Eskom

2026 SUSTAINABILITY REPORT

Our value creation journey

1 OUR REPORTING SUITE AND APPROACH

2 GOVERNANCE

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5 ENABLING A RESILIENT LOW-CARBON ENERGY FUTURE

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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

Our strategy and value creation story and outlook

WHO IT'S FOR: The people of South Africa, providers of financial capital and our broader stakeholder base

GUIDED BY: Integrated Reporting Framework, Companies Act, PFMA, King IV; with ISSB standards IFRS S1 and S2 under assessment

MATERIALITY LENS: Double materiality: financial and impact

ASSURANCE: Internal Audit verified the disclosures; Deloitte & Touche provided reasonable assurance on selected KPIs and reviewed consistency across the reporting suite

ANNUAL FINANCIAL STATEMENTS

Our audited financial position, performance and cash flows

WHO IT'S FOR: Shareholder, investors, creditors, regulators, analysts, employees and the public

GUIDED BY: IFRS Accounting Standards, the Companies Act and PFMA

MATERIALITY LENS: Financial materiality: information that could influence users' decisions

ASSURANCE: Audited by Deloitte & Touche on behalf of the Auditor-General of South Africa

SUSTAINABILITY REPORT

Our environmental, social and governance (ESG) impacts

WHO IT'S FOR: Stakeholders with a specific interest in our ESG performance

GUIDED BY: Global Reporting Initiative, United Nations Sustainable Development Goals (SDGs), IFRS S2 and Eskom's internal ESG framework

MATERIALITY LENS: Impact materiality: our most significant effects on the economy, environment and people

ASSURANCE: Internal Audit verified the disclosures; Deloitte & Touche provided reasonable assurance on selected KPIs and reviewed consistency across the reporting suite

GOVERNANCE AND REMUNERATION REPORT [NEW]

How we are governed and how we reward our people

WHO IT'S FOR: Shareholder, providers of financial capital, regulators and employees

GUIDED BY: Companies Act, King IV and PFMA, with pay-gap disclosures aligned to the Companies Amendment Act's requirements

MATERIALITY LENS: Matters material to leadership effectiveness, ethical conduct, fair remuneration and long-term value creation

ASSURANCE: Internal Audit verified the disclosures; Deloitte & Touche reviewed consistency across the reporting suite

PERFORMANCE REPORT [NEW]

A detailed view of operational and financial performance

WHO IT'S FOR: Shareholder, analysts, regulators and operationally focused stakeholders

GUIDED BY: PFMA and National Treasury regulations, the shareholder compact and internal KPI measurement specifications

