2026 GOVERNANCE & REMUNERATION REPORT

Our value creation journey

A PROUD MEMBER
INTEGRATED REPORTING COMMITTEE OF SOUTH AFRICA
2026/27

Welcome to Eskom's FY2026 reporting suite

FIVE REPORTS, ONE STORY

We present a cohesive view of our performance, prospects and stewardship

REPORTING PERIOD
1 April 2025 to 31 March 2026
AVAILABLE AT
www.eskom.co.za/investors/integrated-results

ONE STORY THROUGH FIVE DIFFERENT LENSES

Each report focuses on a distinct dimension of our performance. Together, these five reports give a balanced, credible account of Eskom's performance across strategic, financial, operational, governance and sustainability dimensions

INTEGRATED REPORT	ANNUAL FINANCIAL STATEMENTS	SUSTAINABILITY REPORT	GOVERNANCE AND REMUNERATION REPORT [NEW]	PERFORMANCE REPORT [NEW]
Our strategy and value creation story and outlook	*Our audited financial position, performance and cash flows*	*Our environmental, social and governance (ESG) impacts*	*How we are governed and how we reward our people*	*A detailed view of operational and financial performance*
WHO IT'S FOR: The people of South Africa, providers of financial capital and our broader stakeholder base	**WHO IT'S FOR:** Shareholder, investors, creditors, regulators, analysts, employees and the public	**WHO IT'S FOR:** Stakeholders with a specific interest in our ESG performance	**WHO IT'S FOR:** Shareholder, providers of financial capital, regulators and employees	**WHO IT'S FOR:** Shareholder, analysts, regulators and operationally focused stakeholders
GUIDED BY: Integrated Reporting Framework, Companies Act, PFMA, King IV; with ISSB standards IFRS S1 and S2 under assessment	**GUIDED BY:** IFRS Accounting Standards, the Companies Act and PFMA	**GUIDED BY:** Global Reporting Initiative, United Nations Sustainable Development Goals (SDGs), IFRS S2 and Eskom's internal ESG framework	**GUIDED BY:** Companies Act, King IV and PFMA, with pay-gap disclosures aligned to the Companies Amendment Act's requirements	**GUIDED BY:** PFMA and National Treasury regulations, the shareholder compact and internal KPI measurement specifications
MATERIALITY LENS: Double materiality: financial and impact	**MATERIALITY LENS:** Financial materiality: information that could influence users' decisions	**MATERIALITY LENS:** Impact materiality: our most significant effects on the economy, environment and people	**MATERIALITY LENS:** Matters material to leadership effectiveness, ethical conduct, fair remuneration and long-term value creation	**MATERIALITY LENS:** Operational and financial materiality - matters significant to delivering on our mandate
ASSURANCE: Internal Audit verified the disclosures; Deloitte & Touche provided reasonable assurance on selected KPIs and reviewed consistency across the reporting suite	**ASSURANCE:** Audited by Deloitte & Touche on behalf of the Auditor-General of South Africa	**ASSURANCE:** Internal Audit verified the disclosures; Deloitte & Touche provided reasonable assurance on selected KPIs and reviewed consistency across the reporting suite	**ASSURANCE:** Internal Audit verified the disclosures; Deloitte & Touche reviewed consistency across the reporting suite	**ASSURANCE:** Internal Audit verified the disclosures; Deloitte & Touche provided reasonable assurance on selected KPIs and reviewed consistency across the reporting suite

IF YOU ONLY READ ONE THING ...

Start with our integrated report

In one place, it sets out our strategy, the matters most material to Eskom, how we have performed against them and where we are heading. It points you to the rest of the suite when you want to go deeper

WHERE TO FIND WHAT

A quick guide to Eskom's FY2026 reporting suite, organised by the topics that matter most to our stakeholders.

STRATEGY, VALUE CREATION AND OUTLOOK

Integrated report
Our strategy, business model and material matters
Our operating context, risks and opportunities
The C-suite's perspectives
Condensed annual financial statements and commentary

Annual financial statements
Our financial position, performance and cash flows

GOVERNANCE, ETHICS AND LEADERSHIP

Governance and remuneration report
Board composition, committees and effectiveness
Ethics, compliance and combined assurance
King IV application and governance outcomes

REMUNERATION AND BENEFITS

Governance and remuneration report
Remuneration philosophy and policy
Executive and non-executive director remuneration
Pay-gap disclosure under the Companies Amendment Act

SUSTAINABILITY AND ESG

Sustainability report
Environmental performance, including emissions and water
Social impact, community investment and just energy transition
Climate-related disclosures aligned with IFRS S2
Contribution to the UN Sustainable Development Goals

Integrated report
Carbon footprint

ASSURANCE AND REPORTING QUALITY

Integrated report
Board responsibility and signoff
Independent assurance report on selected KPIs

Annual financial statements
Independent auditor's report

OPERATIONAL AND FINANCIAL PERFORMANCE

Performance report
Performance overview
Financial overview
Statistical information

Framing governance in the context of the King Code

Our approach to governance is founded on ethical leadership, effective oversight, informed decision-making and accountability. This is supported by a significance and materiality framework and a delegation of authority policy which clearly define the roles and responsibilities between the shareholder, the Board and management. The group's subsidiary governance framework further reinforces the consistent application of good governance practices across Eskom's wholly owned subsidiaries – it promotes shared values, strategic alignment and effective oversight across the group, while respecting the legal autonomy of each subsidiary.

The Board recognises that upholding good governance is essential to restoring trust and ensuring that Eskom fulfils its mandate in a manner that preserves long-term sustainability and responsible stewardship of public resources. The Board, supported by its committees, fulfils its fiduciary duties in accordance with the Companies Act, 2008, the Public Finance Management Act, 1999 (PFMA) and the principles of the King Code on Corporate Governance for South Africa.

The Board sets the strategic direction of the organisation by integrating strategy, risk, performance and sustainability as interdependent pillars of value creation. It also provides oversight of management's performance and execution of the strategy to ensure accountability and integrity of organisational reporting. The Board approves key strategies, policies and plans that enable the effective execution of Eskom's mandate. Furthermore, it oversees the identification and management of compliance obligations and enterprise risks, supported by internal controls and a risk-based combined assurance model.

APPLYING THE KING CODE ON CORPORATE GOVERNANCE

The Board remains committed to ethical and effective leadership, responsible corporate citizenship and sustainable value creation. To give effect thereto, it ensured the application of the principles and practices of the King IV Report on Corporate Governance™ for South Africa, 2016[1] (King IV) during FY2026.

Embedded in the Board charter is the requirement to conduct an annual assessment of our application of the King Code to consider how the principles and practices are applied across the group and identify areas where further strengthening is required. This is particularly important given Eskom's complex operating environment, numerous statutory obligations, ongoing governance and legal reforms, audit recovery programme and the need to rebuild stakeholder confidence. Management conducted a self-assessment for the year, which was independently assessed. The outcome reflects a governance environment that has improved but remains in transition.

FY2026 King IV assessment at a glance

- **14 principles substantially applied**
- **2 principles partially applied**

Areas for improvement	Governance focus
Technology and information	Mature cyber-security, artificial intelligence, digitalisation and oversight of information and operational technology
Compliance	Strengthen PFMA, regulatory and proactive compliance monitoring
Assurance	Improve combined assurance and audit outcomes
Risk governance	Strengthen forward-looking risk oversight and mitigation
Reporting	Improve reporting quality and stakeholder-informed disclosures
Stakeholder inclusivity	Move towards more outcome-focused stakeholder engagement

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

The areas assessed as partially applied as well as those identified for improvement reflect the governance challenges that remain most material to Eskom, including the need to enhance technology and cyber governance; strengthen risk and compliance maturity; improve combined assurance, address persistent weaknesses in the control environment, achieve clean audit outcomes and enhance reporting quality; and reinforce stakeholder engagement. The Board and its committees continue to advance governance improvements across these areas.

GR Refer to "Reinforcing controls and assurance" from page 33 and "Upholding good governance" from page 38 for further information on related interventions

King V™ was published on 31 October 2025 and is effective for financial years beginning on or after 1 January 2026. In line with the guidelines of the Institute of Directors in South Africa, the group has initiated a transition framework to fully adopt and report under King V for the financial year commencing 1 April 2026. This transition includes assessing existing governance practices against King V™, updating governance disclosures where required, and aligning future reporting to the King V™ Disclosure Framework.

The transition from King IV™ to King V™ is an opportunity to further mature Eskom's governance landscape, with stronger emphasis on a high-performance, ethical culture and value creation, compliance and prudent control, legitimacy, integrated thinking and transparent disclosure. This will further support Eskom's broader governance journey, which is moving from remediation towards a more mature, disciplined and outcomes-focused approach to governance.

1. Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

Fostering an ethical culture

An ethical culture protects value, strengthens stakeholder trust and underpins the ability to deliver on our mandate and create a just energy future for all. The Board, through its Social, Ethics and Sustainability Committee, oversees the governance of ethics in Eskom aligned to the King Code.

Ethical leadership is central to strengthening governance practices throughout Eskom. The Board remains fully committed to fostering a high-performance, ethical culture that reflects Eskom's values and reinforces its commitment to operating as a responsible corporate citizen – ethically, socially and environmentally.

In Eskom, we believe that integrity strengthens trust, and trust creates value. Consequently, we uphold a zero-tolerance stance to unethical conduct.

Our Code of Ethics, known as *"The Way"*, serves as the foundation of Eskom's values-driven culture. *"The Way"* is underpinned by six core values, collectively referred to as *ZIISCE*, which guide behaviour and decision-making at all levels of the organisation.

Zero Harm
protecting the Eskom way

Integrity
acting the Eskom way

Innovation
thinking the Eskom way

Sinobuntu
caring the Eskom way

Customer Satisfaction
serving the Eskom way

Excellence
working the Eskom way

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

The Board's ethics manifesto supports Eskom's values-driven approach by setting clear expectations for visible, ethical leadership, and reaffirms the Board's collective duty to abide by and act in accordance with the following commitments:

- To establish a grounded and mature understanding of ethics in Eskom that goes beyond anti-corruption and compliance
- To visibly support ethics in Eskom by setting the tone for a high-performance, ethical culture, and lead by example
- To ensure that executive management takes accountability in making ethics a priority and actively drives ethics initiatives in Eskom
- To ensure that employees are aware of the ethical values of Eskom and are empowered to apply these values in the workplace
- To ensure that Eskom's reputation is restored, and that the organisation becomes attractive to prospective employees and business partners
- To ensure that Eskom cultivates a speak-up culture where people feel safe to raise ethical concerns and report behaviour that does not comply with Eskom's Code of Ethics
- To ensure our suppliers and business partners actively participate in rooting out unethical practices and cultivate an ethical culture
- ACTION
  To demonstrate a bias for action in fulfilling the Board's ethics manifesto in everything we do and say

Together, these commitments support Eskom's broader governance priorities of strengthening accountability, improving controls, encouraging responsible decision-making and embedding a culture where unethical conduct is identified, corrected and prevented from recurring.

OUR INTEGRATED ETHICS FRAMEWORK

Our ethics manifesto is a guiding statement of intent, anchoring our expectations of ethical leadership and reinforcing the tone from the top. Building on this foundation, our integrated ethics framework structures how we manage and continuously improve our approach to ethics.

Ethics risk assessments	Ethics strategy	Ethics management plan
Identifies, evaluates and prioritises ethics-related risks across Eskom	Guides how ethics risks are addressed and how ethical behaviour is embedded into everyday decision-making	Translates strategy into practical actions, which are monitored through structured governance

A dedicated Ethics Office is responsible for implementing our approved ethics strategy, developing and monitoring ethics-related policies, providing guidance on ethical matters in the workplace and facilitating annual ethics training. Where the Ethics Office is made aware of any unethical behaviour involving crime, fraud and corruption, these matters are referred to the Group Investigations and Security Department for further investigation.

GR Refer to "Upholding good governance" from page 38 for more information on our response to criminality

Fostering an ethical culture *continued*

More than 39 000 employees have participated in ethics training by 31 March 2026, helping to embed a culture of integrity and accountability across the organisation.

Our integrated ethics framework supports a high-performance, ethical culture by:

- Ensuring that Eskom's ethics policies are accessible and effective in managing ethics-related risks
- Ensuring all directors, employees and suppliers are trained on Eskom's ethics policies
- Encouraging leadership at all levels of the organisation to demonstrate their commitment to a high-performance ethical culture through their behaviour and conduct
- Showcasing ethical behaviour and ensuring the effectiveness of processes to address unethical behaviour
- Sustaining ethical excellence through enhanced monitoring and reporting, supported by independent assessments
- Adequately positioning and resourcing the Ethics Office

MANAGING CONFLICTS OF INTEREST

Our conflict of interest, private work and business courtesy policies set out the responsibilities of directors and employees in identifying, declaring and managing actual, perceived or potential conflicts of interest. They also govern private work engagements, supplier relationships and the exchange of business courtesies. This ensures that individuals act transparently and conduct business ethically, to avoid situations that could compromise their integrity.

All employees and directors are required to submit an annual declaration of interest by 30 June each year, regardless of whether a conflict exists, and to update their declarations when circumstances change.

Our declaration system is integrated with the Companies and Intellectual Property Commission (CIPC) database to verify active directorships. It includes enhanced screening to identify politically exposed persons.

Declaration completion rate

Employees at all levels 99%
Board and Exco 100%

In some cases, employees may be unavailable to complete a declaration because of suspension or approved periods of extended absence, such as ill health and maternity leave. Employees who fail to declare a conflict of interest, or those who do not submit a declaration when required or do not obtain prior approval for private work – without a valid reason – are subject to investigation and disciplinary processes.

Declarations submitted by Board and Exco members are verified annually by the Ethics Office. No deviations were identified during the year.

The Board's conflict of interest register, including recusals in terms of section 75 of the Companies Act, 2008 is available at www.eskom.co.za/about-eskom/company-information

EXTENDING ETHICS TO OUR SUPPLIER BASE

Eskom's ethical standards extend to all individuals acting on its behalf, including suppliers. Any supplier found to be in breach of our Code of Ethics is subject to disciplinary action and potential sanctions.

During the year, the Board approved a supplier integrity policy, which builds on existing supplier integrity requirements to further strengthen ethical conduct, accountability and consequence management across our supplier base. The policy formalises our approach to supplier ethical conduct in line with the PFMA and other regulatory requirements. Supplier misconduct is addressed through a clear, fair and time-bound process. Sanctions for suppliers found guilty of contravening our ethical standards include removal from Eskom's supplier database, referral to National Treasury for restriction on its Central Supplier Database or the implementation of temporary purchasing blocks on Eskom's procurement system.

GR Refer to "Upholding good governance – Improving procurement and supply chain integrity" from page 40 for more information on our efforts to strengthen procurement governance

SUPPORTING WHISTLE-BLOWING MECHANISMS

We encourage all stakeholders to report suspected incidents of unlawful or unethical conduct involving directors, employees or suppliers. Employees and suppliers are often the first line of defence against crime, fraud and corruption. Therefore, it is the duty of every employee and supplier to address and report any unethical conduct.

Reports can be made through Eskom's independent whistle-blowing hotline or Government's anti-corruption channels. These mechanisms are designed to ensure confidentiality and uphold the integrity of the reporting process. Eskom's whistle-blowing policy aligns with the Protected Disclosures Act, 2000 and protects whistle-blowers from victimisation or occupational detriment.

Independent whistle-blowing hotline

0800 11 27 22
eskom@whistleblowing.co.za

Government anti-corruption hotlines

0800 701 701
www.gov.za/anti-corruption/hotlines

We have continued to prioritise the timely assessment of incidents reported through our whistle-blowing channels to identify potential misconduct at an early stage. During the year, we assessed 95.45% of whistle-blower reports within 30 calendar days of being registered on our case management system (2025: 93.40%), against a target of 80%.

LOOKING AHEAD

Our commitment to ethics is central to delivering sustainable performance and fulfilling Eskom's mandate. In the coming year, our ethics focus will be:

Enhancing ethics awareness

Expand ethics communication through campaigns and initiatives to embed ethical behaviour and continuous improvement in day-to-day operations

Reviewing our culture programme

Conduct an independent review of our culture programme to ensure it remains fit for purpose in a competitive and liberalised electricity market

Deepening collaboration

Continue to work with regulators, law enforcement, industry partners and communities to promote integrity and prevent, detect, investigate and correct misconduct

Upholding zero tolerance

Reinforce ethical leadership, accountability, consequence management and transparency throughout the group

Strengthening our leadership

APPOINTMENT OF A NEW BOARD

In terms of Eskom's memorandum of incorporation, the Board may consist of no more than 15 directors. The majority of the Board must be independent non-executive directors and there must be at least two executive directors.

At the start of the year, the Board comprised 13 directors, with 11 independent non-executive directors and two executive directors. The three-year term of the non-executive directors was due to end on 30 September 2025 but was extended by the shareholder to 30 November 2025 to allow sufficient time for the appointment of new Board members.

After receiving Cabinet approval in October 2025, the following changes were made to the composition of the Board with effect from 1 December 2025:

Term ended on 30 November 2025	New appointments	Reappointments
Fathima Gany	Dr Andrew Barendse	Lwazi Goqwana
Ayanda Mafuleka	Dr Kgaugelo Chiloane	Clive le Roux
Leslie Mkhabela	Sharmila Govind	Dr Tsakani Mthombeni
Bheki Ntshalintshali	Dr Dimakatso Matshoga	Dr Busisiwe Vilakazi
Tryphosa Ramano	Tshokolo Nchocho	
Dr Claudelle von Eck	Prof. Vuyo Peach	
	Bajabulile Tshabalala (Lead Independent Director)	
	Thandeka Zondi-Mthembu	

All appointments were effective from 1 December 2025, except for Thandeka Zondi-Mthembu who was appointed from 5 December 2025.

These changes were implemented to support both continuity and renewal in the Board's oversight. The reappointments preserved institutional knowledge and stability in governance, while new appointments strengthened the Board's collective skills, experience and diversity to enhance the maturity and sustainability of Eskom's governance. Following these appointments, the Board is fully constituted and is appropriately positioned to execute its responsibilities, supported by its committees.

Continuity in Board leadership has also been maintained with Mteto Nyati having remained as Chairman of the Board, providing stability in the Board's strategic direction and having led a smooth transition to the reconstituted Board throughout the handover period.

GR Refer to "Driving value creation through good governance" from page 10 for the Board's structure, activities and decisions for the year, evaluation of its performance as well as its future focus areas

Board of Directors at 31 March 2026

MTETO NYATI (61)
Chairman
Appointed to the Board in October 2022; appointed as Chairman in October 2023
G

DAN MAROKANE (54)
Group Chief Executive
Appointed to the Board in March 2024
R

CALIB CASSIM (54)
Group Chief Financial Officer
Appointed to the Board in July 2017
R

BAJABULILE TSHABALALA (60)
Lead Independent Director (LID)
Appointed to the Board in December 2025
B G I

DR ANDREW BARENDSE (59)
Independent non-executive director
Appointed to the Board in December 2025
A B R

DR KGAUGELO CHILOANE (50)
Independent non-executive director
Appointed to the Board in December 2025
H R S

LWAZI GOQWANA (50)
Independent non-executive director
Appointed to the Board in October 2022
B H I

SHARMILA GOVIND (51)
Independent non-executive director
Appointed to the Board in December 2025
A G H S

CLIVE LE ROUX (74)
Independent non-executive director
Appointed to the Board in October 2022
B G I S

DR DIMAKATSO MATSHOGA (48)
Independent non-executive director
Appointed to the Board in December 2025
B H I

DR TSAKANI MTHOMBENI (46)
Independent non-executive director
Appointed to the Board in October 2022
G I R

TSHOKOLO NCHOCHO (58)
Independent non-executive director
Appointed to the Board in December 2025
A G H S

PROF. VUYO PEACH (62)
Independent non-executive director
Appointed to the Board in December 2025
A H S

DR BUSISIWE VILAKAZI (42)
Independent non-executive director
Appointed to the Board in October 2022
A B S

THANDEKA ZONDI-MTHEMBU (44)
Independent non-executive director
Appointed to the Board in December 2025
A G I R

Ages and committee memberships reflected at 31 March 2026.

GR Full details of directors' qualifications and directorships are included from page 46

Membership of Board committees

- A Audit Committee
- B Business Operations Performance Committee
- G Governance and Strategy Committee
- H Human Capital and Remuneration Committee
- I Investment and Finance Committee
- R Risk Committee
- S Social, Ethics and Sustainability Committee
- Denotes chair of a committee

Board of Directors at 31 March 2026 *continued*

Demographics

8 ACI males

6 ACI females

1 White male

ACI refers to African, Coloured and Indian population groups.

Skills and experience

Extensive coverage

- Governance and ethics
- Strategy and risk management

Strong coverage

- Engineering, science and technology
- Financial reporting, audit and controls
- Funding and capital allocation
- Information and operational technology
- People management, health and safety
- Stakeholder relations and change management

Good coverage

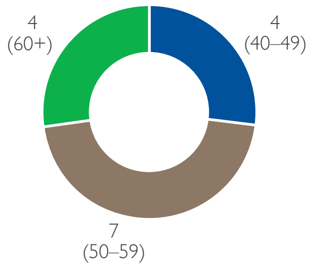
- Climate change and environment
- Infrastructure and project management
- Legal and compliance
- Operations and maintenance

Specialist expertise

- Economics and regulation

10–15 directors | 7–9 directors | 4–6 directors | 1–3 directors

Age diversity



Board meetings

14 Board meetings held | **95%** attendance

Total number of Board and Board committee meetings held

78 (2025: 78)

Board training and other engagements

During the year, directors participated in targeted training and engagements to deepen their understanding of Eskom's strategic, regulatory and operating environment. Focus areas included a Board strategy workshop, AI transformation in the power and utilities sector, the JSE's Debt and Specialist Securities Listings Requirements, as well as site visits to Eskom's Research, Testing and Development facilities and NTCSA's National Control Centre. Following the Board transition, structured induction sessions were held for the incoming directors, together with a briefing with the Minister of Electricity and Energy. These engagements supported informed Board oversight of Eskom's strategic direction, operations, digitalisation plans, transition pathways as well as environmental, social and governance (ESG) sustainability matters, while reinforcing alignment with the shareholder's strategic intent.

Demographic information reflected at 31 March 2026. Meeting and attendance statistics refer to the full year and include both the outgoing Board and the reconstituted Board.

Executive Management Committee at 31 March 2026

DAN MAROKANE (54)
Group Chief Executive
Appointed to Exco in March 2024
7 years in Eskom
(including 2010 to 2015)

CALIB CASSIM (54)
Group Chief Financial Officer
Appointed to Exco in July 2017
24 years in Eskom

ROMAN CROOKES (53)
Group Executive: Group Capital
Appointed to Exco in November 2024
17 years in Eskom
(including 1999 to 2016)

LEONARD DE VILLIERS (69)
Chief Technology and Information Officer
Appointed to Exco in November 2024
1 year in Eskom

NONTOKOZO HADEBE (48)
Group Executive: Strategy and Sustainability
Appointed to Exco in November 2024
1 year in Eskom

DR CANDICE HARTLEY (45)
Chief People Officer
Appointed to Exco in March 2025
1 year in Eskom

Ages and years of service reflected at 31 March 2026.

GR Full details of Exco members' qualifications and directorships are included from page 48

AGNES MLAMBO (55)
Acting Group Executive: Distribution
Appointed to Exco in August 2025
18 years in Eskom

PORTIA MNGOMEZULU (50)
Group Executive: Corporate Services
Appointed to Exco in November 2024
1 year in Eskom

RIVONINGO MNISI (44)
Group Executive: Renewables
Appointed to Exco in February 2025
1 year in Eskom

BHEKI NXUMALO (57)
Group Executive: Generation
Appointed to Exco in June 2023
29 years in Eskom

ALFRED SEEMA (53)
Group Executive: Strategic Delivery
Appointed to Exco in December 2024
1 year in Eskom

Executive Management Committee at 31 March 2026 *continued*

Demographics

5 ACI males

4 ACI females

2 White males

ACI refers to African, Coloured and Indian population groups.

Skills and experience

Extensive coverage

- People management, health and safety
- Stakeholder relations and change management
- Strategy and risk management

Strong coverage

- Engineering, science and technology
- Funding and capital allocation
- Governance and ethics
- Infrastructure and project management
- Operations and maintenance

Good coverage

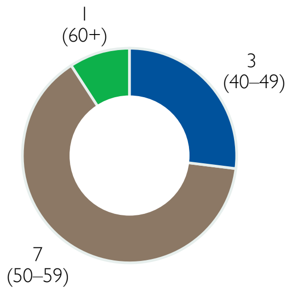
- Climate change and environment
- Financial reporting, audit and controls
- Information and operational technology

Specialist expertise

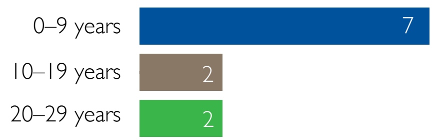
- Economics and regulation
- Legal and compliance

9–11 members
7–8 members
4–6 members
1–3 members

Age diversity



Years of service



Exco meetings

82% attendance

Number of Exco meetings held

21 (2025: 14)

Demographic information reflected at 31 March 2026. Meeting and attendance statistics refer to the full year.

Changes in executive management

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

IR Exco is supported by several subcommittees, which are shown under "Who we are and what we do – Overview of the group" of the integrated report

The following Exco changes took place during FY2026 and after year end:

- The NTCSA board approved the secondment of Monde Bala, previously Group Executive: Distribution, to the role of interim CEO of NTCSA from 1 August 2025. He was subsequently appointed as CEO of NTCSA from 1 October 2025 and no longer serves as a member of Exco
- Agnes Mlambo served as acting Group Executive: Distribution from 1 August 2025 to 31 May 2026
- Junaid Munshi was appointed as Group Executive: Distribution from 1 June 2026 following an executive recruitment process
- Jerome Mthembu, Head of Legal and Compliance, assumed the role of Group Executive: Legal, Compliance and Regulation from 1 June 2026 to ensure continuity and strengthen coordination across these interdependent functions; he became a member of Exco from that date (previously served as a permanent invitee to Exco)

Exco is supported by the following permanent invitees: Tembela Kulu, General Manager: Investigations and Security; Ureka Rangasamy, Chief Audit Executive; and Mlawuli Manjingolo, Group Company Secretary. The group executives for Generation and Distribution serving on Exco also serve as the divisional managing directors of their respective divisional operational boards within the Eskom company until the separate subsidiaries commence trading.

Going forward, our Exco structure will be expanded to include a Chief Risk Officer (CRO) to strengthen governance and oversight of risk across the group. The CRO will be accountable for the consolidated enterprise risk profile and forward-looking risk intelligence to inform strategy, capital allocation, funding decisions and performance management for Exco, the Board and the shareholder.

After serving Eskom for 24 years, including one year acting as GCE, Calib Cassim will be retiring from his role as Group Chief Financial Officer (GCFO) in FY2027. The Board is managing the recruitment process for the incoming GCFO with a clear schedule and timelines, with the aim of having the successful candidate take office before the end of the 2026 calendar year. To facilitate a smooth transition, the Board is targeting a handover of up to three months between Calib and the incoming GCFO.

Driving value creation through good governance

OVERVIEW OF THE BOARD'S STRUCTURE

The Board is supported by seven committees, established to assist it in discharging its oversight responsibilities. The Board delegates authority to its committees through approved terms of reference, which define each committee's composition, mandate, roles and responsibilities; however, the Board retains overall accountability for the exercise of its powers and for Eskom's strategic direction, governance and performance. The terms of reference are reviewed annually to ensure continued alignment with Eskom's governance framework, strategic priorities and applicable legislative and regulatory requirements.

Committees report to the Board on key decisions and activities, enabling the Board to consider the views of its individual committees when making decisions. Where required by the delegation of authority, the Board approves recommendations from its committees.

Following the reconstitution of the Board in December 2025, the composition of the Board's committees was reorganised to enable enhanced governance oversight and to support the effective functioning of each committee, with an appropriate balance of skills, experience and diversity.

The Board committees and their oversight focus are summarised below.

Audit Committee

Chair: Thandeka Zondi-Mthembu

6 members | **11** meetings
100% independent | **99%** attendance

Oversight focus
Financial and non-financial reporting, internal controls, audit outcomes, combined assurance, forensic oversight and compliance management

Value creation
Strengthens confidence in Eskom's reporting integrity, control environment and responsible stewardship of public resources

Business Operations Performance Committee

Chair: Clive le Roux

6 members | **8** meetings
100% independent | **84%** attendance

Oversight focus
Operational and technical performance, reliability of electricity supply, production targets, security of primary energy resources and operational risks

Value creation
Supports improved operational reliability, generation and network sustainability, and delivery against Eskom's Corporate Plan and shareholder compact commitments

Governance and Strategy Committee

Chair: Mteto Nyati

7 members | **9** meetings
100% independent | **91%** attendance

Oversight focus
Governance frameworks, long-term strategy, group restructuring and subsidiary governance, stakeholder interventions and Board effectiveness

Value creation
Guides Eskom's strategic direction, governance maturity and institutional transformation to support long-term sustainability

Human Capital and Remuneration Committee

Chair: Sharmila Govind

6 members | **12** meetings
100% independent | **97%** attendance

Oversight focus
Human capital strategy, organisational structure, succession planning, performance management, culture and remuneration policies

Value creation
Supports leadership continuity and performance, workforce skills and capability, ethical culture, organisational effectiveness, and fair and responsible remuneration

Investment and Finance Committee

Chair: Bajabulile Tshabalala

6 members | **13** meetings
100% independent | **95%** attendance

Oversight focus
Financial performance, financial planning, capital programmes, borrowing requirements, liquidity, procurement strategies, investment decisions and major commercial transactions

Value creation
Supports the group's financial sustainability, optimal capital structures, disciplined capital allocation, funding resilience, and effective oversight of procurement strategies and major investment decisions

Risk Committee

Chair: Dr Tsakani Mthombeni

6 members | **5** meetings
66% independent | **89%** attendance
includes 2 executive directors

Oversight focus
Eskom's overall risk profile, risk appetite, enterprise resilience and oversight of risk management across all strategic, operational, financial and compliance risks

Value creation
Enhances resilience by ensuring that material risks and opportunities are identified and effectively managed in support of Eskom's strategic priorities

Social, Ethics and Sustainability Committee

Chair: Tshokolo Nchocho

6 members | **6** meetings
100% independent | **96%** attendance

Oversight focus
Ethics, corporate citizenship, social responsibility, health and safety, environmental and climate accountability, stakeholder engagement and oversight of group sustainability-related matters

Value creation
Promotes ethical leadership, responsible business conduct, sustainability performance and stakeholder trust

Committee chairs and membership are reflected at 31 March 2026. Meeting and attendance statistics refer to the full year and include both the outgoing Board and the reconstituted Board.

