework has clear role delineation for our shareholder, the Board, the Board committees, and management of the Eskom group.

BOARD OF DIRECTORS

Our Board of Directors (the Board) fulfil the primary roles and responsibilities of a governing body outlined in King IV Report on Corporate Governance for South Africa, 2016 (King IV™) by: Setting the strategic direction of the organisation; Providing oversight through effective governance frameworks and approving policies and plans that enable the execution of the company's strategy while promoting a high-performance culture aligned with Eskom's values.



DR MTETO NYATI (59)
Chairman



MR DAN MAROKANE (52)
Group Chief Executive



MR CALIB CASSIM (52)
Group Chief Financial Officer



MS FATHIMA GANY (48)
Independent non-executive director



MR LWAZI GOQWANA (48)
Independent non-executive director



MR CLIVE LE ROUX (72)
Independent non-executive director



MS AYANDA MAFULEKA (44)
Independent non-executive director



MR LESLIE MKHABELA (51)
Independent non-executive director



DR TSAKANI MTHOMBENI (44)
Independent non-executive director



MR BHEKI NTSHALINTSHALI (70)
Independent non-executive director



MS TRYPHOSA RAMANO (52)
Independent non-executive director



DR BUSISIWE VILAKAZI (40)
Independent non-executive director



DR CLAUDELLE VON ECK (53)
Independent non-executive director

Ages are shown at 31 March 2024.

Our leadership *continued*

SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE

The Social, Ethics and Sustainability (SES) Committee reports to the Board on a quarterly basis. This committee provides oversight of SED; good corporate citizenship; environmental; climate change; health; and safety programmes, and the assurance of select KPIs through the sustainability audit. The Board SES committee also serves as the statutory social and ethics committee for Eskom's wholly owned subsidiaries. It is the responsibility of this committee to ensure that our sustainability reporting is in line with the Global Reporting principles.



MR BHEKI NTSHALINTSHALI (70)
Independent non-executive director



MS FATHIMA GANY (48)
Independent non-executive director



MR CLIVE LE ROUX (72)
Independent non-executive director



MR LESLIE MKHABELA (51)
Independent non-executive director



DR TSAKANI MTHOMBENI (44)
Independent non-executive director



DR BUSISIWE VILAKAZI (40)
Independent non-executive director



DR CLAUDELLE VON ECK (53)
Independent non-executive director

Ages are shown at 31 March 2024.

Our leadership *continued*

ESKOM'S EXECUTIVE COMMITTEE

Exco (the Committee) has been established to assist the GCE to manage the business for the benefit of Eskom. It is accountable for exercising executive control over day-to-day operations to deliver on the strategy set out by the Board.



MR DAN MAROKANE (52)
Group Chief Executive



MR CALIB CASSIM (52)
Group Chief Financial Officer



MR MONDE BALA (50)
Group Executive: Distribution



MS FAITH BURN (55)
Chief Information Officer



MR BHEKI NXUMALO (55)
Group Executive: Generation



MS ELSIE PULE (56)
Group Executive: Human Resources



MS JAINTHREE SANKAR (52)
Chief Procurement Officer



MR SEGOMOCO SCHEPPERS (60)
Group Executive: Transmission



MS NATASHA SITHOLE (61)
Acting Group Executive: Government and
Regulatory Affairs



MR VUYOLWETHU TUKU (48)
Group Executive: Transformation
Management Office



MR STHEMBISO VEZI (50)
Acting Group Executive: Legal and
Compliance

Ages are shown at 31 March 2024.

Stakeholder management

Our stakeholders are those impacted by our business and who contribute to our ability to deliver our strategic objectives. Our material ESG risks and opportunities impact on our stakeholders and as such we have an obligation to report transparently and to account to them on our strategies and plans to treat the risks and pursue the opportunities. Through identifying, analysing, planning, and implementing processes of engagement, we manage and improve relationships with our stakeholders with an aim of positioning our business and leadership positively. These stakeholder engagements enable us to mitigate reputational risks. Our stakeholder engagements align to our recovery plan, the JET vision and principles, and our corporate social investments initiatives.

The Board SES provides oversight on the effectiveness of our engagements and delegates the management of these stakeholder relationships to Exco. The Exco members are responsible for monitoring and overseeing the performance of our engagements through weekly briefings and quarterly reports, measuring the impact of our short, medium, and long-term engagements using a six-monthly pulse check survey, and monitoring and responding to non-technical risks. The key areas of improvement become action items for further stakeholder engagement planning.

Successful implementation of our stakeholder engagement plan is underpinned by ten key factors:

1. Anticipate the outcomes of significant policies and regulations.
2. Assess the impact of likely outcomes and value at risk.
3. Identify, monitor, profile our stakeholders.
4. Prioritise stakeholders according to their capacity to influence outcomes.
5. Develop a factual narrative on Eskom's stance on key issues.
6. Sustain the relationship with influential stakeholders.
7. Communicate about social contributions and nation development.
8. Integrate and align plans with a key focus on JET activities.
9. Embed data in engagement input and deliver outcomes in real time.
10. Align leadership on primary issues and approval of implementation and execution of outputs.

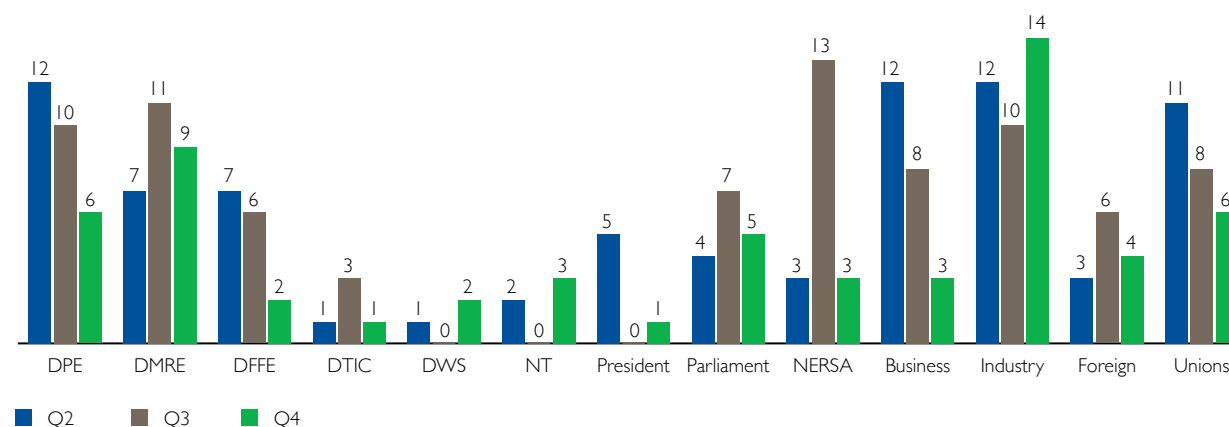
The Stakeholder Management department develops and implements stakeholder engagement strategies and plans to drive advocacy and partnership, unlock decisions, and exercise external levers required to implement our strategic intent codified in the annual Eskom Corporate Plan and 2035 Plan. They manage stakeholder issues and report to Exco and the Board for stakeholder oversight in line with King IV report.

Our aspiration is to improve stakeholders' perception of Eskom and grow business value to protect the brand. This requires proactive

engagement, thought leadership, and fact-based narratives in our messaging. The aim is to enhance the quality and outcomes of stakeholder engagement and track and monitor issues emanating from engagements.

Through effective engagement, we aim to foster meaningful dialogue, build trust, and align our operations with stakeholder needs and interests; ultimately working towards a sustainable and mutually beneficial relationship.

Key stakeholders engaged in Q2 – Q4: FY2024



Conducting business in an ethical manner

FRAUD AND CORRUPTION

Eskom is committed to enhancing systems, controls, resources, policies and procedures as well as reporting structures to address any fraud, crime and corruption.

An assessment of our crime risk management landscape was concluded by an independent service provider. The assessment focused on identifying risks related to bribery and corruption, financial crime, physical asset crime, cyber-crime and money laundering and provided recommended remedial actions. Findings and recommendations are being considered. They will inform the nature and extent of the second phase of the project, being the design, improvement and implementation of appropriate and sustainable control frameworks.

Eskom's Fraud Prevention Plan was implemented for the 2024 financial year in accordance with the PFMA, 1999. The plan incorporated activities carried over from the prior year as well as new activities identified for the 2024 financial year. The key activities of the plan include:

- Establishing an ethical culture, through the 'Tone at the Top' and legislative compliance. Criminal cases have been referred to law enforcement agencies in compliance with applicable legislation. A total of 330 cases are registered with the South African Police Service (SAPS). During the financial year, 139 matters were reported to the Directorate for Priority Crime Investigation (the Hawks), in terms of section 34 of the Prevention and Combatting of Corrupt Activities Act, 2004 (PRECCA)
- In terms of awareness and training, we have revised our online training material for fraud awareness, which has been rolled out and participation is being monitored. Fraud awareness for suppliers was conducted during an engagement session with Eskom's suppliers within the Generation and Transmission Divisions during the quarter
- Training and awareness support was offered during a workshop on procurement process with law enforcement agencies, including the National Prosecuting Authority and the Hawks. The establishment of a single investigation unit in our business, to manage all investigative matters, has been approved and implementation of the unit is in progress
- We continue to maintain an independently managed whistle-blowing hotline and other reporting mechanisms. Complaints or requests for protection are being investigated and attended to Eskom's Process Control and Assurance Department continues to conduct data analysis and issue exception reports related to possible conflicts of interest. The report is being assessed by the Forensic and Anti-Corruption Department for further investigation. The Fraud Risk Register is being monitored and updated regularly.

An updated Fraud Prevention Plan has been developed for the 2025 financial year and was included in our Corporate Plan for financial years 2025 to 2029.

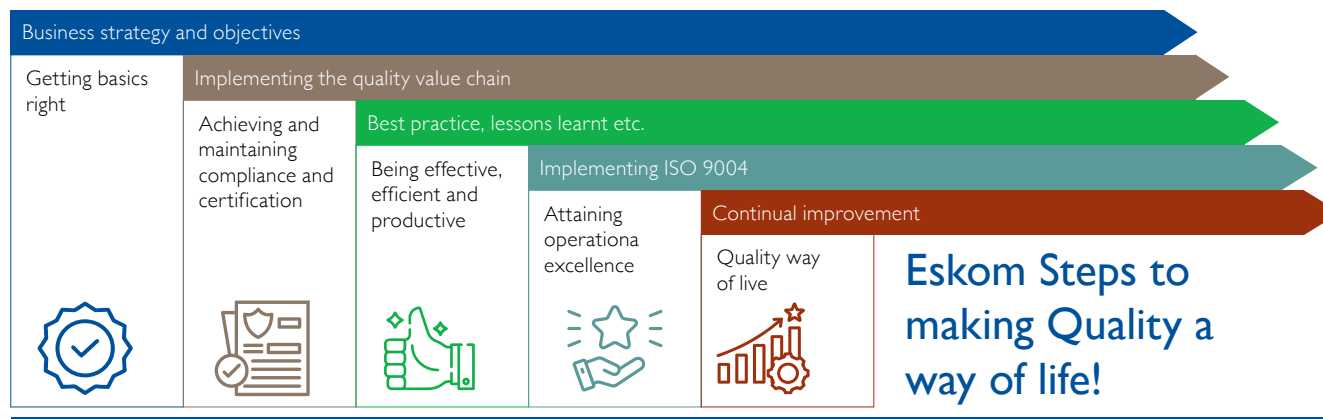
Energy losses on our networks, have increased slightly from 11.76% in FY2023 to 11.94% in FY2024, continue to be a challenge. These are both technical and non-technical losses. We continue to reduce our technical energy losses but are challenged through the non-technical losses that include electricity theft, illegal connections, tampering and bypassing of electricity meters, as well as ghost vending. The conversion to smart prepaid meters is assisting us to combat non-technical losses and the use of illegal tokens.

We acknowledge that fraud and corruption detection, prevention and control is not a separate function and needs to be an integral part of managing our business. This involves the adoption of a holistic approach to prevent, detect, and respond to the incidents of fraud and corruption through proactive risk identification and the management thereof. We have adopted an integrated approach to the management of fraud and corruption with a comprehensive risk treatment plan where actions are implemented by the responsible areas. Progress and control measures on treatment actions are monitored on a quarterly basis.

We have developed a business-wide fraud and anti-corruption risk register. The register was a culmination of a process to identify the risk and the controls which is regularly monitored. These controls include fraud awareness for employees and suppliers, the enhancements of the management of conflict of interests, consequence management and stakeholder management, particularly with the law enforcement agencies. A comprehensive review of the crime risk management landscape has been completed, and recommendations implemented where applicable.



Quality management



Quality Management constitutes the cornerstone of Eskom's corporate ethos, fostering a culture of continuous enhancement aimed at achieving efficient and effective business operations. Our Quality Management strategy spans the entirety of the integrated business value chain, ensuring conformance to business management system requirements while striving for operational excellence.

Key achievements in Quality Management include the revision of the Eskom Quality Health Index (EQHI) to align with Eskom's key performance metrics such as Customer Management, Documentation Management, Supplier Quality Management, Non-conformity Management and, Technical Performance. Ongoing initiatives encompass Training, Stakeholder Management, Communication, and quality awareness programmes, all directed towards cultivating a culture of operational excellence and improving overall business performance. Noteworthy events include the annual Quality Management virtual conference held on World Quality Day 2023, attended by over 2000 Eskom employees, and upcoming events such as the Eskom Quality Month and the Eskom Quality Conference in November 2024, themed "From Compliance to Performance". From a functional leadership perspective, Corporate Quality Management oversees the certification of Eskom's line divisions to the ISO 9001 (2015) QMS standard, ensuring compliance across all support functions and extending these requirements to the Eskom service providers.

The overarching goal of Quality Management is to foster a shift in attitude and behaviour among all Eskom Guardians, encouraging a dedicated commitment to quality in their day-to-day activities. This cultural transformation of 'doing things right, first time, every time' is pivotal to Eskom attaining operational excellence.

The future QM focus includes a review of the Eskom Holdings Quality Management Strategy, QM operational plan and engaging relevant business areas through roundtables and quality circles to ensure alignment with Eskom's overarching strategy. This alignment aims to support key priorities and goals crucial for effective strategy execution. QM will enhance the EQHI to incorporate both leading and lagging indicators, alongside robust systems for tracking, reporting progress, and managing non-conformities.

Addressing ongoing challenges in Documentation and Records Management (DRM), Eskom's Group IT is exploring ways to accelerate the migration of its systems. This effort includes completing pending project scopes such as the critical Disaster Management plan and capability.

To emphasise Eskom's commitment to Quality Management, QM will intensify focus on professionalising quality, driving certification/conformance to ISO 9001 including directing business to implement the Quality Value Chain. This shift towards a strategic, goal-oriented approach to Quality Management leverages QM as a catalyst for promoting a high-performance, ethical culture within Eskom.

Integrated Risk Management

We are committed to the effective management of risk, which is central to Eskom's governance and management processes, and essential for achieving the organisation's vision and mandate. It is therefore imperative that risk and resilience management be embedded into all business processes to identify and manage risks consistently and proactively.

We have established an integrated approach to managing risk and resilience, using a robust approach to the assessment, treatment, monitoring, and reporting of all types of risk, at all levels and for all activities across the business. It is therefore imperative that there be one standard for the management of all types of risks that will be consistently applied across Eskom Holdings SOC Ltd. The objective of managing risk is to ensure that we can formulate and execute our strategy effectively, enabling us to operate our business efficiently within the risk appetite set by the Eskom Board of Directors. It is vital that risks that impact on our objectives are identified, effectively managed, and continuously monitored and reviewed.

Our Enterprise Risk and Resilience (ERR) Policy, Risk and Resilience Management Plan, and Appetite and Tolerance framework, make up the key governing documents approved by our Board of Directors.

This complies with (i) the recommendations on good governance in King IV, which includes the oversight of risk and resilience as a Board-level priority, and (ii) the requirements of Risk and Integrity Management Framework (RIMF) from Department of Public Enterprises (DPE). As an organ of state, we are also required to comply with disaster management legislation.

ERR is responsible for shaping and safeguarding an integrated approach to risk and resilience management. The transition from centralised support functions to a functional leader model, in an unbundled Eskom, is a key consideration for our approach to risk and resilience management. ERR has formalised a functional support role to the business through various interventions such as the Integrated Risk Management (IRM) Operations committee, functional lead allocation, and regular engagements.

Risks affecting organisational and business continuity objectives are identified, robust treatment plans are developed, and implementation is tracked and monitored through embedded governance structures (in line with King IV). Risks are assessed and rated using Eskom's consequence and likelihood matrix. Risks categorised as having both high consequence and high likelihood are classified as Priority I.

These priority I risks necessitate focused attention from the Executive Committee (Exco) and the Board.