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

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

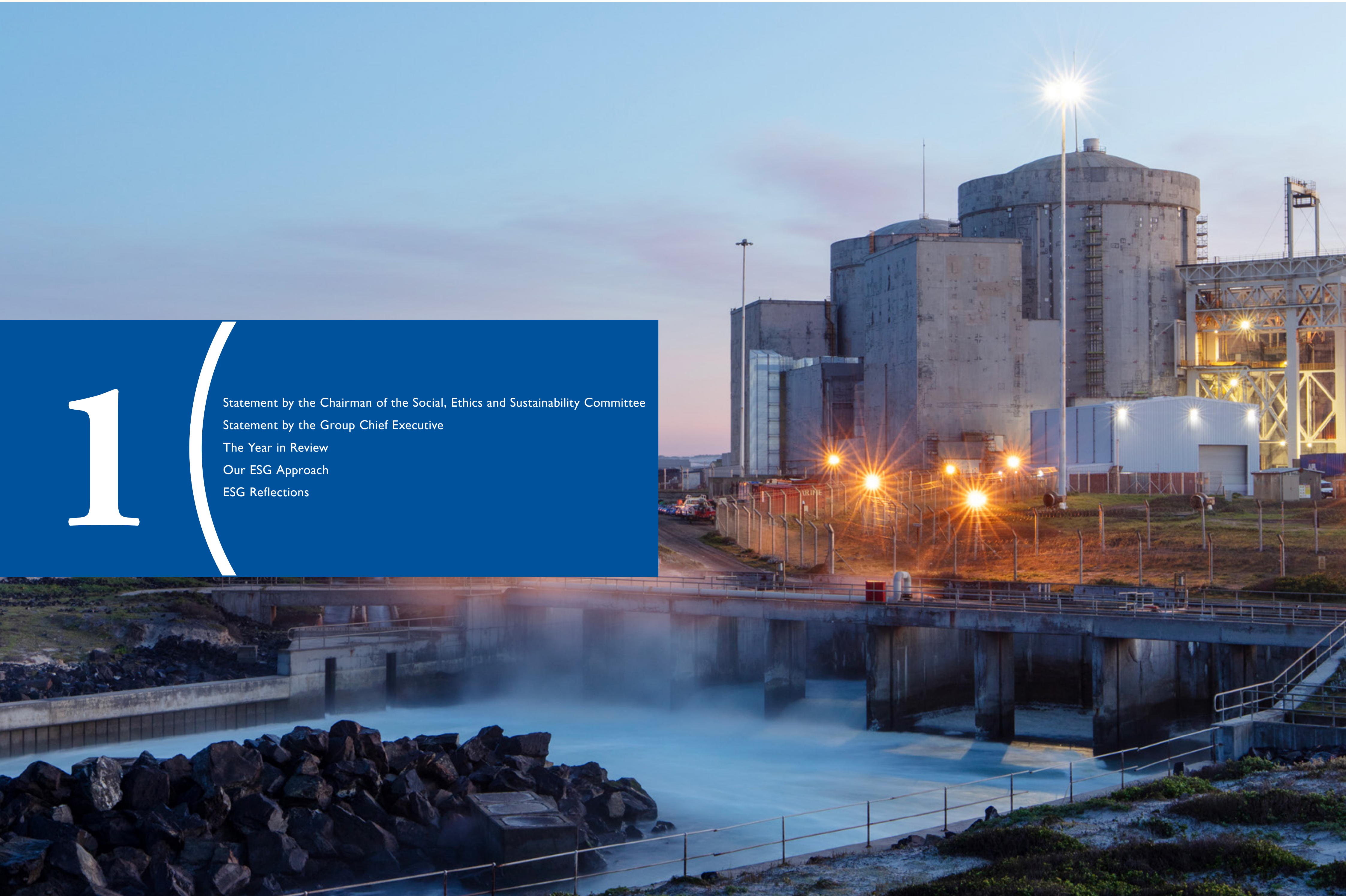
ASSURANCE AND REPORTING QUALITY

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



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Statement by the Chairman of the SES Committee

Eskom's sustainability performance must be assessed in the context of our public mandate – to provide electricity in an efficient and sustainable manner, support South Africa's socio-economic development and transform energy to create long-term value. For Eskom, sustainability and financial resilience are inseparable. Our ability to maintain security of supply, protect public resources, reduce our environmental footprint and support a Just Energy Transition depends on disciplined financial management, responsible capital allocation, sound governance and operational excellence.

The Board Social, Ethics and Sustainability Committee has a broad and significant mandate, to oversee Eskom's impact on society and the environment and to monitor our standing as a good corporate citizen. Our oversight includes ethics, sustainability, climate change, environmental stewardship, health and safety, socio-economic development, stakeholder relations and the Just Energy Transition.

People remain central to the delivery of this mandate. Their safety, wellbeing and conduct, guided by Eskom's values, are fundamental to responsible leadership and sustainable performance. In driving a high-performance and ethical culture through the Eskom values of Zero Harm, Integrity, Innovation, Sinobuntu, Customer Satisfaction and Excellence (ZIISCE) we will maintain public confidence.

We are deeply concerned by the loss of seven employees and contractors during FY2026. While Eskom made significant progress in operational recovery and security of supply, no achievement can outweigh the loss of life. On behalf of the Board SES Committee, I extend our deepest condolences to the families, friends, colleagues and loved ones of those who tragically lost their lives while serving Eskom.

Every fatality is a profound human tragedy that affects not only the immediate families left behind, but also our Eskom community as a whole. This remains a sobering reminder of our collective responsibility to ensure that every employee and contractor returns home safely each day.

The Committee is deeply saddened by these losses and honours the memory of those who have passed. We remain unwavering in our commitment to Eskom's Zero Harm philosophy and will continue to exercise rigorous oversight of health and safety performance, leadership accountability, operational discipline and contractor management to prevent future tragedies.

We continue to oversee the integration of Environmental, Social and Governance matters into Eskom's strategy, enterprise risk management, performance monitoring and reporting. In addition, we ensure that all submissions to the Board and sub-committees consider ESG implications.

In this financial year we approved Eskom's ESG framework to enable the business to identify, track, monitor and report on its ESG risks and opportunities in a structured manner. Following this approval, Eskom Treasury is developing an ESG funding framework to raise capital for sustainability projects.

The 2026 Sustainability Report follows a period in which Eskom made measurable progress in stabilising the business. The Board SES committee is critical in ensuring that this progress is sustained, embedded and supported by credible disclosures, robust controls and clear accountability. Investors, lenders, regulators, employees, communities and the public must be able to understand both how sustainability-related risks and opportunities affect Eskom's financial performance, cash flows and access to funding and how Eskom's operations impact people, the economy and the environment. This double materiality perspective remains central to our reporting and decision-making.

Capital allocation remains one of Eskom's most important sustainability levers. The infrastructure investment required over the coming years must strengthen generation reliability, expand and modernise the transmission grid, improve distribution performance, support environmental compliance, reduce losses and build the capabilities required for a lower-carbon electricity system. The National Transmission Company South Africa and the broader Transmission Development Plan are critical to unlocking new generation capacity, integrating renewable energy and improving grid resilience.

At the same time, Eskom is responsibly embracing digital technologies, advanced analytics and artificial intelligence. This will enhance grid reliability, improve asset performance, strengthen predictive maintenance capabilities and support more informed, real-time operational decision-making across the electricity value chain.

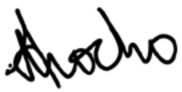
Eskom's transition must be orderly, technically sound, financially responsible and socially just. A lower-carbon electricity system requires careful sequencing, appropriate funding and sustained collaboration with government, the shareholder, NERSA, municipalities, development finance institutions, lenders, investors, customers, employees and communities. Climate change, environmental compliance, air quality, water security, rehabilitation obligations and climate-resilient infrastructure are not only environmental matters; they are strategic risks that must inform planning, budgeting, investment appraisal, funding decisions and performance management.

Affordability remains a defining sustainability consideration. Electricity is an essential service and a foundation for economic growth, while Eskom must recover the efficient cost of supply and fund critical national infrastructure. Municipal arrear debt, non-technical losses, illegal connections and a growing culture of non-payment continue to place pressure on Eskom's financial sustainability and the future viability of distribution arrangements. Addressing these matters requires continued collaboration on tariffs, debt recovery, distribution reform, Free Basic Electricity, smart metering, energy efficiency and a more cost-reflective and transparent electricity industry.