Driving value creation through good governance *continued*

All Board committees are chaired by independent non-executive directors. When required, the GCE, GCFO and other members of executive management attend committee meetings as officials. The GCE and GCFO are members of the Risk Committee to support integrated oversight of enterprise risks; however, the committee maintains oversight by a majority of independent non-executive directors.

GR Refer to the reports by the Board and its committees from page 15, covering the composition, purpose, activities and future focus areas of each committee

BOARD ACTIVITIES AND FOCUS AREAS

During the year, the Board focused on matters essential to Eskom's operational and financial sustainability, governance maturity and long-term strategic positioning within the evolving electricity supply industry. Many of the matters considered by the Board were reviewed in detail by its committees before being recommended to the Board for noting or approval, enabling focused oversight while preserving collective Board accountability.

Board focus	Value created or preserved during the year
Leadership continuity	Strengthened leadership continuity, Board effectiveness and organisational capability to support Eskom's transition
Operational reliability	Sustained the recovery momentum and maintained focus on electricity supply reliability and infrastructure resilience to support energy security
Financial sustainability	Supported improved financial results and cost discipline while maintaining focus on financial sustainability risks, including the regulated tariff path, declining sales, arrear municipal debt and the group's capital structure
Energy transition	Supported investment pathways for network expansion, energy storage, private sector participation and new generating capacity opportunities
Market reform	Guided legal separation and market reform to adequately position Eskom in the evolving electricity industry
Governance remediation	Reinforced audit recovery, PFMA compliance and the control environment, and maintained focus on efforts to address criminality and misconduct
Stakeholder alignment	Enhanced transparency with stakeholders as well as alignment with shareholder expectations, Government priorities and national energy reform

In line with the Board's priorities communicated in our 2025 integrated report, together with external developments in the operating context during the year under review, the Board's key focus areas centred on the following five areas of value creation.

DRIVING OPERATIONAL RELIABILITY AND FINANCIAL PERFORMANCE THROUGH GOVERNANCE-LED EXECUTION, WITH SHAREHOLDER SUPPORT

During FY2026, the Board continued to oversee the stabilisation of Eskom's operational performance and the positive financial outcomes linked to that recovery. The improvement in generation performance created a more stable operating environment, and the Board expects that this progress must become structural rather than temporary.

Therefore, the Board remained actively engaged on the credibility and robustness of management's recovery plans, ensuring that operational targets and initiatives were aligned with shareholder expectations. Through its committees, the Board considered operational performance across Generation, NTCSA and Distribution, including system adequacy, generation reliability, network performance, operational risks and the root causes of loadshedding incidents recorded in April and May 2025. These deliberations ensured that the operational recovery is supported by appropriate governance, performance monitoring and clear accountability to sustain progress.

The Board also reflected on the broader enablers of operational performance, being our people, plant, processes and systems. It considered performance management, infrastructure investment, network modernisation, digitalisation and information technology projects, customer centricity, as well as initiatives to improve service delivery and operational efficiency. These included measures taken to reduce non-technical energy losses, strengthen revenue protection, improve network reliability as well as limit load reduction experienced by customers in areas affected by infrastructure overloading, illegal connections, electricity theft and meter tampering.

Looking ahead, the reconstituted Board will continue to focus on the capabilities required to move Eskom from mere operational stability to operational excellence. The objective will be to build on the gains achieved to date and to sustain generation performance improvements, turn around network performance and accelerate infrastructure investment, digitalisation and customer centricity. Maintaining leadership stability, building a capable, transition-ready workforce and continuing to foster a high-performance, ethical culture are essential to sustaining improved performance. Together, these support disciplined execution, strengthen accountability and ensure Eskom has the leadership and workforce capability required to deliver on its mandate.

SECURING LONG-TERM FINANCIAL AND STRUCTURAL SUSTAINABILITY

The Board's financial oversight during FY2026 was shaped by the need to improve Eskom's short-term financial position while addressing deeper structural pressures. Government's debt relief has supported liquidity and operational gains which, in turn, have contributed to improved financial outcomes; however, the debt relief package is approaching conclusion, and Eskom remains exposed to significant challenges that threaten its standalone long-term financial sustainability. The Board maintained regular oversight of the group's financial results, capital structure, investments needed to maintain and expand infrastructure, as well as liquidity and funding plans. Furthermore, the Board considered financial assumptions and the outlook to assess Eskom's ability to continue operating as a going concern.

Driving value creation through good governance *continued*

The Board engaged regularly on matters related to Eskom's financial sustainability, including NERSA's revenue determinations and related court processes, the tariff path and tariff structures, the impact of declining sales and proposals for load retention pricing arrangements, compliance with the debt relief conditions, as well as initiatives driven through the Cost Optimisation and Revenue Enhancement (CORE) programme. Municipal arrear debt remains one of the most critical risks to Eskom's financial sustainability – the Board considered performance of the municipal debt relief programme, implementation of distribution agency agreements and related processes, as well as Eskom's enhanced credit control measures, which include the application of processes under the Promotion of Administrative Justice Act, 2000 (PAJA) to limit or terminate supply to defaulting municipalities. The Board also engaged with National Treasury and the shareholder on these matters.

For the reconstituted Board, the focus on financial sustainability will remain inseparable from structural reform. The Board recognises that tariff increases alone are not sustainable or affordable for customers; therefore, enhancing revenue outcomes will depend on diversifying revenue streams in a reformed electricity market, retaining and growing sales while strengthening collection efforts, and improving tariff structures. The Board will continue to oversee progress of the CORE programme to optimise Eskom's cost base and deliver efficiencies in a sustainable manner, together with initiatives to further strengthen the balance sheet towards a sustainable long-term capital structure. The Board will be focused on interventions to resolve municipal arrear debt on a structural basis through continued engagement with government departments and key stakeholders.

DRIVING PUBLIC VALUE, ENVIRONMENTAL STEWARDSHIP AND A JUST TRANSITION

Eskom's long-term relevance depends on its ability to balance energy security, affordability and decarbonisation in a practical and responsible way. During FY2026, the Board considered future energy pathways, environmental obligations, environmental and operational sustainability, and the role Eskom must play in supporting South Africa's energy transition without compromising security of supply.

The Board's oversight included Eskom's Just Energy Transition (JET) and ESG plan, climate change strategy, environmental performance, compliance with Minimum Emission Standards, the responsible transition of Eskom's coal-fired power stations, as well as liabilities relating to mine closure, environmental rehabilitation and nuclear decommissioning. These sustainability matters are embedded in decisions about the performance of the existing asset base, capital allocation, funding and long-term system planning.

Eskom will continue to operate and improve the performance of its existing asset base while investing in new technologies, delivering projects and pursuing partnerships that support a more sustainable electricity system over time. The Board's focus will include emissions-reduction initiatives, ensuring a just transition for Eskom's assets, and development of renewable energy, gas, storage and nuclear capacity opportunities consistent with South Africa's Integrated Resource Plan 2025.

TRANSITIONING THE BUSINESS MODEL AND ADAPTING THE ORGANISATIONAL STRUCTURE AMID MARKET REFORM

During FY2026, the Board continued to guide Eskom's positioning within a changing electricity industry. Eskom's legal separation, the establishment of the Transmission System Operator, readiness for the South African Wholesale Electricity Market (SAWEM) and the broader reform of the electricity supply industry are reshaping Eskom's future role.

The Board's oversight was aimed at maintaining strategic alignment across the group while enabling Eskom to adapt to a more competitive and diversified market. The Board considered progress, options and pathways for Eskom's legal separation, to ensure that it remains aligned with national policy. It also considered regulatory developments, the implementation of trading agreements, restructuring of tariffs to better reflect the underlying component costs of electricity, implementation of distribution agency agreements, and legal and regulatory developments relating to distribution licences issued by NERSA to private entities.

The Board's oversight extended to future growth and investment opportunities, including the establishment of Eskom Green SOC Ltd, private sector participation models, the funding of new generating and storage capacity, as well as transmission network expansion. The Board also continued to participate in Government-led market reform initiatives, including the work of the Presidency's Eskom Restructuring Task Team, which was formed in March 2026 to evaluate options for the establishment of an independent Transmission System Operator. While supporting the objectives of industry reform, the Board has emphasised the need for any future market model to be legally robust, financially sustainable and operationally practical to support the long-term stability of both Eskom and the broader electricity supply industry. These matters were considered in the context of a future electricity market that will be more competitive, more diversified and more dependent on partnerships – one that must ultimately deliver reliable and affordable electricity for customers.

For the reconstituted Board, redefining Eskom's business model, group structure and market role within the evolving electricity supply industry remains a strategic priority. The Board will ensure that this transition is implemented in a way that supports transparency, financial sustainability, operational continuity and the public interest. Key to this will be diversifying revenue streams in preparation for market reform and responding to regulatory developments, including supporting an appropriate long-term electricity pricing framework for South Africa that balances Eskom's financial sustainability with customer affordability.

REBUILDING TRUST, INTEGRITY AND TRANSPARENCY

The Board recognises that Eskom's recovery cannot be measured through operational and financial indicators alone, but also through our relationships with stakeholders. Rebuilding trust in Eskom is dependent on visible progress in governance, controls, accountability and ethical conduct.

The Board monitored progress of the audit recovery programme, the status of reportable irregularities raised by the external auditors and improvements in PFMA compliance.

The action plans to address reportable irregularities raised in previous years remained a focus area. Four reportable irregularities reported from 2022 to 2025 were closed due to improvements in the related control environments. These relate to (i) failure to fulfil certain duties relating to investigations, (ii) incomplete or inaccurate financial records as required by the PFMA and Companies Act, (iii) investigations and consequence management which were not conducted timeously in line with the PFMA and related regulations, as well as (iv) submission of incomplete or inaccurate draft financial statements for audit. It is acknowledged that the outstanding reportable irregularities will remain open until all related aspects are concluded as it takes time to resolve environmental compliance matters.

AFS Further details on reportable irregularities, including actions taken and the status of each matter, are discussed in note 53 in the financial statements

During the year, the Board approved the supplier integrity policy, thereby strengthening the governance framework for supplier conduct, accountability and consequence management. Through its committees, the Board considered feedback on the group's combined assurance model, internal control environment, forensic investigations, supplier disciplinary processes, crime-related matters, as well as physical and cyber-security risks and performance.

Eskom's ability to sustain its turnaround depends on stronger control execution, transparent reporting, effective consequence management and the prevention of recurring ethical and compliance failures. The reconstituted Board will assess the maturity of combined assurance processes and will focus on audit remediation, further strengthening the internal control environment, enhancing procurement governance and improving compliance. The Board will continue to oversee management's efforts in addressing crime, fraud and corruption through stronger prevention, earlier detection, faster investigation and more effective consequence management.

Driving value creation through good governance *continued*

Furthermore, Eskom's long-term value creation depends on sustained engagement with the shareholder, Government, regulators, customers, funders, employees, trade unions and other key stakeholders. The Board will continue to play a critical role in ensuring that Eskom's strategy, performance and transition remain aligned with the shareholder's strategic intent, as well as national energy policy and the expectations of our stakeholders.

ENABLING THE TRANSITION TO A NEW BOARD

The reconstituted Board assumed its responsibilities at an important time in Eskom's journey. The outgoing Board handed over an organisation that is significantly more stable than it was at the start of the Board's term, with improved operational performance, strengthened governance structures, a clearer pathway to reform and a more mature understanding of the capabilities required to sustain progress.

FY2023 to FY2025	FY2026	FY2027 and beyond
Recovery and stabilisation	***Embedding discipline toward reliability and preparing for transition***	***Long-term sustainability and transformation***
Urgently addressed the energy crisis and restored operational stability, rebuilt governance foundations, progressed legal separation and strengthened leadership	Sustained operational improvements, strengthened financial position, stabilised leadership, guided transitional pathways, and reinforced compliance, accountability and audit recovery	Continue to lead the transition from operational stability to operational excellence, drive long-term financial sustainability, support infrastructure investment and reshape Eskom for long-term value creation amid market reform and the evolving electricity supply industry

The Board recognises that Eskom remains in transition. Our task is therefore to move Eskom from recovery to resilience by embedding the gains achieved, addressing the structural challenges that remain and positioning Eskom for a more competitive, diversified and sustainable electricity market. This next phase will require disciplined execution and sustained focus on long-term financial, operational and structural sustainability, which cannot be achieved without continued stakeholder support.

EVALUATING THE BOARD'S PERFORMANCE

The Board is committed to sound governance practices, adopting the principles of the King Code on Corporate Governance for South Africa and the Protocol on Corporate Governance in the Public Sector, 2002. Accordingly, Eskom conducts formal evaluations of the Board, its committees and individual directors to support continued improvement in board performance. Eskom has historically conducted board evaluations annually, despite the King Code recommending formal evaluations every second year, reflecting the Board's commitment to continuous improvement and accountability. The results of board evaluations are submitted to the shareholder for its consideration.

During the year, the outgoing Board commissioned an independent evaluation relating to its performance over FY2025, with the aim of reflecting on governance practices, identifying areas for improvement as well as strengthening leadership and oversight for the reconstituted Board. The independent evaluation was conducted by FluidRock Governance Group (Pty) Ltd, and the report was submitted to the Board in November 2025, prior to the induction of the incoming Board members.

The evaluation considered the Board's overall effectiveness across key governance dimensions as well as performance of the Board and the Chairman; Board committees and their chairs; the Group Company Secretary, GCE and GCFO; and included director peer review processes. The evaluation was conducted through questionnaires and interviews, with individual responses treated confidentially.

The FY2025 evaluation was conducted in the context of Eskom's complex operating environment as a state-owned company with a dual commercial and social mandate, significant regulatory obligations and major strategic priorities, including stabilisation of the business, legal separation and the energy transition. FluidRock noted that these contextual factors should be considered when interpreting the findings and recommendations.

This independent evaluation followed the Board's self-assessment for FY2024 facilitated by the Office of the Company Secretary, which found that the Board was generally effective, while identifying areas requiring targeted improvement, including access to external professional advice, the quality and timeliness of submissions to the Board and its committees, and the need to reduce the Board's involvement in operational matters to enable greater focus on strategic oversight.

OVERALL OUTCOME

The results of the evaluation indicated a high level of Board effectiveness, with the Board achieving an overall score of 3.3 out of 4. The Board was satisfied with its performance across most governance dimensions, with strong alignment to governance principles.

Overall Board effectiveness	3.3
Role of the Board	3.7
Board composition and structure	3.3
Culture and dynamics	3.3
Board committees	3.2
Board processes and procedures	3.1

Average ratings (out of 4) across each dimension.

The ratings indicate that all themes achieved an average rating above the satisfactory level of 3. The strongest-rated theme was the role of the Board, reflecting confidence in the Board's ability to fulfill its mandate, provide strategic direction and uphold ethical leadership. The lowest-rated theme was Board processes and procedures, reflecting the need to improve the flow of information and quality of submissions to the Board and review committee mandates, workplans and delegations of authority.

KEY STRENGTHS IDENTIFIED

- Strong commitment to ethical leadership and accountability
- Constructive Board culture and unity
- Diverse skills, experience and perspectives
- Improved relationship between Board and management
- Formal governance structures and committee support

The evaluation highlighted several strengths in the Board's functioning, with FluidRock noting a high degree of trust, respect and unity within the boardroom, particularly among non-executive directors. This was identified as an important foundation for effective functioning of the Board.

The evaluation also highlighted the strong commitment of directors to Eskom, and to ethical leadership and accountability. Directors were recognised for their dedication to the organisation and public service, as well as for their awareness of the Board's role in providing effective oversight and setting the appropriate strategic direction.

Board composition was acknowledged as a strength, particularly in relation to diversity, skills, experience and qualifications.

Driving value creation through good governance *continued*

FluidRock noted that the Board demonstrated diversity in professional backgrounds, race and gender, contributing to a balanced and inclusive boardroom.

The evaluation further noted visible progress in strengthening the relationship between the Board and management during FY2025. The Chairman and GCE were identified as having played an important role in supporting this improvement, although the report also noted that further work remained necessary.

The Board was also recognised as operating within a formalised governance framework, supported by structured governance processes, mandates, workplans and policies. Board committees were identified as providing important support to the Board in fulfilling its responsibilities.

AREAS REQUIRING CONTINUED IMPROVEMENT

- Board and committee composition and skills
- Committee coordination and mandate clarity
- Information flow and quality of submissions to the Board
- Stakeholder engagement
- Subsidiary governance
- Tracking of Board improvement actions

While the evaluation confirmed that the Board was functioning effectively overall, it also identified areas requiring continued attention.

Board composition and skills – particularly the need to address vacancies and strengthen expertise in areas such as technology, cyber security and corporate finance – was a particular concern of the outgoing Board given that it was not fully constituted with 15 directors at the time. The potential disruption caused by tenure and rotation practices was further highlighted as a matter requiring consideration.

As mentioned, FluidRock noted concerns relating to the flow of information to the Board and its committees, delegations of authority, workplans and agendas, time management, the number of meetings and the quality and timeliness of submissions.

The evaluation also identified the need to enhance coordination between Board committees. FluidRock noted recurring observations regarding overlap between committee mandates, duplication of submissions, committee coordination and the need for more focused information flow between committees and the Board.

Stakeholder engagement was highlighted as an area for further strengthening. FluidRock recommended that the Board develop a more focused stakeholder engagement strategy and plan to improve relationships and trust with key stakeholders.

Subsidiary governance was identified as another important improvement area. The evaluation recommended that Eskom further strengthen its subsidiary governance framework to ensure appropriate governance and oversight of subsidiaries.

COMMITTEE EVALUATION OUTCOMES

The FY2025 evaluation also considered the effectiveness of Board committees, with all committees achieving ratings above the satisfactory level. The Human Capital and Remuneration Committee and the Governance and Strategy Committee achieved the highest overall committee ratings. FluidRock noted that Board committees provide valuable support to the Board, but that committee structure, composition, information flow, coordination and overlap between committees should receive further attention, as discussed above.

Overall committee average	**3.46**
Audit Committee	3.3
Business Operations Performance Committee	3.3
Governance and Strategy Committee	3.7
Human Capital and Remuneration Committee	3.7
Investment and Finance Committee	3.4
Risk Committee	3.4
Social, Ethics and Sustainability Committee	3.4

Average ratings (out of 4) across each committee.

KEY RECOMMENDATIONS

FluidRock made several recommendations to support the Board's continued effectiveness. These included addressing information architecture and process issues to improve the flow of information and decision-making efficiency; reviewing mandates, workplans and delegations of authority; and convening a workshop aimed at strengthening committee functioning and alignment with the Board's strategic objectives.

The report also recommended engagement with the shareholder representative regarding the Board's tenure, rotation of members and vacancies, given the importance of maintaining continuity and filling board vacancies timeously. Following the conclusion of this evaluation in November 2025, the reconstituted Board commenced its term from December 2025.

FluidRock recommended formalising processes to facilitate the Board's proactive involvement in its composition, including proposing amendments to Eskom's memorandum of incorporation and the mandate of the Governance and Strategy Committee.

As noted earlier, additional recommendations included developing and implementing a focused stakeholder engagement strategy, strengthening the subsidiary governance framework and convening a facilitated leadership workshop between the Board and the executive team to strengthen alignment, trust and behavioural expectations.

EXECUTING THE BOARD IMPROVEMENT PROGRAMME

Given the transition to the new Board during the latter part of FY2026, no Board evaluation will be conducted relating to FY2026. The focus for the coming year will be on monitoring and tracking the implementation of recommendations arising from the FY2025 independent evaluation through an approved Board Improvement Programme. Progress will be reported through existing governance structures to support sustained improvement, strengthen Board and committee effectiveness and maintain alignment with the Board and shareholder's expectations.

The Board remains committed to enhancing internal structures and processes to support its strategic oversight role. The Board Improvement Programme will focus on strengthening the effectiveness of the Board and its committees, improving information flow and decision-making processes, enhancing committee coordination, supporting alignment between management and the Board, and ensuring that governance structures remain fit for purpose as Eskom continues its transition.

Report by the Board

for the year ended 31 March 2026

Directorship and attendance	
Number of meetings	**14**
Attendance	**95%**

Membership at year end	
Mteto Nyati (Chairman)	14/14
Dan Marokane (GCE)	13/14
Calib Cassim (GCFO)	13/14
Bajabulile Tshabalala (Lead Independent Director)[1]	5/5
Dr Andrew Barendse[1]	5/5
Dr Kgaugelo Chiloane[1]	5/5
Lwazi Goqwana	13/14
Sharmila Govind[1]	5/5
Clive le Roux	14/14
Dr Dimakatso Matshoga[1]	5/5
Dr Tsakani Mthombeni	13/14
Tshokolo Nchocho[1]	5/5
Prof. Vuyo Peach[1]	5/5
Dr Busisiwe Vilakazi	13/14
Thandeka Zondi-Mthembu[2]	3/5
Former members[3]	
Fathima Gany	9/9
Ayanda Mafuleka	9/9
Leslie Mkhabela (former LID)	9/9
Bheki Ntshalintshali	9/9
Tryphosa Ramano	7/9
Dr Claudelle von Eck	9/9

1. Appointed from 1 December 2025.
2. Appointed from 5 December 2025.
3. Term ended on 30 November 2025.

GR For detailed meeting attendance across all committees, refer to page 50

PURPOSE

The Board fulfils the primary roles and responsibilities of a governing body outlined in the Companies Act, 2008, the Public Finance Management Act, 1999 (PFMA) and the principles of King IV by:

- Setting the strategic direction of the organisation and integrating strategy, risk, performance and sustainability as interdependent pillars of value creation
- Providing oversight through an effective governance framework and approving key policies, plans and initiatives that enable the effective execution of Eskom's strategy
- Monitoring management's performance and strategic delivery, ensuring accountability and promoting integrity of organisational reporting
- Overseeing the identification and management of compliance requirements and enterprise risks, supported by an effective internal control environment and a risk-based combined assurance model
- Fostering a high-performance, ethical culture aligned to Eskom's values and the Board's ethics manifesto to ensure Eskom operates as an ethically, socially and environmentally responsible corporate citizen

KEY ACTIVITIES DURING THE YEAR

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

- Group annual financial statements, prepared on a going concern basis, together with the integrated report, sustainability report and National Treasury consolidation pack
- Group interim financial statements and accompanying performance commentary
- Progress on the implementation of initiatives to address audit findings, including Eskom's audit recovery programme and the status of reportable irregularities
- Addendum to the FY2026 shareholder compact
- Quarterly shareholder reports submitted to the shareholder, covering the group's performance against the shareholder compact, compliance with Government's debt relief conditions and other strategic matters for the shareholder's attention
- GCE, GCFO, Board committee and business performance reports for the relevant reporting periods
- Terms of reference of the recently separated Audit Committee and Risk Committee, together with amendments to Eskom's MOI and delegation of authority
- Board's continuous development programme, which was considered alongside the Board's performance evaluation report and King IV application register for FY2025
- Assessment of the outgoing Board's impact over its three-year term, together with the handover report to the reconstituted Board
- Board induction programme, annual meeting calendar and revised composition of Board committees
- Directors' remuneration and salary adjustments for executive management
- Eskom's Risk and Resilience Plan and quarterly risk and resilience reporting, including feedback on the root causes of loadshedding incidents in April and May 2025
- Feedback on Eskom's interventions to address criminality and misconduct
- Approval of the supplier integrity policy, which strengthened the governance framework for supplier conduct, accountability and consequence management
- PFMA application for the establishment of Eskom Green SOC Ltd as a subsidiary of Eskom Holdings SOC Ltd
- Progress, options and pathways for Eskom's legal separation, readiness for the South African Wholesale Electricity Market (SAWEM) and trading agreements between NTCSA and Eskom's Generation and Distribution divisions
- Commercial and funding matters, including the debt buy-back strategy and long-term nuclear decommissioning funding arrangements
- Implementation of distribution agency agreements, NECOM's work to reform the electricity distribution industry and feedback on the legal dispute relating to distribution licences issued by NERSA to private entities
- Implications of the Integrated Resource Plan 2025 and the extension of the Emergency Generation Programme
- Considerations around the sale of nuclear energy attributes as an opportunity for Eskom customers to reduce their carbon emissions
- Private sector participation model and funding of renewables

Report by the Board *continued*

- Conclusion of power purchase agreements under bid window 3 of the Battery Energy Storage Independent Power Producer (IPP) Programme and bid window 7 of the Renewable Energy IPP Programme
- Execution release approvals for key transmission network infrastructure projects and the distributed battery energy storage project
- Network modernisation and information technology projects
- Richards Bay gas-to-power project heads of agreement for a liquefied natural gas import terminal
- Short-term pricing intervention and load retention pricing proposal for industrial smelter customers facing economic hardship
- Feedback on the Cost Optimisation and Revenue Enhancement (CORE) programme
- Human capital workforce skills plan
- Submission to the shareholder of Eskom's Corporate Plan for FY2027 to FY2031 and the proposed FY2027 shareholder compact

FUTURE FOCUS AREAS

The Board has identified the following priority focus areas, which will continue to be driven through the activities of its committees:

- Sustaining leadership stability and strengthening the leadership pipeline, investing in human capital and embedding a high-performance, ethical culture, and reinforcing transformation across the group
- Driving operational improvements and long-term system reliability to support the transition from crisis response to sustainable operational excellence, with continued oversight of generation and network performance, technical and non-technical energy losses, energy security, digitalisation and environmental compliance
- Enhancing customer centricity and eliminating load reduction to affected communities
- Advancing environmental sustainability and technology pathways, including existing emissions-reduction initiatives, as well as research and development into technologies to reduce emissions from coal-fired power stations and the responsible transition of Eskom's asset base
- Monitoring strategic execution of major capital projects and related risks
- Securing Eskom's financial sustainability, with focused attention on reducing municipal arrear debt; supporting tariff reforms and an affordable long-term tariff path; addressing the declining sales trend by pursuing load retention opportunities and developing new revenue streams; overseeing the CORE programme; and optimising the group's capital structure and long-term funding requirements
- Advancing the legal separation and positioning Eskom within the evolving electricity supply industry, given market reform initiatives, regulatory developments as well as establishment of the independent TSO and SAWEM
- Enabling private sector participation and investment in transmission network expansion and Eskom Green initiatives, and considering related ownership and corporate structuring options
- Strengthening governance, ethics and supplier integrity, and monitoring effectiveness of the audit recovery programme, the internal control environment and the combined assurance model
- Fighting criminality and misconduct through enhanced prevention, detection, investigation, correction and governance oversight
- Enhancing the coordination, consistency and effectiveness of consequence management across the group
- Reconnecting and engaging with stakeholders to support Eskom's sustainability and long-term value creation


Report by the Audit Committee

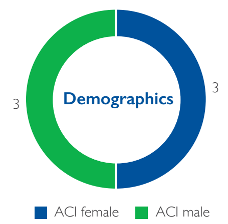
for the year ended 31 March 2026

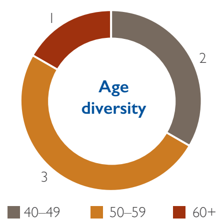
Membership and attendance	
Number of meetings	**11**
Attendance	**99%**

Membership at year end	
Chair: Thandeka Zondi-Mthembu[1]	2/2
Dr Andrew Barendse[2]	2/2
Sharmila Govind[2]	2/2
Tshokolo Nchocho[2]	2/2
Prof. Vuyo Peach[2]	2/2
Dr Busisiwe Vilakazi	10/11
Former members[3]	
Fathima Gany (former chair)	9/9
Ayanda Mafuleka	9/9
Leslie Mkhabela	9/9
Dr Claudelle von Eck	9/9

1. Appointed from 5 December 2025.
2. Appointed from 1 December 2025.
3. Term ended on 30 November 2025.

Representation at year end





Committee's focus	Composition
Financial capital Human capital Intellectual capital	6 members 100% independent non-executive directors GCE and GCFO attend by invitation as officials The Chief Audit Executive and external auditors attend by invitation

PURPOSE

The committee's responsibilities include:

- Performing the statutory responsibilities of an audit committee in accordance with the Companies Act, 2008 and the PFMA, 1999
- Overseeing combined assurance, including internal audit, forensic and external audit activities, as well as financial and non-financial reporting, the control environment and compliance management
- Serving as the statutory audit committee for Eskom's wholly owned subsidiaries, except for Escap SOC Ltd, Nqaba Finance 1 (RF) Ltd and NTCSA, which have their own audit committees. The committee reviews the activities of these subsidiary audit committees in line with Eskom's subsidiary governance framework

KEY ACTIVITIES DURING THE YEAR

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

- Group annual financial statements, integrated report and related documents, going concern and impairment assessments, the status of reportable irregularities and the decision not to declare a dividend for FY2025
- Annual financial statements of Eskom's subsidiaries, together with reports from subsidiary audit and assurance committees
- Feedback from the external auditors on key audit matters, the external audit opinion, management representation letter and audit fees
- Eskom's King IV application register for FY2025
- Group interim financial statements and accompanying performance commentary, including feedback from the external auditor's review
- Audit oversight strategy for the group
- Three-year rolling strategic internal audit plan and annual plans for combined assurance as well as the external audit
- Internal audit charter as well as assessments of the group internal audit operating model and the quality of the Internal Audit Department
- Progress on Eskom's audit recovery programme, including the tracking of external audit findings, audit readiness and strengthening PFMA compliance
- Forensic charter and strategic initiatives of the Group Investigations and Security Department, including security performance, executive protection matters as well as feedback on Eskom's interventions to address criminality and misconduct
- Assurance reviews and investigations into alleged tender and contract irregularities
- Supplier disciplinary policy and quarterly reports on supplier disciplinary processes
- Status updates on actions and recommendations arising from the Standing Committee on Public Accounts (SCOPA) and other parliamentary committee processes
- Oversight of the war rooms established to address vulnerabilities in Eskom's online vending system, initially reported in FY2024, as well as the internal breach of Eskom's financial accounting system which impacted the FY2025 audit, together with related control remediations
- Quarterly shareholder reports submitted to the shareholder, covering the group's performance against the shareholder compact, compliance with Government's debt relief conditions and other strategic matters for the shareholder's attention
- Assessment of the Group Finance Division
- Analysis of NERSA's reasons for decision for MYPD 6
- Municipal debt performance and progress on Eskom's municipal debt management initiatives, including the municipal debt relief programme
- Feedback on the implementation of distribution agency agreements and NECOM's work to reform the electricity distribution industry

The committee provided oversight and regularly considered reports on areas such as internal audit and combined assurance activities; financial performance; Eskom's fraud prevention plan and forensic investigations; information technology governance and performance; PFMA compliance and the Loss Control Function; as well as Acts, Bills, regulations, policies, litigation and other significant legal matters. The committee also held several in-committee meetings to deliberate on confidential and sensitive matters, including those relating to criminality and misconduct, as well as assurance reviews and investigations by law enforcement bodies and external service providers.