The Quarterly Risk and Resilience reports for Quarter 2 and Quarter 4 of the financial year are tabled at the Board Audit and Risk Committee, after review by the Exco Risk and Sustainability Committee with support from Exco. The Quarterly Risk and Resilience reports for Quarter 1 and Quarter 3 of the financial year are tabled at Exco, after review by the Exco Risk and Sustainability Committee. Our risk landscape is monitored, tracked, and reported across risk categories approved by the Board. The risk appetite statements are approved by the Board, namely finance, operations, information technology (IT), legal and compliance, climate change, environmental, stakeholder management, fraud, people safety, and people culture. The risk landscape for quarter 4 for financial year 2024 and the aggregated strategic risks are provided below.

YEAR END (2024FY) RISK LANDSCAPE

Thirteen Priority I (PI) risks were reported as at 31 March 2024. A focus on continual improvement of the quality of risks reported, i.e., "scrubbing of the risks and attacking the causes" and increasing management focus on the risks, resulted in the reduction of Priority I (PI) risks from 21 (Q1 FY2024) to 13 (Q4 FY2024).

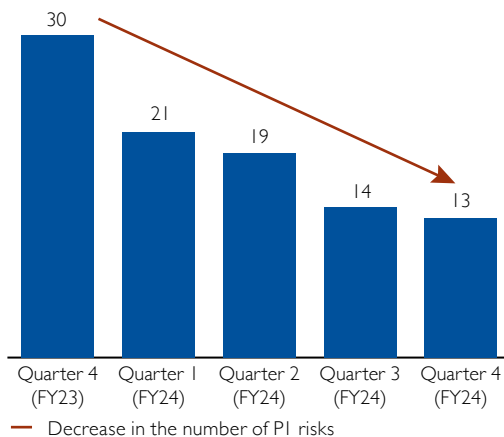
Risk description for Priority I heatmap (impacted objective)

Consequences	Likelihood				
	A	B	C	D	E
6			7 8 12 13	2 3	
5				1 4 5 10	6
4					
3			Tolerable risks		
2	Acceptable risks				
1					

- 1 Energy losses (financial and operational sustainability objective) – Risk rating improved from 6E FY2023 to 5D FY2024.
- 2 Loss of licence to operate due to environmental performance and regulation/legislation non-compliance (striving for net zero emissions by 2050 with an increase in sustainable jobs objective) – Risk rating improved from 6E FY2023 to 6D FY2024.
- 3 Unfavourable minimum emission standards (MES) decision from Minister of Department of Forestry, Fisheries and the Environment (DFFE) (striving for net zero emissions by 2050 with an increase in sustainable jobs objective) – Risk rating unchanged at 6D from FY2023 to FY2024.
- 4 Fraud, corruption and unethical procurement and supply chain management practices (financial and operational sustainability objective) – New risk at 5D in FY2024.
- 5 Kendal inability to manage Usuthu and Vaal water (financial and operational sustainability objective) – New risk at 5D in FY2024.
- 6 Inability to arrest the increase and severity of security incidents (financial and operational sustainability objective) – Risk rating unchanged at 5E from FY2023 to FY2024.
- 7 Cybersecurity attack on Transmission OT systems infrastructure (financial and operational sustainability objective) – New risk that deteriorated from 6B to a 6C in FY2024.
- 8 Eskom's inability to fulfil or meet societal and moral duty to protect the health and wellbeing of those affected (members of the public) (financial and operational sustainability objective) – Risk rating unchanged at 6C from FY2023 to FY2024.
- 9 Fraud and corruption in Eskom is not brought under control and could further deteriorate (financial and operational sustainability objective) – Risk rating improved from 6E in FY2023 to 4D in FY2024.
- 10 Legal separation further delayed (Facilitating a competitive future energy industry objective) – Risk rating improved from 6D in FY2023 to 5D in FY2024.
- 11 Potential regional server rooms interruptions (financial and operational sustainability objective) – New risk at 4D in FY2024.
- 12 Misstatement of irregular expenditure and fruitless and wasteful expenditure (financial and operational sustainability objective) – New risk at 6C in FY2024.
- 13 Security's inability to respond and secure its assets during a disaster (financial and operational sustainability objective) – New risk that deteriorated from 6B to a 6C in FY2024.

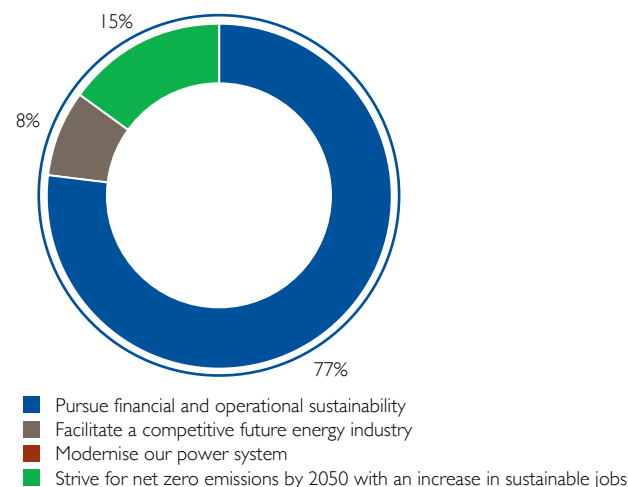
Integrated risk management *continued*

Unacceptable (PI) risk movement



Priority 1 risks movement and % PI risks linked to strategic objectives.

% PI risks linked to strategic objectives



AGGREGATED STRATEGIC RISKS

Risk aggregation is the process of combining individual risks to get a holistic view of the overall risk an organisation or project faces. The aggregated risks directly impact Eskom's strategic objectives, and their management is imperative to improve Eskom's overall performance. Below are the five aggregated risks as at 31 March 2024.



The **financial sustainability**, liquidity and going concern status has strengthened due to the government support package. This package is characterised by a set of stringent conditions and non-compliance with these conditions will require us to repay the subordinated loan to the National Revenue Fund at market rates. We however continue to be subjected to declining sales, illegal connections, an increase in the non-payment of municipal bulk accounts, and the tariff determinations by the National Energy Regulator of South Africa (NERSA) not being cost reflective. Given the above, our draft projections are that the company will run at a loss for the medium term.



Our **operational performance** is below expectation due to poor plant performance, the quality of outage execution, unreliability of new generating units, inability to provide adequate transmission infrastructure to integrate new generation sources, and intolerable levels of theft and vandalism to Transmission and Distribution network equipment.



We may **lose our social license** to operate due to environmental performance and non-compliance with regulations/legislation, leading to plant shutdown and/or litigation.



Our **failure to transition** from a coal-based power system to a lower carbon and climate-resilient company due to the obstacles on the net zero pathway, limitation in capital and National Treasury conditions in the short-term leading to low investment in an optimal combination of clean technologies to achieve carbon dioxide (CO₂) reductions. This is compounded by the competing objectives of ensuring security of supply, electricity affordability and technological limitations which limit the rate at which we can transition as an organisation and country.



Legal separation has been delayed further; caused by the lack of alignment and stakeholder engagement, leading to further reputational damage and declining investor confidence. In specific, the DPE has announced more aggressive dates to complete the legal separation (business unbundling process). As legal separation is a government driven intervention, the commitment across the various government departments to enable such is critical to the accomplishment of any agreed timelines. The legal separation of Distribution (Dx) and Generation (Gx) are dependent upon various enablers such as government departments committing to dates for concluding on their deliverables, government policy and legislative amendments. Distribution's sustainability as a separate legal entity is highly dependent on the success of Eskom resolving the municipal debt crisis.

While we continue our efforts to legally separate our divisions as per above, the implementation of a competitive market is dependent upon enabling policy and legislation, (e.g., DMRE to finalise ERA and EPP, NERSA to put in place the relevant tariff/pricing frameworks finalise and publish the pricing principles document). During drafting this report NTCSA commenced operation on 1 July 2024.

Continued fraud and corruption in our business, if not brought under control, could further impact on our operations, finances, and reputation. Unethical behaviour, undue influence on procurement practices, human intervention to circumvent controls and inadequate oversight to prevent, detect and correct criminal behaviour leading to continued financial losses, operational and reputational damage and our business's moral fibre being further eroded.

Eskom leadership continues to implement systems and controls to manage the fraud and corruption risk, including consequence management and a fraud awareness programme. We have had an incredibly positive response to the programme with over 15 000 employees having participated. Forensic continues to monitor progress on the programme and encourage more employees to participate. In addition to internal awareness, external awareness programmes are also being facilitated by officials from various law enforcement agencies.

Resilience

The Global Resilience Partnership defines resilience as the capacity to live and develop amidst change and uncertainty. We refer to the required resilience capabilities as the ART of resilience – to Anticipate and adapt to change, Respond and recover from disruption, and Transform amidst changes in context.

In practice organisational resilience requires preparedness and response capabilities to navigate major disruptions that integrate across geographic, functional, and sector boundaries. Preparedness is established through Business Continuity Management (BCM) and Disaster Management and response through an incident command system. Our Enterprise Resilience programme has made great strides on integrated emergency management of our response to major threats and disruptions, such as the pandemic, and ensuring compliance with the Disaster Management Act, 2002. We continue to make progress in

anticipating, adapting, testing, and transforming, but these capacities are not as mature as emergency management.

RESILIENCE NECESSITATES INTEGRATION ACROSS SCALES AND BOUNDARIES

Integrated response structures ensure coordination across boundaries at national and provincial levels and with external joint responders. The following table summarises institutional arrangements that give effect to integrated preparedness and response capabilities across scales and boundaries. To illustrate, national blackout disaster planning requires cross-functional integrated preparedness and response capabilities between line divisions and support functions within our business to sustain us during a blackout. Additionally, integration of external sectors (e.g., fuel, telecommunication, and banking) and across national, provincial, and local government are also required for Eskom and the country's survival through a blackout.

Planning level	National	Provincial	Divisional
Preparedness focus	Disaster Management for identified national priorities	Oversight of strategic/cross-cutting risks Disaster Management for identified provincial priorities	Business Continuity Management (BCM) Disaster Management for site level priorities (e.g., Gx breach of ash dam wall)
Scope of Integration	Nationally across all of Eskom Holdings and integrate with Provincial Resilience Teams (PRTs)	Across all Eskom's operations within a province	Within an operating division, strategic or service function
Preparedness structure and allocated accountability	National Disaster Management Working Groups (DM WG) Priorities are assigned to members of Exco	PRTs and subcommittees Assigned to Dx GMs	Divisional Resilience Programme Head of the division
External Integration	National Disaster Management Centre (NDMC) and National Disaster Management Advisory Forum (NDMAF) (led by Enterprise Resilience team) National sectors and key response partners (led by respective DM WGs)	Provincial Premier (led by Dx GM) Provincial Disaster Management Centre (PDMC) and Provincial Disaster Management Advisory Forum (PDMAF) (led by PRT DM lead) Provincial sectors and key response partners (led by PRT DM lead)	Own stakeholders based on divisional mandate
Performance measure and reporting	Quarterly reported by assigned division in resilience compact	Quarterly PRT dashboard	Quarterly divisional resilience report and compact scores
Response structure	Emergency Response Command Centre (ERCC)	Provincial Joint Command Centres (PJCCs)	Tactical Command Centre (TCC)

Integrated emergency response is coordinated nationally by our ERCC and provincially by PJCCs. The ERCC was not required during the previous financial year. The divisional Tactical Command Centres (TCCs), however, were used by many divisions to manage sudden and potentially damaging incidents. The Resilience team conducts national and provincial level exercises to test emergency response structures and plans. A national exercise was not held but six provincial exercises were executed, testing the PJCCs, Grids and Clusters operational response.

DISASTER MANAGEMENT

We continue to make steady progress in disaster management readiness. Disaster Management is aimed at coordinating preparedness, planning, and response to major incidents and disasters, and ensuring compliance to the National Disaster Management Act. Our disaster management efforts are focused on developing plans to address each of the 11 approved disaster priorities. Dedicated working groups have been established for each disaster priority. The working groups focus on plans for the following events.

1. Nuclear Incident
2. National Blackout
3. Solar/Geomagnetic Storm and High-altitude Electromagnetic Pulse
4. Severe Supply and Demand Constraints:
 - a. Stages 1–8
 - b. Stages 9–16
5. Financial and Economic Collapse
6. National Industrial action
7. Pandemic
8. Water-related Disasters and Drought
9. Climate Change and Environmental Disasters
10. Terrorism/Sabotage/Political Instability
11. Cyberattack/Catastrophic IT System Failure

The progress of national working groups varies among the national disaster priorities. Substantial progress and more consistent delivery of plans for all identified disasters has been accomplished through the establishment of a dedicated forum focused on addressing gaps and improving maturity levels.

Our integration and joint planning with provincial government and response structures takes place through PRTs. PRTs are integrated structures including Dx, Tx and other divisions active within the provinces. As Tx Grids and Dx Clusters do not align with each other it was decided to keep PRTs provincially based, ensuring alignment with the government, municipal and customer relationships within the provinces. The performance of the PRTs is assessed using a compact that considers provincial governance, risks, subcommittees, emergency preparedness, disaster management plans, integrated response structures and external disaster structures.

Divisions employ BCM to ensure that the organisation can continue operating in case of serious incidents or disasters and can recover to an operational state within a tolerable period of disruption. This has been embedded at the corporate level for some time; recent efforts to embed this at the operational level have begun to bear fruit and are ongoing.



Environment

Environmental Management



We remain steadfast in our commitment to environmental stewardship, driving sustainable practices and minimising our ecological footprint. Our commitment to sustainability and environmental management makes us focus on effective environmental management practices that lead to environmental duty of care and compliance. We consider sustainability to refer not only to reduction of environmental impacts, reduction of emissions and greenhouse gases (GHG), but also to management of scarce natural resources, including water usage, land, biodiversity and waste management; including effective upgrades of the grid to enable alternative capacity, management of social issues and leveraging on opportunities from identified risks. We recognise the importance of diversifying our energy mix, considering the resources we utilise, and the environmental impacts and dependencies involved in meeting supply needs.

Environmental matters and the management thereof are well integrated into our business processes and management systems. Over the last five years, we have seen a decline in performance against the environmental KPIs of relative particulate emissions, specific water-use and environmental incidents, resulting in us not meeting our compliance obligations at some of the coal-fired power stations. To a large degree, the decline in environmental performance is an outcome of the energy crisis and the continual challenge of the balancing of the energy trilemma,

i.e., how to simultaneously ensure (i) energy security, (ii) affordability and access, and (iii) sustainability.

We have considered the related technologies being implemented, the waste and emissions that we discharge, and the impact of our operations on the communities affected by our infrastructure. To curb the impacts of our operations, in Gx, we have implemented a Generation Recovery Plan (GRP) which has shown material gains, as reflected in the improvement in the energy availability factor (EAF) and the unplanned capability loss factor (UCLF). These mitigation measures continue to be monitored to reduce the impact of environmental risks and thereby improve performance and reduce the negative impact on the environment. This is to ensure we live our value of Zero Harm and achieve environmental duty of care.

REDUCING OUR ENVIRONMENTAL FOOTPRINT

We are reducing our environmental footprint through a multifaceted approach that includes investing in renewable energy sources, implementing energy efficiency measures, and optimising our operations to minimise emissions and water consumption. The material impacts our operations have on the environment are addressed through implementation of risk-responsive plans with proper governance oversight, and the effectiveness of these plans is measured through various environmental metrics (KPIs), which include relative particulate emissions (kg/MWh sent out), specific water consumption (ℓ/kWh sent out), environmental legal contraventions reported as a result of significant failure of business systems (FBS) (number), and red data bird

mortalities (number). We manage these KPIs through interventions which include water management implementation plans, emission reduction plans and air quality improvement plans at our facilities, including implementing reactive and proactive red data and bird mitigation projects on our infrastructure.

In addition, we are focusing on increasing the use of clean energy, such as solar and wind power, to reduce reliance on fossil fuels and lower our carbon emissions. We are implementing energy-saving initiatives, pursuing efficient technologies, and implementing circularity strategies in waste management to reduce our environmental impact and improve resource efficiency. By prioritising sustainability and innovation (through Research, Testing & Development, RT&D), we are committed to drive towards a greener future and reduce our overall environmental footprint.

ENVIRONMENTAL PERFORMANCE

Despite facing challenges and acknowledging that our environmental performance is not at the desired level, we are still above the Eskom set targets for specific water consumption and relative particulate emissions. However, we continue to implement measures to improve the performance. Additionally, we recognise that our legal contraventions in these areas remained high at 68, although they still show an improvement from the previous year.

PARTICULATE AND GASEOUS EMISSIONS

The combustion of fossil fuels results in the emission of numerous atmospheric pollutants that include, but are not limited to, Particulate Matter (PM), Nitrogen dioxide (NO₂), and Sulphur dioxide (SO₂). Atmospheric pollutants have numerous negative effects on human health and have been demonstrated to increase the risk of premature mortality.