Stakeholder confidence depends on credible information and demonstrable accountability, therefore strengthening governance, assurance and internal controls remain a priority. Progress in addressing audit findings and improving procurement controls, data integrity, revenue assurance, PFMA compliance, consequence management and transparent reporting must be sustained. Reliable financial and sustainability information is essential for the Board, shareholder, lenders, regulators and the public to assess Eskom's performance, resilience and long-term value creation.

Looking ahead, Eskom's sustainability journey will be measured by our ability to continue with operational recovery, strengthen financial performance, execute the required capital programme, improve controls and mobilise funding for a secure, affordable, lower-carbon and inclusive energy future.

The journey towards a sustainable Eskom and a sustainable South Africa remains challenging, but our commitment to that future is unwavering.



Tshokolo Nchocho
Chairman: Social, Ethics and Sustainability Committee

Statement by the Group Chief Executive

I am pleased to present Eskom's 2026 Sustainability Report at a time when the organisation is transitioning from recovery to resilience. The past few years have tested Eskom, our stakeholders and the country, reinforcing the critical role we play in powering economic growth, enabling livelihoods and supporting South Africa's development. While we have made meaningful progress in stabilising the business, we remain focused on building an Eskom that is reliable, financially sustainable, environmentally responsible and ready to meet the needs of a rapidly changing energy landscape.

Safety remains our foremost priority. While our lost-time injury rate improved, the loss of lives among employees and contractors is a stark reminder that no operational or financial achievement can compare to the value and importance of human life. We extend our deepest condolences to the families, friends and colleagues affected. Zero Harm remains a non-negotiable commitment and must be reflected in every decision, every task and every level of the organisation.

The 2026 financial year marked a significant step forward in Eskom's operational recovery. Improved plant performance, disciplined maintenance execution and the return of key generating units enabled a substantial reduction in load shedding and improved security of supply. This progress has strengthened economic confidence, supported investment and improved the daily lives of millions of South Africans. However, our responsibility now is to sustain these gains and embed reliability as a permanent feature of our operating model.

Operational improvement has also contributed to stronger financial performance. Reduced reliance on expensive emergency generation, improved efficiencies and greater operational stability have demonstrated the strong link between operational excellence and financial sustainability. Nevertheless, significant challenges remain, including municipal debt, electricity theft, affordability pressures, infrastructure investment requirements and environmental compliance obligations. Long-term success will depend not only on maintaining performance improvements but also on strengthening governance, controls and accountability across the organisation.

During the year, we further embedded ESG principles into the way we manage and lead the business. The implementation of the Board-approved ESG framework, ESG-linked executive remuneration and strengthened governance processes reinforces accountability and supports our commitment to sustainable value creation, transparency and responsible leadership.

At the same time, we continue to advance South Africa's Just Energy Transition. For Eskom, the transition is not simply about decarbonisation; it is about balancing energy security, affordability and sustainability while protecting communities, supporting workers and enabling economic development. Our experience to date has confirmed that successful transition requires meaningful stakeholder engagement, skills development, local economic participation and long-term planning. These principles will continue to guide our approach as we expand transition initiatives across the business.

The establishment of Eskom Green and the ongoing expansion of the transmission network represent important milestones in positioning Eskom for the future. Together with the National Transmission Company South Africa, these efforts will help unlock new generation capacity, integrate renewable energy and strengthen grid resilience. Achieving this vision will require continued collaboration with government, development finance institutions, investors, communities and other stakeholders.

Environmental stewardship remains fundamental to our licence to operate. While we acknowledge the environmental impacts associated with our operations, we remain committed to improving performance through enhanced emissions management, water stewardship, biodiversity protection, environmental compliance and transparent climate-related disclosures. Our long-term ambition remains aligned with South Africa's climate commitments and the country's aspiration of achieving net-zero emissions by 2050.

Good governance and ethical leadership are essential to restoring and maintaining stakeholder trust. We continue to strengthen internal controls, improve assurance processes and implement the Audit Recovery Programme to address historical limitations and improve accountability. We have also intensified efforts to combat fraud, corruption, theft and criminal activity, recognising that these undermine service delivery, increase costs and erode public confidence.

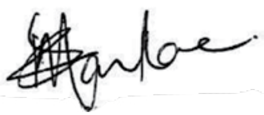
Our contribution to South Africa extends beyond electricity supply. Through electrification, enterprise and supplier development, skills enhancement, community investment and local economic initiatives, we continue to play a significant role in supporting equitable and sustainable growth. Equally important is our investment in our people. Being recognised as a Top Employer for a second consecutive year reflects our commitment to building a capable, engaged and future-ready workforce.

Innovation will be a defining feature of Eskom's future success. Digital technologies, artificial intelligence, predictive analytics, smart metering, energy storage and modern grid solutions are increasingly critical to improving reliability, enhancing customer service, reducing losses and supporting the energy transition. Our focus is not simply on adopting technology, but on using innovation to solve real challenges and create meaningful value for our stakeholders.

Looking ahead, our success will be measured by our ability to sustain operational recovery, strengthen financial performance, modernise infrastructure, improve environmental outcomes and deliver a Just Energy Transition that leaves no one behind. We will continue to communicate openly about our progress, our challenges and the difficult decisions required to secure South Africa's energy future.

I am encouraged by the progress we have achieved, but equally mindful of the responsibility that lies ahead. The trust of our employees, customers, investors, lenders, regulators, communities and the people of South Africa must be earned every day. If we continue to act with discipline, integrity and a shared sense of purpose, Eskom can help power a more resilient, inclusive and sustainable future for generations to come.