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

FUTURE FOCUS AREAS

Focus areas for the coming year include:

- Monitoring implementation of the finance strategy, as well as Eskom's financial sustainability and status as a going concern
- Overseeing the quality of financial reporting as well as the preparation of the financial statements of Eskom and its subsidiaries, the integrated report and related external reporting documents
- Evaluating the effectiveness of the finance function, compliance management and the internal control environment
- Overseeing the enhancement of the capacity and capability of the finance function, including specialist skills and systems and integration with other assurance and control functions
- Assessing the maturity and effectiveness of combined assurance, including overseeing the internal audit function and external audit processes
- Overseeing the enhancement of the capacity and capability of the internal audit function as well as the internal audit group operating model
- Monitoring progress of Eskom's audit recovery programme, including sustainable remediation of audit findings, strengthening of the control environment and improvement in audit readiness
- Exercising oversight of PFMA compliance, reportable irregularities, PFMA loss control processes and management's response to identified weaknesses in the control environment
- Monitoring the implementation of an integrated governance, risk and control (iGRC) platform
- Overseeing Eskom's fraud prevention plan and initiatives to combat criminality and misconduct
- Monitoring the organisation's effectiveness in implementing recommendations from forensic findings, including consequence management and actions to prevent recurrence
- Exercising ongoing oversight of information technology and operational technology matters that affect financial reporting, internal control and cyber-security
- Monitoring municipal arrear debt and related revenue recovery efforts, including progress on distribution agency arrangements and other interventions to strengthen payment discipline

Report by the Business Operations Performance Committee (BOPC)

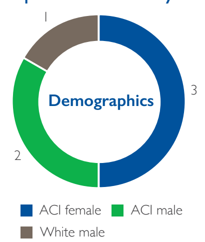
for the year ended 31 March 2026

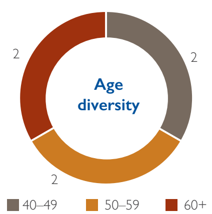
Membership and attendance	
Number of meetings	**8**
Attendance	**84%**

Membership at year end	
Chair: Clive le Roux	8/8
Dr Andrew Barendse[1]	2/2
Lwazi Goqwana	7/8
Dr Dimakatso Matshoga[1]	2/2
Bajabulile Tshabalala[1]	1/2
Dr Busisiwe Vilakazi	8/8
Former members	
Ayanda Mafuleka[2]	4/6
Dr Tsakani Mthombeni[3]	6/6
Tryphosa Ramano[2]	3/6

1. Appointed from 1 December 2025.
2. Term ended on 30 November 2025.
3. Ceased to be a member following the appointment of new directors.

Representation at year end





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

PURPOSE

The committee's responsibilities include:

- Overseeing Eskom's technical performance and operational matters, including safety, security, health, environmental and insurance aspects not within the scope of the Social, Ethics and Sustainability Committee
- Monitoring the adequacy and reliability of electricity supply, including performance against production and supply targets set out in the shareholder compact and Corporate Plan and the performance of the capital expansion plan
- Reviewing progress on strategic production and operational initiatives, including enhancements to measures reported in the Operational Health Dashboard and other operational reports, as well as outcomes from major technical investigations and audits
- Overseeing key production and operational risks, including the effectiveness of mitigation plans, and guiding stakeholder engagement and public communication

KEY ACTIVITIES DURING THE YEAR

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

- Operational performance across Generation, NTCSA and Distribution, including priority risks and progress on the Generation reliability and sustainability plan
- Adequacy of electricity supply, including system outlooks for the summer and winter periods, and root causes of loadshedding incidents that occurred in May 2025
- Generation performance, including the operational reliability and sustainability plan, performance management compacting framework and EAF targets for FY2026
- Regulatory and compliance matters, including atmospheric emission licence requirements and associated legal obligations
- Distribution network performance, including grid modernisation and initiatives to reduce energy losses
- NTCSA performance and key operational priorities, including cyber-security and physical security risks
- Eskom's rolling capital expenditure plan
- Just Energy Transition (JET) and broader clean energy strategies, including renewable energy projects and greenhouse gas pollution prevention initiatives
- IPP grid capacity allocation process
- Eskom's cost optimisation and revenue enhancement (CORE) programme, and key assumptions informing the Corporate Plan for FY2027 to FY2031
- Strategic and operational risks relating to Generation, Distribution and NTCSA, including financial sustainability, municipal arrear debt, electricity theft, cyber-security and operational risks
- System operations, including reserve management protocols and the State of the System presentation ahead of public release
- Innovation and technology initiatives, including microgrid technologies and the digital procurement project
- Independent assurance and governance matters, including the BOPC committee evaluation, forensic catalyst report and assurance review of the coal automated system project.

FUTURE FOCUS AREAS

Focus areas for the coming year include:

- Reviewing technical performance and operational matters, including production, customer service, related corporate procedures, safety, security, health, environmental and insurance matters
- Providing guidance and assurance on production and operational risks, including the adequacy of mitigation measures, as well as the Eskom response to changing production profiles as a result of the increased penetration of non-dispatchable renewables
- Overseeing the Generation Reliability and Sustainability Plan over the short, medium and long term
- Strengthening the reliability of coal-fired power stations, the emphasis on reducing unit trips, improving outage preparation and execution, ensuring spare parts availability and increasing the flexibility of load-follow capability
- Reviewing proposed changes to measures reported in the Operational Health Dashboard, operational reports and any other operational indices
- Assessing system adequacy for the upcoming winter and summer periods
- Tracking progress against production and supply targets set out in the shareholder compact and Corporate Plan
- Overseeing coal, nuclear and renewable primary energy supplies
- Assessing Generation's role in new clean energy initiatives
- Monitoring NTCSA's implementation of the Transmission Development Plan
- Overseeing Distribution's operational performance, including the use of technology and initiatives to reduce technical and non-technical energy losses and eliminate load reduction on affected communities
- Monitoring findings and implementation of recommendations arising from major technical investigations and technical audits

Report by the Governance and Strategy Committee (GSC)

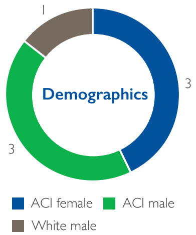
for the year ended 31 March 2026

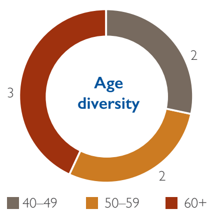
Membership and attendance	
Number of meetings	**9**
Attendance	**91%**

Membership at year end	
Chair: Mteto Nyati	9/9
Sharmila Govind[1]	2/2
Clive le Roux	8/9
Dr Tsakani Mthombeni	9/9
Tshokolo Nchocho[1]	2/2
Bajabulile Tshabalala[1]	2/2
Thandeka Zondi-Mthembu[2]	1/2
Former members[3]	
Fathima Gany	7/7
Leslie Mkhabela	6/7
Bheki Ntshalintshali	7/7
Tryphosa Ramano	6/7
Dr Claudelle von Eck	6/7

1. Appointed from 1 December 2025.
2. Appointed from 5 December 2025.
3. Term ended on 30 November 2025.

Representation at year end





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

PURPOSE

The committee's responsibilities include:

- Guiding implementation of Government directives, roadmaps and policy documents related to the restructuring of Eskom and the electricity supply industry
- Providing recommendations for Eskom's long-term strategy and restructuring initiatives to the Board
- Tracking the execution of Eskom's strategy and recovery plans
- Aligning the strategic direction across Eskom and its subsidiaries, including the future roles of Generation, NTCSA and Distribution
- Leading and promoting key stakeholder interventions to support Eskom's financial sustainability, including initiatives to strengthen the balance sheet
- Reviewing the Board's size, composition, skills, experience and diversity and submitting recommendations to the Board and shareholder
- Facilitating the annual evaluation of the Board, its committees and subsidiary boards and recommending committee structures and director appointments to subsidiary boards

KEY ACTIVITIES DURING THE YEAR

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

- Eskom's corporate strategy, including strategic priorities of the Board and Exco, and outcomes from the Board strategy workshop
- Corporate planning and shareholder compacting processes, including submissions to the shareholder and development of subsidiary shareholder compacts
- Unbundling strategy and progress on the legal separation, including developments relating to Generation, NTCSA and Distribution, and the establishment of a new holding company
- Governance framework enhancements, including amendments to the memorandum of incorporation, subsidiary governance frameworks and committee terms of reference
- Matters relating to Board effectiveness, including the Board evaluation process, Board performance over its term, and Board and committee structures and membership
- Board succession planning and governance-related appointments, including appointments to subsidiary boards and executive leadership roles
- Eskom's organisational structure and developments relating to business models for Generation and Distribution
- Just Energy Transition (JET) and strategic energy initiatives, including clean coal opportunities and renewable energy developments
- Electricity market reforms and tariff unbundling as an enabler of legal separation
- Financial sustainability initiatives, including progress on the Cost Optimisation and Revenue Enhancement (CORE) programme and municipal arrear debt
- Eskom's participation in national strategic platforms, including the G20, and alignment with Government directives and shareholder expectations
- Strategic projects and initiatives, including the Richards Bay gas-to-power project and nuclear procurement in support of the Integrated Resource Plan (IRP) 2025
- Customer centricity initiatives, considering the needs of the customer of the future
- Key governance and compliance matters, including internal policy reviews and oversight of governance processes

FUTURE FOCUS AREAS

Focus areas for the coming year include:

- Positioning Eskom within the evolving electricity supply industry, considering market reform and regulatory developments
- Monitoring and participating in developments relating to the establishment of an independent Transmission System Operator based on recommendations of the Presidency's Eskom Restructuring Task Team, and supporting a sustainable transition
- Monitoring progress on the introduction of SAWEM and the launch of the market operator platform, together with key milestones of Eskom's unbundling strategy, including the establishment of a new Eskom Holdings company
- Considering risks related to the legal separation of the National Electricity Distribution Company of South Africa SOC Ltd (NEDCSA)
- Supporting initiatives to strengthen Eskom's balance sheet, with particular focus on addressing municipal arrear debt
- Overseeing execution of the CORE programme
- Driving increased investment and execution of Eskom Green projects, and considering related ownership and corporate structuring options
- Assisting the shareholder with the implementation of Eskom's Board succession plan

Report by the Human Capital and Remuneration Committee (HCR)

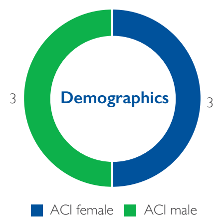
for the year ended 31 March 2026

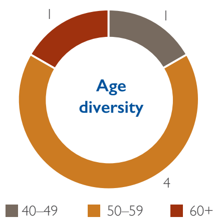
Membership and attendance	
Number of meetings	**12**
Attendance	**97%**

Membership at year end	
Chair: Sharmila Govind[1]	1/1
Dr Kgaugelo Chiloane[1]	1/1
Lwazi Goqwana	11/12
Dr Dimakatso Matshoga[1]	1/1
Tshokolo Nchocho[1]	1/1
Prof. Vuyo Peach[1]	1/1
Former members[2]	
Dr Claudelle von Eck (former chair)	11/11
Fathima Gany	11/11
Ayanda Mafuleka	10/11
Leslie Mkhabela	10/11
Bheki Ntshalintshali	10/11

1. Appointed from 1 December 2025.
2. Term ended on 30 November 2025.

Representation at year end





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

PURPOSE

The committee's responsibilities include:

- Providing oversight of human capital strategy, policies and performance, including labour relations and employment equity
- Fostering a high-performance, ethical culture and considering the ethical implications of matters before the committee
- Assessing the effectiveness of skills development and people management practices
- Ensuring appropriate succession plans are in place for executive directors, senior executives and prescribed officers, and reviewing these annually
- Considering Eskom's organisational structure and making recommendations to the Board
- Overseeing the development and implementation of remuneration policies aligned with Government guidelines, the Board's strategic direction and King IV principles of fair, responsible and transparent remuneration
- Evaluating the effectiveness of performance measurement approaches and the appropriateness of short-term and long-term incentive schemes
- Recommending the appointment, removal and resignation of prescribed officers and senior executives, ensuring these processes are robust and transparent

KEY ACTIVITIES DURING THE YEAR

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

- Eskom's remuneration strategy, including annual remuneration reviews across employee groups
- Remuneration adjustments for the Chairman and lead independent director, and remuneration matters for non-executive directors
- Eskom's rewards strategy and feedback on bargaining unit wage negotiations with recognised trade unions
- Short-term and long-term incentive matters, including the FY2025 STI payout and approval of the FY2026 STI scheme
- Quarterly human capital performance, including divisional reports for Generation, Distribution, NTCSA and Eskom Rotek Industries
- Progress on the Human Resources Division's strategic priorities and focus areas
- Ongoing culture initiatives and the organisational culture review programme
- Organisational design programme for the Eskom group
- Human capital policies and governance matters, including employee-related policies, approval frameworks and the employee flagging process
- Progress on repositioning the Eskom Academy of Learning (EAL) as a smart campus
- Leadership development initiatives, critical skills and the impact of emerging technologies on workforce requirements
- Recruitment initiatives, including executive recruitment, the e-recruitment business case and efforts to improve the recruitment of persons with disabilities
- Updates on Eskom's wellness assistance programme
- Human capital matters arising from internal audit reports and disclosures in the integrated and sustainability reports
- The committee's independent evaluation report

FUTURE FOCUS AREAS

Focus areas for the coming year include:

- Driving implementation of the committee's human capital priorities, including fostering a high-performance ethical culture; positioning Eskom as an employer of choice and enhancing skills and capabilities across the group
- Monitoring human capital performance and people-related risks, including employee fatigue during periods of operational pressure
- Reviewing people-related matters of Eskom's integrated report, corporate strategy and internal audit and forensic reports
- Supporting culture transformation initiatives to improve employee morale
- Promoting a speak-up culture, including whistle-blower awareness, protection and support, and strengthening a psychologically safe working environment
- Ensuring appropriate support mechanisms to address the impact of fraud, corruption and criminal threats on employees and leadership
- Monitoring the progress on technological change on the workforce and leadership accountability across divisions and functions
- Overseeing the turnaround and development of the EAL
- Monitoring implementation of leadership development programmes to strengthen leadership quality and capability
- Overseeing leadership continuity, succession planning and talent management strategies, to enhance leadership quality and stability
- Reviewing balanced scorecard measures and executive performance criteria, including alignment of environmental, social and governance (ESG) matters in executive compacts
- Monitoring the group's diversity, equity, inclusion and belonging strategy, with a greater focus on gender representation at senior levels and targeted employee support initiatives
- Reviewing key human capital policies and remuneration-related matters including benchmarking and oversight of personnel costs
- Promoting awareness of gender-based violence and ensuring appropriate employee support mechanisms

Report by the Investment and Finance Committee (IFC)

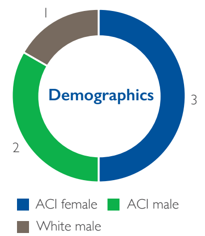
for the year ended 31 March 2026

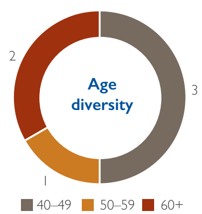
Membership and attendance	
Number of meetings	**13**
Attendance	**95%**

Membership at year end	
Chair: Bajabulile Tshabalala[1]	5/5
Lwazi Goqwana	12/13
Clive le Roux	13/13
Dr Dimakatso Matshoga[1]	5/5
Dr Tsakani Mthombeni	12/13
Thandeka Zondi-Mthembu[2]	4/5
Former members[3]	
Tryphosa Ramano (former chair)	8/8

1. Appointed from 1 December 2025.
2. Appointed from 5 December 2025.
3. Term ended on 30 November 2025.

Representation at year end





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

PURPOSE

The committee's responsibilities include:

- Providing oversight of Eskom's financial planning, including budgets, capital programmes, borrowing requirements and procurement strategies
- Reviewing and approving business cases for new ventures, capital investments, projects, disposals and other commercial transactions
- Monitoring the planning, execution and close-out phases of major capital projects
- Overseeing Eskom's treasury activities

KEY ACTIVITIES DURING THE YEAR

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

- Eskom's Treasury and liquidity position, including compliance with debt relief conditions, quarterly Treasury reporting, hedge accounting, intercompany loan with NTCSA, and progress on the optimal capital structure
- FY2026 financial and capital plans, as well as the longer-term financial plan for FY2027 to FY2037
- Feedback on the MYPD 6 revenue determination process, including NERSA's reasons for decision, Eskom's regulatory clearing account applications for FY2024 and FY2025 and matters relating to negotiated pricing and load retention proposals
- Reports on procurement deviations, expansions and variations of contracts, together with updates on procurement strategies approved by the committee and implementation of the Public Procurement Act, 2024
- Progress on Eskom's Just Energy Transition, the renewables project portfolio, the Eskom Green SOC Ltd funding model and the Eskom Renewables land lease programme
- Approved the private sector participation strategy for the renewable energy funding framework and alternative funding mechanisms
- PFMA application for the establishment of Eskom Green SOC Ltd as a subsidiary of Eskom Holdings SOC Ltd
- New generation capacity allocation for the repowering of Hendrina, Grootvlei and Camden power stations
- Conclusion of power purchase agreements under the Battery Energy Storage IPP Programme and the RE-IPP programme, together with matters relating to the DEE Gas IPP Procurement Programme
- Terms and approvals relating to credit facilities and loan funding for the first phase of the distributed battery energy storage system (BESS) project, including the New Development Bank's R1.4 billion loan facility
- Progress on Group Capital's capacity expansion programme, including execution, design and concept release approvals for transmission, distribution, generation and grid modernisation projects
- Network modernisation and Group IT projects, including the advanced metering infrastructure programme and the digital procurement programme
- Feedback on Koeberg's long-term operation project, assessing key supplier matters, funding of long-term nuclear decommissioning provisions and the nuclear new build programme strategy
- Update on Municipal arrear debt, including the arrear municipal debt tracker and write-offs under National Treasury's municipal debt relief programme, as well as Eskom's compliance with debt relief conditions.
- Approved trading agreements between NTCSA and Eskom's Generation and Distribution divisions
- Eskom's Environmental, Social and Governance Plan, coal mine closure and environmental rehabilitation liabilities and the environmental rehabilitation investment plan
- Feedback on South African Reserve Bank compliance, the Treasury specialist audit, Treasury audit status and material audit findings on procurement
- Progress on timelines for the disposal of Eskom Finance Company SOC Ltd
- Relocation of Matla Mine 1 to extend the life of mine and disposal of Medupi's excess coal

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

FUTURE FOCUS AREAS

Focus areas for the coming year include:

- Securing Eskom's financial sustainability and long-term viability, including consideration of funding needs, engagement with capital markets and reducing reliance over time on Government support and guarantees
- Addressing declining electricity sales volumes and municipal arrear debt, with continued oversight of revenue recovery initiatives and engagement on Government interventions
- Considering transfer pricing arrangements and the diversification of revenue streams within the evolving electricity supply industry
- Strengthening capital allocation discipline and driving cost optimisation through the CORE programme to improve Eskom's cost competitiveness and efficiency
- Increasing focus on strategic infrastructure and energy transition decisions, including transmission expansion, renewable energy, gas and nuclear projects, and private sector participation opportunities
- Enhancing risk management and maintaining regulatory alignment
- Promoting stronger governance, process discipline and committee effectiveness
- Considering Eskom's approach to MYPD 7, tariff restructuring proposals and reforms to the Electricity Pricing Policy to support an affordable long-term tariff path

Report by the Risk Committee (RC)

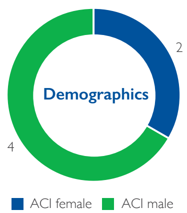
for the year ended 31 March 2026

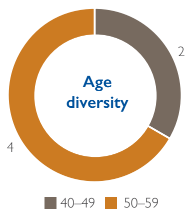
Membership and attendance	
Number of meetings	**5**
Attendance	**89%**

Membership at year end	
Non-executive directors	
Chair: Dr Tsakani Mthombeni	5/5
Dr Andrew Barendse[1]	2/2
Dr Kgaugelo Chiloane[1]	2/2
Thandeka Zondi-Mthembu[2]	2/2
Executive directors	
Calib Cassim	3/5
Dan Marokane	3/5
Former members	
Fathima Gany[3]	2/3
Clive le Roux[4]	3/3
Bheki Ntshalintshali[3]	3/3
Dr Busisiwe Vilakazi[4]	3/3

1. Appointed from 1 December 2025.
2. Appointed from 5 December 2025.
3. Term ended on 30 November 2025.
4. Ceased to be a member following the appointment of new directors.

Representation at year end





Committee's focus	Composition
Financial capital Intellectual capital Manufactured capital Social and relationship capital	6 members, comprising both executive and non-executive directors 66% independent non-executive directors

PURPOSE

The committee's responsibilities include:

- Assisting the Board in overseeing the governance of risk and alignment to Eskom's strategic objectives
- Overseeing the effectiveness of Eskom's enterprise risk management framework, including the identification, assessment and mitigation of key risks
- Monitoring Eskom's risk profile against approved risk appetite and tolerance levels
- Reviewing the adequacy of internal controls, assurance processes and risk management systems
- Providing independent oversight and challenge to management on key strategic, operational, financial and compliance risks
- Ensuring alignment with applicable regulatory requirements and governance standards, including compliance with the Public Finance Management Act (PFMA) and King IV principles

KEY ACTIVITIES DURING THE YEAR

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

- Eskom's enterprise risk and resilience management framework, including the review of the Risk and Resilience Management Plan for FY2026 to FY2028 and the Risk and Resilience Management Policy
- Risk profile covered in quarterly risk and resilience reports
- Terms of reference and annual agenda plan to support effective oversight of risk governance
- IT governance, data management matters and cyber security policies, including cloud strategy, data frameworks and POPIA compliance
- Cyber security and technology governance matters, including the Eskom cyber-security and Group Technology King IV dashboards, as well as the overarching cybersecurity governance framework
- Status of information technology projects across the Group
- Financial crime incidents and the adequacy of measures to protect Eskom's physical infrastructure
- Risk-related policies and operational risks, including the supplier disciplinary policy and risks associated with new Distribution products and services
- Eskom's insurance plan and budget for FY2027, together with the risk landscape and related insurance mitigation measures
- Assurance matters, including Internal Audit's catalyst report, the Internal Audit plan and the combined assurance plan for FY2027

FUTURE FOCUS AREAS

Focus areas for the coming year include:

- Providing oversight of Eskom's strategic and key operational risks
- Embedding enterprise risk and resilience oversight through ongoing monitoring of quarterly risk reporting and emerging risk trends
- Reviewing Eskom's risk appetite and tolerance levels and recommending these to the Board
- Improving governance, risk and compliance oversight through enhanced visibility of risk management dashboards
- Refreshing the enterprise risk and resilience management plan to align to the Corporate Plan
- Strengthening financial risk protection through oversight of the annual insurance plan and budget
- Enhancing security, crisis readiness and financial crime management through regular monitoring of security performance, incident management and mitigation strategies
- Improving technology risk management through oversight of cyber security, Group Technology performance and King V™-aligned dashboards
- Strengthening assurance through oversight of internal audit outcomes and the rolling Internal Audit and combined assurance plans
- Enhancing management of risks linked to AI-enabled tools
- Improving oversight of climate-related risks

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

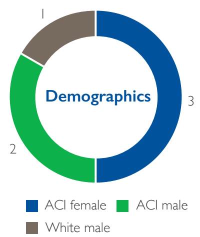
for the year ended 31 March 2026

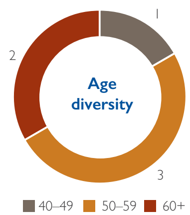
Membership and attendance	
Number of meetings	**6**
Attendance	**96%**

Membership at year end	
Chair: Tshokolo Nchocho[1]	1/1
Dr Kgaugelo Chiloane[1]	1/1
Sharmila Govind[1]	1/1
Clive le Roux	6/6
Prof. Vuyo Peach[1]	1/1
Dr Busisiwe Vilakazi	6/6
Former members	
Bheki Ntshalintshali (former chair)[2]	5/5
Fathima Gany[2]	5/5
Leslie Mkhabela[2]	4/5
Dr Tsakani Mthombeni[3]	4/5
Dr Claudelle von Eck[2]	5/5

1. Appointed from 1 December 2025.
2. Term ended on 30 November 2025.
3. Ceased to be a member following the appointment of new directors.

Representation at year end





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

PURPOSE

The committee's responsibilities include:

- Executing the statutory responsibilities of a social and ethics committee in accordance with the Companies Act, 2008
- Overseeing socio-economic development, good corporate citizenship, environmental and climate initiatives, and health and safety, including providing assurance on selected sustainability KPIs
- Monitoring nuclear strategies, policies and safety performance in line with regulatory requirements and international best practice
- Serving as the social and ethics committee for Eskom's wholly owned subsidiaries, excluding NTCSA, which has a separate social and ethics committee

KEY ACTIVITIES DURING THE YEAR

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

- Eskom's ethics status monitoring reports, King IV application register and progress in addressing reportable irregularities
- Progress on Eskom's Just Energy Transition, Eskom's Environmental, Social and Governance Plan, Climate Change Strategy and Environmental, Social and Governance framework
- Integrated report and sustainability report for FY2025, including feedback on the group sustainability audit and assurance over selected sustainability key performance indicators
- Nuclear oversight reports, nuclear safety matters and the results of the 2025 World Association of Nuclear Operators peer review
- Environmental compliance and sustainability matters, including the Minimum Emission Standards exemption decision, Medupi flue gas desulphurisation cost-benefit analysis, water supply risks and mine closure and environmental liabilities associated with Eskom's coal supply agreements
- Human capital sustainability and compliance with labour and employment regulations, as well as safety, health, environmental and quality performance
- Stakeholder engagement reports and Eskom's supplier development, localisation and industrialisation performance
- Performance reports for Eskom Enterprises SOC Ltd, Eskom Finance Company SOC Ltd, Eskom Development Foundation NPC and Eskom Rotek Industries SOC Ltd
- Reports on Group Capital's capacity expansion programme and related business performance reports
- Forensic and anti-corruption reports, Internal Audit reports and the Internal Audit and combined assurance plans for FY2027
- Supplier disciplinary policy and progress in addressing the reportable irregularity raised in terms of the Auditing Profession Act, 2005

SR Refer to the sustainability report for more information relating to Eskom's sustainability practices

FUTURE FOCUS AREAS

Focus areas for the coming year include:

- Strengthening oversight of Eskom's ethics management strategy and supporting governance frameworks
- Supporting Eskom's role as a socially responsible corporate citizen, in line with its developmental mandate, through strengthened corporate social responsibility and sustainable development practices
- Maintaining compliance with the Companies Act, 2008 and applicable nuclear safety regulations, and implementing applicable provisions of the Companies Amendment Act, 2024 relating to social and ethics committees
- Monitoring environmental compliance, remediation plans for areas of non-compliance, and Eskom's response to climate change and the Just Energy Transition
- Overseeing performance against stakeholder engagement plans
- Guiding the continued development and implementation of Eskom's ESG framework
- Considering supplier rehabilitation and restorative justice practices

Ensuring fair remuneration

REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2026

INTRODUCTION

The Companies Amendment Act, which was signed into law in July 2024, introduced stringent new reporting obligations for public entities and state-owned companies (SOCs) through provisions to enhance transparency and disclosure of remuneration and pay equity. While certain provisions took effect on 27 December 2024, the commencement date for the remuneration and pay-gap disclosure requirements under sections 30A and 30B was formally proclaimed and effected on 22 May 2026. Accordingly, Eskom has adopted the requirements of section 30B to enhance its remuneration disclosure in this report. This includes disclosure of actual remuneration earned by directors, prescribed officers and employees, together with pay gap analysis.

GOVERNANCE AND OVERSIGHT OF REMUNERATION

The Human Capital and Remuneration Committee (HCR) is mandated by the Board to provide independent oversight of Eskom's human capital policies and remuneration practices. Its role is to ensure that remuneration across all employee categories – non-executive directors (NEDs), executives, managerial and bargaining unit level employees – is fair, responsible and transparent; consistent with Eskom's long-term strategy, risk appetite and stakeholder expectations; and supports workforce stability.