The technological solutions we currently employ to reduce emissions and manage air quality include bag filters and electrostatic precipitators (ESPs) that deal with particulate matter, flue gas desulphurisation (FGD) that deals with SO_x emissions, and low NO_x burners that deal with NO_x emissions. We have an emission reduction plan which focuses on three areas: first to ensure that power stations operate and maintain the technologies installed to reduce pollution, second to retrofit older plants with technologies mentioned above to reduce emissions and lastly to implement air quality offset projects/initiatives at strategic local communities.

In addition to emissions from the coal-fired power station stacks, we create fugitive (low level) dust from facilities and activities on ash disposal facilities, coal stockyards and site roads. Power stations implement fugitive dust management controls, which include vegetation, water spraying and spraying of environmentally friendly chemical bonding agents.

Environmental Management *continued*

RELATIVE PARTICULATE EMISSIONS

Despite our generating facilities having been subjected to focused maintenance, our relative particulate emissions did not meet the targets set for Eskom. The extremely high emissions at Kriel and Kendal are the primary cause of the year end poor performance of 0.79kg/MWh sent out.

Kriel, Matla, Lethabo and Matimba performance deteriorated in the past financial year. Kendal's performance improved since the previous financial year but remained above target, nonetheless. These stations emitted more than half of the ash that Eskom released into the atmosphere. Reasons for worsened performance include ash and dust handling plant issues; poorly performing and damaged electrostatic precipitators (ESPs) which limit particulate emissions; and poor flue gas performance. There were also occasions when our power stations continued operating with high emissions during periods of electricity supply constraints.

To address the decline in performance, the Gx division continues to drive a culture of achieving environmental compliance, with a renewed focus on the importance of compliance for sustainable asset management.

AIR QUALITY OFFSET PROGRAMME

Eskom continues with executing the air quality offset (AQO) programme which aims to reduce particulate matter emissions in strategic communities affected by our coal-fired power stations. It is anticipated that through insulating houses with ceilings, transitioning households from coal use to liquid petroleum gas and addressing waste burning, that ambient air quality will be enhanced. Significant progress is being made on the various projects underway, in implementing this programme.

Since the inception of the programme, Phase 1 focused on three projects are being executed, at KwaZamokuhle (near Hendrina power station), Ezamokuhle (near Majuba power station) and at Sharpeville (in the Vaal Triangle airshed). To date, as at March 2024, 83% (2 650) out of planned 3 500 in Kwa-Zamokuhle near Hendrina, and 88% (1 440) out of planned 2 100 houses at Ezamokuhle near Majuba have been completed. The focus in Sharpeville is through addressing waste clean-up and several clean-up campaigns have been conducted to date.

Implementation of phase 2 of the project has been initiated, initially focusing on two settlements near Tutuka and Kendal power stations. A contract to complete 1 160 houses in Sivukile, near Tutuka by 2025 has been initiated. The objective for Phola near Kendal which is to complete 6 073 houses by August 2027 and the project is undergoing the contracting process.

COMPLIANCE AND GOVERNANCE

Eskom upholds rigorous environmental legislation, guided by robust governance structures and transparent oversight to ensure accountability and compliance.

Our power generating stations have Atmospheric Emissions Licences (AELs) that stipulate emissions limits and conditions under which the stations should be operated. Failure to comply with limits of AELs places us at a risk of censure by authorities. Operations of coal-fired stations are focused on meeting the limits; however, authorities are notified when non-compliance to these limits occurs. During plant operations, abnormal conditions occur, e.g., a fire resulting in burning of ESP transformers; during these incidents, emergency reporting (referred to as NEMA section 30 incidents) is done to the authorities as per requirements of our AELs. In several cases, authorities have rejected incidents as not meeting emergency incident requirements due to differences in interpretation of the law between Eskom and the authorities.

By year end, 16 power station units were operating in non-compliance of their average monthly emission limits (FY2023: 13), placing 9 045MW at risk of censure or closure by the authorities (FY2023: 7 691MW). The main contributors were Kendal, Matla, Lethabo, Matimba and Kriel. Operating in non-compliance was attributed to deficiencies at the dust handling plant which affected the ESP and SO₃ plants, as well as excessive emission exceedances during unit start-ups. The Gx division continues to execute plans to mitigate the causes of such non-compliances with the average monthly emission limits.

South Africa promulgated the MES that prescribe limits from gaseous emissions of sulphur dioxide (SO₂) and nitrogen oxides (NO_x), as well as particulate matter (PM) for existing plant standards and new plant standards, including dates for compliance thereto. The objective of the MES is in line with the Bill of Rights, as enshrined in the Constitution of South Africa. The MES seek to protect people and the environment by providing reasonable measures for the prevention of pollution and ecological degradation, and to ensure ecologically sustainable development while promoting justifiable economic and social development. Since the promulgation of the MES, we determined that full compliance with the new plant standards would cost R340 billion to retrofit pollution control technologies. This cost was unaffordable due to our unfavourable financial performance, existing debt burden and reliance on government support, together with the lack of appetite for funding of coal-based technologies.

Acknowledging operational and sustainability risks associated with requirements of the MES, in August 2020, we applied to the Department of Forestry, Fisheries and the Environment (DFFE) for suspension, alternative limits and/or postponement under the MES, based on an internally approved Emission Reduction Plan (ERP). The ERP identified stations that would be retrofitted with emission reduction technology and the associated planned retrofit dates. Following the submission of Eskom's MES postponement applications, a decision-making process by

the DFFE Minister, which included an extensive consultation process with a wide representation of stakeholders has culminated in the DFFE Minister announcing a favourable decision on 22 May 2024.

We are committed to compliance with the MES decision by conducting regular monitoring and reporting and implementing strict operational protocols. We will continuously work on the power plants to meet regulatory requirements, conduct emissions testing, and collaborate with regulatory bodies and relevant stakeholders to ensure adherence to environmental standards. Our proactive approach to emissions management will minimise environmental impact and ensure a sustainable future.

AMBIENT AIR QUALITY MONITORING

Ambient air quality monitoring provides a means of comparing the impacts of emissions from sources including tall stack emitters, other industrial activities and low-level sources, to National Ambient Air Quality Standards (NAAQS) set by DFFE.

As a significant atmospheric emitter, and through our Research Testing and Development (RT&D) department, we run the most comprehensive ambient air quality monitoring network in the country. Over the last 30 years the network has grown to 22 monitoring stations strategically placed to monitor ambient air quality in the vicinity of power stations. This is in alignment with the requirement of the power stations' Atmospheric Emission Licence (AEL). Some of these stations have also been commissioned to monitor the impact of the interventions of our air quality off sets programme and for research purposes.

Pollution parameters monitored at the sites include nitrogen oxide (NO), nitrogen dioxide (NO₂), oxides of nitrogen (NO_x), sulphur dioxide (SO₂), ozone (O₃) and fine particulate matter of size < 10µm and 2.5µm in diameter (PM10 and PM2.5).

Ambient fine particulate matter concentrations still pose a threat to human health and environment, and therefore needs control and mitigation interventions. During FY2024, NO₂ concentrations were found to be low at all the sites. Although exceedances of the SO₂ hourly and 10-minute limit were recorded at some sites, they were well below their allowed number of exceedances per year. Exceedances of the O₃ eight-hourly limit of 61 ppb moving average were recorded at all the monitoring sites and were in non-compliance with the national ambient standard.

The monitoring results from these stations are used to inform emission management strategies, research road maps, and contribute to modelling studies.

Environmental Management *continued*

EMISSION REDUCTION PROJECTS

Since the promulgation of the MES, we applied for and were granted postponement approvals by the then Department of Environmental Affairs (DEA), to reduce emissions by retrofitting several power stations with emission reduction technologies, such as fabric filter plant (FFP), low NOx burners and/or FGD.

Challenges were experienced in implementing the original Emission Reduction Plan (ERP), and the plan was revised. Under the revised ERP, focus is on particulate matter reduction projects at seven power stations (Kendal, Matimba, Lethabo, Tutuka, Duvha, Matla and Kriel); nitrogen oxide reduction projects at three stations (Majuba, Lethabo and Tutuka); and sulphur dioxide reduction projects at Medupi and Kusile. Execution of these projects, in parallel with execution of the AQO programme will assist in reducing emissions and consequently improve the quality of air in the different airsheds.

It is noted that good progress can be reported in executing the revised ERP however, several stations are at risk of not completing the planned retrofit projects by the legal deadline of April 2025, and we are engaging DFFE in this regard.

The Eskom of tomorrow will be one with lower atmospheric emissions and with less impact on the health of the South African people, and the general environment. To achieve this, we continually implement measures to reduce atmospheric emissions from our coal-fired power stations to comply with South African air quality legislation.

MANAGING WATER CONSUMPTION

Our power generation is predominantly coal based and relies on raw water from rivers and dams for the power station processes, including cooling at the wet-cooled power stations. Our water footprint will be reduced with the closing down of the older coal-fired power stations and diversification of our energy mix towards renewable energy. We have also invested in dry cooling technologies due to the water scarcity in South Africa. Dry cooling uses approximately a tenth of the water consumption of a wet-cooled power station.

As a strategic water user consuming significant quantities of water, our water supply is assured in the short to medium term. Due to our environmental and sustainability commitments and given that a sustainable supply of water is central to our generation operations, we developed a Water Efficiency Plan, to drive several priorities: securing water supply for electricity generation, maintaining high water-use efficiency across all power stations, achieving our intent of zero liquid effluent discharge, and ensuring legal compliance with water legislation. Since the Water Efficiency Plan is a strategic programme, each power station has responded by developing their individual water management action plans to realise the objectives of the efficiency plan. To expedite

disciplined execution of the plans, we have established power station level committees and the Gx Environmental Compliance Steering Committee (GECS) focusing on monitoring effective implementation of the water management action plans. These interventions have resulted in some improvements in water management being observed compared to the previous financial year.

SPECIFIC WATER USAGE AND COMPLIANCE

We have experienced challenges with meeting our water usage targets, over the years. Several factors have negative impacts on water performance across the coal-fired power stations, including low load factors and poor water management practices linked to operational challenges. Operational challenges include water leaks, high raw and demineralised water usage and dam overflows. We have also experienced challenges with implementing corrective measures due to system capacity constraints, which present limited opportunities to schedule outages for implementing the corrective measures. At the end of our financial year 2024, water performance was at 1.43ℓ/kWh sent out which is a slight deterioration from the previous year (FY2023: 1.39ℓ/kWh sent out).

Our stations have acquired Water Use Licences (WULs), issued under the National Water Act, 1998. Several challenges have been experienced in compliance with the WULs. At the end of the reporting year, a total of 30 water-related legal contravention incidents were registered due to non-compliance with the WULs (FY2023: 58). Although this is an improvement when we still regard this as high and are committed to full compliance with licences.

DRIVING TO MEET OUR ENVIRONMENTAL LEGAL OBLIGATIONS

We address legal contraventions by prioritising compliance, implementing robust governance structures, and conducting regular audits to identify and rectify non-compliance issues. We continuously engage with regulatory authorities, implement corrective actions, and invest in training to ensure adherence to environmental legislation. By promoting a culture of compliance and accountability, we aim to prevent legal contraventions and improve our reputation as a responsible corporate citizen. Identifying legal contraventions and implementing corrective actions to prevent repeat contraventions is important to improving our business systems and ensuring sustainable operations. Managing legal contraventions is also a means we adopt to address the legal contraventions in terms of FBS.

A total of 68 environmental legal contravention incidents occurred at our coal-fired power stations during FY2024 (FY2023: 105). Although a significant improvement from 2023, is still considered high, and we continue to pursue plans to improve on it. We also manage environmental incidents and investigate whether they constitute a significant FBS. Seven (7) of the environmental legal contravention



incidents were escalated as being a result of significant FBS (FY2023: 10). Three of these were related to particulate matter emission exceedances, while the rest were due to release of contaminated water from coal-fired power stations.

WASTE MANAGEMENT

We support the government's commitment to waste management to protect human health and the environment as defined in the NEMA and the national waste management strategy, which is a legislative requirement of the National Environmental Management: Waste Act, 2008. In our environmental management strategy, we are committed to improving waste management efficiency by prioritising reduction, reuse, recovery, and recycling while actively implementing principles of circular economy. Towards this commitment, we have established recycling initiatives for some of our waste and continue to sell ash produced from our coal-station operations. In addition to the known uses of ash, we continue through our RT&D department to research innovative ways and applications (such as mine back filling) to assist in increasing ash circularity.

PHASE OUT OF POLYCHLORINATED BIPHENYLS (PCBS)

An independent audit of our PCB phase-out plan was conducted during Q4 FY2024. The report concluded that we have met the December 2023 deadline, as all PCB containing, and PCB contaminated material was phased out from all our operational divisions. In FY2025, we will undertake an external verification audit and a report will be submitted to the DFFE. This report will be in compliance with regulation 9 of the Regulations to phase out the use of PCBs materials and PCB contaminated materials, which states, "A holder must at own cost, submit to the Director-General a biennial audit report prepared by an auditor, on or before the anniversary of the date of approval of the phase-out plan".

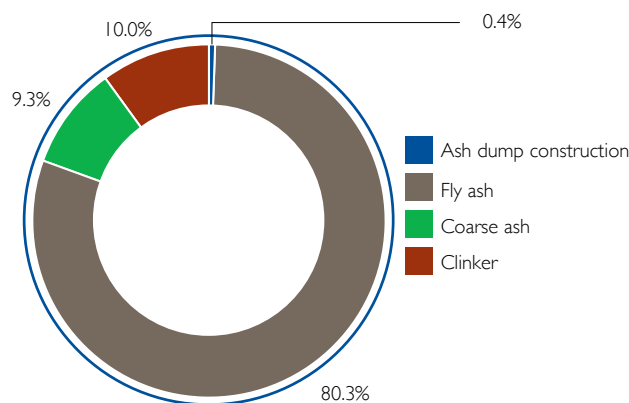
Environmental Management *continued*

ASH FACILITIES AND ASH UTILISATION (BENEFICIATION)

In pursuit of driving ash beneficiation, we applied to exclude ash and gypsum produced at our sites, from the definition of waste when extracted for beneficial use. This application was approved by the Minister of the DFFE, and the exclusion provides opportunities for beneficiation of these wastes – such as the use of ash in bricks, cement, soil amelioration, road construction and mine-backfilling; and gypsum for the manufacture of wallboards, cement, plaster of paris and soil conditioning. Ash is currently sold from seven coal-fired power stations where the ash sales are contracted to commercial partners. Over the past 10 years, ash sales have increased steadily by volume, although we have seen a decrease over the last three years. Reasons for this include unavailability of units, inconsistent performance due to some commercial contracts expiring, fluctuations in the quality of the ash, and low and varying market demand.

During the 2024 financial period, ash sales totalled 2.5 million tonnes, a reduction of 20% compared to the previous year's 3.1 million tonnes.

Ash beneficiation from 2024 Financial year



The decline in ash beneficiation can be attributed to several factors:

- The demand for ash products has diminished, primarily due to a scarcity of infrastructure projects within the construction sector. This has rendered the achievement of sales targets more challenging.
- The load shedding has further compounded these challenges by hindering operational capacity, leading to delays in product delivery.
- Specific maintenance issues at ash plants, particularly at Lethabo, Matla, and Kendal, have posed additional hurdles. Notably, Kusile resumed ash offtake activities in November following the resolution of the chimney collapse incident.
- The lack of adequate infrastructure for the export market has also impeded our ability to meet sales objectives.

The advancements in ash beneficiation research signify a promising shift towards sustainable construction and mining practices. The successful development and implementation of high-quality ash content materials not only offer an innovative solution to road construction but also present a viable alternative to traditional materials, reducing environmental impact.

The collaborative efforts at Kusile, ERI's Rosherville complex, and the Tutuka Power Station area are testaments to the potential of ash utilisation. The proactive approach in exploring mine backfill applications and the investigation into rare earth elements extraction further demonstrate a commitment to environmental stewardship and resource recovery. These initiatives are paving the way for a future where industrial by-products become valuable resources ("waste to resource" principles), contributing to economic development while preserving our planet.

BIODIVERSITY

Biodiversity is a material impact that we focus on; and it refers to ecosystem impacts from our infrastructure. Our activities in the generation, transmission and distribution of electricity can have an adverse impact on biodiversity and therefore the controls and practices that are put in place in our business. With the recognition that biodiversity is the complex web of life which sustains us all, we acknowledge that our contribution to protecting biodiversity is not just about saving animals or habitats, it is also about helping us cope with the worst effects of climate change. The status of biodiversity continues to be threatened by the increasing impact of uncontrolled human activities and therefore the critical role we play in this matter in South Africa.