If it is to be, it is up to us!



Dan Marokane
Group Chief Executive

The Year In Review

We are committed to environmental stewardship and responsible resource management

Achievements

- Environmental performance improved through reduced water consumption
- Strengthened stewardship and governance
- Completion of the PCB phase-out programme
- Fewer red-list avian mortalities
- Expansion of air-quality offset initiatives
- Enhanced climate governance
- Launch of Eskom Green to support decarbonisation

Challenges

- Emissions performance
- Particulate matter exceedances
- Environmental legal contraventions
- Unauthorised water releases
- Ambient ozone and particulate pollution
- Ageing coal-fired assets
- Ash beneficiation decline
- Regulatory compliance pressures
- Climate-related risks

People and communities are at the heart of our purpose and progress

Achievements

- Electrification
- Skills development, bursaries
- Top Employer recognition
- Improved safety performance
- Mental health support
- Just Energy Transition programmes
- Community investment
- Supplier development
- Localisation, enterprise support
- Expanded stakeholder engagement

Challenges

- Employee and contractor fatalities
- Rising mental health concerns
- Workforce stress and burnout
- Unemployment and inequality in communities
- Evolving skills requirements
- Affordability pressures
- Municipal debt impacts
- Electricity theft
- Ensuring a Just, inclusive energy transition

Strong governance underpins our commitment to integrity, transparency and accountability

Achievements

- Governance was strengthened through Board-approved ESG integration
- ESG-linked executive remuneration
- Enhanced ethics governance
- Stronger risk oversight
- Improved stakeholder engagement
- Legal separation progress
- Expanded assurance aligned with King IV™, GRI and IFRS sustainability standards

Challenges

- Governance remains challenged by municipal debt
- PFMA compliance weaknesses
- Audit qualifications
- Fraud, corruption, infrastructure theft and cyber threats
- Data quality limitations
- Need for outcome-based performance metrics

Our ESG Approach

Environmental, Social and Governance (ESG) is positioned as a strategic enabler supporting Eskom's mandate to deliver reliable, affordable electricity while contributing to South Africa's Just Energy Transition and long-term sustainable value creation. We apply a double materiality approach, considering both ESG risks and opportunities that may affect enterprise value and Eskom's impacts on society and the environment. In FY2026, we strengthened the integration of ESG considerations into our strategy, governance, performance management and reporting.

ESG oversight is exercised at Board level through the Social, Ethics and Sustainability (SES) Committee, supported by executive management and integrated enterprise risk management processes. ESG matters are embedded within strategy formulation, risk assessments, assurance planning and performance monitoring, reinforcing accountability and consistency across the organisation.

The figure below illustrates key material matters identified in our ESG framework.

Environmental (E)

Transitional and physical climate risks:

- Climate change mitigation and adaptation

Natural capital:

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

Waste management and air quality:

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

Circular economy:

- Reduce, reuse, recycle and regenerate

Social (S)

Social capital:

- Energy security, affordability/access and sustainability
- Community trust and support
- Load shedding and load reduction
- Just energy transition and technology changes
- Electricity theft, low and non-payment by customers
- Supplier Development, Localisation and Industrialisation (SDL&I)
- Corporate social investment

Occupational health and safety and wellbeing:

- Air quality, public safety, contractors and employee's wellbeing

Human capital:

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

Governance (G)

Governance structures:

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

Risk management, culture and oversight:

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

Fraud, corruption and criminality:

- Fraud, corruption and criminality

Transparency and reporting:

- Integrated and sustainability reporting

The framework consolidates our approach, priorities and governance arrangements and aligns sustainability considerations with the business strategy, the National Development Plan (NDP) and the Sustainable Development Goals (SDGs). ESG focus areas and KPIs are embedded in the Eskom Corporate Plan and divisional business plans, ensuring alignment between strategy, execution and reporting. Material ESG KPIs aligned to the shareholder compact, Corporate Plan objectives and Board priorities form part of executive variable remuneration across major divisions. This strengthens leadership accountability and reinforces ESG delivery as a core management responsibility.

We enhanced our ESG maturity through benchmarking against international peers and leading practices, supported by Genesis Analytics and funded by the French Development Agency (AFD). The benchmarking exercise provided a structured roadmap to strengthen governance, disclosures and performance alignment with global expectations.

Our ESG Approach *continued*

We have shifted our efforts to strengthen environmental management, progressing from a compliance-driven culture towards proactive environmental stewardship, while recognising ongoing challenges related to ageing plant and operational reliability. Environmental focus areas include air-emissions management, water stewardship, ash beneficiation aligned to circular-economy principles and regulatory compliance.

We remain aligned with South Africa's commitment to net-zero emissions by 2050, and advancing the Just Energy Transition (JET). This includes the expansion of renewable energy, repowering and repurposing of legacy coal assets, grid investment and resilience and adaptation initiatives. Eskom's climate governance and strategic intent are well established; continued work is underway to strengthen climate scenario analysis, transition metrics and quantified financial impacts in line with evolving international disclosure standards.

Safety remains a core social priority, with a sustained focus on Zero Harm and rigorous monitoring of lost-time injury rates across operations. Safety performance is embedded in executive and operational KPIs. Workforce capability, transformation and skills development, including initiatives aligned to future energy technologies and the Just Energy Transition remain key investment areas. Socio-economic transformation is supported through procurement initiatives, local content, supplier development, corporate social investment and ongoing engagement with communities impacted by Eskom's operations.