In line with King IV principles, HCR provides assurance to stakeholders that remuneration practices are not only equitable but also aligned with Eskom's strategic objectives in the short, medium and long term. King IV's emphasis on sustainability and integrated value creation is embedded in Eskom's remuneration framework, which links incentives to strategic priorities and shareholder compact outcomes.

Eskom's remuneration practices are:

- Aligned with stakeholder expectations and Eskom's transformation ambitions, reinforcing both short-term operational improvement imperatives and the long term sustainability agenda
- Driven by performance
- Responsive to evolving regulatory requirements, including the Companies Amendment Act, 2024

HIGHLIGHTS FOR THE YEAR

FY2026 represented a pivotal period in strengthening executive and leadership capacity under the stewardship of the Group Chief Executive (GCE). In line with the Board's mandate, shareholder requirements and the provisions of the Companies Amendment Act, the Board also implemented several notable interventions affecting remuneration-related matters. Collectively, these measures support Eskom's strategy by aligning leadership incentives with strategic imperatives, embedding accountability and ensuring that remuneration outcomes are directly tied to shareholder compact criteria.

The following key interventions were implemented during the past year:

- Continued our deliberate investment in people – by attracting and retaining skills, and offering performance based incentives – to support the significant turnaround in operational performance
- Maintained the short-term incentive scheme for executives and employees which was reintroduced in FY2025 to ensure that all levels of staff are incentivised to contribute to Eskom's long-term performance and sustainability. Payments are self-funded from operational efficiencies in compliance with the remuneration-related condition of the Eskom Debt Relief Act, 2023 as amended, with no reliance on tariff increases or windfalls. Importantly, incentive payments are linked to the achievement of annual organisational targets and parameters, subject to a performance gatekeeper – the requirement to achieve the budgeted profit before tax. This ensures that incentives are only payable when Eskom achieves defined financial and operational outcomes, reinforcing accountability and alignment with shareholder compact criteria
- Concluded the income differential process launched in FY2018 to address pay inequities identified by the then Department of Labour, reinforcing Eskom's commitment to organised labour and our practice of fair, responsible remuneration
- Awarded cost-of-living adjustments to managerial staff, which were determined with consideration for affordability and individual performance outcomes, and aligned to market benchmarks
- Undertook a comprehensive review of Eskom's remuneration architecture, recognising that the organisation's long-term viability and ability to fulfil its mandate are intricately linked to the capability and quality of its workforce. The review provided an informed perspective on areas where Eskom's practices diverge from prevailing market practice and talent expectations
- Negotiated a revised Recognition Agreement with organised labour for implementation in FY2027, to position labour relations for our evolving operating model
- Appointed independent non-executive directors to the boards of Eskom's subsidiaries – Eskom Enterprises SOC Ltd, Eskom Rotek Industries SOC Ltd, Escap SOC Ltd and Eskom Development Foundation NPC – to diversify the skills mix of those boards and thereby enhance oversight of the subsidiaries

Collectively, these interventions reinforce Eskom's commitment to fair, responsible and transparent remuneration practices.

PR Refer to "Growing our people – Remuneration and benefits" in the performance report for more detail

In April 2026, following four rounds of negotiations that commenced in November 2025, Eskom concluded a three-year collective wage agreement with two of its recognised trade unions – NUM (National Union of Mineworkers) and Solidarity. Although the National Union of Metalworkers of South Africa (NUMSA) did not sign, the agreement is binding on all bargaining unit employees in line with the Labour Relations Act, 1995, including those affiliated with NUMSA. The agreement is effective from 1 July 2026 to 30 June 2029.

Notwithstanding the conclusion of the wage agreement, NUMSA referred a dispute to the Commission for Conciliation, Mediation and Arbitration (CCMA); Eskom is opposing the matter on the basis that a valid and binding collective agreement has already been concluded with the majority unions.

The agreement guarantees stability in the energy sector by preventing labour unrest, supporting reliable power supply and protecting the economy from disruption. By committing to this deal, both management and labour have chosen partnership over conflict, giving the country the certainty it needs to plan, invest and grow.

Beyond immediate stability, the agreement future-proofs both Eskom and the energy sector by enabling sustainability. A predictable labour environment allows Eskom to strengthen operational efficiency, invest in cleaner technologies and build the skills pipeline required for the energy transition. It safeguards livelihoods today while ensuring grid resilience and energy security for generations to come.

Ensuring fair remuneration *continued*

OUR APPROACH TO REMUNERATION

HCR ensures that Eskom's remuneration practices encourage sustainable value creation, support achievement of our strategic objectives and advance long-term sustainability by:

- Adhering to principle 14 of King IV and its recommended practice, which requires that remuneration practices are fair, responsible and transparent, and promote sustainable value creation within Eskom's economic, social and environmental context
- Implementing Government's guidelines for the remuneration and incentives of executives, prescribed officers and NEDs of SOCs
- Complying with the remuneration-related condition of the Eskom Debt Relief Act, which requires that remuneration adjustments do not negatively affect Eskom's overall financial position and sustainability
- Applying the Companies Amendment Act, by disclosing remuneration policies and implementation reports, including pay-gap ratios, total earned remuneration of directors and prescribed officers, and comparative analysis of highest- and lowest-paid employees
- Ensuring alignment of individual performance to Eskom's transformation ambitions and organisational targets set in the shareholder compact
- Linking executive remuneration to ESG principles through the renumeration framework that reflects the material ESG matters included in the shareholder compact, Corporate Plan objectives and KPIs, and Board priorities

Separate remuneration policies are in place to reflect the distinct remuneration practices applicable to NEDs, executives, managerial employees and bargaining unit employees. Each category is addressed in the sections that follow.

Variable incentives are structured to balance retention of scarce and critical skills as well as affordability with Eskom's transformation ambitions. Short-term bonuses and long-term performance awards are linked to the achievement of individual and organisational performance objectives, subject to defined gatekeepers. These gatekeepers include ESG-related metrics and targets outlined in the Corporate Plan and shareholder compact, thereby ensuring that remuneration outcomes reinforce Eskom's operational imperatives, sustainability agenda and stakeholder expectations.

REWARDING PERFORMANCE THAT SECURES FINANCIAL DISCIPLINE AND OPERATIONAL SUSTAINABILITY

This important objective focuses on securing Eskom's long term sustainability by strengthening operational performance and reinforcing financial discipline. It is anchored in robust governance practices that support a sustainable, investment grade performance trajectory. Achieving this requires operational excellence and improving revenue certainty, profitability, cash flow stability and balance sheet resilience.

Eskom's transformation hinges on its people: our workforce is central to delivering reliable electricity, advancing the Just Energy Transition and positioning Eskom as the foremost contributor to South Africa's economic growth and prosperity. Our remuneration framework is a strategic lever for accountability, transformation and sustainable value creation. It is designed to reward performance that restores reliability, strengthens sustainability and contributes directly to South Africa's economic growth and prosperity.

We are embedding a high performance, ethical culture; building critical and future ready skills; shaping a future fit, productive organisation; and positioning Eskom as an employer of choice. These pillars guide our efforts to strengthen leadership, enhance capability and foster a resilient, values driven workforce aligned to Eskom's transformation agenda.

Our employees and leaders are deeply connected to our core purpose of "Powering growth sustainably" and to our vision of "Sustainable power for a better future". Through their commitment, we deliver reliable electricity, drive transformation and contribute meaningfully to South Africa's prosperity.

Key outcomes of the review of Eskom's remuneration architecture included:

- Building leadership and institutional sustainability by embedding fairness, equity and outcome-based remuneration aligned with evolving workforce dynamics and stakeholder expectations
- Reinforcing operational resilience through reward mechanisms that incentivise exceptional performance, reliability and accountability
- Balancing financial stability with competitiveness by identifying employee benefits optimisation opportunities that deliver value without excessive cost
- Supporting the restructuring and unbundling of Eskom into generation, transmission and distribution entities by aligning remuneration frameworks to attract, motivate and retain scarce skills
- Enabling the energy transition by benchmarking pay for renewable energy specialists critical to the decarbonisation imperative

Ensuring fair remuneration *continued*

ELEMENTS OF REMUNERATION

The table below sets out the elements of remuneration, our policy objectives and how these support Eskom's strategic objectives:

Element	Policy objective	Strategic intent	Design principle
Total guaranteed remuneration (TGP)	Reward executives and employees fairly and consistently according to their roles and their individual contributions to the organisation's performance, by providing fair, responsible and transparent pay across all categories of staff	Attract and retain critical and future ready skills while balancing affordability and Eskom's debt relief obligations Benchmark our TGP with peers similar in revenue, asset base, number of employees and operating methods but, more importantly, the companies that we would compete with for talent Support labour stability, inclusive prosperity and operational resilience	Fixed pay based on affordability, aligned to the median of the market benchmarks and shareholder guidelines. Annual reviews linked to collective agreements and Eskom's financial position
Various guaranteed benefits	Support employee wellness, resilience and engagement	Ensure our employees have access to decent and affordable healthcare benefits Advance workforce stability and retention in a high demand energy sector	Medical aid, pension, group life and generous leave benefits to remain competitive, sustainable and aligned to Eskom's agenda to be an employer of choice
Short term incentives (STI)	Create a high-performance culture by rewarding individuals and teams for achieving and/or exceeding the organisation's objectives, by linking pay to annual business performance outcomes and reinforcing accountability. These include financial and non-financial measures	Drive delivery against shareholder compact KPIs, operational recovery targets and cost optimisation imperatives	Incentives tied to audited outcomes and subject to defined gatekeepers, which are self funded from operational efficiencies, not tariff increases
Long term incentives (LTI)	Align leadership behaviour with long term sustainability and transformation imperatives	Retain scarce leadership talent and embed accountability for Eskom's Just Energy Transition and clean energy pipeline, with clear line of sight to the group's strategic direction Establish line of sight between executive decisions, shareholder compact outcomes, value creation and long term organisational sustainability	Multi year performance awards linked to sustainability, transformation and governance outcomes, with vesting subject to Board discretion and employment continuity.
Remuneration of NEDs	Ensure fair and transparent remuneration for governance oversight	Reinforce independence, accountability and alignment with shareholder expectations	Fees determined in line with Government SOC guidelines

Ensuring fair remuneration *continued*

REMUNERATION PRACTICES FOR NON-EXECUTIVE DIRECTORS

HCR considers and recommends the remuneration of NEDs to the Board. In turn, the Board submits its recommendation to the shareholder for approval in accordance with Eskom's memorandum of incorporation and the remuneration framework applicable to SOCs.

With effect from 1 April 2024, the shareholder approved a revised remuneration structure which introduced a hybrid model comprising a fixed monthly retainer together with attendance-based meeting fees. Meeting fees are payable only for attendance at Board and committee meetings and capped at the maximum number of meetings approved by the shareholder, consistent with Government's remuneration guidelines. The approved remuneration framework further provides that, where governance requirements require additional Board or committee meetings beyond the approved annual meeting allocation, meeting fees are payable for up to 20% additional meetings above the approved annual allocation. In recognition of their additional governance responsibilities, the Chairman and chairpersons of Board committees receive higher remuneration.

The revised remuneration structure reflected prevailing governance and market practices at the time of approval and was intended to position Eskom's NED remuneration broadly at the market median. The framework enhanced transparency, accountability and equitable remuneration by linking remuneration to governance responsibilities and meeting participation more directly during a period of heightened governance oversight and organisational transformation, while remaining aligned with the shareholder's remuneration framework.

Accordingly, NED remuneration during FY2026 comprised the following components:

Fixed monthly retainer
Based on a directors' membership and/or chairmanship of Board committees

Quarterly meeting fees
Based on attendance of Board and committee meetings, capped based on the number of meetings approved by the shareholder

Incidental expenses
Reimbursement of expenses incurred by directors in fulfilling their duties towards Eskom

The NED remuneration structure is set out below.

Fee components	
Board retainer fees (paid monthly)	**Per year**
Chairman	R1 598 572
Board member	R446 749
Meeting fees based on approved meetings (paid quarterly)	**Per meeting**
Committee chair	R86 601
Committee member	R57 734

Independent benchmarking is undertaken periodically by external remuneration advisors to assess the appropriateness, fairness and competitiveness of Eskom's NED remuneration. The benchmarking methodology incorporates a balanced group of comparator organisations, including SOCs, regulated utilities, large South African corporates, energy organisations, engineering and infrastructure-intensive businesses, and other organisations with comparable governance responsibilities.

Given Eskom's scale, complexity and strategic national mandate, benchmarking outcomes are considered together with the shareholder's remuneration framework, governance requirements, affordability considerations and the responsibilities associated with Board oversight. This approach supports remuneration decisions that are market-informed, equitable and aligned with sound governance principles while ensuring the long-term sustainability of the organisation.

REMUNERATION BASED ON MEETING ATTENDANCE

The shareholder approves the number of scheduled meetings in terms of the Board meeting calendar, which is prepared in advance of each calendar year. Provision is also made for additional Board and committee meetings of up to 20% above the approved annual meeting allocation, in accordance with the approved remuneration framework. Any additional meetings exceeding the approved 20% threshold require separate shareholder approval.

Board members are remunerated for attendance at scheduled meetings and approved additional meetings. However, they are not remunerated for any meetings attended beyond that threshold (reflected as *ad hoc meetings* in the table below). The total number of scheduled, additional and ad hoc meetings correlates to the number of meetings disclosed in the respective Board committee reports.

Number of meetings	Scheduled per Board calendar	Additional approved meetings[1]	Total paid meetings	Ad hoc meetings (not remunerated)	Total meetings held
Board	8	1	9	5	14
Audit Committee	8	1	9	2	11
Business Operations Performance Committee	4	1	5	3	8
Governance and Strategy Committee	4	1	5	4	9
Human Capital and Remuneration Committee	4	1	5	7	12
Investment and Finance Committee	6	1	7	6	13
Risk Committee	4	1	5	–	5
Social, Ethics and Sustainability Committee	4	1	5	1	6
Total	**42**	**8**	**50**	**28**	**78**

1. Capped at 20% of the number of meetings originally scheduled per the Board calendar.

During the year, the Board and its committees held a total of 78 meetings (2025: 78), exceeding the number of meetings catered for in the shareholder-approved remuneration framework, reflecting the Board's commitment to fulfilling its governance and fiduciary responsibilities during a period of heightened organisational demands. Additional meetings and engagements were necessary to ensure timely decision-making, protect organisational resilience, maintain stakeholder confidence and uphold the highest standards of governance, which demanded intense and frequent oversight.

In addition to formal Board and committee meetings, Board members participated in workshops, parliamentary portfolio and standing committee meetings, site visits and engagements with key stakeholders. These activities did not attract any additional remuneration despite requiring significant time and commitment.

BREAKDOWN OF NED REMUNERATION

The year-on-year increase in NED remuneration reflects that the Board is now fully constituted, with the number of NEDs increasing to 13 (2025: 11).

Ensuring fair remuneration *continued*

R'000	2026	2025
Non-executive directors of Eskom Holdings SOC Ltd		
Current directors	**16 673**	10 400
Mteto Nyati (Chairman)	**2 811**	2 724
Bajabulile Tshabalala (Lead Independent Director)[1]	**582**	–
Dr Andrew Barendse[1]	**611**	–
Dr Kgaugelo Chiloane[1]	**495**	–
Lwazi Goqwana	**1 948**	1 775
Sharmila Govind[1]	**640**	–
Clive le Roux	**2 496**	2 237
Dr Dimakatso Matshoga[1]	**553**	–
Dr Tsakani Mthombeni	**2 496**	1 832
Tshokolo Nchocho[1]	**640**	–
Prof. Vuyo Peach[1]	**495**	–
Dr Busisiwe Vilakazi	**2 237**	1 832
Thandeka Zondi-Mthembu[2]	**669**	–
Former directors[3]	**9 409**	11 996
Fathima Gany	**1 857**	2 352
Ayanda Mafuleka	**1 395**	1 832
Leslie Mkhabela	**1 568**	1 832
Bheki Ntshalintshali	**1 481**	1 775
Tryphosa Ramano	**1 453**	2 006
Dr Claudelle von Eck	**1 655**	2 199
Fees for serving on Eskom Board	**26 082**	22 396
Eskom NEDs serving on subsidiary boards		
Escap SOC Ltd[4]	**2 321**	318
Ayanda Mafuleka[5]	**1 230**	188
Leslie Mkhabela[6]	**1 091**	130
NTCSA SOC Ltd[7, 8]	**1 627**	2 177
Dr Busisiwe Vilakazi	**1 096**	1 104
Tryphosa Ramano[3]	**531**	1 073
Total remuneration	**30 030**	24 891

1. Appointed on 1 December 2025.
2. Appointed on 5 December 2025.
3. Term ended on 30 November 2025.
4. Fees paid by Escap SOC Ltd.
5. Appointed on 8 October 2024.
6. Appointed on 5 September 2024.
7. Fees paid by Eskom Holdings SOC Ltd.
8. The Eskom board approved the appointment of Lwazi Goqwana as a non-executive director of NTCSA on 29 January 2026; he began participating in NTCSA board and committee activities from 1 April 2026. Therefore, no remuneration in respect of his appointment was payable for the year ended 31 March 2026.

GOVERNANCE OF SUBSIDIARIES

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

Remuneration structures for subsidiary boards were benchmarked and harmonised with those of Eskom Holdings, while allowing for appropriate differentiation to reflect the unique mandates, governance complexities and operational challenges of individual subsidiaries. It will also safeguard the independence and effectiveness of subsidiary boards by ensuring that their remuneration structures avoid conflicts of interest, preserve objective judgement and enable directors to discharge their fiduciary duties without undue influence.

REMUNERATION PRACTICES FOR EXECUTIVES

Eskom remunerates executives based on the size and complexity of their role and on performance outcomes. Their packages are approved in line with shareholder guidelines for SOCs and public sector parameters, and reviewed annually against affordability, performance delivery and market alignment.

Recruitment and retention of top-tier executives remain challenging given the burden of financial prudence, compliance with shareholder guidelines and the reluctance of professionals to join a state-owned company which was, until recently, in crisis. To ensure fair remuneration of executives and top management, independent benchmarking exercises are conducted annually to compare Eskom's remuneration with the median of the market relative to peers of similar revenue, market capitalisation and operating complexity. Remuneration packages are positioned at the 50th percentile of the market and balances competitiveness with fiscal responsibility. Executive remuneration comprises both a guaranteed and variable component which is designed to demonstrate a clear relationship between performance and remuneration, based on the following principles:

Guaranteed component

Remuneration and benefits
Ensures that talented individuals are attracted, retained and receive support to perform their roles efficiently with consistency and equity across the organisation

Variable component

Short-term incentives
Facilitates performance through a results-driven approach that is collaborative, transparent and fair

Long-term incentives
Ensures the long-term sustainability of the organisation through retention and long-term performance conditions and targets

GUARANTEED REMUNERATION

Guaranteed remuneration is fixed and includes allowances for motor vehicle expenses and personal security. Permanent employees also receive compulsory benefits, including medical aid, pension, dread disease and death benefits, and group life cover. The GCE and Chief Technology and Information Officer are appointed on fixed-term contracts, while the GCFO and the remaining executive management are permanently employed in accordance with Eskom's standard conditions of service.

Executive remuneration packages are reviewed annually considering affordability and are subject to oversight by HCR to ensure adherence to the shareholder's remuneration framework. Executives are not involved in decisions relating to their own remuneration – HCR retains the authority to approve, amend, defer or decline remuneration adjustments. In accordance with the shareholder's remuneration framework, remuneration adjustments for the GCE and GCFO are subject to shareholder approval.

VARIABLE REMUNERATION

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

To encourage a high-performance culture, the Board reinstated short- and long-term incentive schemes for executives in FY2025 following shareholder approval. Before this, bonuses were last paid to executives in FY2017 given Eskom's financial constraints. The reimplementation of incentive schemes was critical to align executive and top management performance with organisational objectives, ensure delivery against performance compacts and maintain compliance with governance and shareholder frameworks. Importantly, the reintroduction of variable remuneration also forms a central component of Eskom's executive retention strategy, recognising that competitive incentive structures are essential to retaining the specialised leadership talent required to drive Eskom's operational turnaround and long-term sustainability in an evolving electricity industry, while mitigating the risk of losing top leadership to both local and international markets.

SHORT-TERM INCENTIVES

The STI scheme approved by the shareholder is subject to qualifying criteria and the achievement of predetermined performance measures. Only executives who have been employed by Eskom for six months or longer during the relevant financial year qualify for participation in the STI scheme.

The STI is payable only after the completion of the external audit and is therefore based on Eskom's audited full-year financial and performance results. In accordance with the shareholder's remuneration framework, any STI payment to the GCE and GCFO is subject to shareholder approval.

Ensuring fair remuneration *continued*

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

LONG-TERM INCENTIVES

The shareholder-approved LTI scheme provides for the granting of performance awards to eligible executives. Performance awards are subject to predetermined performance measures aligned with Eskom's Corporate Plan and shareholder compact, incorporating both financial and non-financial objectives. Performance is assessed over a three-year period, with awards vesting only to the extent that the prescribed performance measures have been achieved.

Vesting of the performance awards is conditional on the executive remaining in Eskom's employment throughout the vesting period. The performance awards lapse if employment ceases during the vesting period, other than for reasons permitted under the scheme rules, such as death.

Potential vesting outcomes range from 0% to 100% of the performance award. Each performance measure includes defined threshold, target and stretch performance levels, with on-target performance resulting in a 50% vesting outcome for the GCE and a 30% vesting outcome for other executives (2025: 50% for all participants).

The performance measures included the following:

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

HCR reviews the performance outcome at the end of the three-year vesting period and recommends the vesting outcome and related payment to the Board for approval. The Board retains discretion to adjust the vesting outcome, notwithstanding the level of performance achieved.

Actual performance against each measure is assessed at the end of the vesting period against the predetermined threshold, target and stretch levels. The outcome for each measure is then applied to its approved weighting. The weighted outcomes are aggregated to determine the final performance-based vesting percentage, subject to the applicable scheme conditions and any discretion adjustment applied by the Board.

A reconciliation of the outstanding performance awards is disclosed below.

Performance awards	2026	2025
Granted on 1 April 2023 (grant 13)	**16 191 510**	16 191 510
Granted on 1 April 2024 (grant 14)	**34 191 510**	34 191 510
Granted on 1 April 2025 (grant 15) to Exco members	**56 436 270**	–
Granted on 1 April 2025 (grant 15) to other executives[1]	**9 858 090**	–
Forfeited during the year[2]	**(6 794 340)**	–
Vested during the year	**(12 794 340)**	–
Outstanding at year end	**97 088 700**	50 383 020

1. Performance awards granted to Monde Bala (6 148 050) and Jerome Mthembu (3 710 040) based on their membership of Exco during FY2025 and in accordance with scheme rules. They were no longer Exco members at 31 March 2026.
2. Performance awards due to Segomoco Scheppers for grant 13 and grant 14 were forfeited on 31 December 2025 upon his retirement from Eskom.

The performance awards are deemed to be valued at R1 each at grant date and are escalated at a money market rate to determine the value at reporting date. The carrying value of the outstanding performance awards amounted to R45.4 million at year end (2025: R28.1 million).

The performance awards awarded on 1 April 2023 (grant 13) vested on 31 March 2026. The performance outcome resulted in a final vesting outcome of 36.67%. The vesting outcome and related payment were approved by the Board on 28 August 2026.

Performance awards vested

Name	Performance awards vested on 31 March 2026 (grant 13) Number	Performance award payable (grant 13) R'000
Calib Cassim[1]	**6 000 000**	**–**
Monde Bala	**3 397 170**	**1 246**
Bheki Nxumalo	**3 397 170**	**1 246**
Total	**12 794 340**	**2 492**

1. Payout of R2.2 million is subject to shareholder approval.

PERFORMANCE AWARDS OUTSTANDING PER EXCO MEMBER

Name[1]	Performance awards outstanding (grant 14 and 15) Number	Future performance awards payable R'000
Dan Marokane	36 000 000	22 860
Calib Cassim	12 000 000	6 096
Bheki Nxumalo	9 545 220	4 499
Roman Crookes	4 452 000	1 696
Nontokozo Hadebe	4 346 040	1 656
Dr Candice Hartley	4 240 050	1 615
Portia Mngomezulu	4 346 040	1 656
Rivoningo Mnisi	4 558 050	1 737
Alfred Seema	4 346 040	1 656
Total[2]	**83 833 440**	**43 471**

1. Based on the term of his fixed-term contract, Len de Villiers does not qualify for an LTI award.
2. Monde Bala and Jerome Mthembu were no longer Exco members at 31 March 2026 and are therefore not disclosed above. Monde Bala has a total of 9 545 220 performance awards outstanding with future performance awards payable of R4.5 million, subject to vesting outcomes for grant 14 and 15. Jerome Mthembu has a total of 3 710 040 performance awards outstanding with future performance awards payable of R1.4 million, subject to vesting outcomes for grant 15.

Ensuring fair remuneration *continued*

BREAKDOWN OF EXECUTIVE AND TOP MANAGEMENT REMUNERATION

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

	2026					2025			
Category, R'000[1]	**Salary**	**STI[2]**	**LTI**	**Other[3]**	**Total**	**Salary**	**STI**	**Other[3]**	**Total**
Current Exco members									
Executive directors	**15 902**	**4 504**	**–**	**5 292**	**25 698**	15 000	1 211	2 601	18 812
Dan Marokane[4]	**9 542**	**2 499**	**–**	**142**	**12 183**	9 000	765	1 963	11 728
Calib Cassim[2, 5]	**6 360**	**2 005**	**–**	**5 150**	**13 515**	6 000	446	638	7 084
Other group executives	**38 788**	**15 590**	**1 246**	**1 493**	**57 117**	15 091	2 584	401	18 076
Roman Crookes[6]	**4 452**	**1 589**	**–**	**83**	**6 124**	1 750	–	37	1 787
Nontokozo Hadebe[6]	**4 346**	**1 956**	**–**	**120**	**6 422**	1 708	–	24	1 732
Dr Candice Hartley[7]	**4 240**	**1 376**	**–**	**112**	**5 728**	333	–	4	337
Agnes Mlambo[8]	**2 006**	**–**	**–**	**176**	**2 182**	–	–	–	–
Portia Mngomezulu[6]	**4 346**	**1 956**	**–**	**214**	**6 516**	1 708	–	32	1 740
Rivoningo Mnisi[9]	**4 558**	**1 760**	**–**	**143**	**6 461**	717	–	29	746
Bheki Nxumalo[2]	**6 148**	**3 116**	**1 246**	**428**	**10 938**	5 800	2 584	208	8 592
Alfred Seema[10]	**4 346**	**1 956**	**–**	**136**	**6 438**	1 367	–	34	1 401
Len de Villiers[6]	**4 346**	**1 881**	**–**	**81**	**6 308**	1 708	–	33	1 741
Former Exco members	**1 910**	**352**	**–**	**51**	**2 313**	20 366	4 698	7 374	32 438
Monde Bala[2, 8]	**1 910**	**352**	**–**	**51**	**2 313**	5 800	2 610	121	8 531
Faith Burn[11]	**–**	**–**	**–**	**–**	**–**	2 293	–	64	2 357
Elsie Pule[12]	**–**	**–**	**–**	**–**	**–**	1 174	–	6 412	7 586
Jerome Mthembu[13]	**–**	**–**	**–**	**–**	**–**	1 750	–	38	1 788
Jainthree Sankar[14]	**–**	**–**	**–**	**–**	**–**	1 611	–	202	1 813
Segomoco Scheppers[15]	**–**	**–**	**–**	**–**	**–**	5 800	2 088	296	8 184
Natasha Sithole[16]	**–**	**–**	**–**	**–**	**–**	1 070	–	12	1 082
Vuyolwethu Tuku[17]	**–**	**–**	**–**	**–**	**–**	715	–	185	900
Sthembiso Vezi[18]	**–**	**–**	**–**	**–**	**–**	153	–	44	197
Total remuneration	**56 600**	**20 446**	**1 246**	**6 836**	**85 128**	50 457	8 493	10 376	69 326

1. No fees were paid to executives for serving on subsidiary boards.
2. STI amounts disclosed in the current year include employer pension contributions relating to the FY2025 STI scheme for Calib Cassim (R291k), Bheki Nxumalo (R349k) and Monde Bala (R352k). Refer to footnotes 4 and 5 for further information on the STIs and LTIs for Dan Marokane and Calib Cassim.
3. Other payments include accumulated leave paid out, long-service awards as well as allowances and insurance cover. Where applicable, sign-on bonuses, separation payments and ad hoc payments to the pension fund are also disclosed as other payments.
4. Only the interim FY2025 STI payout was disclosed under the previous year. The final payout for the FY2025 STI scheme of R2.5 million was not disclosed in FY2025 as it was still subject to shareholder approval. It was approved for payment in the third quarter of FY2026 and is disclosed in the current year. A payout of R3.7 million for the FY2026 STI scheme is not disclosed above as it is awaiting shareholder approval. Other payments for FY2025 include the GCE's sign-on bonus.
5. Only the interim FY2025 STI payout was disclosed under the previous year. The final payout for the FY2025 STI scheme of R1.7 million was not disclosed in FY2025 as it was still subject to shareholder approval. It was approved for payment in the third quarter of FY2026 and is disclosed in the current year, along with the related employer pension contribution of R291k. A payout of R2.3 million for the FY2026 STI scheme is not disclosed above as it is awaiting shareholder approval. Furthermore, an LTI payout of R2.2 million relating to the vesting of grant 13 is not disclosed above as it is also awaiting shareholder approval. Other payments for FY2026 include R4.8 million paid to the Eskom Pension and Provident Fund (EPPF) to augment the retirement benefit for pensionable service lost during his fixed-term employment from 2018 to 2023, resulting in approximately three years and two months of pensionable service being added in accordance with the EPPF's fund rules. This was approved by HCR.
6. Appointed on 1 November 2024.
7. Appointed on 1 March 2025.
8. Agnes Mlambo was appointed as acting Group Executive: Distribution from 1 August 2025. The NTCSA board approved the secondment of Monde Bala, Group Executive: Distribution, to the role of interim CEO of NTCSA from 1 August 2025. He was subsequently appointed as CEO of NTCSA from 1 October 2025; his remuneration is disclosed up to 30 September 2025, when he ceased to be a member of Exco. Monde Bala's payout of R2.2 million for the FY2026 STI scheme and an LTI payout of R1.2 million relating to the vesting of grant 13 are not disclosed above as he is no longer a member of Exco.
9. Appointed on 1 February 2025.
10. Appointed on 1 December 2024.
11. Served as Chief Information Officer until 31 October 2024. No longer a member of Exco following implementation of the new Exco structure in FY2025.
12. Former Group Executive: Human Resources, retired early on 31 July 2024 by mutual agreement. Other payments for FY2025 include separation and accumulated leave payments.
13. Appointed as Head of Legal and Compliance on 1 May 2024 and served as a member of Exco until 31 October 2024. He remained a permanent invitee of Exco following implementation of the new Exco structure in FY2025 and was since appointed to Exco from 1 June 2026. A payout of R1.6 million for the FY2026 STI scheme is not disclosed above as he was not a member of Exco at year end. The STI awarded for FY2025 amounted to R1.4 million, but this was not disclosed above as he was no longer a member of Exco at the time that the STI was awarded.
14. Served as Chief Procurement Officer until 31 October 2024. No longer a member of Exco following implementation of the new Exco structure in FY2025.
15. Served as interim CEO of NTCSA from 1 July 2024 until the conclusion of his secondment on 31 July 2025.
16. Served as acting Group Executive: Government and Regulatory Affairs from 10 August 2023 until 31 October 2024. No longer a member of Exco following implementation of the new Exco structure in FY2025.
17. Former Group Executive: Transformation Management Office, fixed-term contract ended on 30 June 2024.
18. Served as acting Group Executive: Legal and Compliance from 1 to 30 April 2024..