One of the significant biodiversity challenges we continue to face is that of red data (threatened) bird species mortalities that occur on our extensive power line network across the country. Towards tracking how the infrastructure interacts with biodiversity, we actively monitor the red data bird species mortalities. In FY2024, red data mortalities were at 258 (FY2023: 170). To reduce the impacts on biodiversity, we are continuously involved in research for more effective mitigation measures. We address red data mortalities, or species at risk of extinction, through proactive mitigation plans. The key initiatives undertaken to address this environmental impact include implementing proactive bird mitigation programmes on high-risk power lines; implementing the recommendations that emanate from investigations undertaken on red data bird mortalities; and research work through Eskom's Research, Testing and Development (RT&D) department. In addition, we perform environmental impact assessments, habitat restoration, and conservation initiatives to protect vulnerable species.

Our organisation manages nature reserves and land by implementing sustainable biodiversity conservation initiatives. We prioritise the protection of natural habitats, wildlife species, and ecosystems within



our operational areas. Collaborating with conservation organisations and local communities, we implement measures to mitigate threats to red data species, such as habitat loss and pollution; and we facilitate habitat restoration, invasive species control, and environmental education to promote biodiversity protection. By integrating land management with conservation efforts and prioritising biodiversity conservation, we continually strive to protect endangered flora and fauna in our operational areas; as well as demonstrate our commitment to responsible stewardship of natural resources and ecosystems.

We contribute to multiple biodiversity initiatives in South Africa through consultation with national and provincial authorities, and formally declared three nature reserves, the Ingula Nature Reserve, the Majuba Nature Reserve, and the Koeberg Nature Reserve. In doing so, these nature reserves play a role in the protection of South Africa's biodiversity and ensure the long-term security of South Africa's natural heritage. The Ingula Nature Reserve is South Africa's 27th "Ramsar Site" added to the List of Wetlands of International Importance and was declared to protect the Drakensberg's high altitude grassland ecosystem, wetlands and escarpment forest which hosts several threatened species, including the critically endangered White-winged Flufftail, Wattled Crane, Bearded Vulture and White-backed Vulture.

By embracing innovative solutions and industry best practices, we continuously improve environmental performance and sustainability outcomes ensuring a path towards a greener future, driving continuous improvement and sustainable practices.

Climate Change

Climate change is one of the most significant challenges of our time, with far-reaching impacts on the environment, society, and economies worldwide. The energy sector, being a major source of GHG emissions, plays a pivotal role in this global issue. As South Africa's primary electricity supplier, we recognise our crucial responsibility in addressing climate change and having a more intensive focus on integrating sustainable practices into our operations.

According to the findings of the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment report, there is no debating the fact that human activities, through emissions, have resulted in global warming increasing global surface temperatures by 1.1°C in 2011 – 2020 relative to 1850–1900. As GHG emissions increase, the extreme weather events associated with climate change are likely to negatively impact efficiency and reliability and reduce the design lifetime of power system assets that are temperature or precipitation sensitive. The Paris Agreement also calls for a continuous evaluation of possible impacts and climate vulnerabilities arising at 1.5 and 2.0°C to inform the development of appropriate resilience strategies.

Globally, the energy sector is one of the largest contributors to GHG emissions. In South Africa, electricity generation alone has accounted for approximately 40% of national GHG emissions in recent years. This substantial contribution underscores the critical need for the energy sector to transition towards more sustainable and environmentally friendly practices.

OUR CLIMATE CHANGE PERFORMANCE

Our reliance on coal-fired power stations for electricity production leads to significant CO₂ emissions and other pollutants. As a significant emitter of GHGs, we acknowledge our role in the climate change challenge and are committed to reducing our carbon footprint.

In our business, we recognise our responsibility in this global challenge and have integrated climate change into our overall business strategies, reflecting our commitment to sustainability and environmental stewardship. These strategies are vital for minimising GHG emissions and ensuring the resilience of our operations in the face of climate-related impacts. We are tackling climate change through a comprehensive dual approach of mitigation and adaptation. Our approach to addressing climate change involves a comprehensive strategy that integrates policies, strategies, and initiatives.

Our goal of achieving net zero emissions by 2050 emphasises our commitment to reducing environmental impact and aligning with global climate goals. To reach this ambitious target, we have developed a

comprehensive JET Strategy that includes decarbonising the energy mix by deploying renewable energy technologies such as wind, solar, and hydroelectric power; and phasing out coal power plants. Additionally, we are retrofitting and upgrading existing power stations to enhance efficiency and reduce emissions. The implementation of smart grid technologies to optimise energy distribution and consumption remains a priority as part of our approach to business sustainability and achieving net zero emissions.

Our net zero emissions by 2050 aspiration is ambitious and multifaceted, requiring significant effort and collaboration across various sectors. The transition to mitigate climate change and ensuring long-term energy security includes overcoming technological, financial, and social challenges. The JET Strategy is integrated into our overall business strategy, reflecting our commitment to sustainability and environmental stewardship. This JET Strategy underscores our dedication to reducing our environmental impact while ensuring that the transition to a low-carbon economy is fair and inclusive. Through these concerted efforts, we aim to lead South Africa towards a sustainable future, balancing environmental, social, and economic considerations. Our Komati project marks a significant step in our commitment to transitioning towards a sustainable energy future. The initiatives at Komati focused on replacing the coal-fired power plant with renewable energy sources and innovative technologies. For an in-depth analysis of the project and our JET initiatives, please refer to the JET chapter.

We are currently reviewing our Climate Change Strategy, which demonstrates our commitment to addressing climate change through proactive and responsible measures to align to changing legislation, national and international commitments, and expectations.

Our Research, Testing and Development department is actively exploring the potential of Carbon Capture, Utilisation and Storage (CCUS) technologies for application at our existing coal plants. This initiative is part of our broader efforts to address climate change and mitigate the environmental impact of coal-based electricity production. CCUS technology has the potential to significantly reduce GHG emissions, contributing to global climate goals. Our commitment to investigating and potentially implementing CCUS is a crucial component of our strategy to transition towards a low carbon future while ensuring energy security for South Africa.

The integration of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) is a critical component in our strategy to achieve net zero emissions by 2050. We structure our investment and operational plans in accordance with the IRP, which defines the future electricity generation mix for the country. The recent draft IRP (2023) includes targets for renewable energy deployment and a reduction in coal's share of the energy mix, guiding our strategic

decisions. In response, we have substantially expanded renewable energy capacity in our grid by partnering with IPPs, promoting a cleaner energy mix, and decreasing dependence on fossil fuels.

By leveraging REIPPPP, we are making significant strides towards our net zero emissions goal, aligning with both national and international climate commitments, and ensuring a sustainable energy future for South Africa.

South Africa has, since 2019 imposed a carbon tax alongside the environmental levy in the electricity sector; we must adhere to the Carbon Tax Act by precisely measuring and reporting our GHG emissions and paying the necessary carbon tax on emissions that surpass established thresholds, considering specific tax-free allowances and deductions.

Emissions under the IPCC activity code 1A1a currently benefit from certain deductions, which are scheduled to expire on 31 December 2025. After this date, the carbon tax is expected to be passed on to electricity consumers due to regulated electricity pricing. The projections currently estimate that the carbon tax liability will increase the allowable revenue requirement by approximately R20 billion annually.

We remain committed to compliance with national laws and regulations related to climate change, including mandatory GHG reporting, pollution prevention plan regulations, and the Carbon Tax Act. We have actively engaged with the DFFE regarding the new Climate Change Bill during development. The Bill introduces sectoral emissions targets, mandatory carbon budgets, and the integration of adaptation planning.

We are dedicated to aligning our operations and strategies with international climate change commitments. This alignment includes supporting South Africa's commitments under the Paris Agreement and contributing to the global effort to limit temperature rise to well below 2 degrees Celsius above pre-industrial levels, while pursuing efforts to limit the increase to 1.5 degrees Celsius. By investing in renewable energy, enhancing energy efficiency, and exploring innovative technologies such as CCUS, we work to reduce our carbon footprint and support global climate goals. Additionally, we participate in international climate forums and collaborate with global partners to share best practices and advance sustainable energy solutions.

In addition to mitigation efforts, we have integrated adaptation measures into our climate change approach, to enhance the resilience of our infrastructure and operations to the impacts of climate change. This also involves assessing risks, implementing adaptive strategies, and ensuring the continuity of our services. Over the next few years, we will be focusing on ensuring that our business adapts to climate change through a proactive and economically efficient approach.

Climate Change *continued*

ADAPTING TO THE CHANGING CLIMATE

South Africa has seen an increase in the frequency and severity of extreme climate-related events and experienced a high degree of risk from, natural hazards and disasters, to droughts, floods, and storm-related events. These hazards have far-reaching consequences for the electricity sector in terms of physical and operational impacts, security of supply, demand to meet end user requirements and associated costs from damage caused by these extreme events.

Our geographic footprint spans the entire country, which increases our exposure to a wide range of climate hazards. The impact of these hazards is already being felt. We therefore recognise the importance and urgency of enhancing our current operational resilience and increasing our adaptive capacity to withstand both the slow onset of a changing climate, as well as the increase of extreme weather and climate events. When we look at these changing climate hazards and severity and frequency of extreme weather and climate events, we need to consider how they will affect and impact our business in terms of our assets and infrastructure, systems and operations, supply chain as well as our workforce.

Why we need to adapt and build resilience/drivers of adaptation

	Extreme climate and weather events	Damage infrastructure Disruption of electricity supply
	Changing environmental conditions	Risks to water availability Increased temperatures affecting plant efficiency
	Increased energy demand	Cooling during heatwaves and changing consumption patterns
	Supply chain disruptions	Impact on resources
	Transitioning to low carbon future	Building resilience in infrastructure to support the JET
	Economic impacts	Businesses, industries, communities, local and global carbon pricing initiatives
	Public health and safety	Reliable supply of electricity for emergency services, health care facilities and vulnerable populations

Climate change adaptation and resilience building in the electricity sector are essential for ensuring energy security, mitigating economic risks, protecting public health and safety, and facilitating the transition to a low-carbon future.



Climate Change *continued*



RISKS RELATED TO THE CHANGING CLIMATE

There are two risk categories we consider which may affect our operations particularly as we transition to a low carbon economy and the JET.

Physical risks	Operational risk description	Financial impact	How are we responding
- Acute climate events such as sudden extreme events - Chronic slow onset climate events such as gradual increases in temperature	Inability of the line divisions to implement divisional adaptation plans to ensure the resilience of assets and operations to extreme weather and climate events (Priority II risk rating)	- Increased direct costs - Associated costs to manage and monitor the adverse impacts of climate change - Damage to infrastructure, with supply interruptions resulting in increased cost	- Continual review of risks - Integration of treatment tasks and response measures into exiting operational processes - Alignment to emergency and disaster management and response plans - Awareness and capacity building

Through the development of our adaptation plans we have identified the various physical climate risks that we need to take note of across our operations. Many of these risks have already been experienced, for example the KZN floods in 2022 where transmission towers were damaged or were washed away and the extreme storm incident in the Karoo in Feb 2024 which resulted in Dx tower damage and power disruption to the town lasting 12 days. We recognise that these extreme weather/climates are likely to increase in frequency and severity as climate change progresses.

Climate risks and vulnerability



Rising temperatures and extreme heat: Loss of cooling capacity; reduced output and/or forced plant outages, conductor sag, line trips, increased raw water temperature, exceedance of equipment design thresholds, increased fire risk, evaporation, logistics and supply chain management impacts, workforce exposure and impacts, increasing energy demand



Extreme cold snaps: Contraction of lines and ice loading, contraction oil in transformers, decreased efficiency of cooling towers due to freezing, mist/moisture affecting network insulation especially in polluted environments, snow and ice affect conductors and insulators



Extreme precipitation events/wet spells: Flooding, overflow of water storage dams, impact on ash dam design integrity, access to sites, interruption to water supply, intermittent supply of coal, erosion impacts on tower foundations, water pump houses, towers washed away



Drought: Water availability, impact on operations and plant, vegetation management plans



Increased wind speeds: Impact building, towers, lines, tripping of wind turbines (load reduction), increased dust generation and erosion (Ash dams), loose debris, containerised buildings



Wildfires: impacts on transmission and distribution lines, damage to infrastructure, insulator flash overs, coal conveyors

Climate Change *continued*

MAINSTREAMING CLIMATE ADAPTATION INTO OUR OPERATIONS AND DECISION-MAKING PROCESSES

Climate adaptation plans	
 Generation	 Approved
 Transmission	 Finalised but not approved within FY2024
 Distribution	 In progress
 Eskom Rotek Industries	 Approved

We continue to ensure that physical climate and weather risks are addressed through the development, implementation and monitoring of our divisional climate adaptation plans. The Gx division has a mature plan in place covering all coal-fired power stations, nuclear and peaking stations, Primary Energy, Group Capital, and Clean Energy business units (BU). All risks have been assessed, classified, and rated, and fully integrated through Eskom's Integrated Risk Management process into emergency and disaster management plans and business continuity plans. Eskom Rotek Industries (ERI) is undergoing a review of their current approved adaptation plan. Due to ERI's footprint overlapping with Gx division, most risks are covered through the Gx adaptation plan. Flooding risks and associated treatment plans are in place at operational level depending on site conditions. Transmission Division (now the National Transmission Company of South Africa) finalised their climate change plan during FY2024 covering three pillars of i) addressing GHG emissions, ii) anticipating and adaptation to climate change and iii) transforming operations in support the JET and contribution to sustainable development. The Tx plan was formally approved in May 2024. The Dx division has a draft plan, and this is expected to be finalised and signed off for implementation in FY2025.

These plans provide a high-level overview of the climate risks and approaches to building increased resilience and adaptive capacity across the divisions and are complemented by more detailed actions and initiatives at local site level to identify exposure of assets and infrastructure, vulnerabilities, and the risks posed to the sustainability of operations, and to ensure mitigation measures are implemented to manage these risks.

FLOODS IN KWAZULU-NATAL – KLAARWATER DURBAN SOUTH

During the second week of April in 2022 a cut-off low pressure system developed south of Durban. Its intensity grew to the point where 300mm of rainfall (30% of the region's annual rainfall) fell within 24hrs. The extreme rainfall resulted in floods of the coastal plains including parts of Durban Souths' industrial area.

Eskom Transmission also experienced major disruption to its Durban South Klaarwater 275kV Line and substation. Response was hampered by limited access during line patrol and several towers could not be reached. Damage to the lines included, twisted jumpers, damage to bracing members and leg extensions, exposed foundations, gabion retaining wall and several towers completely washed away due to force of debris and weakened foundations. Landslides within the Klaarwater substation was also noted. As a result power interruption to the communities was also experienced.

High volumes of flood water, waterlogged soil, erosion, and unfavourable local sandmining practices were identified as contributing factors to the impacts that were observed.

Various measures were implemented to restore operations and build resilience to cater for future weather events. These included changing and strengthening foundations designs for towers in the flood plains, raising foundations, improving drainage systems to manage water flow and minimise erosion, relocation of towers, soil compaction and stabilisation measures, and strengthening and reinforcing support structures.



Mudslide and tower damage



Foundation failure on the Durban South – Klaarwater 275kV Line

Climate Change *continued*

CLIMATE CHANGE RESEARCH

We continue to support climate change adaptation research and the integration of climate change impacts to support climate resilient operations and long-term planning initiatives. We are committed to partner with research institutions in South Africa and internationally with the aim of developing capacity and contributing to the scientific knowledge in the field of climate change science, climate impacts, and overall adaptation research and initiatives.

OUTCOMES OF COP28

We participated in the 28th Conference of Parties (COP) in November 2023 of the United Nations Framework Convention on Climate Change. Our specific engagements through the National Business Initiative's South African pavilion centred around:

- Lessons on JET in South Africa
- Funding & financing mechanisms and transmission investments
- The revised Eskom JET
- Partnerships for Carbon Capture Utilisation and Storage
- Integrating AI and Smart Technologies to community energy schemes

COP28 had critical outcomes for the JET. The current energy trilemma informs the decision for our transition to occur at a pace and scale our country can afford, as our focus is building an energy system that is secure, accessible, and sustainable for all South Africans. In addressing South Africa's current energy crisis, President Cyril Ramaphosa expanded on South Africa's just energy investment plan and the increase in investment commitments of the deal struck with various countries at COP26 from \$8.5 billion to \$11.6 billion – showcasing an increase in international support.

The technical report of the first Global Stocktake (GST) noted that collectively the world is not on track to meet its commitments under the Paris Agreement. In the political talks on the first GST, which concluded at COP28, for the first time there was collective agreement from nearly 200 countries to move away from fossil fuels, "done in a just, orderly, and equitable manner." This is an important political signal about the significant transition that lies ahead, with explicit fossil fuel transition language never before included in a COP outcome. The GST called for tripling the global capacity of RE and doubling the annual rate of energy efficiency improvements before 2030 and phasing out inefficient subsidies for fossil fuels that do not address energy poverty or facilitate just transitions, as soon as feasible. South Africa emphasised that climate ambition must be balanced across mitigation, adaptation and means of implementation. Thus, a Global Goal on Adaptation was adopted in which measurable, time-bound targets and thematic areas for adaptation are included to encourage countries to accelerate their adaptation plans.