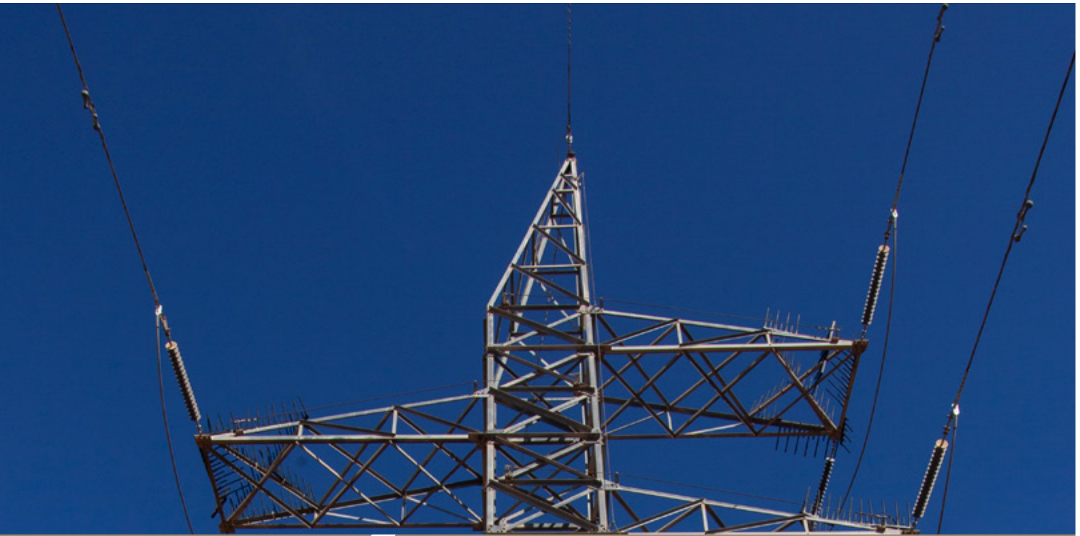
Governance remained a key enabler of our sustainability agenda, strengthening accountability, transparency and ethical leadership while embedding ESG considerations into strategy, risk management and performance oversight. Through robust Board and SES Committee oversight, Eskom enhanced stakeholder confidence, supported credible sustainability reporting and advanced long-term sustainable value creation.

We communicate our ESG approach and performance through an integrated reporting suite and ESG Factsheet, designed to meet the needs of investors, lenders, government and broader stakeholders. Reporting is guided by the Integrated Reporting Framework, GRI Standards and increasing alignment with IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2) and relevant SASB metrics. Internal Audit and independent external assurance provides assurance over selected ESG KPIs, enhancing the credibility and reliability of disclosures.

While challenges remain, particularly in financial climate quantification and long-term transition metrics, we are well positioned on a clear improvement trajectory, aligned with national priorities, stakeholder expectations and leading global ESG practices. Our ESG progress reflects Eskom's commitment to responsible leadership, sustainable value creation and a just transition that supports South Africa's development and future energy needs.

ESG REFLECTIONS

- Board-approved ESG Framework embedded ESG into Eskom's strategy, governance and performance management.
- ESG-linked executive remuneration implemented, strengthening leadership accountability for environmental, social and governance outcomes.
- Continued to drive the JET in support of the country's net-zero ambition while supporting energy security, affordability and social inclusion.
- Stronger governance and integrity focus, with continued action against fraud, corruption and criminality.
- Strengthened ESG disclosures and assurance, including enhanced Board oversight, expanded ESG reporting, selected KPI assurance and clearer climate, risk and performance disclosures, while progressing alignment with IFRS S1, IFRS S2 and relevant SASB metrics.



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Governance

E S G

KEY GOVERNANCE ASPECTS

RISKS

- **Key governance risks:** Financial sustainability, control effectiveness and institutional resilience remain challenged by escalating municipal debt, irregular expenditure, PFMA non-compliance, audit qualifications, fraud, corruption, electricity theft, cyber threats, environmental compliance issues and weak data integrity.
- **Emerging concerns:** Limited climate-risk quantification constrains decision-useful disclosures, while workforce mental health has become a Priority I risk affecting safety, productivity and long-term sustainability.
- **Mitigation actions:** Accelerate audit recovery, strengthen procurement and consequence management, enhance digital monitoring and cyber resilience, improve climate-risk quantification, expand ethics assurance and training, intensify municipal debt recovery and embed accountability for compliance, data quality and risk management across the organisation.

VALUE-CREATION/OPPORTUNITIES

- **Governance strengths:** Stronger oversight, accountability and integrated decision-making have embedded sustainability into strategy through the ESG Framework, Board SES Committee oversight and ESG-linked executive remuneration.
- **Value creation enablers:** A mature ISO 31000-aligned risk management system, extensive stakeholder engagement, robust combined assurance, legal separation and market reforms have strengthened resilience, transparency and long-term sustainability.
- **Trust and credibility:** Enhanced ethics governance, anti-corruption measures, transparent sustainability reporting and alignment with IFRS Sustainability Disclosure Standards and GRI support investor, lender and regulator confidence.
- **Future focus:** Strengthen outcome-based reporting, improve quantified ESG and climate metrics, mature sustainability assurance capabilities and reinforce the link between governance performance, financial resilience and national development outcomes.

World-class governance remains essential to balancing the social, environmental and economic dimensions of our business. Strong governance is fundamental to Eskom's recovery, sustainability and public mandate. Our transformation has delivered tangible benefits, including improved utility and sovereign credit ratings. These gains must be sustained and strengthened. Guided by a focused Board and Executive team and supported by a committed workforce, we are more aware than ever, particularly after the challenges of load shedding, of our critical role in South Africa and the broader region.