Ensuring fair remuneration *continued*

REMUNERATION PRACTICES FOR EMPLOYEES

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

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

Employee remuneration is aligned with the market median to balance affordability and competitiveness for scarce skills. Employees are paid according to their contribution and the market value of their roles. Additional premiums are considered for jobs requiring specialised skills or challenging work environments, such as nuclear work or shift-based roles.

GUARANTEED REMUNERATION

For bargaining unit employees – who make up around 81% of our workforce – remuneration includes a basic salary, a thirteenth cheque (disclosed as an annual bonus) and a comprehensive suite of benefits such as pension, medical aid, death cover and allowances for housing, transport and communication, subject to qualifying criteria. Under the three-year collective bargaining agreement for FY2024 to FY2026, bargaining unit employees received a cost-of-living adjustment of 7% in July 2025.

Managerial employees receive a guaranteed cost-to-company package that includes medical aid, pension, dread disease and death benefits, and group life cover. In October 2025, an average increase of 7% was implemented, comprising a guaranteed cost-of-living adjustment of 3% and a discretionary element to reward and retain top performers and address income disparities.

VARIABLE REMUNERATION

In FY2025, the Board – supported by the shareholder – approved the reintroduction of a group STI scheme as part of Eskom's broader turnaround plan at the time. Before this, Eskom employees had not received annual short-term incentives for the previous six years due to poor operational performance and severe financial constraints. The reimplementation of the STI scheme reflected a strategic view that the performance gains from a motivated workforce outweigh the cost of the incentives. The STI scheme was continued in FY2026.

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

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

- Generation performance: Energy availability factor, EAF (contributing 40% to the pool)
- Financial performance: Cash from operations (contributing 30%)
- NTCSA performance: System minutes lost <1 minute (10%)
- Distribution performance: System average interruption duration index (SAIDI) (10%)
- Safety performance: Lost-time injury rate, LTIR (employees and contractors) (10%)

The SAIDI value reported for FY2026 was qualified by the external auditors and consequently, the 10% allocation associated with this KPI was forfeited and no longer considered for inclusion in the STI calculation.

IR Refer to the discussion in "Sustainability indicators selected for reasonable assurance" in the integrated report for further information on the qualification

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

The final payout, which is contingent on full-year results, will be made in September 2026 after conclusion of the FY2026 external audit.

BREAKDOWN OF EMPLOYEE BENEFIT EXPENSE

R million	2026	2025
Salaries	**32 721**	29 537
Overtime	**3 490**	3 253
Post-employment medical benefits	**495**	414
Pension benefits	**2 783**	2 308
Annual bonus[1]	**1 705**	1 549
Performance bonus[2]	**4 342**	3 731
Production bonus[3]	**1 630**	1 212
Leave	**1 204**	1 171
Direct costs of employment	**48 370**	43 175
Direct training and development	**221**	180
Temporary and contract staff costs	**637**	625
Other staff costs	**1 203**	1 378
Gross employee benefit expense	**50 431**	45 358
Capitalised to property, plant and equipment	**(2 371)**	(2 198)
Net employee benefit expense	**48 060**	43 160

1. The annual bonus represents a thirteenth cheque. Refer to note 27.3 in the annual financial statements.
2. The performance bonus relates to the STI scheme. An additional 13.5% relating to the pension portion of the STI payout is included under pension benefits. A total STI obligation of R5.1 billion (including employer pension contributions) was recognised at year end (FY2025: R4.2 billion).
3. The production bonus is self-funded and rewards employees for improved efficiency, operational productivity and performance in the production environment as well as the reduction in the number of zero prepaid buyers in the distribution environment.

Ensuring fair remuneration *continued*

ENSURING PAY EQUITY

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

Eskom ensures pay equity by applying the following principles:

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

PAY EQUITY IN NUMBERS

Rand amount per year	Guaranteed[1]	Variable[2]	Total
Total remuneration in respect of the employee with the highest total remuneration	**9 540 000**	**2 499 300**	**12 039 300**
Total remuneration in respect of the employee with the lowest total remuneration	**62 892**	**–**	**62 892**
Average total remuneration of all employees	**872 486**	**69 447**	**941 933**
Median remuneration of all employees	**808 300**	**51 928**	**858 580**
Average remuneration of the 5% highest-paid employees	**1 933 770**	**252 268**	**2 186 038**
Average remuneration of the 5% lowest-paid employees	**157 681**	**4 355**	**162 036**
Remuneration gap, ratio[3]	**12.3**	**–**	**13.5**

1. Based on cost-to-company.
2. Variable remuneration includes LTI and STI amounts, where applicable.
3. Defined as the ratio between the total remuneration of the 5% highest paid employees and the total remuneration of the 5% lowest paid employees.

The employee with the highest remuneration, both guaranteed and variable, is the GCE, Dan Marokane. The lowest remuneration relates to the stipend payable to 947 learners under Government's Youth Employment Service (YES) programme.

If the YES learners were excluded, the remuneration in respect of the lowest-paid employee would be R126 611, while the average of the 5% lowest-paid employees would be R231 163, resulting in a pay gap of 8.4 (compared to 12.3 including YES learners).

Eskom's pay distribution remains relatively contained at the centre, with average remuneration only 10% higher than the median. The wider dispersion across the organisation is driven by the need to attract and retain talent at the higher-paid executive and specialised levels of the organisation. This reflects Eskom's principle of positioning guaranteed pay aligned to at least the market median while reserving incentive-based rewards for performance based organisational outcomes.

FUTURE FOCUS AREAS

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

ATTRACTING AND RETAINING SKILLED EMPLOYEES

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

ADAPTING FIT-FOR-PURPOSE REMUNERATION FRAMEWORKS

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

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

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

MANAGING EMPLOYEE BENEFIT COSTS

Direct employment costs increased by 12% year-on-year, reflecting average salary increases of 7% and headcount growth of 3% to ensure that Eskom is fully capacitated in key functions. Furthermore, the STI and production bonus has continued to positively impact operational performance, justifying the investment therein.

Measures are being implemented to better manage overtime expenditure, including stricter approval processes and accountability at divisional level to mitigate against abuse. Additionally, management is actively addressing key person dependencies to strengthen organisational capacity and reduce overreliance on one or a few individuals.

LOOKING AHEAD

The Board reaffirms its commitment to fair, responsible and transparent remuneration frameworks that remain fit for purpose and support Eskom's operational improvement initiatives and long-term sustainability. Priorities for FY2027 and beyond include aligning subsidiary NED fees to the group strategy and managing elevated levels of employee benefit costs.

Eskom will continue to optimise its cost base by driving higher productivity across the workforce to deliver improved organisational performance, while aligning rewards with operational and financial outcomes. These actions will ensure that Eskom's remuneration framework remains competitive, affordable and aligned to both shareholder expectations and market realities as Eskom transitions to a future-fit utility in a liberalised energy market.

Reinforcing assurance and controls

SUPERVISION

Operations and supervisory oversight
Implementation of internal controls and risk management processes to ensure a high-performing and sustainable operating environment

OPERATIONAL MANAGEMENT

Management and review functions
Assurance over the adequacy of operational risk management, effective adherence to internal control processes and delivery against objectives

FUNCTIONAL MANAGEMENT

Specialised control functions
Development and maintenance of internal control frameworks and policies, reviewing and monitoring

Risk, resilience and compliance
Assurance over risk and resilience as well as compliance management practices and processes

ASSURANCE

External audit
Independent reasonable assurance of the annual financial statements and selected sustainability KPIs in the integrated report

Internal audit
Assurance over the adequacy and effectiveness of risk management, internal control and governance

OVERSIGHT

Board
Consider control deficiencies and risk affecting the organisation, and provide guidance

OVERSEEING THE COMBINED ASSURANCE MODEL

The Board, supported by the Audit Committee and Risk Committee, sets the direction and provides oversight of Eskom's combined assurance framework, including risk management, internal controls, compliance, forensics and the governance of information technology.

The Internal Audit Department, which reports functionally to the Audit Committee, maintains independence from executive management and delivers assurance through a risk-based audit plan approved annually by the Audit Committee. Internal Audit determines the scope of internal audits and assurance projects, performing assurance work and communicating results free from interference.

Internal Audit also facilitates and coordinates Eskom's combined assurance model, which integrates assurance activities across line management, specialist functions, and internal and external assurance providers, culminating in oversight by the Audit Committee and the Board.

The combined assurance model provides a structured framework for coordinating assurance activities throughout the group to enable an effective control environment, enhance confidence in the integrity of information used for decision-making and strengthen reporting to stakeholders. However, its effectiveness remains dependent on effective internal monitoring and first-line assurance to ensure that control deficiencies are identified and addressed proactively, to reduce reliance on external assurance providers.

A combined assurance maturity assessment is planned to commence in FY2027 to consider the assurance architecture required to support the future group structure, including the structure, operating model and capacity of the internal audit function. Following that, the implementation of combined assurance will be strengthened to proactively identify and address control failures and ensure long-term remediation of systemic deficiencies identified through assurance processes.

ASSESSING THE CONTROL ENVIRONMENT

On a quarterly basis, Internal Audit reports to the Audit Committee on the status of governance and compliance, and the adequacy and effectiveness of preventative and corrective controls. Based on the key observations from audit work performed during the year, Internal Audit has concluded that the overall system of internal control across the group is adequate but only partially effective: while the design of controls and key governance frameworks is generally adequate, consistent execution, accountability and monitoring of controls remain key challenges.

Control effectiveness has improved measurably compared to the prior year, with a reduction in ineffective processes and strengthened governance and oversight in selected areas. However, the control environment has not yet improved to the extent required to materially reduce risk exposure, and continued management attention is required to ensure the effectiveness and consistent application of controls.

Reinforcing assurance and controls *continued*

The following themes summarise the present state of the control environment:

Governance	Risk management
Governance and organisational structures have been strengthened during the year, supporting the embedding of governance and control enhancements. Improvements to the frameworks covering delegation of authority as well as operational technology and information technology are in progress. However, oversight, accountability and consequence management remain inconsistently applied, and compliance with key legislation, particularly the PFMA, continues to require focused attention	The design of the risk management system is generally adequate for identifying, managing and reporting risks. However, effectiveness is constrained by inconsistent enforcement of risk processes, with limited accountability and insufficient mechanisms to track compliance at an activity level. Strengthened risk ownership supported improved risk-based decision-making across the group. To further enhance risk oversight, the Exco structure will be expanded to include a Chief Risk Officer
Internal controls	**Financial controls**
The design of the internal control system is generally adequate, providing a structured framework to support governance, risk management and operational efficiency, although the effective application of controls requires ongoing improvement from management. Weaknesses persist in areas such as plant and asset maintenance, outage and quality management, as well as document and records management. Delays in the implementation of certain digital and process improvement initiatives continue to constrain control effectiveness. Unsupported or outdated systems heighten exposure to cyber threats, thereby increasing the risk of unauthorised access, data compromise and disruption to critical control environments. Enhancements continue to strengthen cyber resilience, modernise technology and improve system integrity	The design of the internal financial control system remains adequate to support financial governance, risk management and regulatory compliance. However, deficiencies persist in the execution of controls, including weaknesses in document and record management, PFMA compliance, procurement and contract management, with inadequate oversight over financial reporting processes at component level, which may affect financial accuracy and reporting integrity. The effective application of controls requires ongoing oversight to mitigate financial risks and enhance financial and operational sustainability

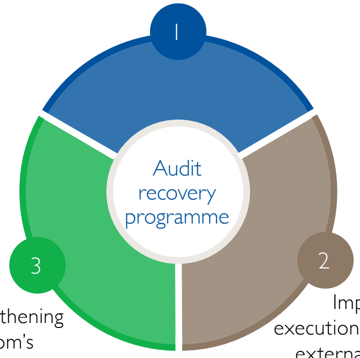
The primary drivers of control deficiencies remain largely unchanged and include:

- Inadequate adherence to established processes and procedures
- Deliberate circumvention of controls
- Insufficient management oversight and accountability
- Inconsistent enforcement of policies
- Inadequate consequence management

These factors indicate that the principal challenge is not the design of controls, but discipline, accountability and consistency of execution across the organisation. Strengthening management ownership of controls therefore remains a key focus area.

DRIVING PROGRESS THROUGH THE AUDIT RECOVERY PROGRAMME

The audit recovery programme was established as a strategic intervention to strengthen governance, restore audit discipline and address systemic control weaknesses that have contributed to recurring audit findings and qualified audit opinions in recent years. The programme remains a cornerstone of our efforts to restore confidence in our governance, reporting and control environment and is anchored on the following three pillars:



Oversight of the programme has been strengthened through structured governance forums at business unit level, with regular reporting to Exco's External Audit Oversight Committee, which is chaired by the GCE. These structures strengthened transparency, ownership and accountability for audit outcomes and control remediation efforts. Eskom has enhanced coordination between business units, Internal Audit, the Process Control and Assurance Department and other internal assurance functions responsible for monitoring the effectiveness of controls, enabling greater alignment between remediation activities to address audit findings, control enhancement initiatives and ongoing assurance reviews.

During the year, the programme progressed from its initial recovery phase into a broader, more focused phase of stabilisation, disciplined control improvement, enhanced audit readiness and sustainable remediation of findings through clearer management accountability. The emphasis shifted from establishing governance structures and the administrative closure of audit findings to identifying root causes and implementing management actions aimed at improving controls at the source and reducing the recurrence of audit findings. The introduction of a more rigorous weekly reporting cadence supported this shift, improving visibility, escalation and accountability over unresolved matters.

A key area of progress has been the strengthening of controls relating to audit evidence as well as record and document management. Greater emphasis was placed on the completeness, accuracy and traceability of information submitted for audit, particularly in areas that previously contributed to limitations of scope. Business units were required to improve recordkeeping, support reconciliations with clear audit trails, and ensure that evidence submitted to the external auditors was reviewed and quality-assured before submission.

Audit readiness is increasingly being driven as an ongoing management discipline rather than a year-end event, with earlier identification of audit risks, timely preparation of supporting information and more proactive engagement with assurance providers. This approach has supported earlier resolution of audit matters and improved audit execution.

Reinforcing assurance and controls *continued*

The programme has also strengthened Eskom's approach to managing audit findings by shifting the focus from administrative closure to sustainable remediation. Prior year findings were subjected to more disciplined oversight, with management actions assessed against the underlying root causes, the adequacy of control improvements and the risk of recurrence. This improved the group's ability to identify systemic weaknesses, prioritise high-risk matters and hold the responsible executives and management teams accountable, to ensure that audit findings are closed in a manner that contributes to sustainable improvements in the control environment.

Status of external audit findings at 31 March 2026

- ✓ 96% of FY2021 to FY2024 findings closed
- ✓ 69% of FY2025 findings closed

* Subject to audit verification

While the closure rates reported reflect management's assessment, the effectiveness and sustainability of the remediation of these findings will be independently verified by Internal Audit going forward. The outcomes of the FY2026 external audit will provide further insight into the quality and effectiveness of corrective actions based on the extent of repeat findings.

The programme has delivered progress in enhancing controls in several high-risk areas, including procurement and supply chain management, contract management, PFMA compliance and reporting, revenue-related processes, asset verification and reconciliations. These improvements included clearer ownership of controls, more frequent management reviews, improved supporting schedules, enhanced reconciliation processes and stronger alignment between operational and finance teams and internal assurance providers.

However, the pace of remediation remains uneven across the group, and sustained effort is required to ensure that identified weaknesses are addressed comprehensively and that control improvements are embedded in day-to-day operations. Management is enhancing its monitoring of audit recovery and control improvement initiatives through clear implementation milestones, together with performance measurement and accountability mechanisms.

Looking ahead, the focus remains on sustaining audit readiness and transitioning towards further control environment enhancements and maturity during FY2027, with the objective of supporting long-term financial sustainability and improving audit outcomes. The programme is laying the foundation for lasting improvement in audit outcomes and greater stakeholder confidence in the group's financial reporting and governance environment. While the audit recovery programme is set to end after the FY2027 audit cycle, the systems and behaviours it has established will embed a culture of accountability, improved audit readiness and ongoing PFMA compliance. These efforts will be supported by the development of an integrated governance, risk and control (iGRC) platform, which will provide real-time visibility across governance, risk, compliance and assurance activities.

EVALUATING EXTERNAL AUDIT OUTCOMES

The independent auditors, Deloitte & Touche, issued a qualified opinion relating to the quantification and disclosure of information relating to irregular expenditure required in terms of the PFMA, as the associated financial records were not complete. The auditors have raised material findings in respect of the lack of completeness of Eskom's reported irregular expenditure, both relating to the current year and cumulative balances. Notably, the qualification no longer extends to the accuracy of irregular expenditure reported or to losses due to criminal conduct, reflecting the progress made through the audit recovery programme and associated PFMA remediation initiatives. While this represents meaningful progress, addressing the remaining qualification continues to be a priority for management and the Board.

Except for the above qualification, the financial statements are considered to be fairly presented in terms of IFRS Accounting Standards.

The auditors' report also includes a material uncertainty relating to Eskom's ability to continue as a going concern, driven by factors including dependence on Government support; uncertainties related to the achievement of operational assumptions; the determination of regulated revenue by NERSA; financial risks associated with World Bank funding of the Medupi flue gas desulphurisation, declining sales, municipal arrear debt and energy losses; as well as the impact of unbundling and market reform. However, these matters do not affect their opinion.

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

STRENGTHENING PFMA COMPLIANCE

Strengthening compliance with the PFMA remains a key governance priority for Eskom. As a state-owned entity entrusted with significant public resources, we are committed to strengthening compliance; improving the quality, completeness and auditability of PFMA-related reporting; and reinforcing accountability and compliance throughout the group.

Eskom is actively assessing and enhancing PFMA compliance through a compliance risk monitoring plan and developing a proactive response to PFMA-related audit qualifications. Given the breadth of PFMA and related legislative requirements, this remains a systemic group-wide challenge that requires a coordinated, multi-year response supported by clear ownership, stronger controls, enhanced oversight and effective consequence management.

Eskom's Loss Control Function (LCF) is responsible for conducting assessments and determinations relating to irregular expenditure and fruitless and wasteful expenditure, as well as oversight and tracking of consequence management such as disciplinary action and recovery of losses. Through these activities, the LCF plays a central role in supporting compliance with legislative requirements and strengthening the integrity of PFMA reporting processes. Enhancing the capacity and throughput of the LCF and the PFMA reporting function remains a focus area to support the timely identification, assessment, determination and reporting of PFMA matters.

Through the audit recovery programme, Eskom has continued to implement interventions to address the underlying causes of PFMA non-compliance and strengthen accountability. Interventions are progressively shifting from remediating historical matters to preventing further non-compliance through enhanced governance disciplines and stronger integration between operations, procurement, contract management, finance, legal, Internal Audit and PFMA functions. Key improvements include quality review processes, early-warning mechanisms, enhanced monitoring of matters requiring consequence management or further investigation, as well as continuous sample testing to identify potential control weaknesses and compliance risks before they result in reportable incidents.

Attention is focused on addressing historical deficiencies that have contributed to audit qualifications and weakened confidence in PFMA-related disclosures. A dedicated programme has been instituted to address the backlog of PFMA assessments and determinations for irregular expenditure and fruitless and wasteful expenditure, as theses are a key contributor to historical PFMA reporting challenges and external audit findings. The programme is being managed through prioritised workstreams, defined review criteria, escalation protocols and quality assurance processes. The initiative is aimed at improving the quality, timeliness and consistency of assessments, strengthening related reporting and supporting more effective implementation of consequence management. By addressing the backlog, management will be better positioned to focus on real-time identification and remediation of PFMA non-compliance.

Over and above this, a dedicated stream is responsible for analysing and clearing the opening balance of irregular expenditure and fruitless and wasteful expenditure through condonation, recovery and removal processes where applicable.

Reinforcing assurance and controls *continued*

Eskom continues to align its PFMA processes and procedures with evolving National Treasury instruction notes and best practice. During the year, the process instruction governing the treatment of irregular expenditure was approved and awareness initiatives were conducted across the group to support consistent application. The process instruction covering fruitless and wasteful expenditure is progressing through the necessary approval processes and will be implemented once finalised. A PFMA awareness toolkit has also been developed to improve understanding of requirements and promote more consistent compliance across the group.

Training and awareness initiatives are also being intensified to strengthen procurement, supply chain management and PFMA compliance across the organisation. These initiatives are supported by a dedicated communication channel established to enhance communication of PFMA-related matters, procedural changes, practical guidance and lessons learned throughout the group. This is intended to reinforce accountability at the point where risks originate, rather than only at the point of reporting.

The programme has also supported a more disciplined approach to consequence management. Historically, one of the key weaknesses in PFMA reporting has been the disconnect between the identification of non-compliance, the determination of financial misconduct, and consequence management, recovery and closure. Matters are now being tracked through the full lifecycle to reinforce accountability – consistent with the Board's expectation that PFMA remediation must be accompanied by appropriate corrective action and consequence management.

PFMA compliance is assessed on an ongoing basis and root causes of non-compliance – including poor document management, inconsistent application of policies and procedures, delayed investigations and weaknesses in consequence management – have been identified and are being addressed through targeted action plans with defined owners, timelines and reporting requirements. Progress is being monitored through executive oversight to ensure that corrective actions are implemented, underlying causes are addressed and lessons learned are embedded into business processes to improve the auditability and credibility of PFMA-related disclosures.

Disclosure of PFMA-related information

We have historically reported all PFMA amounts excluding VAT, as recorded in our accounting system. We have continued to do so in FY2026, based on a departure granted to Eskom by National Treasury from the requirement of section 79 of the PFMA to disclose amounts inclusive of VAT.

Irregular expenditure

At 31 March 2026, the cumulative balance of irregular expenditure amounted to R134.9 billion (2025: R150 billion, restated), the vast majority of which relates to historic transgressions. Ongoing interventions are focused on addressing the backlog of PFMA assessments and determinations and completing condonation and removal processes.

As a result, the balance for the comparative period was restated, increasing by R46.1 billion. This comprises R9.3 billion in restatements to FY2025 expenditure and R36.8 billion in restatements to the FY2025 opening balance (i.e. relating to expenditure for years prior to FY2025). These restatements are largely because of expenditure in previous years that was only confirmed as irregular in the current year after conclusion of the relevant processes.

Irregular expenditure incurred during the year totalled R4.9 billion, with only R28 million relating to new matters. The remainder related to existing multi-year contracts that will continue to attract irregular expenditure until condoned or removed. Approximately 70% of the irregular expenditure incurred in FY2026 relates to two incidents covering procurement of fuel and construction equipment.

During the year, we received notice of condonations from National Treasury to the value of R1 billion. Condonations are only granted by National Treasury once the necessary interventions, such as disciplinary processes and remedial action, have been undertaken to prevent recurrence of the irregular expenditure.

Revised processes and controls have been implemented to ensure the removal of uncondoned irregular expenditure, to minimise the continued impact of historical matters on the cumulative irregular expenditure balance. Removal of irregular expenditure can only be approved where an investigation confirms that there was no criminality involved or, if there was, that a case has been registered with law enforcement. Furthermore, the investigation must confirm that there was no financial loss suffered by Eskom, that consequence management has been implemented, that the non-compliance has been addressed and that transactions of a similar nature are regularly reviewed. In accordance with Eskom's delegation of authority policy, approval was received from the Exco Tender Committee to remove historic irregular expenditure amounting to R18.8 billion during FY2026. A further R0.2 billion was written off as irrecoverable.

Fruitless and wasteful expenditure

The closing balance of fruitless and wasteful expenditure amounted to R3.4 billion at year end (2025: R3.7 billion, restated). The balance for the comparative period was restated, reducing by R0.4 billion due to matters being prematurely disclosed as fruitless and wasteful expenditure in previous years, based on pending arbitration and/or litigation of contractual disputes. A total of 62 incidents of fruitless and wasteful expenditure were reported during the year, totalling only R211 000. Recoveries of R3 million were recorded for the year, while R329 million relating to prior years was written off as irrecoverable.

Material losses through criminal conduct

Losses due to criminal conduct of R6.7 billion were reported during the year (2025: R7.2 billion), of which R6.6 billion related to estimated non-technical energy losses arising from electricity theft and ghost vending (2025: R7.1 billion). Efforts to reduce these losses continue through enhanced physical security measures, improved revenue protection initiatives and technology-enabled monitoring. We are collaborating with other state-owned entities, industry role players and law enforcement agencies to combat losses.

The Board recognises that this cannot be treated as a standalone compliance exercise. PFMA findings are not merely reporting matters; they arise from weaknesses in the underlying control environment. The internal control environment continues to be strengthened through proactive assurance activities, improved oversight of procurement and contract management processes, and enhanced integration of combined assurance activities across relevant functions. These measures are intended to improve the consistency and effectiveness of control execution, strengthen assurance over PFMA compliance and reinforce a culture of accountability and timely consequence management.

Looking ahead, Eskom will continue to pursue a proactive and systematic approach to PFMA compliance, supported by stronger governance, enhanced internal controls, disciplined execution and ongoing capacitation and capability-building initiatives. Over time, these interventions are intended to embed a more mature PFMA compliance environment in which non-compliance is identified earlier, assessed consistently, reported accurately and remediated effectively – reinforcing responsible stewardship of public resources and strengthening confidence in the group's financial reporting.

Encouragingly, the external audit qualification has narrowed relative to the prior year and the value of new irregular expenditure arising during the year was limited – an early indication that strengthened controls are beginning to take effect.

GR PFMA information required by National Treasury regulations is disclosed in the supplementary information from page 52 of this report, and includes details of disciplinary action and criminal sanctions

AFS Current year information is also disclosed in note 52 in the financial statements

Reinforcing assurance and controls *continued*

THE CONCLUSIONS OF THE AUDIT COMMITTEE

The Audit Committee has considered the reports of management, the internal audit and forensic functions as well as the independent auditors in forming its conclusion for the year. In carrying out its responsibilities, the committee encouraged rigorous challenge of control, accounting, disclosure and compliance matters in forming its conclusion on key issues.

While acknowledging management's efforts to address identified weaknesses and the progress made in strengthening controls over the past year, the committee noted that:

- The control environment is generally adequately designed but not yet consistently effective in operation, with significant control deficiencies persisting
- Enhancements are required to first-line monitoring and the timely identification and remediation of control failures to improve the effectiveness of the combined assurance model
- Continued reliance on external assurance providers was necessary in areas where internal assurance should be sufficient
- Compliance with legal and regulatory requirements, particularly the PFMA, continues to require focused attention
- Notwithstanding the improvements made, the audit qualification relating to the completeness of irregular expenditure disclosed in terms of the PFMA continued. The committee noted that only a small portion of the irregular expenditure incurred related to new matters
- Consequence management and accountability for non-compliance require further strengthening

The committee continues to actively oversee the implementation of remedial actions, including the audit recovery programme, and will continue to monitor progress until control deficiencies are satisfactorily addressed.

FY2027 priorities

- Combined assurance maturity assessment, including the structure, operating model and capacity of the internal audit function
- Development of an iGRC platform
- Stronger control environment first-line assurance and consequence management
- Addressing the backlog of investigations and consequence management
- Enhanced PFMA compliance and remediation
- Continuous audit readiness

Having considered the material uncertainties and key assumptions disclosed in note 3.2 in the financial statements, together with the mitigating actions identified by management and the continued availability of adequate resources and support, the committee concluded that the going concern basis of accounting remains appropriate. Consequently, the committee recommended to the Board that the financial statements be prepared on the going concern basis.

AFS Refer to note 3.2 in the financial statements for further information on the going concern assessment

Overall, the committee is satisfied that, notwithstanding the identified weaknesses and the improvements recommended, nothing significant has come to its attention to indicate a material breakdown in the functioning of controls, procedures and systems, and that the controls are appropriate, with compensating measures to ensure compliance with the requirements of the Companies Act, the PFMA and IFRS Accounting Standards.