It was imperative for our line divisions and subsidiaries to develop climate change adaptation plans in support of the Global Goal on Adaptation.

Funds pledged at COP28 include the UAE's Alterra – a \$30 billion catalytic fund emphasising on unlocking climate finance in the Global South. The World Bank committed to increasing funds for climate-related projects by \$9 billion annually and will function as the trustee of the Fund for Loss and Damage for four years, with a board making the funding decisions. Climate finance support for countries transitioning to cleaner energy was still considered insufficient amidst the pledges made.

"While COP28 successfully mobilised over \$85 billion in financing, there is a clear acknowledgment that this falls short of rebuilding trust and translating the first GST into tangible actions that can effectively bend the emissions curve."

We are dedicated to continuously improving our climate change strategies and integrating innovative solutions to meet future challenges and will continue to participate at future COP meetings. Our commitment to sustainability and environmental stewardship is reflected in our ongoing efforts to reduce emissions, enhance operational resilience, and contribute to global climate goals. By addressing both mitigation and adaptation, we aim to ensure a sustainable and reliable energy future for South Africa, supporting economic growth and social development while minimising environmental impact. Our comprehensive approach to climate change demonstrates our commitment to a resilient and sustainable future.

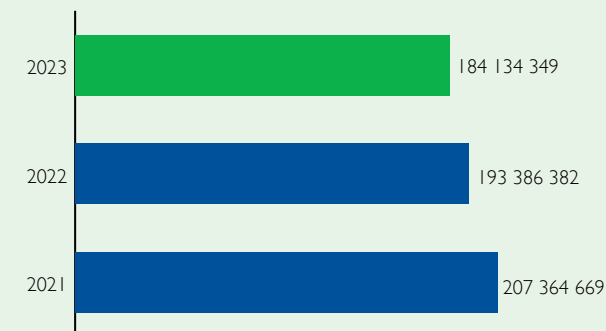
CARBON FOOTPRINT FOR THE 2023 CALENDAR YEAR

A carbon footprint is the total GHG emissions from scope 1, 2 and 3 caused by an organisation's operational activity; expressed in tons of carbon dioxide equivalent (tCO₂e). This provides insights into the sources and magnitude of our GHG emissions, which enables us to improve the management of our GHG emissions and set targets accordingly.

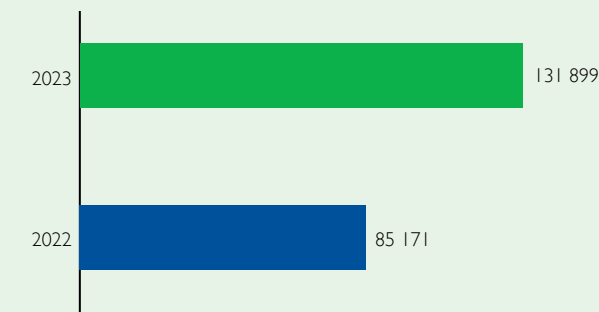
Our carbon footprint is calculated in accordance with the globally recognised GHG Protocol: A Corporate Accounting and Reporting Standard. This calculation incorporates various scopes and assumptions distinct from the regulated reporting requirements of the DFFE. This means that while our results provide valuable insights, direct comparison with regulated data is not possible.

Our carbon footprint is calculated on a calendar year basis to align with the DFFE greenhouse gas reporting protocols. The results of our carbon footprint for the 2023 calendar year, compared with 2022 and 2021, are presented in the graphs per scope. The scope 2 emissions were only included in our Carbon Footprint reporting from 2022.

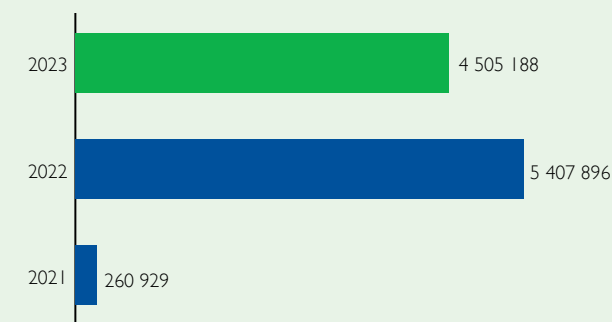
Scope 1 emissions (tCO₂e)



Scope 2 emissions (tCO₂e)



Scope 3 emissions (tCO₂e)



Climate Change *continued*

In 2023, the total GHG emissions were 188 771 436tCO₂e. Stationary combustion accounted for over 97% of the overall emissions, primarily due to the heavy reliance on coal, diesel, fuel oil at our power stations for electricity production. Even though most of our emissions come from stationary combustion, it is to be noted that the emissions for this activity have steadily decreased over the years. Additionally, we noted a significant increase in emissions from waste generation and non-combustion product use, due to improvement in reporting and data collation.

In 2023, we incorporated GHG emissions produced by our subsidiary ERI from scope 1 and scope 3 sources, as ERI has no scope 2 sources. This follows the GHG Protocol's recommendation that subsidiaries should report their emissions with the parent company, to prevent double counting.

We have been monitoring and reporting our scope 1 emissions for stationary combustion annually to DFFE. This emissions reporting is a regulatory requirement, calculated in accordance with the IPCC methodology and the DFFE methodological guidelines for the calendar year.

In the 2024 financial year, we emitted 190.4Mt of CO₂, accounting for over 97% of the organisation's overall emissions. As the highest emitter of CO₂ on the African continent, we acknowledge our carbon footprint and are developing strategies to ensure a JET. Part of the JET is to decarbonise, onboard renewables and leverage the shutting down of old coal power stations, which will result in reduced emissions. The current GHG emission monitoring enables us to set attainable targets to achieve net zero emissions by 2050 and to remain a sustainable business. Although this approach is an ambitious goal for us, it will benefit the country and the continent at large.



Just Energy Transition



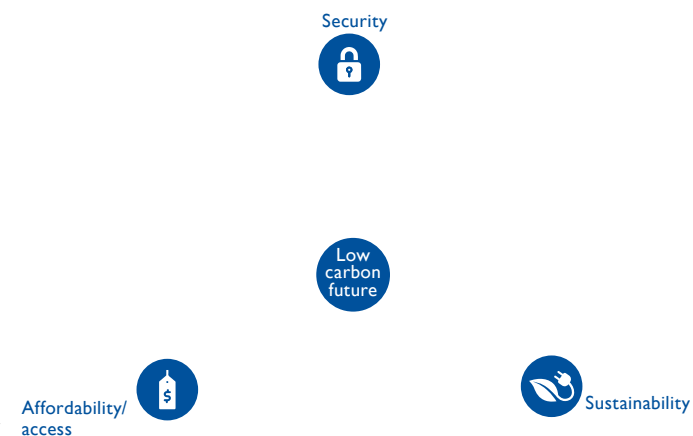
South Africa is grappling with the energy trilemma: how to simultaneously ensure energy security, affordability and access, and sustainability. At the same time, South Africa's national context of high unemployment and inequality, unreliable performance of the current generation fleet, and reliance on coal-fired generation in the electricity sector make the energy trilemma uniquely complex. We have a Board-approved JET Strategy that is focused on resolving all components of the energy trilemma, by delivering on the five Es: Energy, Economy, Employment, Equity, and Environment.

We view our decarbonisation efforts as catalytic to transforming the local energy landscape and recognise that South Africa has a role to play in the global effort to reduce anthropogenic GHG emissions, which are the primary driver of climate change. This context is especially challenging as South Africa is vulnerable to the impacts of climate change which require urgent and appropriate adaptation response. Our objectives are supported by three interdependent pillars of the strategy: Just, Energy, and Transition, which rely on the key enablers of the JET in turn.

Just: The first pillar of our JET is ensuring the transition is just from a social perspective. We seek to offer power stations a second life through R&R and socio-economic initiatives, starting in our historic operational locations in Mpumalanga. This will include initiatives at power stations that continue to operate, independent of station operations and decommissioning schedules. These initiatives will unleash the potential of local people and skills, grid capacity, and world-class renewable resources. As a result, new jobs and SED opportunities will be created in power station communities.

Achieving a truly JET will require that the South African government, other stakeholders, and Eskom actively collaborate and play a prominent role in creating and implementing relevant social programmes. We recognise that action from various stakeholders is required and is contributing to these efforts with R&R and other socio-economic initiatives to catalyse positive social impact.

JET has the potential to create many new jobs, including through local manufacturing which will need to be enabled across various dimensions, particularly financial investments, and access to manufacturing components and technology, to expand the industrial base. Additionally, jobs created will integrate diverse skill levels, with new jobs created including labourers, plant operators, artisans, and technicians, while a significant portion of the new jobs would require engineers, artisans, business administrators and



managers. New skills will be required to close the gap between current roles and future roles required. As a result, different human resource plans to accommodate individuals affected within Eskom, such as reskilling and upskilling, have been integrated into the JET Strategy.

Energy: Our JET Strategy is focused on ensuring equitable access to clean, sustainable energy for South Africa. We have historically relied on coal as a source of energy, resulting in a large value chain in the coal sector, especially in Mpumalanga. Energy security has been particularly salient as Eskom's existing power stations approach end of life and experience low energy availability factors, coupled with a lack of new generating capacity. The combination of these trends has contributed to a persistent supply deficit that needs to be addressed. Given that parts of the current coal fleet are gradually reaching the end of their useful life, and life extension interventions would be costly and would compromise our climate and emissions commitments, new and clean generation capacity is needed to supplement South Africa's insufficient power supply to end load shedding. The energy component of the JET Strategy is focused on building new capacity to satisfy South Africa's energy needs in an affordable and sustainable manner. The direction of travel for this new capacity is shaped by South

Just Energy Transition *continued*

Africa's Integrated Resources Plan and aligns with the country's Nationally Determined Contributions (NDC), and the Climate Change Bill amongst others. This pathway sees a continuing, but gradually reducing, role for coal generation and a steady increase in production from clean energy sources. In this regard, Eskom remains technology agnostic provided new generation sources are low emitting and will align with the policy direction of the country as we seek to balance the three elements of the energy trilemma.

Transition: our JET Strategy plans to move gradually, but decisively, to a sustainable generation fleet for the future. This is underpinned by the five principles of JET. Critically, the strategy does not call for premature closure of any power stations, considering the energy crisis and the devastating socio-economic impact of power station shutdown on the very communities established to support the operations of those stations. Instead, it ensures that power stations and their communities are offered a second life through R&R initiatives. These R&R initiatives are focused on our existing stations that are nearing end of life, especially in Mpumalanga, and are implemented independent of station shutdown schedules and station operations. The added benefit of decoupling

Decoupling repurposing and repowering initiatives from decommissioning schedules

Aligning with both national and Eskom priorities to ensure success

Embodying principles of Distributive, Restorative and Procedural Justice

5 Principles of Eskom's Just Energy Transition

Furthering all of the **5 Es** of Eskom's Just Transition

Balancing all elements of energy trilemma: energy security, access and sustainability

repowering and repurposing initiatives from R&R is that it provides an opportunity to sequence activities and implement initiatives for economic diversification to reduce reliance on the coal value chain. The JET Strategy is part of the broader national energy policy environment, which recognises that, while the specific timing of power station shutdown is being re-assessed, additional clean generation will need to be sourced at least-cost to add supply capacity.

Enablers: Implementing our JET will be complex and will require key enablers to be successful. In particular, the JET relies on the mobilisation of sufficient affordable financing, collaboration with stakeholders outside of Eskom to accelerate execution, and a rapid expansion and strengthening of the national grid to support the future energy system.

The financing challenge is compounded by the budget speech delivered on 23 February 2023, setting out specific debt-relief conditions for us. Debt-relief conditions restrict our capital expenditure and disallows new borrowing unless written permission is granted by the Minister of Finance. This encourages collaboration agreements (e.g., partnerships) with stakeholders outside of Eskom to unlock additional resources and implementation support. The JET office has compiled a partnership strategy to support the roll out of such partnerships.

Training and skills development are crucial for a successful energy transition, and we place a lot of emphasis on reskilling and upskilling communities and staff alike. As part of our R&R initiatives, Komati power station has been partially repurposed into a training centre to facilitate reskilling and upskilling and ensure the benefit of local communities. The South African Renewable Energy Technology Centre (SARETEC) together with the Eskom Academy of Learning (EAL) have established a training centre to provide training on soft skills (Business Plan writing, Financial Literacy, Leadership skills, Critical thinking skills, Communication skills, Negotiation skills and Personal Management skills); Entrepreneurial skills (Financial Literacy, Business Plan writing, Report writing, Negotiation skills, Communication skills); Battery Energy Storage Systems; Renewable Energy workshop assistant for microgrids; Aquaponics; Solar Photovoltaic (PV) 5 day course; Solar PV mounter course; Wind Turbine Service Technician; Introduction to Renewables; and Welding. As of July 2024, a total of 296 Eskom employees and 72 community members have been trained through various training programmes delivered through the EAL and partnership agreements. However, construction of the community training facility at Komati has not been completed due to legal interventions required by SARETEC, as the appointed contractor has failed to comply with contractual requirements.

CONTAINERISED MICROGRIDS

We have recently completed the establishment of two assembly lines to fabricate and assemble Containerised Microgrids (CMG). This facility will employ 30 people from Komati. These microgrids fit in a standard shipping container that allows for the rapid electrification of rural areas previously deemed too costly and technically challenging to connect to the national grid. These CMGs can be transported to any part of Africa where a shipping container could be transported to, and communities would be provided with electricity within two days of reaching site. We have plans to manufacture 25 units in FY25, having produced 17 units in FY2024.



WELDING FACILITY

A mill maintenance workshop was converted into a welding training centre. Eight community members have completed training on welding theory with practical training underway. They will feed into the CMG manufacturing process. Additional machinery is in the process of being purchased. Engagements are underway with the South African Institute of Welding to use the facility as part of their curriculum.

Just Energy Transition *continued*



ALIEN VEGETATION REMOVAL

Two hundred community members have been onboarded onto the Alien Vegetation Removal Programme. Some attrition has occurred as individuals – now with access to training and funds – have registered for other training and or found permanent employment elsewhere. The remaining 166 trainees have been trained in the following skills: Invasive alien plants control, out graft use, first aid, safety, health and environment (SHE), hazard identification risk assessment (HIRA), chainsaw and finance.

The Alien Vegetation removal programme has expanded to include beneficiation activities that include pelletisation, chipping and debarking – making materials available for other manufacturing activities.

Phase 2 of the programme will involve setting up several SMMEs to formalise activities and existing training will be complemented with other skills such as marketing to ensure the various businesses are supported.

The programme illustrates the JET in action as the temporary work becomes permanent and a key input into other processes – thereby establishing a circular economy in the Komati area and sustaining the community socially, economically and commercially.



AGRIVOLTAICS

The 500kW Agrivoltaics facility project is in progress. It will be used to train community members and incubate new businesses centred around agricultural activities under PV panels including aquaponics and mushroom farming. Given Mpumalanga's vast agricultural landscape Agrivoltaics represents a viable opportunity to balance the water, food, and energy nexus. Training of at least 30 community members will commence in the short term. This facility will be used as a test facility and will not only inform our subsequent expansion utilising Agrivoltaics but will also feed into the provincial technical and vocational training programmes and curriculums.

Agrivoltaics at Komati power station

Just Energy Transition *continued*

ADDITIONAL INITIATIVES IN ADVANCED DEVELOPMENT AT KOMATI

- Personal Protective Equipment manufacture at Komati
- Transmission localisation support on TDP
- Biogas
- Industrial Hemp
- Green Steel Smelter
- Special Economic Zone (SEZ) establishment
- Pellet Stove manufacture
- Palletisation from removal of alien vegetation
- Controlled Environmental Agriculture
- Inverter and Battery Manufacture/Assembly
- Massive Battery Energy Storage (100MW)
- Recycling of PV Panels
- Recycled Plastic PV Panels
- Recycling (DFFE)

LESSONS LEARNT AT KOMATI

EARLY START/PLANNING AND IMPLEMENTATION IS CRUCIAL

Upfront preparatory work is critical in identifying impacts and supporting project design and implementation strategy. Since Komati shutdown, we took a decision to decouple stations operations from R&R and implement R&R independent of station operations. Technical studies for Camden, Grootvlei and Hendrina are completed with solar PV, Wind, and Battery Energy Storage System (BESS) identified for development. One of the lessons learnt from Komati was to ensure that the socio-economic study is done well in advance prior to station shutdown.