Governance *continued*

Decent Work and Economic Growth

Eskom: powering the SDGs

The FY2026 shareholder quarterly reports reflect that our sustainability governance is visibly senior-led and a number of key matters were addressed using various interventions in the year. This included: framing the long-term strategy, pivoting the business towards sustainability and competitiveness with board and management support; the SES Board Committee considering sustainability reporting, audit, MES, water and SHEQ matters; Board-Exco strategy workshops and Exco approval of a 2030 carbon trajectory aligned with IRP2025.

The Board deliberations foster sustainable national economic growth

As a State-owned Entity, we continue to fulfil a unique dual mandate. We recognise the central role of energy in supporting responsible and accountable governance, inclusive economic development and environmental resilience. Our approach is underpinned by an ESG framework aligned with the King Code, the principles of the United Nations Global Compact (UNGC) and relevant sustainability and technical standards.

While we remain committed to strengthening organisational stability and addressing the legacy of past misconduct, our focus is firmly on the risks and opportunities ahead. The increasing impact of climate-related extreme weather events on our people and infrastructure demands decisive action. We acknowledge our responsibility to contribute to solutions rather than exacerbate the challenge and therefore reaffirm our commitment to a carefully managed transition towards a cleaner, more inclusive energy future.

ESKOM BOARD SOCIAL ETHICS AND SUSTAINABILITY (SES) COMMITTEE

The Eskom Board Social, Ethics and Sustainability (SES) Committee assists the Board in fulfilling its statutory and governance responsibilities by overseeing ESG performance, ethics, sustainability, climate change, health and safety, socio-economic development, stakeholder relations and sustainability reporting. The Committee provides assurance that material environmental, social and governance risks and opportunities are appropriately governed, supports ethical and responsible corporate citizenship and guides Eskom's sustainable value creation and Just Energy Transition objectives. This role aligns closely with the ESG governance framework that we have been embedding across Eskom's sustainability reporting.

The Board SES committee reflects diversity across gender, professional background and experience. It is well positioned to oversee Eskom's sustainability agenda because it combines expertise in:

- Sustainability and climate change
- Infrastructure investment and Just Energy Transition financing
- Human capital and social performance
- Legal compliance and ethics
- Governance and stakeholder management

This level of competencies supports the Board's oversight of Eskom's ESG agenda, disclosures, climate commitments, unbundling impacts, municipal stakeholder relationships and broader socio-economic responsibilities.

Governance *continued*

LEGAL SEPARATION

Eskom's unbundling is the separation of the utility into distinct businesses: Generation, the National Transmission Company South Africa (NTCSA) and Distribution, supported by a newly created NewCo that houses group-wide corporate and enabling functions. This is aimed at improving governance, transparency, operational efficiency, competition and financial sustainability. We are implementing this legal separation through the Integrated Unbundling Plan (IUP), with execution currently progressing through Phase II of the unbundling programme.

This reform is a cornerstone of South Africa's electricity market reform agenda and is designed to enable a transparent, competitive and market-driven energy sector while preserving system stability and financial sustainability. The Board plays a critical governance role in overseeing this transformation while managing significant associated risks.

This unbundled structure separates natural monopoly network functions from competitive market activities, strengthens governance and regulatory oversight and enables open access to the electricity market.

PURPOSE OF THE SEPARATION

Move from integrated operations to legally separated, market-ready entities with clear governance, asset allocation, licensing, approvals and system readiness.

Transmission (2025–2027)

- NTCSA execution evolves toward a fully independent TSO.
- Asset allocation and implementation due diligence completed.
- Presidential Task Team and World Bank engagement to confirm optimal TSO end-state and transaction structure in 2026.
- TSO-enabling legislation and regulator licensing targeted for 2026–2027.
- Full legal and operational TSO establishment, including debt reallocation, PFMA approvals and system readiness.

End-state
Independent TSO

Distribution (2025–2028)

- NEDCSA establishment supported by WiresCo, RetailCo and TraderCo.
- Dx asset allocation and business-line delineation completed.
- Liquidity, solvency and financial sustainability interventions support readiness during 2025–2027.
- PFMA approvals, lender consents and contractual separation during 2027–2028.
- Legal separation into NEDCSA and subsidiaries, aligned to regulatory and market-readiness requirements.

End-state
NEDCSA + subsidiaries

Generation (2025–2029)

- Generation moves into a legally ring-fenced GxCo for a liberalised electricity market.
- Operating model refinement, asset and debt allocation and due diligence during 2025–2026.
- Eskom Green scales as the renewable generation platform from 2026 onward.
- Legal separation transactions, commercial agreements and balance-sheet restructuring during 2027–2029.
- Full legal separation to enable competitive procurement and market trading arrangements.

End-state
Ring-fenced GxCo

Common readiness gates: asset and debt allocation, regulatory licensing, PFMA approvals, lender consents, commercial agreements, operational system readiness

Governance *continued*

All separation activities are sequenced toward completion of the full unbundling transaction by 2030, including system go-live, final debt reallocation and implementation of market-supporting IT and operational platforms. Throughout Phase II, parallel workstreams are addressing legislative advocacy, lender engagement, IT and operational readiness, labour engagement and change management to ensure stability during transition.

The legal separation of generation, transmission and distribution will create clear functional boundaries, support non-discriminatory market access and enable competition and private-sector participation, while preserving Eskom's ability to operate sustainably within a reformed, market-driven electricity sector.