AFS Further detail on the committee's conclusion is provided in the report by the Audit Committee included in the financial statements

Upholding good governance

MAINTAINING INTEGRITY AND STRENGTHENING GOVERNANCE

In recent years, the Board has implemented significant governance reforms in response to external inquiries and investigations – most notably through the findings of the State Capture Commission – as well as weaknesses identified through internal and external assurance activities. The structural and organisational interventions implemented to strengthen governance were extensively covered in the FY2025 integrated report. Addressing these challenges has been essential to rebuilding stakeholder confidence and securing Eskom's long-term sustainability.

The Board recognised this as a complex, multi-year undertaking requiring sustained commitment and disciplined execution. Strengthening organisational structures, enhancing people, processes and systems, and shifting from reactive and fragmented responses towards proactive prevention have been critical to effectively addressing governance and compliance challenges.

During FY2026, the focus moved from establishing these structures and interventions towards strengthening oversight and capacity, embedding improved controls and delivering measurable outcomes. Eskom continued to mature its governance, security, forensic and compliance capabilities through a coordinated approach focused on prevention, early detection and effective investigation. The implementation of consequence management and sustainable remediation actions are areas that require further improvement. Our objective is to not only address incidents of criminality, but also correct the underlying control weaknesses that enable it to occur, to promote a culture of ethical conduct.

Protecting Eskom against criminality and unethical behaviour remains fundamental to achieving long-term financial sustainability, safeguarding critical infrastructure and improving stakeholder confidence. Progress achieved during the year demonstrates the benefits of a more integrated and coordinated approach through the expansion of the Group Investigations and Security Department, supported by strengthened investigative capability, enhanced security measures, closer collaboration with law enforcement agencies and improved oversight.

Eskom's integrated approach to addressing criminality and other misconduct is built around five mutually reinforcing pillars:

- *Prevention:* Strengthening ethics, governance, controls, systems and processes to reduce opportunities for criminal activity and unethical behaviour
- *Detection:* Enhancing monitoring, analytics, whistle-blowing mechanisms, cyber security capabilities and data-driven insights to identify emerging risks and suspicious activities at an earlier stage
- *Investigation:* Conducting intelligence-led investigations through specialist forensic and security capabilities and collaboration with law enforcement agencies to respond to incidents swiftly and decisively
- *Correction:* Translating lessons from past incidents into control improvements to prevent recurrence, while driving accountability through effective consequence management, which includes disciplinary action, supplier sanctions and criminal referrals
- *Oversight and governance:* Strengthening governance structures, assurance activities and accountability mechanisms to improve the effectiveness of risk management, internal controls and compliance processes, while promoting a culture of transparency, disciplined execution and continuous improvement

The sections that follow provide an overview of our progress in protecting critical infrastructure, strengthening cyber security, improving procurement integrity, advancing forensic investigations and reinforcing accountability through effective consequence management.

PROTECTING CRITICAL INFRASTRUCTURE THROUGH PHYSICAL SECURITY

It remains essential to safeguard our people, sustain operational performance improvements, maintain operational reliability and support national energy security by protecting our employees and infrastructure against criminal activity. Crime-related risks such as theft of electrical cable, coal, diesel and fuel oil, as well as illegal connections, meter tampering, ghost vending, infrastructure vandalism and sabotage, together with other offences continue to threaten primary energy security, operational performance, revenue protection and financial sustainability. We continue to strengthen physical security capabilities through intelligence-led security operations, enhanced monitoring technologies and close collaboration with law enforcement and national security structures, such as the Energy Safety and Security Priority Committee of the National Energy Crisis Committee (NECOM).

The integration of our forensic and security functions within the Group Investigations and Security (GIS) Department has enabled a more coordinated approach to managing security risks, implementing preventative measures and investigating incidents.

Launch of the Raptor Fusion Centre

We officially launched the Raptor Fusion Centre at Megawatt Park on 6 February 2026. This dedicated unit within GIS is focused on addressing high-priority incidents involving organised crime, infrastructure sabotage and significant economic offences through intelligence-driven investigations and rapid response interventions.

During the year, we experienced 2 345 crime-related incidents, resulting in estimated losses of R191 million, reflecting a reduction in both incidents and associated losses compared to the prior year (2025: 2 685 incidents and losses of R234 million). A total of 505 arrests were made, together with 13 convictions and recoveries of R34 million (2025: 427 arrests, 13 convictions and recoveries of R24.6 million). The Distribution Division remained the most targeted area, accounting for approximately 75% of total incidents.

A key focus area during the year was strengthening intelligence gathering, threat monitoring and coordinated responses to emerging risks. Weekly security pulse meetings were implemented to enhance intelligence sharing and support early warning and rapid response capabilities for high-impact threats. We also continued to strengthen partnerships with law enforcement agencies and national security structures through participation in the National Joint Operational and Intelligence Structure (NATJOINTS) Priority Committee under NECOM, supported by coordinated response mechanisms.

Upholding good governance *continued*

Coal security remained an important focus area during the year given its significance to primary energy security and generation performance. Targeted crime-prevention initiatives and intelligence-led investigations were conducted across the coal supply chain to mitigate the risks of theft, fraud and coal adulteration during transportation and delivery. Between November 2025 and March 2026, periodic disruptive operations were undertaken at several power stations, with no evidence of tampering being identified. These interventions, together with strengthened supplier oversight and coal quality verification processes, contributed to enhanced supplier compliance and greater confidence in the integrity of coal deliveries.

Our security environment is being modernised through the rollout of the Security Incident Management Application, which enables standardised incident reporting to the South African Police Service (SAPS), Mission Area Joint Operation Centre and the National Sector Coordinating Committee, as well as real-time monitoring and enhanced analytical capabilities. The platform provides improved visibility of crime trends, hotspots and emerging threats, supporting more proactive deployment of security resources and improved decision-making. We are also evaluating and deploying advanced security technologies, including integrated surveillance, intelligent analytics and drone-based monitoring capabilities to strengthen the protection of critical infrastructure.

Further efforts were undertaken to enhance governance and oversight of security activities, including enhanced contract oversight through a validation committee – to oversee the procurement and implementation of security service contracts – as well as implementation of outcome-based security contracting models and ongoing compliance monitoring against applicable legislative and security requirements. During the year, 35 security assurance audits were completed, contributing to a reduction in outstanding audit findings and reinforcing security compliance across the group.

Eskom also continued to strengthen its security vetting programme, implemented in collaboration with the State Security Agency, to conduct security clearance assessments of non-executive directors, executives, employees, suppliers and other individuals with access to classified information and critical infrastructure.

While the reduction in incidents and associated losses demonstrates progress, risks relating to cable theft, illegal connections and infrastructure vandalism remain significant. Eskom will continue to focus on intelligence-led operations, technology-enabled monitoring, enhanced security governance and collaboration with external stakeholders to prevent, detect and respond to threats against critical infrastructure and support the long-term sustainability of the organisation.

STRENGTHENING CYBER SECURITY AND DIGITAL RESILIENCE

Protecting critical information, digital infrastructure and operational technology remains essential to maintaining operational resilience, supporting the reliable supply of electricity and safeguarding revenue. The increasing convergence of information technology and operational technology, together with the growing adoption of digital platforms and artificial intelligence (AI), require a strong cyber security capability and a resilient technology environment in line with Eskom's digital transformation journey.

We continued to strengthen our cyber security posture during FY2026 through risk-based initiatives implemented across people, processes and technology, aimed at protecting critical systems and reducing exposure to evolving cyber threats. Although we remain exposed to cyber security risks associated with certain unsupported legacy systems, no Priority 1 cyber security incidents were reported during the year.

A key focus during the year was enhancing data centre resilience, modernising network infrastructure and replacing legacy technology platforms that no longer meet current security requirements. The Group Technology and Information Division continues to engage with divisional and subsidiary operational technology functions and monitor the replacement or upgrade of unsupported or outdated systems to reduce the exposure to cyber attacks.

As reported in previous years, vulnerabilities within Eskom's online vending system (OVS) exposed the group to the generation of illicit prepaid electricity tokens and associated revenue and energy losses. During the year, we completed the migration of OVS infrastructure to a more secure environment, supported by real-time detection and monitoring. This has strengthened the related control environment, reduced fraud-related vulnerabilities, improved monitoring and reporting capabilities, and enhanced management oversight.

The effectiveness of these interventions is supported by improved reconciliation between forensic energy analysis and billing systems, progress on investigations, targeted fraud mitigation interventions and the continued deployment of smart meters. In parallel, we are accelerating the implementation of a new, secure vending platform to replace the current system. Operationalisation of the new prepaid system and the migration of smart meters to the new architecture are expected to commence from January 2028.

While the stabilisation of the existing OVS environment provides effective risk mitigation over the short and medium term, the OVS replacement programme is the strategic long-term solution to address legacy technology risks, strengthen cyber security, enhance revenue protection and support Eskom's digital transformation.

Strengthening cyber security controls remains a priority. Key initiatives underway include the implementation of a zero-trust network architecture, deployment of next-generation firewalls, strengthening of endpoint protection capabilities and the development of an AI security standard to support the secure deployment of emerging technologies. Cyber security awareness and phishing simulation exercises also continued across the organisation to strengthen employee awareness and resilience against cyber threats.

In recognition of the strategic importance of digitalisation to our sustainability, we are finalising a digitalisation and AI strategy that will integrate digital technology, data, cyber security, operational technology and AI initiatives into a single enterprise-wide roadmap. The strategy is intended to support improved operational efficiency, enhanced decision-making, improved customer experience and more resilient operations, underpinned by modern technology platforms, advanced analytics and strengthened cyber security foundations.

During the year, we continued to progress several digital initiatives aimed at improving operational performance and strengthening governance. These included ongoing modernisation of procurement systems, the implementation of enhanced inventory and asset management systems, improvements to customer-facing platforms and the phased rollout of Microsoft Copilot and other AI capabilities to improve productivity and organisational effectiveness.

Upholding good governance *continued*

Cyber resilience is further supported through collaboration with industry partners and participation in forums focused on emerging cyber security risks, leading practices and technology developments.

While progress has been made, we will continue to focus on strengthening cyber security capabilities, modernising technology infrastructure, replacing legacy systems and advancing our digital transformation agenda to support long-term operational resilience and sustainability.

IMPROVING PROCUREMENT AND SUPPLY CHAIN INTEGRITY

Given the significant expenditure managed through procurement processes and the historical link between procurement weaknesses, supplier misconduct, irregular expenditure as well as fraud and corruption, addressing procurement and supply chain management (P&SCM) risks remains critical to ensuring value for money, safeguarding public resources and restoring stakeholder confidence in Eskom's governance and control environment.

As part of our broader P&SCM transformation strategy, we are driving improvements across governance, risk, controls and compliance, together with digitalisation and process optimisation initiatives, to improve procurement outcomes, strengthen oversight and transparency, and enable more agile and data-driven decision-making. These interventions are intended to reduce opportunities for misconduct, improve compliance with legislative and internal requirements, strengthen transparency and auditability, and reinforce a high-performance procurement culture.

GR Refer to "Reinforcing controls and assurance – Strengthening PFMA compliance" from page 35 for further information on our efforts to strengthen PFMA compliance

We have continued to strengthen procurement integrity through:

- Adoption of National Treasury's Central Supplier Database for informal tendering requests for quotation, thereby reducing procurement risks and improving transparency
- Enhanced monitoring of low-value procurement mechanisms to reduce the risk of abuse
- Continued review and streamlining of supply chain management policies and procedures, with a focus on embedding system-based controls to reduce manual intervention
- Reinstatement of proactive assurance and full-scope probity reviews on all high-value tenders

During the year, the Board approved a supplier integrity policy which builds on existing requirements to further strengthen ethical conduct, accountability and consequence management across our supplier base. Our approach to supplier integrity reinforces the avoidance of conflicts of interest, supporting confidentiality, fair tendering practices and reporting of misconduct, as well as implementation of disciplinary processes when suppliers breach Eskom's ethical, procurement or contractual requirements.

In conjunction, the supplier review process has been enhanced to improve responsiveness and accountability through the re-establishment of the Supplier Review Committee. Sanctions include removal from Eskom's supplier database, referral to National Treasury for restriction on the Central Supplier Database or the implementation of temporary purchasing blocks on Eskom's procurement system.

Furthermore, we have continued to modernise the procurement environment by streamlining processes, digitising workflows and strengthening automated controls. These efforts have contributed to improved spend control, enhanced auditability, greater transparency and stronger enforcement of procurement controls, with notable reductions in high-risk procurement categories such as low-value procurement and informal tendering expenditure.

Several strategic technology initiatives progressed during the year, including the implementation of enhanced inventory, warehouse and price-verification systems to improve stock visibility and procurement accuracy. Price benchmarking and contract renegotiations supported by market pricing tools are being implemented to ensure that Eskom receives enhanced value for money. The digitalisation and optimisation of procurement processes over the next five years, including the implementation of a full-scale eProcurement solution, will deliver end to end process visibility, enforce governance controls, improve master data quality, enhance fraud detection capabilities and provide real-time analytics to support informed planning, accountability and reporting.

P&SCM has also commenced the transition towards a category-management operating model, to be implemented over the next two years, which will support more strategic sourcing, improved demand planning and broader contract coverage. A centralised sourcing hub for high-risk, high-value and cross-cutting commodities is planned to be established during FY2027.

Beyond governance and control improvements, procurement is also being leveraged to support South Africa's localisation and industrialisation objectives as part of the just energy transition. Through supplier development initiatives, increased participation of SMMEs and black-owned suppliers, as well as the expansion of local supply chains in partnership with Government and industry, Eskom aims to reduce import dependency for critical components, strengthen South Africa's industrial competitiveness and manufacturing capability, ultimately contributing to inclusive economic growth. These initiatives will support the development of a more resilient supply chain while contributing to broader economic and social development objectives.

PR Refer to "Sustaining communities – Our contribution to supplier development" in the performance report for further information on our supplier development, localisation and industrialisation objectives

Upholding good governance *continued*

ADVANCING FORENSIC INVESTIGATIONS AND REINFORCING CONSEQUENCE MANAGEMENT

As a key component of our governance, assurance and consequence management framework, forensic investigations play a critical role in our efforts to prevent, detect and respond to criminality and unethical behaviour. The results of these investigations support accountability, strengthen governance, inform control improvements and help reduce the risk of recurrence. By identifying misconduct, supporting criminal and disciplinary proceedings, and recommending corrective actions, our forensic capabilities contribute to safeguarding organisational integrity and reinforcing stakeholder confidence.

Incidents registered through reporting channels	
Incidents carried forward	**372**
New incidents registered	**10 594**
Preliminary assessments completed	**10 604**
Incidents awaiting assessment	**362**

We have continued to prioritise the timely assessment of reported incidents through our whistle-blowing channels. Performance in assessing reported incidents remained strong, exceeding our annual target and reinforcing the importance of whistle-blowing mechanisms in identifying potential misconduct at an early stage.

Each report is assessed and directed to the most appropriate resolution channel. Where a report relates to customer service, operational, security or employee relations matters it is referred for management action through the appropriate business function. Where indicators of criminality or financial misconduct are identified, the matter is escalated and registered for forensic investigation. Regrettably, performance in commencing forensic investigations within targeted timeframes was constrained by the significant volume of historical cases requiring attention, combined with the lack of sufficient resources to clear the backlog.

Forensic investigations

235 (2025: 245)
new cases requiring forensic investigation

45 (2025: 105)
forensic investigations concluded

710 (2025: 520)
cumulative cases under investigation at year end, relating to current and prior years

The accumulation of historical forensic cases is a significant challenge, constraining our ability to conclude investigations and related disciplinary processes within optimal timeframes and demonstrate effective consequence management. Of the 710 forensic cases outstanding at year end, 659 related to prior years. Addressing this backlog remains a key priority.

During the year, several initiatives were implemented to improve investigative throughput, quality and responsiveness. These included the establishment of the Raptor Fusion Centre to prioritise high-impact matters involving organised crime, infrastructure sabotage, procurement fraud and other significant economic offences. Matters involving suspensions, high-value investigations and cases requiring urgent intervention are prioritised through this capability. The establishment of a dedicated project management office has also been approved to support the expedited resolution of investigation backlogs and disciplinary matters. Recruitment activities to capacitate this office have commenced in FY2027.

After year end, we also initiated a process to appoint a panel of specialised external forensic service providers to supplement internal resources and provide access to specialist capabilities – including digital forensics, advanced data analytics and other forensic disciplines – to accelerate the resolution of legacy matters, while strengthening the quality and consistency of investigative outcomes.

Investigations completed during the year identified recurring themes, including procurement and recruitment irregularities, undeclared conflicts of interest involving both suppliers and employees, and other forms of fraud and corruption. Findings consistently identify the dominant underlying causes of misconduct as non-adherence to well-documented policies and procedures, circumvention of controls and insufficient first-line assurance and management oversight. The insights gained from forensic investigations are used to strengthen controls, improve governance and address systemic weaknesses that could create opportunities for misconduct. These findings reinforce the importance of management accountability, consistent control execution and a high-performance ethical culture across the organisation.

During the year, fraud and corruption risk reporting was consolidated into a single enterprise-wide Priority 1 operational risk, strengthening executive oversight and enabling a more coordinated response to what remains one of the group's most significant governance risks.

We work closely with law enforcement agencies and other external stakeholders in the investigation of criminal conduct. Matters involving suspected fraud and/or corruption exceeding R100 000 are referred to the Hawks in accordance with the Prevention and Combating of Corrupt Activities Act, 2004 (PRECCA). Additionally, high-priority corruption and procurement fraud cases are escalated to the Special Investigating Unit (SIU) under presidential proclamation.

By year end, 299 criminal cases were registered with SAPS, of which 279 were referred to the Hawks in terms of PRECCA. Of these, 92 had been completed and 24 were at trial stage at various magistrate and specialist commercial crimes courts. We continue to monitor these proceedings and support SAPS, the Hawks and the National Prosecuting Agency (NPA) to advance investigations, arrests and prosecution outcomes.

Another key focus is the strengthening of the integration between forensic investigations, control remediation, employee disciplinary processes, supplier sanctions and criminal referrals. This approach seeks to hold individuals and entities accountable for misconduct, while addressing underlying control weaknesses and reducing the risk of recurrence.

During FY2026, GIS recommended disciplinary action against 69 employees based on findings from forensic investigations. Management implemented disciplinary recommendations relating to current and prior year investigations against 96 employees, including written warnings, suspensions without pay and dismissals, depending on the nature and severity of the misconduct identified. Investigations also resulted in recommendations for control enhancements, civil recovery actions and criminal referrals where appropriate.

Exco and the Board continue to strengthen oversight of consequence management processes throughout the group. While progress has been made, delays in concluding certain disciplinary matters remain a challenge, particularly where cases are complex or relate to historical matters. By year end, recommendations from forensic investigations relating to 64 employees remained outstanding, with a significant portion relating to matters older than 90 days. GIS continues to work with line management and employee relations functions to drive the timely closure of disciplinary cases and reinforce effective consequence management.

Where appropriate, Eskom also pursues civil and other recovery mechanisms to recover losses arising from criminality and other forms of misconduct. These efforts are complemented by employee flagging mechanisms, supplier sanctions and other preventative measures designed to mitigate future risk and strengthen organisational integrity. Investigative findings continue to inform improvements to policies, procedures and internal controls, helping to address the root causes of misconduct.

While progress is being made in strengthening investigative capability and improving the management of fraud and corruption risks, several challenges remain. We will continue to enhance our forensic capabilities and leverage technology, data analytics and intelligence-led investigations to improve investigative outcomes and address the backlog of forensic cases. Strengthening consequence management also remains a strategic priority. Continued focus is being placed on improving coordination between investigative, disciplinary and legal processes to accelerate the implementation of remedial actions and ensure that misconduct is addressed consistently, fairly and transparently.

Abbreviations

AC Audit Committee (a Board committee)

ACI African, Coloured and Indian

AEL Atmospheric emissions licence

B-BBEE Broad-based black economic empowerment

BESS Battery energy storage system

BOPC Business Operations Performance Committee (a Board committee)

CAIDI Customer average interruption duration index (see glossary)

CCMA Council for Conciliation, Mediation and Arbitration

CORE Cost Optimisation and Revenue Enhancement

CSA Coal supply agreement

CSI Corporate social investment

DAA Distribution agency agreement

DEE Department of Electricity and Energy

DFFE Department of Forestry, Fisheries and the Environment

DFI Development finance institution

DMPR Department of Mineral and Petroleum Resources

DoA Delegation of authority

DWS Department of Water and Sanitation

EAF Energy availability factor (see glossary)

EBITDA Earnings before interest, taxation, depreciation and amortisation, and fair value adjustments

ECA Export credit agency

ERI Eskom Rotek Industries SOC Ltd

ERTT Eskom Restructuring Task Team (established by the Presidency)

ESG Environmental, social and governance

ESP Electrostatic precipitator

EUF Energy utilisation factor (see glossary)

Exco Executive Management Committee

FFP Fabric filter plant

FGD Flue gas desulphurisation

GCE Group Chief Executive

GCFO Group Chief Financial Officer

GDP Gross domestic product

GIS Group Investigations and Security Department

GSC Governance and Strategy Committee (a Board committee)

GW Gigawatt = 1 000 megawatts

GWh Gigawatt-hour = 1 000MWh

HCR Human Capital and Remuneration Committee (a Board committee)

IASB International Accounting Standards Board (part of the IFRS Foundation)

IDC Industrial Development Corporation of South Africa Ltd

IFC Investment and Finance Committee (a Board committee)

IFRS® International Financial Reporting Standards

INPO Institute of Nuclear Power Operations

IPP Independent power producer (see glossary)

IRP Integrated Resource Plan

ISSB International Sustainability Standards Board (part of the IFRS Foundation)

King IV King IV Report on Corporate Governance™ for South Africa, 2016

King V King V Report on Corporate Governance™ for South Africa, 2025

kℓ Kilolitre = 1 000 litres

KPI Key performance indicator

kt Kiloton = 1 000 tons

kV Kilovolt = 1 000 volts

kWh Kilowatt-hour = 1 000 watt-hours (see glossary)

kWhSO Kilowatt-hour sent out

LTIR Lost-time injury rate (see glossary)

MES Minimum Emission Standards

Mℓ Megalitre = 1 million litres

Abbreviations *continued*

MOI Memorandum of incorporation

mSv Millisievert

Mt Million tons

MVA Megavolt-ampere = 1 million volts

MW Megawatt = 1 million watts

MWh Megawatt-hour = 1 000kWh

MWhSO Megawatt-hour sent out

MYPD Multi-year price determination

NECOM National Energy Crisis Committee

NEDCSA National Electricity Distribution Company of South Africa SOC Ltd

NEMA National Environmental Management Act, 1998

NEMAQA National Environmental Management: Air Quality Act, 2004

NERSA National Energy Regulator of South Africa

NNR National Nuclear Regulator

NPA Negotiated pricing agreement

NTCSA National Transmission Company South Africa SOC Ltd

OCGT Open-cycle gas turbine (see glossary)

OCLF Other capability loss factor (see glossary)

OEM Original equipment manufacturer

PCLF Planned capability loss factor (see glossary)

PFMA Public Finance Management Act, 1999

PPA Power purchase agreement

PRFI Public recordable fatality incident (see glossary)

PV (Solar) photovoltaic

RC Risk Committee (a Board committee)

RCA Regulatory clearing account

RE-IPP Renewable energy independent power producer

RMIPPPP Risk Management Independent Power Producer Procurement Programme

SADC Southern African Development Community

SAIDI System average interruption duration index (see glossary)

SAIFI System average interruption frequency index (see glossary)

SALGA South African Local Government Association

SAPP Southern African Power Pool

SARS South African Revenue Service

SES Social, Ethics and Sustainability Committee (a Board committee)

SIU Special Investigating Unit

SOC State-owned company

SSEG Small-scale embedded generation

TMPS Total measured procurement spend

TWh Terawatt-hour = 1 000GWh

UAGS Unplanned automatic grid separations

UCLF Unplanned capability loss factor (see glossary)

WANO World Association of Nuclear Operators

Glossary of terms

Arrear debt as percentage of revenue	Gross arrear debt written off (relating to electricity receivables only) divided by gross electricity revenue multiplied by 100
Base-load plant	Largely coal-fired and nuclear power stations, designed to operate continuously
Cash interest cover (ratio)	Provides a view of the company's ability to satisfy the interest burden on its borrowings by utilising cash generated from operating activities. It is calculated as net cash from operating activities divided by net interest paid (interest paid on financing activities less interest received from financing activities)
Current ratio	(The current portion of inventory, payments made in advance, trade and other receivables and taxation assets) divided by (the current portion of trade and other payables, payments received in advance, provisions, employee benefit obligations and taxation liabilities)
Customer average interruption duration index (CAIDI)	The average time it takes to restore service to a customer during an outage, measured in hours. Calculated by dividing the total duration of all customer interruptions by the total number of customer interruptions, or alternatively, SAIDI divided by SAIFI. The approved exclusion criteria (as defined in NRS 047) are not applied in the measurement
Daily peak	Maximum amount of energy demanded by consumers in one day
Debt/equity including long-term provisions	Net financial assets and liabilities plus non-current retirement benefit obligations and non-current provisions divided by total equity
Debt service cover (ratio)	Cash generated from operations divided by (net interest paid from financing activities plus debt securities and borrowings repaid)
Decommission	To remove a facility (e.g. a reactor, a unit or an entire power station) from service and either store it safely or dismantle it
Demand-side management	Planning, implementing and monitoring activities to encourage consumers to use electricity more efficiently, including both the timing and level of demand
EBITDA margin	EBITDA as a percentage of revenue (excluding revenue not recognised due to uncollectability)
Electricity operating costs per kWh	Electricity-related costs (primary energy costs, employee benefit costs plus net impairment loss and other operating expenses, less other income) divided by total kWh sales multiplied by 100
Electricity revenue per kWh	Electricity revenue (including electricity revenue not recognised due to uncollectability) divided by total kWh sales multiplied by 100
Embedded derivative	Financial instrument that causes cash flows that would otherwise be required by modifying a contract according to a specified variable such as currency
Energy availability factor (EAF)	Measures power station availability, taking account of both planned and unplanned energy losses under the control of plant management, as well as other non-controllable energy losses, measured as a percentage of total operational capacity
Energy efficiency	Programmes to reduce energy used by specific end-use devices and systems, typically without affecting services provided
Energy utilisation factor (EUF)	Ratio of actual electrical energy produced during a period of time divided by the total available energy capacity. It is a measure of the degree to which the available energy capacity of an electricity supply network is utilised. Available energy capacity refers to the capacity after all unavailable energy (planned and unplanned energy losses) has been taken into account, and represents the net energy capacity made available to the System Operator or national grid
Fatality	An incident in which or in consequence of which, any person (an employee, contractor or member of the public) dies. To be classified as a fatality it must occur at work, or arise out of or in connection with the activities of persons at work, or in connection with the use of plant or machinery. It is reported based on the date on which the incident occurred, regardless of the time intervening between the injury and/or exposure to the cause and the resulting loss of life
Forced outage	Shutdown of a generating unit, transmission line or other facility for emergency reasons or a condition in which generating equipment is unavailable for load due to unanticipated breakdown
Free basic electricity	Amount of electricity deemed sufficient to provide basic electricity services to a poor household (50kWh per month)
Free funds from operations	Cash generated from operations adjusted for working capital
Gross debt	Debt securities and borrowings plus finance lease liabilities plus the after-tax effect of provisions and employee benefit obligations
Gross debt/EBITDA ratio	Gross debt divided by earnings before interest, taxation, depreciation, amortisation and fair value adjustments
Independent non-executive director	A director who (a) is not a full-time salaried employee of the company or its subsidiary nor a shareholder representative; (b) has not been employed by the company in any executive capacity in any of the past three financial years; (c) is not a professional advisor, significant supplier or customer of the company; and (d) is not receiving remuneration contingent on the performance of the company
Independent power producer (IPP)	Any entity, other than Eskom, that owns or operates, in whole or in part, one or more independent power generation facilities
Kilowatt-hour (kWh)	Basic unit of electric energy equal to one kilowatt of power supplied to or taken from an electric circuit steadily for one hour
Lead Independent Director (LID)	Acts as a sounding board for the Chairman and can lead or chair Board meetings in the Chairman's absence or when he has a conflict of interest (effectively a deputy chairperson). The LID can assist with amplifying the voice of other board members and resolving problematic board dynamics. The LID will also lead the Chairman's performance appraisal
Load	Amount of electric power delivered or required on a system at any specific point
Load curtailment	Typically, larger industrial customers reduce their demand by a specified percentage for the duration of a power system emergency. Due to the nature of their business, these customers require two hours' notification before they can reduce demand
Load management	Activities to influence the level and shape of demand for electricity so that demand conforms to the present supply situation, long-term objectives and constraints

Glossary of terms *continued*

Loadshedding	Scheduled and controlled power cuts that rotate available capacity between all customers when demand is greater than supply in order to avoid blackouts. Distribution or municipal control rooms open breakers and interrupt load according to predefined schedules. Use of the term loadshedding typically includes the concept of load curtailment
Lost-time injury (LTI)	A work injury which arises out of and in the course of employment and which renders the injured employee or contractor unable to perform their regular/normal work on one or more full calendar days or shifts, other than the day or shift on which the injury occurred. It includes occupational diseases and fatalities
Lost-time injury rate (LTIR)	Proportional representation of the occurrence of lost-time injuries over 12 months per 200 000 working hours
Major incident	An interruption on the transmission network with a severity ≥1 system minute
Maximum demand	Highest demand of load within a specified period
Non-technical losses	Energy losses due to electricity theft through illegal connections, tampering and bypassing of electricity meters, as well as the purchase of electricity tokens from unregistered or illegal vendors. It includes meter reading and billing errors
Occupational disease/illness	Any confirmed disease/illness arising out of, and in the course of, an employee's employment, that is listed in Schedule 3 of the Compensation for Occupational Injuries and Diseases (COID) Act, 1993, or any other condition as determined by an occupational health practitioner
Off-peak	Period of relatively low system demand
Open-cycle gas turbine (OCGT)	Liquid fuel turbine power station that forms part of peak-load plant and runs on kerosene or diesel. Designed to operate in periods of peak demand
Other capability loss factor (OCLF)	Energy losses outside of a station's control as well as internal non-engineering constraints, measured as a percentage of total operational capacity
Outage	Period in which a generating unit, transmission line, or other facility is out of service
Peak demand	Maximum power used in a given period, traditionally between 7:00 and 10:00 as well as 18:00 to 20:00 in summer; and 6:00 to 9:00 as well as 17:00 to 19:00 in winter
Peaking capacity	Generating equipment normally operated only during hours of highest daily, weekly or seasonal loads
Peak-load plant	Gas turbines, hydroelectric or a pumped storage scheme used during periods of peak demand
Planned capability loss factor (PCLF)	Energy losses due to planned maintenance on power station units, whether due to full shutdowns or partial load reduction, measured as a percentage of total operational capacity
Primary energy	Energy from natural resources, e.g. coal, diesel, uranium, sunlight, wind and water
Public recordable fatality incident (PRFI)	An incident resulting in the electrocution of a member of the public by coming into contact with Eskom apparatus within the point of supply, as well as any work-related incident where an Eskom employee or contractor is responsible for the death of a member of the public. It excludes electrocution resulting from criminal activities or incidents where a member of the public is solely at fault. The electrocution of a minor as a result of criminal activity will, however, be regarded as a PRFI
Pumped storage scheme	A lower and an upper reservoir with a power station/pumping plant between the two. During off-peak periods the reversible pumps/turbines use electricity to pump water from the lower to the upper reservoir. During periods of peak demand, water runs back into the lower reservoir through the turbines, generating electricity
Reserve margin	Difference between net system capability and the system's maximum load requirements (peak load or peak demand)
Return on assets	EBIT divided by the regulated asset base, which is the sum of property, plant and equipment, trade and other receivables, inventory and future fuel, less trade and other payables and deferred income
Sustainability	Refers to practices that can be maintained without harming the environment, society or the economy, and considers future generations. It involves finding a balance between the needs of the present and the ability of future generations to meet their own needs
System average interruption duration index (SAIDI)	The average duration of interruptions on the distribution network experienced by customers during a year, measured in hours. It excludes events where the approved exclusion criteria (as defined in NRS 047) have been applied
System average interruption frequency index (SAIFI)	The average frequency of interruptions on the distribution network experienced by customers during a year, measured in number of events. It excludes events where the approved exclusion criteria (as defined in NRS 047) have been applied
System minute	Global benchmark for measuring the severity of transmission network interruptions to customers. One system minute is equivalent to the loss of the entire system for one minute at annual peak. A major incident is an interruption with a severity ≥1 system minute
Technical losses	Naturally occurring losses that depend on the power systems used
Unit capability factor (UCF)	Measure of availability of a generating unit, indicating how well it is operated and maintained
Unplanned capability loss factor (UCLF)	Energy losses due to outages are considered unplanned when a power station unit has to be taken out of service and it is not scheduled at least four weeks in advance, measured as a percentage of total operational capacity
Used nuclear fuel	Nuclear fuel irradiated in and permanently removed from a nuclear reactor. Used nuclear fuel is stored on site in used fuel pools or storage casks
Watt	The watt is the International System of Units' (SI) standard unit of power. It specifies the rate at which electrical energy is dissipated (energy per unit of time)
Wheeling	Refers to the movement of electricity between international customers through Eskom's network, without the power being available to customers on the South African grid

Leadership qualifications and directorships

BOARD OF DIRECTORS AT 31 MARCH 2026

Ages are shown at 31 March 2026.
Only active directorships and memberships are reflected.