Repowering provides construction jobs, but repurposing has the potential to contribute to SED. We have already begun developing repurposing initiatives at Hendrina, Camden and Grootvlei for economic diversification, including establishment of a horticulture centre at Grootvlei in partnership with the Dutch Development Finance Institute (DFI), establishment of ash beneficiation centres at the three stations for brick making and road filling, PPE manufacture, steel manufacture, copper recycling etc.

Training of staff and communities. Community, staff and contractor upskilling and reskilling has been identified as key to deliver a just transition. Lessons learnt from the implementation of the training centre at Komati are being applied at Grootvlei and Hendrina. Engagements are also underway with TVETs to expand the training centres' reach and scope, and to incorporate their curricula into our training centres.



Social dialogue. It is critical that communities are taken along the journey with us. We have already begun, in close collaboration with the provincial government, key stakeholder engagements with communities around Grootvlei, engaging on JET opportunities and the impact of station shutdown. We are expanding this to Hendrina, Camden, Kriel and Arnot.

Funding. Komati funding agreement was only concluded after the station was shut down. We have already begun engagements with various Multilateral Development Banks for front loading and upfront R&R at Camden, Grootvlei and Hendrina.



Social Performance



Timbali Technology Incubator supporting emerging farmers

We have a social commitment to our customers, workers, investors, and all our stakeholders. Our operations cover the entirety of South Africa including extending to neighbouring nations. It is therefore important to make sure that not only are our workers working in safe environments, but also that the people we affect are not adversely impacted.

We strive to be a good corporate citizen, providing fair salaries, safe working conditions, and policies that protect employee rights as well as committing to open and honest communication with all stakeholders. We prioritise customer and community safety, health, and sustainability through our environmental, health, and safety policies. We also have a responsibility to recognise and protect the lives and livelihoods of the communities linked to our operations, which we are doing through our public safety initiatives and the JET.

We periodically review and adjust our policies and processes as part of our impact monitoring and evaluation, particularly in situations where we adversely affect people.

We make a meaningful contribution to South Africa's development through supporting government's developmental and transformation objectives by promoting job creation, employment equity, skills development, enterprise and supplier development, and Corporate Social Responsibility (CSR) initiatives aimed at addressing historical

inequalities, promoting inclusivity, and fostering economic empowerment. These programmes promote sustainable development and foster a more just society in addition to helping to achieve national development goals.

We unpack our approach and performance against our social commitments in this chapter and outline how we pursue sustainable impact.

OUR 2024 SOCIAL SPEND HIGHLIGHTS

Items	Amount
Skills development	R1.4 billion
Salaries and benefits	R37.1 billion
Awarded 1 309 procurement contracts	R107.7 billion
Eskom-wide local content contracted in designated sectors	R65 billion
Procurement spend to broad-based black economic empowerment (B-BBEE) compliant suppliers	R206.2 billion
Local content contracted	R97.7 billion
Corporate social investment (CSI) and SED	R93.1 million
Number of employees	40 625

HUMAN RESOURCE HIGHLIGHTS

Employment	We help create jobs and lower unemployment – our group headcount (including fixed-term contractors) was 40 625 on 31 March 2024 (FY2023: 39 601).
Salaries	Our salaries are competitive, and market related with a guaranteed benefit package for managerial staff including medical aid, pension, dread disease cover, and group life benefits. Bargaining unit employees receive a basic salary, split to include a thirteenth cheque and benefits, such as pension, medical aid, death benefits, housing, cell phone, and car allowances, subject to qualifying criteria. An employee value proposition (EVP) scheme is available to enable retention of workers.
Skills development Quality education	The growth and development of staff is supported with R1.4 billion spent on skills development (FY2023: R1.1 billion). CSI initiatives on education are provided through the Eskom Foundation, Gx, Tx and Dx operational divisions and Group Capital Division (GCD).
Gender quality	Gender representation and inclusivity is driven across the business at senior and middle management levels. The Eskom Women Advancement Program has advanced women in operations programmes and created women mentoring circles. We actively promote employment of people with disabilities.
Reduce inequalities	The Employee relations department facilitates dialogues between our leadership, employees, and organised labour to achieve good workplace relations. We have agreements and formalised systems in place that govern our engagement with organised labour. Our leaders play a crucial role in fostering meaningful participation through the Eskom Employee Engagement Programme. Feedback is annually received from employees through an OE survey.

Social Performance *continued*

OUR PEOPLE

KEY HIGHLIGHTS

We are a proud contributor to government's Youth Employment Service (YES) programme, which provides work experience to previously unemployed black youth in entry-level and non-professional roles. At year end, 519 YES learners were receiving work experience in various roles across the organisation.

Our human capital covers our employees and contractors and their competencies, capabilities and experience. Our people are our greatest asset and are critical to successfully achieving our mandate and strategic objectives. Our overarching people strategy guides our employee engagement approach, supported by our focus on:

1. Training and skills development
2. Diversity, equity, and inclusion (DEI)
3. OE and a rich EVP – fostering a high-performance ethical culture and engaging with employees.
4. Occupational health and safety (OHS)
5. Health and wellness

We monitor and measure our performance against safety, health, skills, employment equity and procurement KPIs.

EMPLOYMENT AND BENEFITS

Our workforce plan is aimed at ensuring that current and future staffing levels are aligned to our strategic objectives. The plan was developed and implemented during the previous financial year and focuses on retaining core and critical skills, driving employment equity transformation targets and meeting training and development needs.

We are one of the largest employers in the country, our current staff complement is 40 625 employees as of 31 March 2024. Our staff complement has increased by 1 024 for the year, mainly due to the recruitment of core and critical skills in Gx and ERI. We recorded an attrition rate of 5.7% (FY2023: 6.7%), with 2 280 employee exits during the year. Gross employee benefit costs amounted to R37.1 billion (FY2023: R34.3 billion), a notable increase of 8%, when compared to the previous year; largely due to a 3% increase in headcount.

Decisions around remuneration and benefits consider our financial challenges and sustainability in compliance with the conditions attached to the Eskom Debt Relief Act, 2023.



Social Performance *continued*

TRAINING AND SKILLS DEVELOPMENT

Skills development remains a priority in our business. We have been one of the industry leaders in skills development since the dawn of democracy to fulfil the needs for the national future pipeline. Our programmes are targeted at increasing access to high-quality and pertinent education, training, and development opportunities through technical and non-technical bursaries, apprenticeships, learnerships, and workplace integration learning (WIL), thereby enabling equitable economic participation and lowering disparities.

APPROACH

- MOU with funders, to host youth on Workplace Integrated Learning (WIL) in artisans, technicians, and engineering disciplines, with a particular focus on the previously disadvantaged sectors of our society.
- Development and growth of our staff through numerous skill-development programmes, internal and external training interventions, additional education, and on-the-job training.
- Numerous and readily available online training programmes.
- Enrolment in more advanced study programmes, enabling employees to earn credentials in their field of work and increase in workforce's skill base, with the potential for development of leadership among staff members.

PERFORMANCE

- Invested R1.4 billion in training and skills development (FY2023: R1.1 billion) a notable increase of 25.45%.
- 930 employees enrolled for further studies (FY2023: 795), of which 59% are women and 3.9% are persons with disabilities.
- Employees pursuing a bachelor's degree or higher qualifications is 43%.
- 2086 learners (FY2023: 1 568) learners in our pipeline, comprising 1 665 in technical disciplines (of whom 39% are artisans) and 421 in non-technical disciplines (representing 5.93% of our headcount).

EMPLOYMENT EQUITY

KEY HIGHLIGHTS

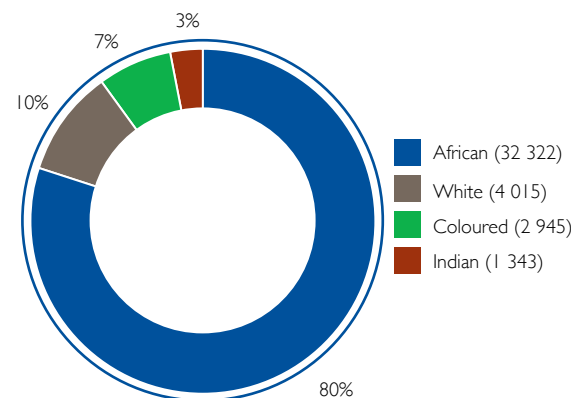
We commemorated 10 years since the establishment of the Eskom Women Advancement Programme, which aims to advance the development of women in leadership, ensure that women and girl children take up positions in technical roles and create a gender-sensitive organisation.

We made a significant contribution in achieving employment equity in South Africa throughout the years, both in terms of representation at all occupational levels and overall employment.

As an organisation we promote valuable commitment and active participation in all areas of work. Our initiatives are aligned to the NDP objectives, which are reflected in our employee equity plan which outlines specific initiatives to stimulate diversity, equity, and inclusion (DEI) through dedicated programmes for all demographics and various abilities.

As signatories of the United Nations Women Empowerment Principles (WEP), we remain actively engaged in developments and aligning to outcomes, for the successful implementation of this programme.

Employment equity



GROUP EQUITY PERFORMANCE:

- 90.1% of our employees were black.
- 36.2% were female, and 31.1% black females.
- 2.96% of our Eskom group employees live with disabilities, this is above the national employee assistance programme (EAP) target of 2% and even the general market.
- We remain committed to implementing our Employment equity plan 2023–2025, which enables us to comply with legislation, allowing our employees to benefit and providing equal opportunities for growth.

MANAGEMENT EQUITY PERFORMANCE (2023 VS 2024)

- Senior Management racial equity increased from 76.92% to 78.89%
- Middle management/professionally qualified increased from 83.59% to 85.11%
- Gender equity for senior management/professionals qualified improved from 42.01% to 42.52%
- Gender equity for middle management increased from 40.92% to 42.03%



Social Performance *continued*

HEALTH AND WELLNESS

KEY HIGHLIGHTS

Held awareness campaigns and initiatives to address health risks. Implemented health and risk hazard surveillance programme to monitor the public health diseases outbreaks and their impact in business operations. Alert notifications for outbreaks of cholera, malaria, and diphtheria have been detected and managed through the outbreak epidemic and pandemic plan.

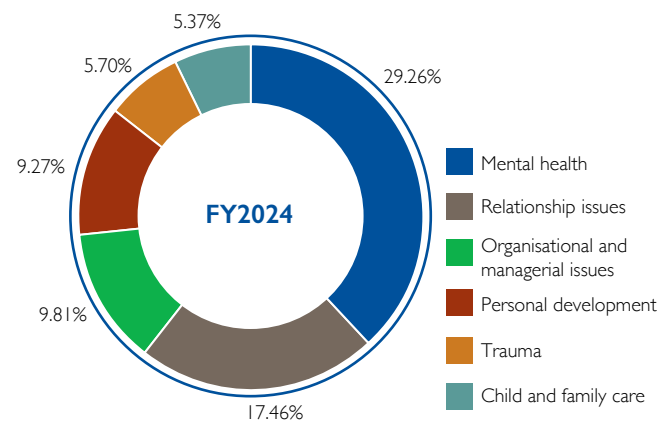
Mental health, relational issue and organisational and management issues are the top three of the six presenting problems identified through EAP

We place a high priority on the health and happiness of our employees. Health and wellness build resilient employees by enhancing quality of life, boosting morale, improving productivity, and ensuring safety.

Our robust health and wellness initiatives strive to equip employees to make sound, healthy choices through **prevention, treatment, care, support, education and collaboration**. Our suite of initiatives covers the following five programmes:

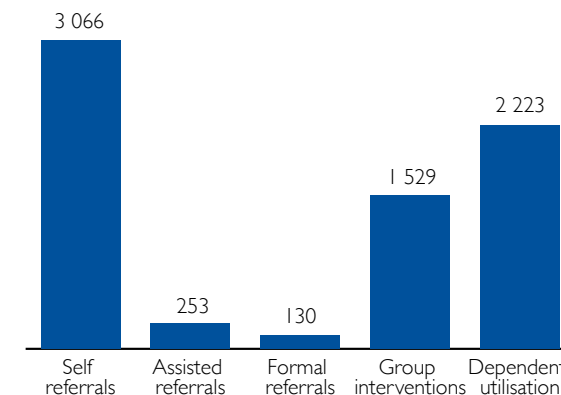
1. The early detection and prevention of occupational and lifestyle diseases and injuries is managed through routine medical monitoring, fitness-for-duty evaluations, and other wellness programmes.
2. An employee assistance programme (EAP) of psychosocial services including counselling, financial wellness, and trauma assistance.
3. Our response to the COVID-19 pandemic has been integrated into normal business operations, following the relaxation of South Africa's lockdown measures in June 2022.
4. Mental health and stress-related problems, which increased during the COVID-19 pandemic, are receiving attention through awareness and education programmes. Our approach to mental health is informed by World Health Organisation principles.
5. The EmpowerU initiative launched in 2023 was also implemented to support employees with the stresses and pressures related to the changes taking place in the organisation, especially as the workforce gears up for the constrained winter months.
 - Our EmpowerU initiative focuses on three levers; **leadership support and coaching, enhanced EAP and strengthening workplace relations** to resolve matters that had reached an impasse earlier this year. Positive changes have been observed since the programme's launch, especially regarding workplace relations with unions.

EAP – The top 6 presenting problems

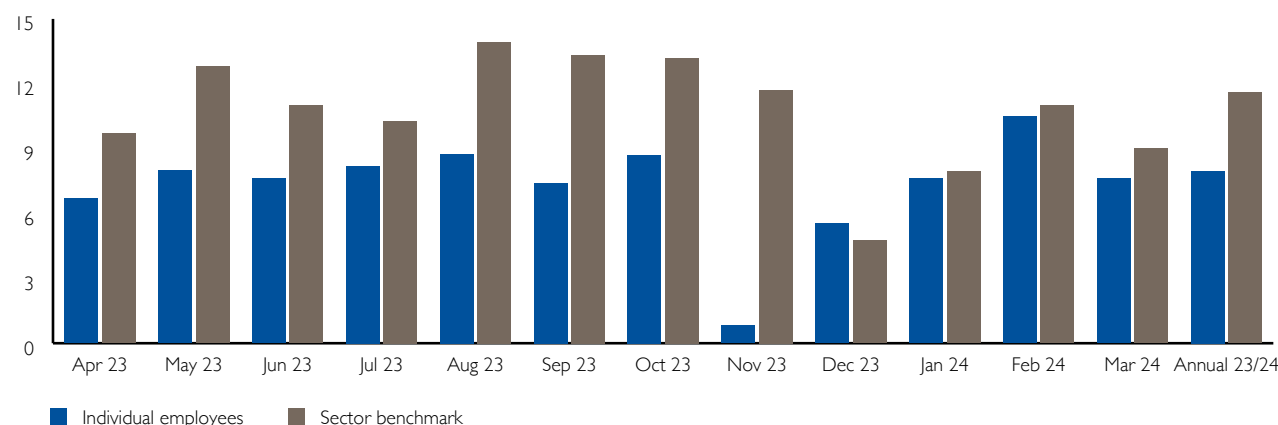


Between 1 April 2023 and 31 March 2024, a total of 5 672 employees and dependents were reached through external EAP services (FY2023: 4 248). Of the 5 672 participants who utilised the service, 3 449 were individual cases, and 1 529 were participants reached through group interventions, such as trauma interventions, family counselling, couples counselling, and child counselling. Segregation of the individual cases is as presented by Employee utilisation (number) and Individual Employee utilisation rate (%) figures. The overall (employees and dependents) engagement rate during the reporting period 1 April 2023 to 31 March 2024 was 11.50% which is close to the public sector benchmark of 11.60%. The individual overall engagement rate was 7.97% which is less than the sector benchmark.

Employee utilisation (number)



Individual Employee utilisation rate (%)



Social Performance *continued*

ORGANISATIONAL EFFECTIVENESS (OE)

We aim to drive OE and a sense of belonging and connectedness to Eskom by fostering a high-performance ethical culture, engaging with employees, and offering a rich EVP.

ESKOM ORGANISATIONAL CULTURE AND CHANGE MANAGEMENT

Our Eskom 1:1:6:10 Culture Transformation Programme conveys that, we have one purpose, one aspirational culture, six culture cornerstones and 10 culture levers. Our culture cornerstones of accountability, operational excellence, people prioritisation, financial prudence, a values-driven culture, and customer-centricity are supported by ten key levers of organisational culture.

- Our 1:1:6:10 Eskom Culture Transformation Programme is a key enabler for delivering a high-performance ethical culture.
- Eskom's Turnaround Programme tracks key activities and milestones and are currently being used by line divisions to improve productivity and efficiencies.
- Divisions are implementing their divisional culture dashboards, culture KPIs, and action plans.
- Divisional leadership teams actively engage, establish commitment, drive performance, and obtain buy-in from their employees.
- Our Eskom Change Management Strategy focuses on three objectives, alignment, engagement, and buy-in and behaviour modification among key stakeholder groups.