The approval of NTCSA's Market Operator Licence represents a significant milestone in South Africa's electricity sector reform journey. It strengthens the legal and institutional basis for a competitive electricity market, supports transparent market rules and grid access and enhances investor confidence in the transition towards a more open, reliable and rules-based power system. For us, this milestone is closely aligned with the broader unbundling programme and provides a platform to manage the transition responsibly, while safeguarding system stability, stakeholder confidence and long-term sustainability.

TRANSITIONING TO CLEANER ENERGY

Our transition to cleaner energy remains central to our long-term sustainability and to South Africa's broader energy transition. During the year, we focused on moving from planning to practical implementation by advancing repowering and repurposing initiatives, strengthening transition readiness at selected power station sites and embedding just transition principles into our approach to workers, communities and local economic development.

We continued to develop the institutional and project platforms required to support a lower-carbon electricity future, including site-based socio-economic initiatives, skills development programmes, renewable energy and storage projects and the formal launch of Eskom Green.

JUST ENERGY TRANSITION AND TRANSITION READINESS

We continued to implement practical mechanisms that support decarbonisation, energy security and just outcomes aligned with our strategic priorities. These included repowering and repurposing initiatives at existing power station sites, transition-enabling capabilities such as Eskom Green and project workstreams that support cleaner technologies, skills development and local economic participation.

A key focus was the decoupling of JET activities from power station shutdown schedules. This allows repowering, repurposing, socio-economic development and skills initiatives to progress independently of operational timelines, while supporting communities before end-of-life decisions are reached. This approach recognises that the transition is not a choice between coal and renewables, but a managed shift towards a lower-carbon, technology-agnostic future that maintains security of supply and advances South Africa's net-zero by 2050 ambition.

Progress across the JET pillars remained focused on balancing the energy trilemma with social and economic realities in coal-dependent regions. Under the Just pillar, we prioritised skills development, local economic diversification and community participation. Under the Energy pillar, we advanced cleaner generation, storage and grid-aligned projects that support system resilience. Under the Transition pillar, we applied lessons from early repowering and repurposing work to strengthen planning, improve stakeholder engagement and create practical pathways for asset and community transition. Eskom Green complements this work as a transition enabler, providing a dedicated platform to accelerate renewable energy development, partnerships and investment.

ESKOM'S 5 Es OF A JUST TRANSITION

ENERGY
Ensure equitable access to clean, sustainable energy by unlocking new energy sources and strengthening the national grid

ECONOMY
Contribute to economic growth and development through the reindustrialisation, climate smart agriculture, eco-tourism and innovation

EMPLOYMENT
Create new high-quality jobs through repowering and repurposing initiatives with focus on Mpumalanga

EQUITY
Catalyse re-skilling of staff and communities to ensure an equitable transition through training centres and repurposing projects tailored to each community

ENVIRONMENT
Reduce GHG emissions, improve air quality and reduce water consumption, contributing to South Africa's sustainability goals

Governance *continued*

ESKOM GREEN – ENABLING THE NEXT PHASE OF SOUTH AFRICA'S ENERGY TRANSITION

Eskom Green represents a strategic evolution in Eskom's journey to deliver a sustainable, reliable and affordable electricity system for South Africa. As the energy landscape continues to transform in response to climate imperatives, policy reform and changing market dynamics, Eskom has established Eskom Green as a dedicated, ring-fenced renewable energy platform within the Group. This structure is designed to ensure that we can participate effectively in the development of renewable energy capacity while maintaining focus on system stability, operational recovery and financial sustainability.

Eskom Green complements our existing operations by supporting the energy trilemma and enabling a balanced, just and sustainable transition through three interrelated objectives central to South Africa's energy transition.

Enabling Scaled, System-Aligned Renewable Capacity	• Advances renewable energy and storage capacity in line with the Integrated Resource Plan (IRP) 2025. • Supports the development of solar PV, wind and battery energy storage systems. • Promotes technologies that improve system flexibility, reliability and resilience. • Ensures new capacity is aligned with grid requirements, system needs and long-term sustainability outcomes.
Crowding in Investment and Enabling Partnerships	• Crowds in private capital and capability to support renewable energy development. • Provides a fit-for-purpose platform for partnerships with Independent Power Producers, development finance institutions and investors. • Enables structured investment models, including joint ventures and special-purpose vehicles. • Supports large-scale investment by providing credibility, system alignment and coordination. • Contributes to a competitive and diversified electricity sector aligned with national priorities and system requirements.
Supporting System Stability and Integration	• Supports system stability as South Africa's energy mix becomes more diverse and renewable-based. • Integrates storage and flexible capacity to manage variability and strengthen grid resilience. • Includes battery energy storage, hybrid projects and the continued use of existing flexible assets. • Maintains the operational integrity of the electricity system while enabling renewable energy integration. • Builds on improved system performance and stronger baseload capacity to support a more flexible and resilient power system.

INTEGRATION WITH THE JUST ENERGY TRANSITION

Eskom's JET strategy seeks to balance energy security, economic growth, employment, equity and environmental sustainability. While the JET framework focuses on ensuring that the transition is inclusive and socially just, Eskom Green is the enabler providing the commercial and operational platform required to implement that transition at scale, this includes:

- Supporting repowering and repurposing initiatives at existing power station sites
- Enabling new clean energy developments in regions historically reliant on coal
- Unlocking opportunities for localisation, skills development and job creation

In this way, the platform strengthens the link between energy transition and economic transformation, ensuring that sustainability outcomes extend beyond emissions reduction.