Mteto Nyati (61)

Chairman
Independent non-executive director
Appointed to Board in October 2022; appointed as Chairman in October 2023

Qualifications and designations
B Sc Mechanical Engineering (University of KwaZulu-Natal)
PhD (Honoris Causa) Information Technology Management (University of Johannesburg)

Directorships
Accelerated Growth Partners (Pty) Ltd
Ammoa (Pty) Ltd
Business Systems Group (Africa) (Pty) Ltd
Sako Green Energy (Pty) Ltd
The Collective X NPC
Wazo Investments (Pty) Ltd

Bajabulile Tshabalala (60)

Lead Independent Director (LID)
Independent non-executive director
Appointed to Board in December 2025

Qualifications and designations
BA Economics (Lawrence University)
MBA (Wake Forest University)

Directorships
Capital Nexus Africa (Pty) Ltd
Kupanua Investments (Pty) Ltd
Leeto Resources (Pty) Ltd
Ukuu Energy (Pty) Ltd
Xau Investments cc

Dan Marokane (54)

Group Chief Executive
Executive director
Appointed to Board in March 2024

Qualifications and designations
B Sc Chemical Engineering (University of Cape Town)
M Sc Petroleum Engineering (University of London)
DIC (Imperial College London)
MBA (University of Cape Town)

Directorships
Energy Council of South Africa NPC

Calib Cassim (54)

Group Chief Financial Officer
Executive director
Appointed to Board in July 2017

Qualifications and designations
B Com (University of KwaZulu-Natal)
B Accounting Sciences (Unisa)
Chartered Accountant (SA)
Master of Business Leadership (Unisa)

Directorships
Escap SOC Ltd
Eskom Enterprises SOC Ltd
Eskom Finance Company SOC Ltd

Dr Andrew Barendse (59)

Independent non-executive director
Appointed to Board in December 2025

Qualifications and designations
BA Education Management (University of Johannesburg)
MBA (University of Cape Town)
Master of Legal Studies (Washington University)
PhD Regulatory Economics (Delft University of Technology, Netherlands)

Directorships
Buzz Holdings (Pty) Ltd
Mast Services (Pty) Ltd

Dr Kgaugelo Chiloane (50)

Independent non-executive director
Appointed to Board in December 2025

Qualifications and designations
B Sc Chemistry (University of Witwatersrand)
B Sc (Hons) Chemistry (University of Witwatersrand)
M Sc Environmental Science (University of Witwatersrand)
PhD Environmental Science (North-West University)

Directorships
KECES Group (Pty) Ltd
Pan Africa Climate Justice Alliance South Africa NPC

Lwazi Goqwana (50)

Independent non-executive director
Appointed to Board in October 2022

Qualifications and designations
B Sc (Hons) Mechanical Engineering (University of Cape Town)
MBA (Milpark Business School)

Directorships
Allpides (Pty) Ltd
Infrastructure Specialist Group (Pty) Ltd
MPA Consortium
National Society of Black Engineers of South Africa NPC
Paminar (Pty) Ltd
National Transmission Company South Africa SOC Ltd
Rocla (Pty) Ltd
Technicrete ISG (Pty) Ltd
Technicrete Mining Services (Pty) Ltd
Zepide Group (Pty) Ltd

Sharmila Govind (51)

Independent non-executive director
Appointed to Board in December 2025

Qualifications and designations
BA Psychology and Sociology (University of KwaZulu-Natal)
BA (Hons) Sociology (University of KwaZulu-Natal)
MBA (University of Wales)

Directorships
CapabilityFX (Pty) Ltd
Constant Core (Pty) Ltd
Success Human Solutions Consultancy and Associates (Pty) Ltd

Clive le Roux (74)

Independent non-executive director
Appointed to Board in October 2022

Qualifications and designations
B Sc Electrical Engineering (cum laude) (University of Witwatersrand)
Advanced Executive Diploma in Leadership (Unisa)

Directorships
None

Leadership qualifications and directorships *continued*

Ages are shown at 31 March 2026.
Only active directorships and memberships are reflected.

BOARD OF DIRECTORS AT 31 MARCH 2026 *continued*

Dr Dimakatso Matshoga (48)
Independent non-executive director
Appointed to Board in December 2025

Qualifications and designations
B Sc Electronic Engineering (University of KwaZulu-Natal)
Postgraduate Diploma in Project Management (School of Project Management, Pretoria)
MBA (Management College of Southern Africa)
Doctor of Business Leadership (Unisa)

Directorships
Atafala Enterprises cc

Dr Tsakani Mthombeni (46)
Independent non-executive director
Appointed to Board in October 2022

Qualifications and designations
B Sc (Hons) Electrical Engineering (University of Cape Town)
M Sc Electrical Engineering (Clarkson University)
PhD Electrical Engineering (Clarkson University)

Directorships
KPTL Investments (Pty) Ltd
Royal Bafokeng Platinum Ltd

Tshokolo Nchocho (58)
Independent non-executive director
Appointed to Board in December 2025

Qualifications and designations
B Com (University of Limpopo)
Master of Business Leadership (Unisa)
M Sc Development Finance (University of London)

Directorships
AgriEco Trading and Investments (Pty) Ltd
Axia Services and Trading (Pty) Ltd
Capital Nexus Africa (Pty) Ltd
Daybreak Foods (Pty) Ltd
Eagle Aviation Partners (Pty) Ltd
FutureCrops Ventures (Pty) Ltd
HarvestIQ (Pty) Ltd
Lefika Capital Partners (Pty) Ltd
MDN Property Group (Pty) Ltd
Minvest Ventures (Pty) Ltd
New Lease of Life Foundation NPC
Primera Capital Partners (Pty) Ltd
Sedibelo Resources Ltd
The Green Chemicals Consortium (Pty) Ltd

Prof. Vuyo Peach (62)
Independent non-executive director
Appointed to Board in December 2025

Qualifications and designations
B Juris (Vista University)
LLB (Vista University)
LLM (North-West University)
LLD (University of Zululand)

Directorships
North West Gambling Board
Ntsangane Forensic Investigators (Pty) Ltd
VP Legal Practice and Institutions Research cc

Dr Busisiwe Vilakazi (42)
Independent non-executive director
Appointed to Board in October 2022

Qualifications and designations
B Sc Electrical Engineering (University of Witwatersrand)
M Sc Engineering (University of Witwatersrand)
MBA (University of Witwatersrand)
PhD Engineering Science (University of Oxford)

Directorships
Macsteel Service Centres SA (Pty) Ltd
Milpark BEE Investment (Pty) Ltd
National Transmission Company South Africa SOC Ltd
Ndilantswa Group (Pty) Ltd
Sako Green Energy (Pty) Ltd
Stadio Holdings Ltd

Thandeka Zondi-Mthembu (44)
Independent non-executive director
Appointed to Board in December 2025

Qualifications and designations
B Com Accounting (University of Witwatersrand)
Postgraduate Diploma in Accountancy (University of Witwatersrand)
Chartered Accountant (SA)

Directorships
AtaliaKoum Agri (Pty) Ltd
MTN MoMo (fintech platform within MTN Group Ltd)
Old Mutual Alternative Risk Transfer Insure Ltd
Old Mutual Insure Ltd
Old Mutual Superfund Umbrella Retirement Funds
Thandeka Zondi and Associates (Pty) Ltd
Ubukhosi Technology Consulting (Pty) Ltd

Leadership qualifications and directorships *continued*

Ages are shown at 31 March 2026.
Only active directorships and memberships are reflected.

EXECUTIVE MANAGEMENT COMMITTEE AT 31 MARCH 2026

Dan Marokane (54)
Group Chief Executive
Appointed to Exco in March 2024
7 years in Eskom (including 2010 to 2015)

Qualifications and designations
B Sc Chemical Engineering (University of Cape Town)
M Sc Petroleum Engineering (University of London)
DIC (Imperial College London)
MBA (University of Cape Town)

Directorships
Energy Council of South Africa NPC

Calib Cassim (54)
Group Chief Financial Officer
Appointed to Exco in July 2017
24 years in Eskom

Qualifications and designations
B Com (University of KwaZulu-Natal)
B Accounting Sciences (Unisa)
Chartered Accountant (SA)
Master of Business Leadership (Unisa)

Directorships
Escap SOC Ltd
Eskom Enterprises SOC Ltd
Eskom Finance Company SOC Ltd

Roman Crookes (53)
Group Executive: Group Capital
Appointed to Exco in November 2024
17 years in Eskom (including 1999 to 2016)

Qualifications and designations
B Sc Mechanical Engineering (University of Witwatersrand)
M Sc Mechanical Engineering (University of Witwatersrand)

Directorships
None

Leonard de Villiers (69)
Chief Technology and Information Officer
Appointed to Exco in November 2024
1 year in Eskom

Qualifications and designations
National Diploma in Electronic Data Processing (Tygerberg Technical College)
Global Information and Telecommunications Industries (Insead Business School)
Delivering Information Services and Information Technology (Harvard Business School)

Directorships
iMas Finance Co-operative Ltd
Professional Provident Society (PPS) Insurance Company Ltd
Moyo Business Advisory (Pty) Ltd
Southbend 3365 cc

Nontokozo Hadebe (48)
Group Executive: Strategy and Sustainability
Appointed to Exco in November 2024
1 year in Eskom

Qualifications and designations
B Sc (Hons) Biochemistry (University of Zululand)
Certificate Programme in Leadership Development (University of Witwatersrand)
Master of Business Leadership (Unisa)
Postgraduate Diploma in Financial Strategy (University of Oxford)

Directorships
None

Dr Candice Hartley (45)
Chief People Officer
Appointed to Exco in March 2025
1 year in Eskom

Qualifications and designations
BA Psychology (University of Johannesburg)
BA (Hons) Psychology (University of Johannesburg)
Postgraduate Diploma in Business Administration (University of Pretoria)
MBA (University of Pretoria)
PhD Business (University of Cape Town)

Directorships
None

Agnes Mlambo (55)
Acting Group Executive: Distribution
Appointed to Exco in August 2025
18 years in Eskom

Qualifications and designations
B Com Accounting and Economics (University of Cape Town)
Chartered Management Accountant (CIMA)
MBA (University of Southern Queensland)
Directorships
Eskom Finance Company SOC Ltd

Leadership qualifications and directorships *continued*

Ages are shown at 31 March 2026.
Only active directorships and memberships are reflected.

EXECUTIVE MANAGEMENT COMMITTEE AT 31 MARCH 2026 *continued*

Portia Mngomezulu (50)

Group Executive: Corporate Services
Appointed to Exco in November 2024
1 year in Eskom

Qualifications and designations
B Com Accounting (Unisa)
Postgraduate Diploma in Business Administration (University of Pretoria)
MBA (Gordon Institute of Business Science)

Directorships
Harpo Corporation (Pty) Ltd

Rivoningo Mnisi (44)

Group Executive: Renewables
Appointed to Exco in February 2025
1 year in Eskom

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

Directorships
Bhubezi Minerals Resources (Pty) Ltd

Bheki Nxumalo (57)

Group Executive: Generation
Appointed to Exco in June 2023
29 years in Eskom

Qualifications and designations
National Diploma in Chemical Engineering (Mangosuthu University of Technology)
National Higher Diploma in Chemical Engineering (Vaal University of Technology)
MBA (North-West University)

Directorships
BJ Zwide Nozalo (Pty) Ltd
Eskom Enterprises SOC Ltd
Eskom Rotek Industries SOC Ltd
Fountaindale Farming (Pty) Ltd
Takuwani Holdings (Pty) Ltd

Alfred Seema (53)

Group Executive: Strategic Delivery
Appointed to Exco in December 2024
1 year in Eskom

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

Directorships
None

Board meeting attendance

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS FOR THE YEAR ENDED 31 MARCH 2026

Members	Board	Audit Committee	Business Operations Performance Committee	Governance and Strategy Committee	Human Capital and Remuneration Committee	Investment and Finance Committee	Risk Committee	Social, Ethics and Sustainability Committee
Total number of meetings	**14**	**11**	**8**	**9**	**12**	**13**	**5**	**6**
Non-executive directors								
Mteto Nyati (Chairman)	**14/14[&]**			9/9[&]				
Bajabulile Tshabalala (LID)[1]	**5/5**		1/2	2/2		5/5[&]		
Dr Andrew Barendse[1]	**5/5**	2/2	2/2				2/2	
Dr Kgaugelo Chiloane[1]	**5/5**				1/1		2/2	1/1
Lwazi Goqwana	**13/14**		7/8		11/12	12/13		
Sharmila Govind[1]	**5/5**	2/2		2/2	1/1[&]			1/1
Clive le Roux	**14/14**		8/8[&]	8/9		13/13	3/3	6/6
Dr Dimakatso Matshoga[1]	**5/5**		2/2		1/1	5/5		
Dr Tsakani Mthombeni	**13/14**		6/6	9/9		12/13	5/5[&]	4/5
Tshokolo Nchocho[1]	**5/5**	2/2		2/2	1/1			1/1[&]
Prof. Vuyo Peach[1]	**5/5**	2/2			1/1			1/1
Dr Busisiwe Vilakazi	**13/14**	10/11	8/8				3/3	6/6
Thandeka Zondi-Mthembu[2]	**3/5**	2/2[&]		1/2		4/5	2/2	
Executive directors								
Dan Marokane	**13/14**	<10/11>	<6/8>	<8/9>	<7/12>	<11/13>	3/5	<4/5>
Calib Cassim	**13/14**	<9/11>	<7/8>	<6/9>	<4/12>	<11/13>	3/5	<4/5>
Former non-executive directors[3]								
Fathima Gany	**9/9**	9/9[#]		7/7	11/11		2/3	5/5
Ayanda Mafuleka	**9/9**	9/9	4/6		10/11			
Leslie Mkhabela (former LID)	**9/9**	9/9		<6/7>	10/11			4/5
Bheki Ntshalintshali	**9/9**			7/7	10/11		3/3	5/5[#]
Tryphosa Ramano	**7/9**		3/6	6/7		8/8[#]		
Dr Claudelle von Eck	**9/9**	9/9		6/7	11/11[#]			5/5

Attendance as reflected above refers to directors who were members of that committee during the year to 31 March 2026 and includes changes in committee composition during the year.

& denotes the chair of the Board or committee at 31 March 2026.
# denotes the former chair of a committee during the year ended 31 March 2026.
<> denotes meetings attended as an official or permanent invitee.
1. Appointed from 1 December 2025.
2. Appointed from 5 December 2025.
3. Term ended on 30 November 2025.

Exco meeting attendance

ATTENDANCE AT EXCO MEETINGS FOR THE YEAR ENDED 31 MARCH 2026

Members	Divisional responsibility	Number of meetings attended
Total number of meetings		**21**
Exco members		
Dan Marokane	Group Chief Executive	**16/21**
Calib Cassim	Group Chief Financial Officer	**18/21**
Roman Crookes	Group Executive: Group Capital	**18/21**
Len de Villiers	Chief Technology and Information Officer	**16/21**
Nontokozo Hadebe	Group Executive: Strategy and Sustainability	**19/21**
Dr Candice Hartley	Chief People Officer	**17/21**
Agnes Mlambo[1]	Acting Group Executive: Distribution	**8/14**
Portia Mngomezulu	Group Executive: Corporate Services	**19/21**
Rivoningo Mnisi	Group Executive: Renewables	**15/21**
Bheki Nxumalo	Group Executive: Generation	**19/21**
Alfred Seema	Group Executive: Strategic Delivery	**19/21**
Permanent invitees		
Tembela Kulu	General Manager: Group Investigations and Security	**<19/21>**
Ureka Rangasamy	Chief Audit Executive	**<21/21>**
Jerome Mthembu[2]	Head of Legal and Compliance	**<20/21>**
Mlawuli Manjingolo	Group Company Secretary	**<19/21>**
Former Exco members		
Monde Bala[1]	Former Group Executive: Distribution	**5/7**

<> denotes meetings attended as an official or permanent invitee.

1. The NTCSA board approved the secondment of Monde Bala, Group Executive: Distribution, to the role of interim CEO of NTCSA from 1 August 2025. He was subsequently appointed as CEO of NTCSA from 1 October 2025 and no longer serves as a member of Exco. Agnes Mlambo was appointed as acting Group Executive: Distribution from 1 August 2025. She stepped down after Junaid Munshi was appointed as Group Executive: Distribution from 1 June 2026 following an executive recruitment process.
2. Jerome Mthembu was appointed as Group Executive: Legal, Compliance and Regulation from 1 June 2026. He became a member of Exco from that date (previously served as a permanent invitee to Exco).

Disclosure of information under the PFMA

Section 55(2)(b)(i) of the Public Finance Management Act, 1999 (PFMA) requires that the particulars of any irregular expenditure, any fruitless and wasteful expenditure as well as material losses due to criminal conduct be disclosed in an entity's annual financial statements and annual report. The National Treasury Instruction 4 of 2022/23 on PFMA Compliance and Reporting Framework, effective from 3 January 2023, was applied in this regard when compiling the disclosure in Eskom's annual financial statements and integrated report. The instruction applies to all departments, trading entities, constitutional institutions and public entities listed in Schedules 2 and 3 to the PFMA.

The instruction note requires reporting of irregular expenditure and fruitless and wasteful expenditure inclusive of value-added tax (VAT). However, National Treasury has granted Eskom a departure from this requirement in terms of section 79 of the PFMA. Eskom has historically reported all amounts excluding VAT and has continued to do so for FY2026; therefore, all amounts disclosed in this note exclude VAT.

In addition to the annual disclosure provided in the financial statements and the governance and remuneration report, the group reports quarterly to National Treasury on current and historical irregular expenditure and fruitless and wasteful expenditure that has not been fully addressed, as required.

> Eskom obtained an approved departure from National Treasury regarding the measurement of assessment and determination timelines for irregular expenditure and fruitless and wasteful expenditure registered from 1 April 2025. The departure provides for an extended timeframe of 180 days for the assessment and determination of matters once an item is registered in the Loss Control Register, which must be done within 30 days of management becoming aware of a matter. Historical matters registered before 1 April 2024 is ring-fenced and subject to separate monitoring and reporting. Supplementary controls have been implemented to support transparency, audit traceability and continued compliance with preserved regulatory requirements.

Eskom received a qualified audit opinion from the external auditors for FY2025 related to the accuracy and completeness of irregular expenditure and losses due to criminal conduct in the annual financial statements. Eskom has once again received a qualified opinion for FY2026, relating to the quantification and disclosure of irregular expenditure required in terms of the PFMA, as associated financial records were not complete. The auditors raised material findings in respect of the lack of completeness of Eskom's reported irregular expenditure relating to both the current year and the cumulative balance.

AFS Refer to the "Report on the audit of the consolidated and separate financial statements – Basis for qualified opinion", "Other matter" and "Other information" in the independent auditor's report in the financial statements for further information

The audit qualification no longer extends to the accuracy of irregular expenditure reported or to losses due to criminal conduct. However, the group recognises that the PFMA-related audit qualifications reflect systemic challenges that cannot be resolved through short-term interventions alone. While progress has been made, concerns remain regarding delayed remediation actions, the need to demonstrate sustained control effectiveness, recurring procurement and documentation weaknesses, and the timely implementation of consequence management. Eskom will therefore continue to apply a disciplined, multi-year audit recovery approach to PFMA compliance, with emphasis on embedding sustainable controls, strengthening accountability and improving the reliability of PFMA reporting and related disclosures.

Eskom remains committed to strengthening PFMA compliance and restoring confidence in the integrity of its governance, control environment and financial reporting. During the year, the group advanced its remediation efforts through weekly monitoring of progress against agreed action plans, improved tracking of overdue actions, stronger oversight of root-cause remediation and focused attention on matters affecting irregular expenditure, loss control processes and audit readiness.

GR For further information on our remediation efforts refer to "Reinforcing controls and assurance – Strengthening PFMA compliance" from page 35

IRREGULAR EXPENDITURE

Irregular expenditure is defined as expenditure, other than unauthorised expenditure, incurred in contravention of or not in accordance with a requirement of any applicable legislation. The scope includes transgressions of any laws or regulations regardless of whether the expenditure was justified from a business perspective, value was received, the breaches were deliberate or accidental, or the breaches happened unknowingly or in good faith.

Irregular expenditure is incurred when the related transaction is recognised in terms of International Financial Reporting Standards (IFRS). The irregular expenditure is deducted from the cumulative balance through a process of condonation by the relevant authority, removal of matters not condoned, recovery of losses or write-off of irrecoverable losses.

Certain comparative amounts have been restated following the identification and confirmation of irregular expenditure and fruitless and wasteful expenditure relating to the prior financial year. The restatement has been made to recognise such expenditure in the financial period to which it relates, in accordance with the requirements of National Treasury Instruction 4 of 2022/23.

Irregular expenditure is reported in the following categories:

BREACH OF MORE THAN ONE LEGISLATIVE REQUIREMENT

Irregular expenditure was recorded where individual transactions involved two or more contraventions of applicable prescripts and were therefore classified as breaches of more than one legislative requirement.

TENDER PROCESSES NOT ADHERED TO AND INSUFFICIENT DELEGATION OF AUTHORITY

Irregular expenditure arose where prescribed tender processes and/or delegated approval requirements were not complied with, including instances where evaluation or adjudication criteria were not applied as communicated and/or approvals were not appropriately authorised, contrary to PFMA section 51(1)(a)(iii) and procurement prescripts.

MODIFICATIONS EXCEEDING ALLOWED AMOUNTS

Irregular expenditure was incurred where contract modifications or variations were implemented without meeting applicable approval requirements and/or prescribed thresholds in the relevant National Treasury instructions.

GR Refer to page 61 for a summary of expansions and variations during the past year

TAX NON-COMPLIANCE

Irregular expenditure was incurred where supplier tax compliance requirements were not satisfied at the point of award approval (i.e. compliance was not appropriately verified as compliant prior to award), contrary to applicable National Treasury Supply Chain Management instructions.

USE OF SOLE OR SINGLE SOURCE

Irregular expenditure arose from non-compliance with National Treasury limited bidding requirements of sole and/or single source procurement, where the criteria and/or approvals supporting limited bidding were not appropriately met prior to contract award, contrary to procurement prescripts giving effect to fair, equitable, transparent, competitive and cost-effective procurement.

GR Refer to page 60 for a summary of deviations from normal procurement practices during the past year

Disclosure of information under the PFMA *continued*

CONTRACTS AWARDED WITHOUT FOLLOWING CIDB REQUIREMENTS

Irregular expenditure was incurred where procurement awards did not comply with applicable Construction Industry Development Board (CIDB) regulatory requirements that are directly linked to award legality and prescribed eligibility or compliance conditions.

PPPFA: INCORRECT TENDER PROCESS APPLIED

Irregular expenditure was incurred where preferential procurement requirements were not applied correctly, including instances where preferential evaluation methodologies (e.g. preference points or threshold application) were not applied as prescribed by the Preferential Procurement Policy Framework Act, 5 of 2000 (PPPFA) or Preferential Procurement Regulations and related prescripts.

INCORRECT CLASSIFICATION AS EMERGENCY OR URGENT PROCUREMENT

Irregular expenditure was incurred where procurement processed as emergency and/or urgent but did not meet prescribed requirements, including incorrect classification or insufficient justification prior to award, contrary to applicable National Treasury Supply Chain Management prescripts.

GR Refer to page 60 for a summary of deviations from normal procurement practices during the past year

EXPENDITURE NOT IN ACCORDANCE WITH OTHER NATIONAL TREASURY INSTRUCTIONS

Non-compliance with National Treasury Instructions, unrelated to SCM instructions, which are reflected in other disclosure categories.

DESIGNATED SECTORS

Irregular expenditure was incurred where designated sector or local production and content requirements were not complied with, including cases where minimum thresholds were not appropriately specified and/or validated in tender documents, contrary to designated sector and local content prescripts.

IRREGULAR EXPENDITURE

Irregular expenditure for the year ended 31 March 2026

Description, R million	Opening balance restated	Confirmed	Total incurred	Condoned	Not condoned and removed	Recovered or written off	Closing balance
Breach of more than one legislative requirement	95 811	972	96 783	(45)	(12 854)	–	83 884
Tender processes not adhered to and insufficient delegation of authority	25 523	628	26 151	(659)	(202)	(182)	25 108
Modifications exceeding allowed amounts	8 738	–	8 738	(314)	(148)	–	8 276
Tax non-compliance	12 162	2 825	14 987	(23)	(5 521)	–	9 443
Use of sole source	3 989	–	3 989	–	(61)	–	3 928
Contracts awarded without following CIDB requirements	673	13	686	(1)	–	–	685
PPPFA: Incorrect tender process applied	1 131	390	1 521	(1)	–	–	1 520
Incorrect classification as emergency or urgent procurement	703	–	703	(3)	(3)	–	697
Expenditure not in accordance with other National Treasury instructions	609	–	609	–	(1)	–	608
Designated sectors	325	–	325	–	–	–	325
Other	332	79	411	–	–	–	411
Total	**149 996**	**4 907**	**154 903**	**(1 046)**	**(18 790)**	**(182)**	**134 885**
		Note 1		Note 3	Note 3	Note 3	

Disclosure of information under the PFMA *continued*

Irregular expenditure for the year ended 31 March 2025

Description, R million	Opening balance	Prior period errors	As restated	Confirmed and disclosed 2025	Prior period errors	Restated 2025 expenditure	Total incurred	Condoned, removed and recovered	Closing balance
Breach of more than one legislative requirement	54 062	33 905	87 967	561	7 324	7 885	95 852	(41)	95 811
Tender processes not adhered to and insufficient delegation of authority	23 849	593	24 442	708	775	1 483	25 925	(402)	25 523
Modifications exceeding allowed amounts	8 621	131	8 752	2	–	2	8 754	(16)	8 738
Tax non-compliance	9 274	1 784	11 058	183	922	1 105	12 163	(1)	12 162
Use of sole source	3 821	206	4 027	1	–	1	4 028	(39)	3 989
Contracts awarded without following CIDB requirements	935	3	938	–	40	40	978	(305)	673
PPPFA: Incorrect tender process applied	881	(1)	880	–	251	251	1 131	–	1 131
Incorrect classification as emergency or urgent procurement	630	76	706	–	1	1	707	(4)	703
Expenditure not in accordance with other National Treasury instructions	609	–	609	–	–	–	609	–	609
Designated sectors	381	(3)	378	7	–	7	385	(60)	325
Other	169	66	235	75	24	99	334	(2)	332
Total	103 232	36 760	139 992	1 537	9 337	10 874	150 866	(870)	149 996
		Note 2		Note 1	Note 2	Note 1		Note 3	

1. Current year expenditure

Description, R million	Note	2026	2025
Expenditure confirmed in the current year	(a)	**4 907**	1 537
Prior period errors for 2025 expenditure	Note 2	**–**	9 337
Total current year expenditure		**4 907**	10 874

(a) Expenditure for the current year

Expenditure of R28 million incurred in FY2026 relates to new matters. The remaining amount incurred in FY2026 relates to existing multi-year contracts that will continue to attract irregular expenditure until condoned.