ESKOM EMPLOYEE VALUE PROPOSITION (EVP)

Our all-inclusive EVP focuses on retention strategies that go beyond rewards and recognition, such as offering market-related compensation packages and competitive benefits in terms of leave, health, and death benefits, learning and development opportunities both domestically and internationally, a variety of career opportunities, and exposure to big-scale initiatives and cutting-edge technology.

We have implemented flexible work practices to improve employee wellbeing and allow qualified workers to work remotely with intermittent on-site obligations (Hybrid), depending on operational requirements and the type of work performed. EVP offers services and psychosocial programmes designed to support employees and their family in prioritising their physical and emotional health. Employees have access to a loyalty and rewards programme (Nkanyezi) to access financial savings with affiliated businesses.

SUCCESSSES

- 14 Eskom Executive Committee members approved their Divisional Culture Commitments/KPIs.
- The Eskom Change Agent Network (We CAN!) established in FY22/23 now includes over 180 divisional change champions.
- 11 Eskom Change Agent Network executive lead engagements were conducted in FY2024,
- 138 leadership engagement sessions and 14 culture workshops were held to drive greater awareness, accountability, and alignment across the organisation HR OE CoE supporting more than 10 Eskom-wide Strategic Projects on change management and communication and delivered over 1102 related activities.
- 313 GCE Internal Communication messages on the 1:1:6:10 culture held to drive greater awareness, accountability, and alignment on a high performance and ethical culture.
- 50 Culture-changes articles published to date in the GCE Internal Eskom-wide publication – The Guardian these include celebrating leaders who are living the Eskom brand pillars and driving a high-performance culture.

HUMAN CAPITAL OE SURVEY RESULTS

- 36.5% (previous 20.51%) response rate, i.e., 14 875 Guardians participated.
- An overall index of 3.87 (previous 3.57) was attained.
- Score of 3.85 for Organisational Culture, 3.91 for Employee Engagement and 3.86 for EVP.

EMPLOYEES PERCEPTIONS

- Satisfied and have a strong emotional connection to their company, job, and colleagues.
- Content with the benefits provided by the organisation in exchange for their skills, capabilities, and experiences.
- Aligned with the organisation's shared assumptions, values, and beliefs, which influence their behaviour and performance within the company.

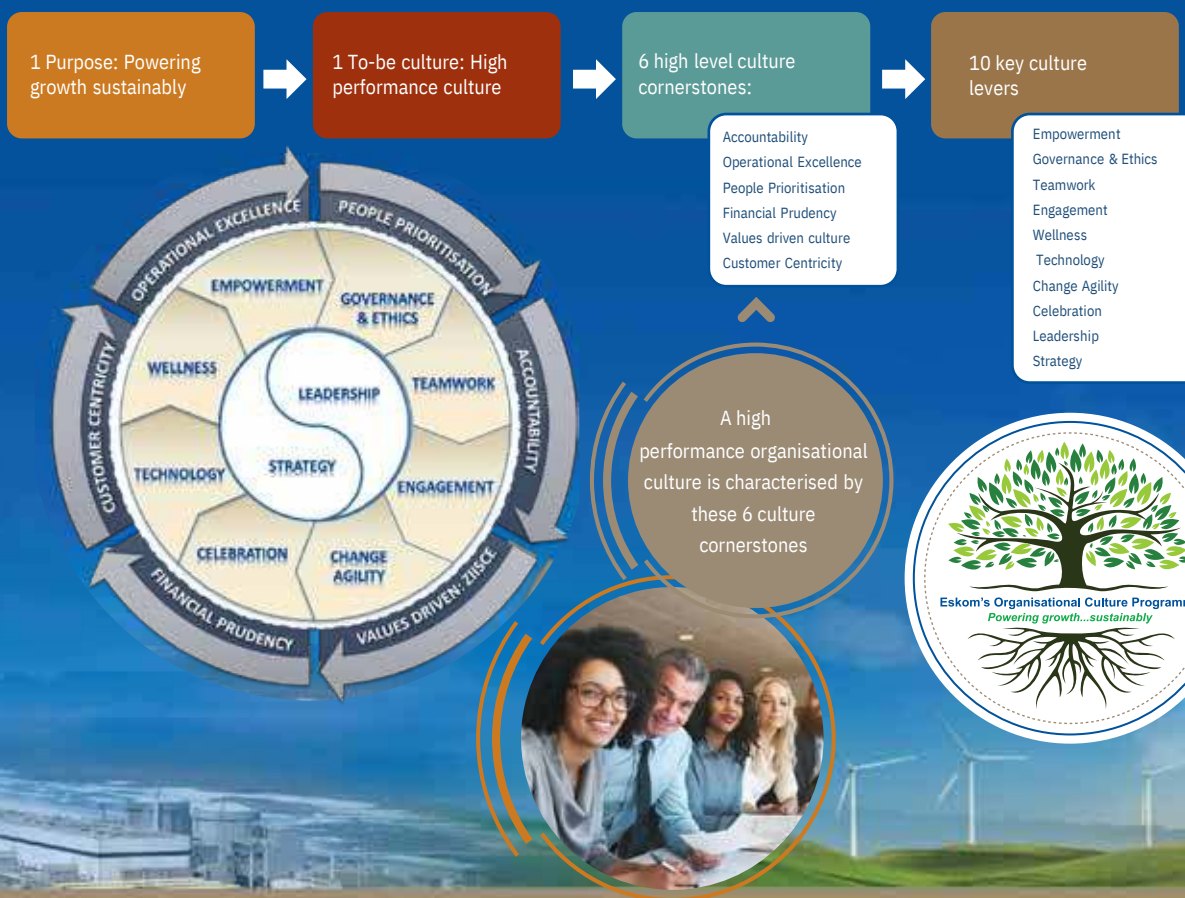
ESKOM EMPLOYEE ENGAGEMENT PROGRAMME

Employee engagement is the heartbeat of our value proposition. The engagements are delivered through multiple platforms, including leadership site visits, executive interviews, and communiqués, together with employee events. These engagements aim to promote recognition and celebrate success across the organisation, leadership employee engagements to establish commitment, fostering performance, addressing non-conformance, and gaining employee buy-in. Our robust multi-channel integrated internal communication function uses diverse platforms, such as electronic publications and other digital media to ensure that employees are informed about business updates and have opportunities to interact with our leadership. As we continue with our operations, these engagement efforts all play a significant role in restoring morale by improving the sense of employees' connection to the business and one another. The annual Eskom Human Capital OE Survey and other pulse surveys are designed to assess employee views on several key dimensions and inform management on areas of focus.

Social Performance *continued*

1:1:6:10 Eskom Culture Transformation Programme

1 Purpose, 1 Aspirational Culture, 6 Culture Cornerstones, 10 Culture Levers



The aspirational Eskom organisational culture is a **high-performance culture** that can enable Eskom to **power growth sustainably**. In doing so, **6 culture cornerstones** (characteristics of a high-performance culture) are supported by **10 culture levers** that will drive and enable a high –performance culture across the business over the next 3 -5 years.

Social Performance *continued*

OCCUPATIONAL HEALTH AND SAFETY

KEY HIGHLIGHTS

During the year, we launched a safety culture survey across the organisation. A Safety leadership for supervisors' workshop was launched in March 2024 to offer practical safety leadership strategies, enabling supervisors to mitigate risks, foster a culture of safety and create a safer working environment. Multidisciplinary team collaborations through roundtable discussions to engage in learnings and seek solutions to current OHS operational challenges.

Occupational health and safety (OHS) play a critical role in business operations by safeguarding the wellbeing of all individuals, thereby enhancing productivity, and fostering employee morale. Through implementing comprehensive OHS measures which are encapsulated in the Eskom OHS Strategy, Eskom is dedicated to mitigating workplace injuries, illnesses, and public incidents, resulting in decreased workplace disruptions, and cultivating a more efficient and safe work environment. We have five strategic OHS objectives for the business that guide us across the whole business.

- (1) Reduce the impact of workplace injuries and ill health from a lost-time injury rate (LTIR) tolerance level of 0.30 to 0.24.
- (2) Improve communication, consultation, and involvement by 10% on OHS processes throughout all levels in the organisation.
- (3) Ensure that 90% of the workforce understand and proactively and effectively control OHS risks, thereby building a good safety culture in the organisation.
- (4) Improve internal and external stakeholder collaboration by reducing all public incidents by 15% from current performance.
- (5) Reduce contractor-related incidents by 30% with more focus on minimising the level of risk exposure from the current performance.

We are further committed to sharing learnings with all stakeholders, including contractors, and evaluating enhancement strategies to integrate these insights.

Our Occupational Health Approved Inspection Authority (OH-AIA) submitted its report to the Department of Employment and Labour (DoEL), to provide the Department with a summary of all the occupational hygiene activities that were executed by the AIA during the past six-months (October 2023 to March 2024). Six-monthly reporting is a compulsory requirement to maintain the DoEL's approval for Occupational Hygiene. This information is used by the Department to monitor compliance to the occupational exposure limits, generate statistics and intervene where necessary.

We recognise the importance of fostering a collective approach with external stakeholders to ensure the public's wellbeing. With this emphasis, Eskom has instituted the Public Safety External Stakeholder Forum. This forum convenes quarterly to deliberate on potential opportunities and initiatives, exchange knowledge, and pinpoint risks for joint intervention and collaboration. Presently, the membership encompasses representatives from all fundamental Eskom divisions alongside delegates from Sasol, the Railway Safety Regulator, SANRAL, Transnet, PRASA, and SARS.

To spread the footprint of public safety awareness, our electricity safety content is available on the E-classroom website which is supported by the Department of Basic Education, where more than 300 000 teachers and parents are reached.

LOST-TIME INJURY RATE (LTIR)

We measure our safety performance by the rate of lost-time accidents, as well as the number of fatalities among employees and contractors. The progressive LTIR is a proportional representation of the occurrence of lost-time injuries over 12 months per 200 000 working hours and includes occupational diseases and fatalities (a lower score is more desirable).

The table below reflects Eskom's tolerance level with respect to LTIR. In accordance with Eskom's value of Zero Harm, the true target is zero.

LTIR performance for the period ended 31 March 2024

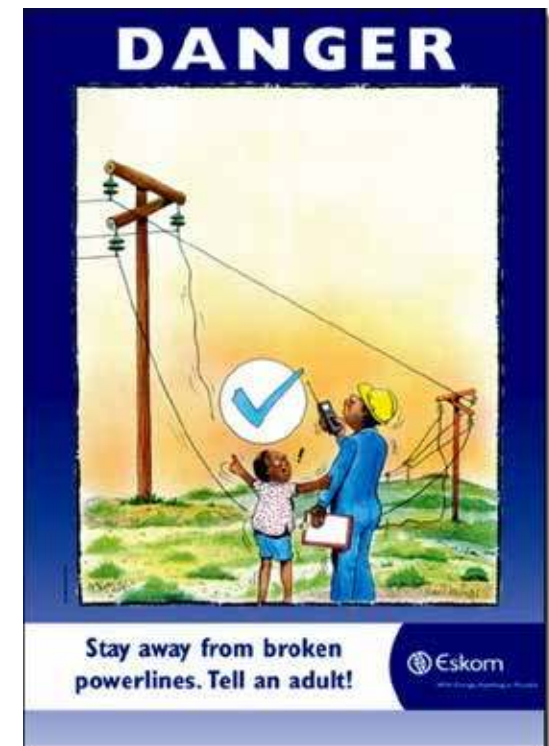
KPI – Focus on safety	Tolerance/ target	Actual March 2024	Actual March 2023
LTIR index for employees – excluding contractors (including occupational diseases)	0.30	0.29	0.26
Fatalities (including contractors)	0.0	5	5

The major causes of employee LTIs are incidents due to falls on the same level, confirmed occupational diseases and motor vehicle accidents. The major causes of contractor LTIs are incidents due to being struck by moving objects, falls on the same level and caught between or under (crushed/ amputation) incidents. A total of 37 occupational diseases were confirmed during the year (FY2023: 23). As in the past, these relate mainly to noise-induced hearing loss incidents, which account for more than 70% of cases.

Although the lost time injury rate of 0.29 was below the shareholder compact target and tolerance level, there were recorded five fatalities during the year; the loss of any life in Eskom's service is unacceptable and we strive to prevent it at all costs.

OUR COMMUNITIES

We support and develop rural and local communities and enhance access to social and economic opportunities in our host communities by improving the lives of community members. Our SED programmes contribute to achieving broader economic development imperatives, such as poverty reduction, improved infrastructure and a more equitable distribution of wealth and opportunities within the society and ultimately leaving a positive footprint. We partner with our contractors delivering innovative CSI and SED initiatives to create positive social change and to develop the local community, thus building positive relationship with our stakeholders. We have community development programmes to support and just transition and improve livelihoods as we transition away from coal.



Social Performance *continued*

ELECTRIFICATION

We make a meaningful contribution to South Africa's development by providing access to electricity through government's electrification programme. We have connected around 5.9 million previously disadvantaged households and farm dweller houses in our licensed areas of supply through DMRE's Integrated National Electrification Programme (INEP) since early 1991. This programme enables us to provide a direct contribution to delivering universal access to electricity in South Africa.

Electrification programme connections increased to 114 800. Several challenges prevent the electrification of rural parts of the country, including the high cost of extending the electricity network to remote areas, mostly due to difficult terrain and the low density of rural populations.

Based on the success of our containerised microgrid pilot project in Ficksburg, Free State, which has been operating since November 2018, we are planning the use of microgrids to provide electricity to rural and remote areas. A total of 216 microgrid installations are targeted over the next five years.

CAPITAL EXPANSION PROGRAMME

Our capital expansion programme, which includes the Medupi and Kusile new build sites, and large Transmission projects is one of our biggest contributors to SED. In the next five years we will be executing major capital investments throughout the value chain through our Generation Capital Plan (GCP), Transmission Development Plan (TDP) and the Dx Development Plan (DDP). These projects support the NDP objectives in delivering real and meaningful transformation through procurement, job creation, skills development, and CSI which offers economic opportunities and advances community development. Further they enable the development of people and contribute to the national skills plan, and drive industrialisation and localisation to support the re-industrialisation plan and economic growth.

Demobilisation has a negative impact on the economy, the life, and people in the area. Demobilised contractors are offered life skills training to assist them with getting new opportunities. We mitigate the impact of job losses by collaborating with local and provincial government structures to address some of the challenges faced by local communities surrounding our new build projects.



ESKOM DEVELOPMENT FOUNDATION IMPACT

KEY HIGHLIGHTS

A CSI investment of R93.1 million was made by the Eskom Foundation, affecting 272 217 beneficiaries (FY2023: R63.1 million and 438 094 beneficiaries). Our CSR programmes are to ensure that the development initiatives are re-directed internally to be part of the core business function, thereby de-risking the business.

The Eskom Development Foundation is a non-profit company and is a wholly owned subsidiary of, and receives its mandate from, Eskom. The Foundation is committed to enhancing the value, impact and sustainability of its programmes considering the financial constraints.

The Foundation supports a broad spectrum of projects in all nine provinces. The programmes that make up the Foundation's CSI portfolio are run according to the themes of: education, health, environment, enterprise development, food security, rural education infrastructure development, and social and community development. Over the years, the Foundation's continued and consistent commitment to touching the lives of the people in the communities where they operate has positioned them as one of the leaders in CSI.

Unfortunately, inadequate technical oversight on infrastructure-related initiatives and insufficient resources continue to prevent us from executing all our planned initiatives on time.



Social Performance *continued*

ESKOM EXPO FOR YOUNG SCIENTISTS (EEYS)

The Eskom Expo for Young Scientists (EEYS) is Eskom's flagship sponsorship aligned to Eskom's strategic objective of supporting the government's NDP 2030 with an emphasis of developing previously disadvantaged individuals (PDI) and female learners in the scarce skills of science, technology, engineering and mathematics (STEM).

EEYS provides a unique platform and academic support to school learners with an interest in STEMI from grade 6 to grade 12. Learners conduct scientific research and present their findings as a project in different internationally benchmarked categories. The EEYS currently operates in 35 regions in all nine provinces of South Africa and has an international presence.



SA YOUNG SCIENTISTS TO SHOWCASE INNOVATIVE RESEARCH AT TUNISIA SCIENCE FESTIVAL

Innovative South African research which includes a cost-effective triage test for real-time detection of Tuberculosis (TB) and a nature-based technology that brings about environmental remediation, was showcased at this year's International Festival of Engineering, Science and Technology in Tunisia (I-FEST²).

The research project by Nair, a Gold medal recipient at last year's Eskom Expo ISF, does not only detect Pulmonary TB, but it also generates instantaneous results, which makes it more efficient than traditional TB detection methods. This research effectively overcomes the time constraints of the standard TB tests, which can take several days to produce results. With Nair's method, doctors and healthcare professionals can receive results almost immediately, allowing for prompt treatment of patients.