The group reported 68 incidents where irregular expenditure was incurred in FY2026, seven of which related to non-compliances that occurred in FY2026 and 36 relating to continuing spend on multi-year contracts where the transgression took place in previous years.

2. Prior period errors

Description, R million	2025 expenditure	2025 opening balance
Total prior period errors	**9 337**	36 760

There were restatements to the FY2026 opening balance on 231 matters, the net effect of which is an increase of R46 097 million, comprising restatements of R9 337 million to FY2025 expenditure and of R36 760 million to the FY2025 opening balance.

In addition to corrections to amounts previously disclosed, irregular expenditure that relates to years prior to FY2026 that was concluded and quantified in the current year are disclosed as prior period errors in compliance with National Treasury Instruction 4 of 2022/23.

3. Irregular expenditure condoned, recovered, removed and written off

Twenty-six matters to the value of R1 046 million were condoned during the financial year (2025: 53 matters totalling R445 million). The group received notice of condonation on six of these matters amounting to R326 million after 31 March 2026, which were treated as adjusting subsequent events. No recoveries have been realised during the current year (2025: one matter totalling R43 million). One matter amounting to approximately R182 million that was not recovered was written off (2025: one matter of approximately R14 000).

Eskom has implemented a revised process for dealing with the removal of irregular expenditure not condoned by the relevant authority. Irregular expenditure to the value of R18 790 million relating to 24 matters was removed during the year (2025: 26 matters of R382 million).

After year end, the Board (in its role as Accounting Authority under the PFMA) approved the removal of irregular expenditure amounting to R392 million. This removal will be reflected as a reduction in the irregular expenditure balance in FY2027. No adjustment has been made to the FY2026 financial statements as the removal represents a post year-end management decision.

Disclosure of information under the PFMA *continued*

Details of current and previous year irregular expenditure under assessment, determination and investigation

Description, R million	Note	2026	2025
Irregular expenditure under assessment or determination	Note 4	**15 198**	17 049
Irregular expenditure under investigation	Note 5	**–**	–
Total		**15 198**	17 049

4. Irregular expenditure under assessment or determination

It should be noted that figures disclosed are estimated and, in some instances, includes the full contract value, which may not have been fully expensed. Quantification of actual irregular expenditure incurred takes place during the assessment and determination process after which it is concluded and reported accordingly.

Irregular expenditure under assessment or determination at year end relating to periods prior to FY2025 is estimated at R32 361 million, which includes 128 ring-fenced matters amounting R914 million. These historical incidents registered for assessment prior to 1 April 2024 are managed separately as per the National Treasury departure. Together with the amounts relating to FY2025 and FY2026 disclosed above, the total amount under assessment or determination at year end amounted to R64 608 million.

At year end, an amount of R16 667 million remained outstanding in respect of matters older than 210 days that are tracked under the departure granted by National Treasury, which provides for an extended timeframe to assess and determine matters related to irregulate expenditure. These matters remain subject to assessment and determination reviews and have therefore not yet been confirmed as irregular expenditure. Management continues to prioritise the resolution of aged matters through focused oversight, continuous monitoring and targeted backlog reduction initiatives.

5. Irregular expenditure under investigation

If a suspicion of fraudulent, corrupt or other types of criminal conduct arises during the assessment and determination of irregular expenditure, the matter is referred to a mandated investigative function. In some instances, the suspected criminal conduct does not derive from the assessment and determination process, such as matters that are reported directly to the Group Investigations and Security Department or other investigative units.

Irregular expenditure under investigation relating to periods prior to FY2025 is estimated at R120 million.

Details of current and previous year disciplinary action or criminal steps taken as a result of irregular expenditure

One employee was dismissed on a prior year non-compliance where continuing expenditure was incurred in FY2026.

Warnings were issued on one new incident relating to FY2026, while six warnings were issued on incidents with continuing spend on multi-year contracts where the transgression took place in prior years. Expenditure in FY2025 resulted in 17 warnings, of which 10 warnings related to multi-year contracts that ended in FY2025.

A sanction of suspension without pay was issued on two matters relating to FY2025 expenditure.

Disciplinary action was pending or in progress for five new incidents incurred in FY2026 and 39 incidents with continuing spend in FY2026. There were also 41 pending matters for FY2025, of which 20 related to multi-year contracts that ended in FY2025.

In some instances, no disciplinary sanction was issued due to various reasons, including where the responsible employees left the organisation; disciplinary action was deemed not appropriate and other corrective action had been applied; or the employee was found not guilty during the disciplinary process. This was the case in one new non-compliance and 15 incidents with continuing spend in FY2026, as well as for four new matters in FY2025 and 11 for multi-year contracts that ended in FY2025.

FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure made in vain that could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is reported in the annual financial statements and integrated report when it is confirmed.

Fruitless and wasteful expenditure for the year ended 31 March 2026

Description, R million	Opening balance	Confirmed	Total incurred	Recovered	Written off	Closing balance
Project management	**2 400**	**–**	**2 400**	**–**	**–**	**2 400**
Procurement and contract management	**1 237**	**–**	**1 237**	**–**	**(328)**	**909**
Interest and penalties	**24**	**–**	**24**	**(1)**	**(1)**	**22**
Other	**69**	**–**	**69**	**(2)**	**–**	**67**
Total	**3 730**	**–**	**3 730**	**(3)**	**(329)**	**3 398**
		Note 1		Note 3	Note 3	

Fruitless and wasteful expenditure for the year ended 31 March 2025

Description, R million	Opening balance	Prior period errors	As restated	Confirmed and disclosed 2025	Prior period errors	Restated 2025 expenditure	Total incurred	Recovered and written off	Closing balance
Project management	2 504	16	2 520	–	–	–	2 520	(120)	2 400
Procurement and contract management	1 628	(391)	1 237	–	–	–	1 237	–	1 237
Interest and penalties	13	3	16	8	–	8	24	–	24
Other	793	2	795	12	3	15	810	(741)	69
Total	4 938	(370)	4 568	20	3	23	4 591	(861)	3 730
		Note 2			Note 2	Note 1		Note 3	

Disclosure of information under the PFMA *continued*

1. Current year expenditure

Description, R million	Note	2026	2025
Expenditure confirmed in the current year	(a)	–	20
Prior period errors for 2025 expenditure	Note 2	–	3
Total current year expenditure		–	23

(a) Expenditure for the current year
Fruitless and wasteful expenditure incurred in FY2026 is comprised of 62 incidents (2025: 57 incidents, restated from 37).

2. Prior period errors

Description, R million	2025 expenditure	2025 opening balance
Total prior period errors	3	(370)

There were restatements to the FY2026 opening balance on 219 matters, the net effect of which is a decrease of R367 million, comprising restatements to FY2025 expenditure of R3 million relating to 61 matters and a reduction of R370 million to the FY2025 opening balance relating to 101 matters.

In addition to corrections to amounts previously disclosed, fruitless and wasteful expenditure that relates to years prior to FY2026 that was concluded and quantified in the current year are disclosed as prior year errors in compliance with National Treasury Instruction 4 of 2022/23.

3. Fruitless and wasteful expenditure recovered or written off

Recoveries were achieved on 121 matters of R2 million during FY2026, either partial or in full (2025: 62 matters amounting to R294 000). Losses on eight matters of approximately R329 million were written off as irrecoverable (2025: 17 matters amounting to approximately R861 million).

Details of current and previous year fruitless and wasteful expenditure under assessment, determination and investigation

Description, R million	Note	2026	2025
Fruitless and wasteful expenditure under assessment or determination	Note 4	1 395	2 248
Fruitless and wasteful expenditure under investigation	Note 5	–	–
Total		1 395	2 248

4. Fruitless and wasteful expenditure under assessment or determination

It should be noted that figures disclosed are estimated. Quantification of actual fruitless and wasteful expenditure incurred takes place during the assessment and determination process.

Fruitless and wasteful expenditure under assessment or determination at year end relating to periods prior to FY2025 is estimated at R6 785 million, of which 39% relates to a single matter regarding inventory write-offs for FY2022 and FY2023. The value includes 674 ring-fenced matters amounting R4 568 million. These historical incidents registered for assessment prior to 1 April 2024 are managed separately as per the National Treasury departure. Together with the amounts relating to FY2025 and FY2026 disclosed above, the total amount under assessment or determination at year end amounted to R8 180 million.

5. Fruitless and wasteful expenditure under investigation

If a suspicion of fraudulent, corrupt or other types of criminal conduct arises during the assessment and determination phase, the matter is referred to a mandated investigative function. In some instances, the suspected criminal conduct does not derive from the assessment and determination process, such as matters that are directly reported to Forensic Department or other investigative units. Fruitless and wasteful expenditure under investigation on one event relating to prior periods is estimated at R4 million.

Details of current and previous year disciplinary action or criminal steps taken as a result of fruitless and wasteful expenditure

Written warnings were issued in 15 matters where expenditure was incurred in FY2026 and 50 matters where expenditure was incurred in FY2025. A sanction of suspension without pay was issued on four matters for FY2026 and two for FY2025. Disciplinary action is pending or in progress for 38 matters for FY2026 and 55 relating to FY2025.

No disciplinary action was taken on five matters relating to FY2026 and 16 matters relating to FY2025 due to various reasons, including where the responsible employees left the organisation; disciplinary action was deemed not appropriate and other corrective action was applied; or the employee was found not guilty during the disciplinary process.

MATERIAL LOSSES THROUGH CRIMINAL CONDUCT

Material losses caused by criminal conduct and any disciplinary, civil or criminal action taken in respect of such losses are reported in terms of the Significance and Materiality Framework as previously agreed with the shareholder representative.

Losses incurred

Description, R million	Note	2026	2025
Estimated non-technical energy losses	(a)	6 599	7 068
Theft of conductors, cabling and network-related equipment	(b)	86	77
Fraud and corruption	(c)	8	4
Malicious damage to property	(b)	–	77
Armed robbery	(b)	26	–
Common theft	(b)	28	–
Total material losses		6 747	7 226

Losses recovered

Description, R million	Note	2026	2025
Estimated non-technical energy losses	(d)	55	59
Theft of conductors, cabling and network-related equipment	(d)	1	5
Malicious damage to property	(d)	–	2
Armed robbery	(d)	1	–
Common theft	(d)	5	–
Fraud and corruption	(d)	–	2
Total recoveries on material losses	(d)	62	68

(a) Estimated non-technical energy losses
Non-technical energy losses relate to losses due to electricity theft through illegal connections, tampering and bypassing of electricity meters as well as the purchase of electricity tokens from unregistered or illegal vendors. The management of non-technical losses focuses on ensuring that all energy supplied is accounted including initiatives to minimise non-technical energy losses.

Disclosure of information under the PFMA *continued*

Non-technical energy losses are determined by applying a scientific approach to measure total energy losses as the difference between energy produced and energy sold. Technical energy losses are derived based on known factors of the electrical grid such as conductor resistance, transformer and equipment losses. The residual of losses is attributed to non-technical losses. As energy losses occur over a 24-hour period they are considered to be baseload (coal-fired) orientated because coal-fired power stations are designed to respond to consumption patterns. The measurement of energy losses is therefore based on the variable cost of coal-fired stations that include coal and water usage as well as environmental levy costs. Other coal production costs are excluded as they are not directly related to energy sent out. The production cost of peaking plant, including OCGTs, are excluded as they are normally only operated during periods of peak demand.

The risk that non-technical energy losses could increase in the future has reduced significantly due to improvements implemented in the online vending environment. These improvements were initiated following investigations in FY2024 that uncovered the bulk generation of illegal prepaid tokens on Eskom's online vending system.

(b) Theft of conductors, cabling and network-related equipment, malicious damage to property, armed robbery, common and attempted theft

Theft of network-related equipment includes theft of cable (including airdac cable), batteries, tower members and transformers.

Unlawful and intentional damage to property belonging to another is reported as malicious damage to property. Vandalism is the deliberate destruction of or damage to public or private property. Damage towards any property without permission of the owner is reported as vandalism. The losses incurred in this category were below the materiality threshold in FY2026.

Armed robbery is an aggravated form of theft that involves the use of lethal weapons to perpetrate violence or the threat of violence (intimidation) against a victim. A threat to inflict grievous bodily harm by the offender or an accomplice on the occasion when the offence is committed, whether before or during or after the commission of the offence. The losses incurred in this category were below the materiality threshold in FY2025.

Common theft consists of the unlawful appropriation of moveable property belonging to another with intent to permanently deprive the owner of the property. Property includes laptops, tools, cell phones, equipment, air-conditioners and all other items not included in the Eskom list of essential infrastructure or security crime categories. The losses incurred in this category were below the materiality threshold in FY2025.

Some of the initiatives being pursued include but are not limited to the following:

- Realigning of security contracts and optimisation of deployment, including scope, resourcing, and deployment models to enhance effectiveness and responsiveness
- Improving of the Eskom asset disposal process and strategies
- Focusing on asset management and protection including researching and implementation of innovative solutions, i.e., unique marking and tracking capabilities
- Implementing national policy and legislative directives to address scrap and second-hand good market regulation which fuels the demand for illicit goods
- Introducing integrated, intelligent and smart security technologies and systems to reduce dependence on the human factor such as use of drones, intelligent cameras and alarm systems
- Implementing focused strategies and projects to reduce revenue losses arising from meter tampering, illegal connections and illegal vending
- Minimising breaches that allow easy access to sites and assets by improving housekeeping, appropriate storing of material and equipment with well-functioning delay and deterring solutions to prevent or minimise impact
- Deploying robust security systems that can detect and prevent crime and provide evidence that can be used for disciplinary or criminal processes
- Strengthened law enforcement collaboration, including arrests, case development and investigative support to ensure quality dockets that increase the likelihood of successful prosecutions and convictions
- Strengthened internal communication through clear, forward-looking view of security threats, enabling proactive operational and leadership decision

(c) Fraud and corruption

Eskom concluded three investigations into fraud during the year where losses due to criminal conduct were incurred (2025: four). The internal control measures in the affected areas have been reviewed and enhancements recommended to the accountable line managers for implementation. This includes controls, disciplinary, criminal and civil proceedings against those involved.

(d) Losses through criminal conduct recovered

Eskom recovered R62 million of material losses due to criminal conduct (2025: R68 million). Most of the amount relates to non-technical energy losses. Eskom invoiced R12 million of revenue relating to non-technical energy losses during the year (2025: R8 million), of which R5 million has been received (2025: R6 million). Additionally, meter tampering fees of R50 million were received during the year (2025: R53 million).

Deviations, expansions and variations reported to National Treasury

To strengthen compliance, transparency and accountability in supply chain management (SCM), National Treasury issued PFMA SCM Instruction Note 3 of 2021/2022, effective from 1 April 2022, which sets out revised requirements for reporting deviations from normal bidding processes – referred to as procurement by other means – as well as expansions and variations of existing contracts.

Procurement by other means includes limited bidding (sole source, single source, multiple source or closed procurement) as well as urgent and emergency procurement. These mechanisms are to be applied strictly as exceptions and not as routine procurement practices.

In line with Eskom's delegation of authority policy, procurement by other means is approved internally and then reported to both National Treasury and the Auditor-General of South Africa (AGSA) monthly in accordance with applicable reporting requirements. In addition, PFMA SCM Instruction Note 11 of 2025/26 has recently introduced continuous, transaction-level reporting through National Treasury's eTender portal. Eskom continues to apply additional controls by reporting threshold-triggering items and deviations concluded through purchase orders while the rollout and enhancement of the eTender portal is underway.

All procurement activities must adhere to Section 217 of the Constitution of the Republic of South Africa, 1996, which requires that the procurement of goods and services be undertaken in a manner that is fair, equitable, transparent, competitive and cost effective.

Eskom's divisions and subsidiaries reported a total of 1 796 deviations, expansions and variations during the year (2025: 2 152). Of these, 1 153 were classified as deviations from the normal bidding process (2025: 1 633), while 643 were identified as expansions and variations of contracts (2025: 519). The top contributor is Generation, which accounts for 62% of all transactions, followed by Eskom Rotek Industries SOC Ltd (ERI) at 11% and the National Transmission Company South Africa SOC Ltd (NTCSA) at 10%. The total value of all deviations, expansions and variations amounted to R387.5 billion for the year (2025: R147.2 billion). NTCSA accounted for 49% of the total value, mainly driven by independent power producer (IPP) transactions totalling R183.3 billion, while Generation accounted for 45% primarily due to a coal supply contract valued at R143.3 billion.

ANALYSIS OF TRENDS

The following divisional reporting trends have been identified when compared to FY2025:

- The number of deviations decreased by 21%, while the value increased by 207% mainly due to the high-value IPP and coal supply transactions
- The number of urgent transactions decreased by 51%, from 1 173 to 572, alongside a 41% reduction in value. The number of urgent transactions in Generation decreased by 64%, from 1 104 to 393
- The number of emergency procurement transactions decreased by 16%, alongside a 96% reduction in value
- The number of sole source procurement transactions increased by 29% in volume, while the value decreased by 69%
- The number of single source procurement transactions increased by 59%, alongside a 188% increase in value
- The number of expansions and variations increased by 24%, while the value decreased by 14%
- No IPP-related deviations, expansions and variations were recorded in FY2025, compared to 11 transactions valued at R183.3 billion in FY2026
- Transversal procurement declined by 51% in volume and 46% in value
- Closed tendering increased by 50% in volume and 6% in value

EMERGENCY PROCUREMENT

The number of emergency transactions decreased from 43 to 36. The total value decreased from R3.5 billion to R131.4 million. The prior year included high-value transactions by NTCSA and Eskom Rotek Industries SOC Ltd (ERI).

NTCSA accounted for the majority of the transaction value, contributing 67% of total value while representing only 44% of total volume. The remaining volume was largely driven by Distribution, which accounted for 45% of transactions but only 12% of value, while Generation contributed 11% of volume and 21% of value.

Summary of high-value emergency procurement transactions

Description	Value
Alpha Beta 1 765kV Line – Towers T867 and T868 emergency recovery	R30.8 million
Transformer oil spill clean-up at Duvha Power Station	R21.8 million
Esselen–Pelly 275kV Line – Tower 92 emergency recovery	R13.6 million
Benburg–Esselen 275kV Line – Tower 8 collapse emergency	R12.4 million
Rehabilitation of sinkholes and stormwater drainage at Thuso Substation Phase 3 ratification	R9.9 million

SOLE SOURCE PROCUREMENT

The number of sole source transactions increased from 322 to 414. The total value decreased from R42.9 billion to R13.5 billion. The prior year included high-value transactions by Generation for the provision of rail services for coal and other commodities.

Generation accounted for the majority of activity and value in FY2026, contributing 76% of the transaction volume and 73% of the total value, with the remaining value largely driven by ERI and NTCSA, at 15% and 9% respectively.

Summary of high-value sole source transactions

Description	Value
Phase VI NTCSA protection, telecontrol and substation automation equipment (five years with option to extend)	R1 billion
Medupi Power Station dust handling and conditioning plant (DHP) maintenance, outages and engineering services as well as DHP spares supply contract	R538.5 million
Rail transportation of limestone to Highveld rail siding	R538 million
Construction of air heaters (original equipment manufacturer/national contract)	R528 million
Provision of generator services (ERI)	R651 million

SINGLE SOURCE PROCUREMENT

The number of single source transactions increased from 64 to 102. The total value increased from R53.5 billion to R154.5 billion.

Generation accounted for most of the value, contributing 95% of the transaction value but only 16% of the volume. The remaining volume was largely driven by ERI and NTCSA, at 26% and 21% respectively.

Summary of high-value single source transactions

Description	Value
Supply and delivery of coal to various power stations	R143.3 billion
Technical services contract between Distribution and NTCSA	R4 billion
Transformer and switchgear maintenance (enabling contracts with ERI)	R2 billion
Capability provider for Group Capital Division project management	R1.37 billion
Managed maintenance for Distribution fleet vehicles and equipment	R862.5 million

Deviations, expansions and variations reported to National Treasury *continued*

INDEPENDENT POWER PRODUCERS (IPPs)

Contracts were concluded with IPPs, many of which were power purchase agreements under the Renewable Energy IPP Procurement (RE-IPPP) Programme in terms of section 34 of the Electricity Regulation Act, 2006 and approved by the former Department of Mineral Resources and Energy (now the Department of Electricity and Energy) to the value of R183.3 billion.

NATIONAL TREASURY TRANSVERSAL CONTRACTS

Transversal contracts were utilised for supply and delivery of fleet, plant vehicles and equipment. The number of transversal contract transactions declined from 29 to nine, while transaction values decreased from R271.4 million to R147 million.

EXPANSIONS AND VARIATIONS OF CONTRACTS

The number of expansions and variations increased from 519 to 643. The total value decreased from R29.1 billion to R24.9 billion.

Generation accounted for 44% of the value of expansions and variations and 58% of the volume, followed by Distribution with 34% of the value and 11% of the volume, and NTCSA with 7% of value and 10% of volume.

Significant modifications

Description	Value
Technical services (customer services and telecommunications) provided by NTCSA	R3.6 billion
Technical support and maintenance of air heaters and draught plant fans	R1.2 billion
Boiler pressure parts and high-pressure pipework services (15 coal-fired stations)	R2.1 billion
Department of Water and Sanitation water usage – Nottingham, Scheiding and Vanderkloof potable water	R1 billion
Transformer and switchgear repair and refurbishment programme (NTCSA)	R623 million

URGENT PROCUREMENT

The number of urgent procurement transactions decreased from 1 172 to 572. The total value decreased from R16.6 billion to R9.7 billion.

Kusile Power Station recorded the highest volume, recording 55 urgent transactions, followed by Majuba, Matimba and Lethabo power stations, with 42, 38 and 36 urgent transactions respectively. Tutuka Power Station recorded the highest value of urgent procurement at R967 million, followed by Kusile, Matla and Kendal power stations at R912 million, R802 million and R743 million respectively.

Summary of high-value urgent transactions:

Description	Value
Prepaid smart meters installation – Central East Cluster	R370.1 million
Kriel Power Stations bulk fuel oil supply	R255 million
Coal procurement at Kusile, Camden and Majuba power stations	R243 million
Prepaid smart meters installation – GEMMA Cluster	R228.5 million
Kendal Power Station milling plant recovery	R224.9 million

Deviations, expansions and variations reported to National Treasury *continued*

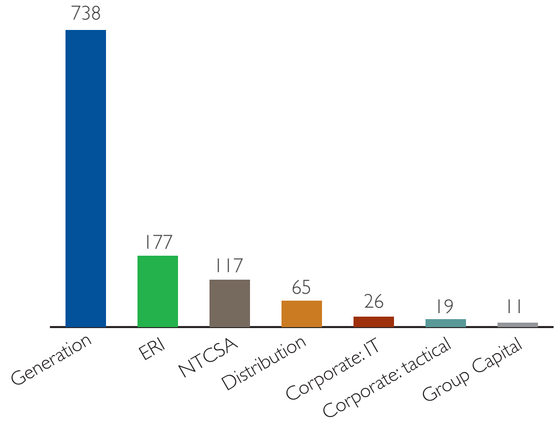
DEVIATIONS AND PROCUREMENT BY OTHER MEANS

The figure on the right depicts the number of deviations per division for FY2026.

The number of contracts and amounts per division for deviations are set out below, broken down by contract currency, with the total Rand amount also being shown.

Deviations for the year ended 31 March 2026

Division	No	Rand amounts	USD amounts	Euro amounts	GBP amounts
Generation	**738**	**163 104 345 883.03**	**8 410 401.76**	**27 803 072.05**	**2 352 437.90**
NTCSA	**117**	**189 474 614 597.69**			
Distribution	**65**	**3 873 645 451.37**			
Group Capital	**11**	**1 894 853 261.81**			
Corporate: IT	**26**	**687 360 915.41**	**70 582 075.68**	**230 233.00**	
Corporate: tactical	**19**	**64 310 553.23**	**15 355 975.23**		
ERI	**177**	**3 370 715 882.69**			
Total	**1 153**	**R362 469 846 545.23**	**$94 348 452.67**	**€28 033 305.05**	**£2 352 437.90**
Average exchange rate		**1.00**	**16.6866**	**20.0233**	**24.2059**
Converted Rand value		**R362 469 846 545.23**	**R1 574 354 890.32**	**R561 319 277.01**	**R56 942 876.56**
Total Rand value		**R364 662 463 589.13**			



Deviations for the year ended 31 March 2025

Division	No	Rand amounts	USD amounts	Euro amounts	GBP amounts	JPY amounts	CAD amounts
Generation	1 421	109 209 520 703.23	17 041 688.67	17 797 581.64	218 010.00	641 162 800.00	
NTCSA	80	3 670 334 341.88	70 000.00				
Distribution	47	589 316 640.44					
Group Capital	9	794 517 641.42					
Corporate: IT	27	1 157 764 304.13	29 241 912.94				
Corporate: tactical	15	330 294 728.30					3 813 826.60
ERI	34	2 266 547 822.48					
Total	**1 633**	**R118 018 296 181.88**	**$46 353 601.61**	**€17 797 581.64**	**£218 010.00**	**¥641 162 800.00**	**CAD3 813 826.60**
Average exchange rate		1.00	17.83	19.29	23.17	0.0824	13.39
Converted Rand value		R118 018 296 181.88	R826 484 716.62	R343 315 349.84	R5 051 291.70	R52 831 814.72	R51 067 138.17
Total Rand value		**R119 297 046 492.93**					

Deviations, expansions and variations reported to National Treasury *continued*

CONTRACTUAL EXPANSIONS AND VARIATIONS

The figure on the right depicts the number of expansions and variations per division for the 2026 financial year.

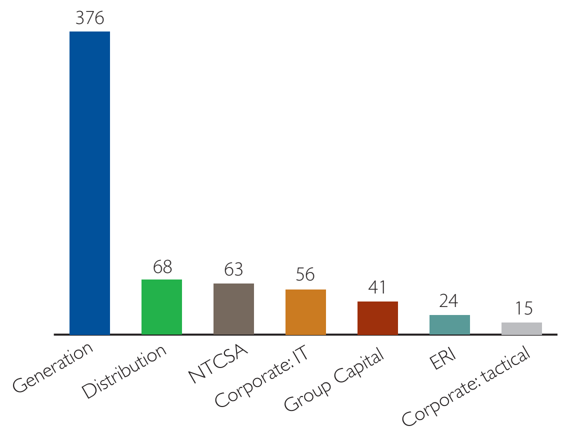
The number of contracts and amounts per division for expansions and variations are set out below, broken down by contract currency, with the total Rand amount also being shown.

Expansions and variations for the year ended 31 March 2026

Division	No	Rand amounts	USD amounts	Euro amounts	JPY amounts
Generation	**376**	**10 895 859 620.93**	**2 044 978.39**	**50 836 464.27**	**1 368 470 277.00**
NTCSA	**63**	**1 793 990 757.89**			
Distribution	**68**	**8 476 359 101.48**			
Group Capital	**41**	**1 109 625 488.08**			
Corporate: IT	**56**	**1 570 032 146.86**			
Corporate: Tactical	**15**	**41 036 426.08**			
ERI	**24**	**1 111 646 534.63**			
Total	**643**	**24 998 550 075.95**	**$2 044 978.39**	**€50 836 464.27**	**¥1 368 470 277.00**
Average exchange rate		**1.00**	**16.8891**	**17.9125**	**0.0741**
Converted Rand value		**R24 998 550 075.95**	**R34 537 844.53**	**R910 608 166.24**	**R101 425 718.37**
Total Rand value		**R26 045 121 805.08**			

Expansions and variations for the year ended 31 March 2025

Division	No	Rand amounts	USD amounts	Euro amounts	AUD amounts	JPY amounts
Generation	337	20 087 480 934.85	240 546 210.76	21 611 582.37		123 920 998.00
NTCSA	28	349 848 743.36				
Distribution	44	3 275 222 157.07				
Group Capital	48	1 490 063 646.91				
Corporate IT	42	3 337 382 331.06	3 831 393.96		900 123.57	
Corporate Tactical	5	15 995 045.08				
ERI	15	622 926 511.95				
Total	**519**	**R29 178 919 370.28**	**$244 377 604.72**	**€21 611 582.37**	**AUD900 123.57**	**¥123 920 998.00**
Average exchange rate		1.00	17.83	18.51	11.10342	0.0824
Converted Rand value		R29 178 919 370.28	R4 357 252 692.16	R400 030 389.67	R9 994 450.05	R10 211 090.24
Total Rand value		**R33 956 407 992.39**				



Corporate information

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Our suite of reports covering our integrated results for 2026 is available at https://www.eskom.co.za/investors/integrated-results/

FORWARD-LOOKING STATEMENTS

Certain statements in this report regarding Eskom's business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations.

Forward-looking statements constitute current expectations based on reasonable assumptions, data or methods that may be imprecise and/or incorrect and that may be incapable of being realised. As such, they are not intended to be a guarantee of future results. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. Eskom neither intends nor assumes any obligation to update or revise any forward-looking statements contained in this report, whether as a result of new information, future events or otherwise.

Future performance plans and/or strategies referred to in this report have not been reviewed or reported on by the group's independent auditors.

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