Smedmor, a Silver medal recipient at last year's Eskom Expo ISF, utilised four different fuel cells as a nature-based technology to bring about environmental remediation while producing energy. The Spekboom Microbial Fuel Cells generated enough current for low-voltage remote monitoring devices. Monitoring plays a crucial role in environmental management activities. In this regard, Microbial Fuel Cells can be effectively used to self-power sensors and electronic systems.

The Chief Executive Officer of the Eskom Development Foundation (Acting), Ms Mologadi Motshele, said "Eskom Expo empowers learners to address pressing local and global issues, demonstrating a profound sense of social responsibility. These young scientists are driven by first-hand experiences, seeking answers to challenges that directly affect their lives. This grassroots approach to problem-solving underscores the importance of Eskom Expo as a flagship event, driving sustainability initiatives and inspiring future generations of innovators in our country".

Eskom Expo Executive Director, Parthy Chetty, said: "I am reassured by our STEM education initiatives in South Africa when I see two young girls, Keerthana and Alexia, representing our country at this international event. One of our focus areas in Eskom Expo is promoting girl participation in the sciences, and these girls have already achieved excellence in scientific research. I am sure these learners will do us proud, and more importantly, immerse themselves in the North African culture and the idyllic Mediterranean experience."

This year's I-FEST² was held in Mahdia, Tunisia, and is organised by the Tunisian Association for the Future of Science and Technology. The programme is designed to offer a one-of-a-kind, educational, and enjoyable experience, featuring a range of activities and opportunities for new discoveries. It will also include various excursions to explore the rich Tunisian culture.



ESDEF support of a community radio station mobile broadcasting vehicle, Maputaland in Northern KZN



Social Performance *continued*

ESKOM ROLLS OUT MICROGRID AS PART OF EFFORTS IN ACHIEVING UNIVERSAL ACCESS TO ELECTRICITY USING CLEAN AND RELIABLE TECHNOLOGIES

In an effort to help South Africa move closer to the goal of universal access to electricity, Eskom Dx launched one of its first microgrid technology at Swartkopdam, about 150km from Upington, in the Northern Cape on Saturday, 22 July 2023.

Microgrids provide an effective, reliable, and easily deployable solution for electrifying geographically challenging areas that are either difficult to access or require extensive capital expenditure. The microgrid technology at Swartkopdam will provide electricity to 39 households who did not have access to electricity prior to this project. The electricity networks around the area are constrained and practically impossible to extend and connect the area.

The installation of the microgrid at Swartkopdam follows successful installations of two pilot microgrid projects at Lynedoch in the Western Cape and Ficksburg in the Free State.

Swartkopdam was identified by Eskom Dx as one of the high priority needs of the community and due to the remoteness of Swartkopdam, which also has critical facilities embedded in the grid, the microgrid with battery energy storage capability developed by RT&D was considered the most suitable solution.



"The deployment of the microgrids at Swartkopdam serves as a proof of concept in installing microgrids in remote areas which are difficult to reach or expensive to electrify through the conventional means of electrification. Eskom plans to roll out about 100 microgrids across the country by the end March 2024 as part of the Dx business strategy," said Dx Group Executive, Monde Bala.

"We will continue to close the gap of energy poverty by giving everyone a life changing experience of having electricity" added Bala

Apart from the microgrids being cheaper, they also contribute to reducing carbon emissions because they use renewable energy sources.

"Through innovation and collaborative partnerships, Eskom is able to provide clean and reliable electricity to the people of Swartkopdam," said former Eskom Board Chairman, Mpho Makwana.

"This project serves as reassurance of Eskom's commitment to assisting the South African government in achieving its objective of ensuring that every South African has access to electricity," added Makwana.

In addition to the installation of the microgrid and as part of ploughing back to the Swartkopdam community, Eskom has donated two mobile containers and recreational equipment to the Swartkopdam Primary School. This is central to Eskom's Corporate Social Responsibility (CSR) strategy, which is designed around touching the lives of South Africans.



KWA-ZULU NATAL STORM AND FLOODING DISASTER RELIEF

Ngaqa Primary School in northern KwaZulu-Natal, that suffered severe storm and flooding damage (2023/2024).

There were severe storms and flooding events experienced in Kwa-Zulu Natal in December 2023 and January 2024. This resulted in extensive infrastructural damage, community displacements and tragically, the deaths of community members.

Eskom, in partnership with a Non-Profit Organisation (NPO) provided funding for the construction and commissioning of twenty-six mobile classrooms, in five schools in the province. In addition, the affected communities were provided with groceries, kitchen utensils, hygiene packs, blankets and mattresses.

The geographic extent and the quantities of the donated items to be distributed, required careful co-ordination and efficient project management to be executed. This was done with co-ordination between the donor and the implementing NPO whilst maintaining close liaison with the KZN Disaster Management, Municipalities, KZN Department of Education and community representatives.

The handover of the goods and the classrooms were emotional events with the communities, as well as the government and the education representatives, expressing their sincere appreciation for the critical relief that was provided.

Seven newly commissioned mobile classrooms were donated to Ngaqa Primary School by Eskom Development Foundation.



Social Performance *continued*

OUR SOCIO-ECONOMIC PERFORMANCE

We leverage our procurement spend and infrastructure development pipeline to support the growth of local manufacturing and industrialisation including economic growth and reduce inequality in South Africa. We focus on developing local suppliers in line with South Africa's transformation goals, with specific emphasis on local supply sectors important to our industry. We also contribute towards government's commitment to local development programmes, including development of local industries thereby enhancing local production and manufacturing as prescribed in the Shareholder Compact and Eskom's Transformation Plan. We play a major role in the coal industry due to our large offtake. Our coal purchases provide economic opportunities and jobs across the value chain.

Major capital investments will be made through our Group Capital, Transmission Development Plan (TDP) and the Dx Development Plan (DDP). A total of R307.1bn will be allocated over the next five years to deliver on the capital investment plans in line with the Corporate Plan. Eskom will enable the development of people and contribute to the national skills plan, develop 845 suppliers, and drive industrialisation and localisation to support the re-industrialisation plan and economic growth.

We support economic development and supplier transformation to foster the creation of a sustainable economy, advancing the NDP goals through our supplier programme.

KEY HIGHLIGHTS

We have developed an enterprise and supplier development plan to progress our performance going forward. Eskom's B-BBEE status has improved from level 4 to level 3 due to participation in government's Youth Employment Service (YES) programme, which is an affirmation of our commitment to South Africa's transformation agenda. We achieved the procurement equity target for black youth-owned spend for the year. We spent R6.1 million on enterprise development against a target of R5 million (FY2023: R0.1 million) and R8.3 billion on supplier development against a target of R6 billion (FY2023: R3.7 billion).

PROCUREMENT

Our Enterprise development was impacted by a lack of funding to implement meaningful interventions, such as incubations for small and medium-sized enterprises (SMEs). Our Supplier development performance was negatively affected by limited subcontracting opportunities as we rely on main contractors to implement this.

Total measured procurement spend (TMPS) for the group at the end of March 2024 on all active contracts amounted to R240.4 billion, 74.35% was spent on B-BBEE-compliant suppliers (FY2023: R206.2 billion and 72.89%).

LOCAL CONTENT

Awarded 1 309 contracts worth R107.7 billion
Eskom-wide local content contracted of R97.7 billion (90.72%)

203 contracts contributed local content and local manufacturing in designated sectors.

Local content for designated sectors of R65 billion (60.34%)

KEY HIGHLIGHTS

Approximately 108 million tons of coal were bought and delivered to the power plants during the 2024 financial year. We purchased the majority (39%) of the coal through short- and medium-term contracts, with 3% coming from long-term cost-plus contracts, and 27% from fixed-price agreements. We are transforming the mining industry by purchasing from companies that meet the 26% mining charter criteria.



ThyssenKrupp's sub constructor, a company started by using a sister's child social grant



As part of the mandate of Supplier Development Localisation & Industrialisation (SDL&I) drive to supplier development and local community surrounding Eskom Gx Stations.

Tutuka Power Station hosted the small, micro and medium enterprises (SMMEs) as part of its Enterprise Development (ED) in a detailed classroom supplier workshop attended by +/- 25 Suppliers per day for nine days. The workshop content included how to fill in the Eskom tender documents including Technical, SHEQ and Commercial requirements.

Matimba Power Station also hosted the small, micro and medium enterprises (SMMEs) as part of its Enterprise Development (ED) in a detailed classroom supplier workshop attended by +/-100 Suppliers.

COAL SALES AND ITS CONTRIBUTION TO SOCIO-ECONOMIC DEVELOPMENT

The supplier development and localisation (SD&L) requirements in these contracts have generated a number of jobs and several CSI and skills development programmes in the regions where they do business. We purchased our limestone from Idwala Lime in Danielskuil from the Northern Cape during the year for the operation of the Kusile FGD plant. To transform its value chain and boost economic activity in the Northern Cape, Idwala must subcontract with or purchase goods and services from black-owned businesses in the nearby neighbourhood. Additionally, it supports employees' skill development.

According to our long-term coal procurement policy, Eskom will require roughly 650Mt of coal until 2050 for our power plants. This will lead to economic opportunities in the area and stimulate the regional economy. In some situations, contracts were won after we put requests for proposals (RFPs) to the market for supplies to Arnot, Camden, Kriel, Matla and Tutuka.

Social Performance *continued*

MUNICIPAL ARREAR DEBT

Non-payment of accounts is a systemic challenge to the electricity industry as a whole. We have pursued a multi-pronged strategy aimed at recovering the outstanding arrear debt owed to us. This includes negotiating payment arrangements with defaulting municipalities, pursuing our legal rights through the courts, assisting struggling municipalities through active partnering agreements, as well as working with various intergovernmental platforms to resolve the culture of non-payment by municipalities.

Regrettably, the problem has continued to escalate over the years, with arrear municipal debt amounting to R74.4 billion at year end (FY2023: R58.5 billion). Resolving the historic arrear debt, collecting the revenue owed to us and preventing future growth in arrears are critical to improving operating cashflows and the financial sustainability of the organisation.

Of recent concern is the growth experienced in arrear debt from metros, particularly in Gauteng.

Municipal debt relief programme

National Treasury implemented its municipal debt relief programme from 1 June 2023, through which any municipality with arrear debt outstanding at 31 March 2023 may apply for relief of its balance at this date, subject to certain conditions. The conditions aim to restore a set of minimum financial management best practices in municipalities, including enforcing the settlement of current accounts.

While implementation of the municipal debt relief programme means we will not be able to recover the historic arrear debt owed to us, the objective of the programme is to resolve the poor payment levels and improve the settlement of current accounts by municipalities over time, thereby leading to improved operating cash flows going forward.

71 Municipalities were accepted onto the program during the year. Whilst 23 of the 71 Municipalities at year end were starting to honour their monthly current accounts, the remaining Municipalities have not been honouring the payment of current accounts and have resulted in further growth since being accepted into the program.

Active partnering agreements are also in place, with Phumelela, Msunduzi, Raymond Mhlaba and Bela-Bela municipalities. However, most of these active partnering agreements relate to the provision of technical services, including maintenance of infrastructure, with limited impact on revenue collection.

Eskom remains concerned about the overall lack of compliance, given that the conditions of the municipal debt relief programme prohibit Eskom from pursuing action against non-compliant municipalities for the duration of the programme. We have requested National Treasury to engage with non-compliant municipalities to implement remedial action.

SALES AND REVENUE

Over the past year, we have seen sales volumes contract further, both due to the impact of loadshedding, but also due to customers installing behind-the-meter embedded generation, mostly in the form of solar PV.

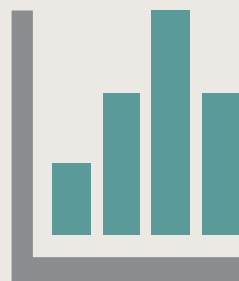
Distributor (3TWh▼) and residential (0.6TWh▼) customer segments showed the largest decline in sales volumes. Sales were negatively affected by generation supply constraints, caused by poor Eskom generation plant performance, delays in IPP programmes and lower than budgeted imports, as well as an increase in embedded self-generation capabilities across many sectors.

Distribution Revenue increased year-on-year by 14%, attributable to a 18.65% standard tariff increase for the year, partially offset by a 4TWh (2%) decline in sales volumes.





Glossary



Abbreviations

AEL	Atmospheric Emissions Licence
AQO	Air Quality Offset
B-BBEE	Broad-based Black Economic Empowerment
BCM	Business Continuity Management
BESS	Battery Energy Storage System
CDP	Carbon Disclosure Project
CMG	Containerised Micro Grids
CO ₂ e	Carbon Dioxide and Carbon Dioxide equivalent
COP	Conference of Parties
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
DFFE	Department of Forestry, Fisheries and the Environment
DMRE	Department of Mineral Resources and Energy
DPE	Department of Public Enterprises
DoEL	Department of Employment and Labour
Dx	Distribution – one of Eskom's three operational divisions
EAL	Eskom Academy of Learning
EAP	Employee Assistance Programme
ERR	Enterprise Risk and Resilience
ESG	Environmental, Social, and Governance
ESP	Electrostatic Precipitator
ERCC	Emergency Response Command Centre
ERI	Eskom Rotek Industries
EVP	Employee value proposition
Exco	Executive Management Committee
FBS	Failure of Business Systems
FGD	Flue Gas Desulphurisation
GCE	Group Chief Executive
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GST	Global Stocktake
Gx	Generation – one of Eskom's three operational divisions

GRP	Generation Recovery Plan
INEP	Integrated National Electrification Programme
IPCC	Intergovernmental Panel on Climate Change
IPP	Independent Power Producer/s
IRP	Integrated Resource Plan
IT	Information Technology
JET	Just Energy Transition
King IV	King IV Report on Corporate Governance for South Africa, 2016
KPI	Key Performance Indicator
KRN	Key Revision Number
LTIR	Lost-time Injury Rate
MES	Minimum Emission Standards
NDC	Nationally Determined Contribution
NDP	National Development Plan
NDMAF	National Disaster Management Advisory Forum
NDMC	National Disaster Management Centre
NECOM	National Energy Crisis committee
NO	Nitrogen Oxide
NO ₂	Nitrogen Dioxide
OE	Organisational Effectiveness
OH-AIA	Occupational Health Approved Inspection Authority
OHS	Occupational Health and Safety
PCB	Polychlorinated Biphenyl
PDMAF	Provincial Disaster Management Advisory Forum
PFMA	Public Finance Management Act
PRT	Provincial Resilience Teams
PV	Photovoltaic
RE	Renewable energy
REIPPPP	Renewable Energy IPP Procurement Programme
RT&D	Research, Testing and Development
R&R	Repowering and Repurposing
SDGs	United Nations' Sustainable Development Goals

SED	Socio-Economic Development
SEIA	Socio-Economic Impact Assessment
SES	Social, Ethics and Sustainability Committee
SME	Small and Medium Enterprise
SOC	State-owned company
TCFD	Task Force on Climate-Related Financial Disclosures
TMPS	Total Measured Procurement Spend
Tx	Transmission – one of Eskom's three operational divisions (As of 1 July 2024, the National Transmission Company South Africa (NTCSA))
UNGC	United Nations Global Compact
WEP	Women Empowerment Principles

Eskom's Internal Audit Department provided reasonable assurance of quantitative information (other than financial information subject to external audit) and certain qualitative aspects of the report. The group's independent external auditors, Deloitte & Touche, were engaged to provide reasonable assurance on selected key performance indicators (KPIs) disclosed in the integrated report. All but one of the 40 KPIs scoped for reasonable assurance received an unqualified opinion

Company information

ESKOM HOLDINGS SOC LTD

Incorporated in the Republic of South Africa

Registration number 2002/015527/30

REGISTERED OFFICE

Eskom Megawatt Park 2 Maxwell Drive Sunninghill Sandton 2157

PO Box 1091 Johannesburg 2000

Switchboard +27 11 800 8111

Customer call centre 08600 ESKOM or 08600 37566

DEBT SPONSOR

Nedbank Corporate and Investment Banking, a division of Nedbank Limited

JSE alpha code BIESKM

FOR MORE INFORMATION

INVESTOR RELATIONS

Lerato Mashinini

InvestorRelations@eskom.co.za

MEDIA ENQUIRIES

Daphne Mokwena

MediaDesk@eskom.co.za

GROUP CHIEF FINANCIAL OFFICER

Calib Cassim

OfficeoftheCFO@eskom.co.za

QUERIES OR FEEDBACK ON OUR REPORTS

IRfeedback@eskom.co.za

Our suite of reports covering our integrated results for 2024 is available at
www.eskom.co.za/investors/integrated-results/





www.eskom.co.za