ADVANCING ESKOM'S SUSTAINABILITY AND DECARBONISATION OBJECTIVES

Eskom Green contributes directly to Eskom's sustainability objectives by:

- Reducing emissions intensity through the progressive expansion of renewable energy capacity
- Supporting a diversified and lower-carbon generation mix aligned with national climate commitments
- Enabling the integration of clean energy while maintaining affordability and reliability
- Positioning Eskom to respond effectively to evolving regulatory, market and technology developments

This work is underpinned by Eskom's alignment with South Africa's commitment to achieving net-zero emissions by 2050, while ensuring that the transition remains aligned with South Africa's socio-economic realities.

POSITIONING ESKOM FOR LONG-TERM RESILIENCE

As the electricity sector evolves, our ability to remain relevant depends on the capacity to:

- Participate in new energy markets
- Partner effectively with private sector participants
- Deliver infrastructure at scale
- Maintain system stability while transitioning the generation fleet

Eskom Green provides the platform through which these objectives can be achieved and represents the next phase in our sustainability journey, building on operational recovery, strengthening system capability and enabling a practical and inclusive transition to a low-carbon future.

Governance *continued*

ETHICS

We remain dedicated to applying Eskom's code of ethics (The Way) throughout our business. It is mandatory for every guardian to submit an annual declaration of interest including business courtesies and any potential conflicts. We have made good progress on our ethics strategy and action plan. As part of our private work policy, we continue to track, monitor and maintain records of private work applications received. Where employees have approval (as per prescribed criteria) to engage in defined types of private work, abuse of Eskom's time and resources is strictly managed.

- Declaration of Interest (DOI) compliance remained strong at 99% reflecting sustained adherence to declaration requirements
- Business courtesies disclosures increased from 387 (FY2025) to 651, indicating improved transparency and a stronger disclosure culture
- Private work applications rose significantly from 2 869 to 3 680, representing a 28% increase over three years and suggesting greater employee disclosure and governance visibility
- Ethics training completions improved substantially, increasing from 17 001 to 39 588, demonstrating stronger ethics awareness coverage across the organisation
- Overall, the trends indicate a strengthening ethics culture, supported by improved disclosure, awareness, governance controls and transparency

Overall ethics performance remains stable with strong compliance trends. However, the following key issues require continued management focus:

- Private work approvals backlog driven by annual renewals and inconsistent application across divisions.
- Mandatory ethics training gap, with approximately 19% of the workforce outstanding, creating an awareness risk.
- Declarations of Interest (DOI) assurance limitations, particularly relating to contractors and reliance on external data sources (e.g. Companies and Intellectual Property Commission).
- Ethics governance maturity achieved, but outcome-based ethics metrics remain underdeveloped.

Targeted mitigation actions and continued training and awareness are in progress across all areas of the business.

CRIME, FRAUD AND CORRUPTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Peace, Justice and Strong Institutions

Eskom: powering the SDGs

The strengthening of governance internal controls and transparent reporting, was evidenced by the initiation of the Audit Recovery Programme that closed out 91% of audit findings by September 2025. We have strengthened consequence management for internal misconduct (any employee found violating policies faces disciplinary action), thus ensuring that the company fosters a culture of accountability and the rule of law.

Strengthening governance, ethics and anti-corruption measures

IR refer to the integrated report for more detail on dealing with corruption and criminality.

Preventing, detecting and responding to fraud and corrupt activities remains a core component of our governance framework and forms an integral part of the organisation's ESG responsibilities. Eskom recognises that effective fraud prevention depends on a strong ethical organisational culture, supported by leadership accountability, employee awareness and consistent consequence management.

The introduction of the Raptor Fusion Centre has further strengthened our integrated approach to combating infrastructure crime, fraud, and corruption by enhancing intelligence, investigative, and response capabilities and fostering closer collaboration with the Ethics Office, Internal Audit, and law enforcement partners, the Special Investigating Unit (SIU).

Allegations of fraud and corruption are investigated by a dedicated forensic team supported by a panel of service providers. The function operates independently of business operations. Investigations are conducted in accordance with Eskom policies, labour regulations and legal requirements.

Confirmed cases result in appropriate consequence management, which may include disciplinary action, including dismissal, civil recovery of losses, criminal referrals to law enforcement agencies or termination of supplier relationships.

To support improved accountability for the management of fraud and corruption risk across the organisation, management implemented targeted interventions to strengthen the prevention, detection and response to these crimes, address identified root causes, close control weaknesses and enhance consistent risk management and oversight across the organisation.

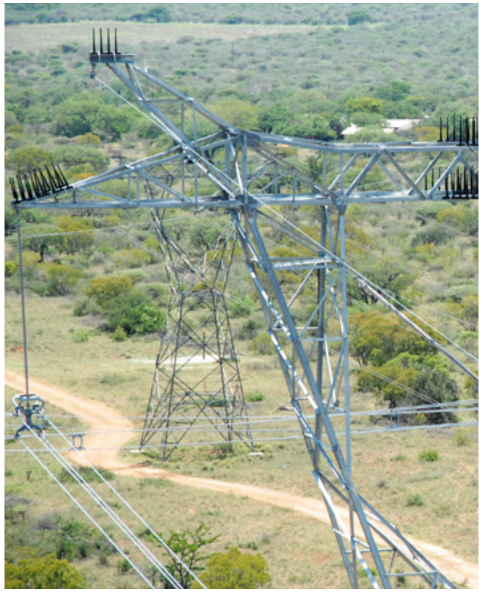
The Anti-Fraud and Corruption Communication Campaign was launched to raise awareness, educate employees and foster a culture of integrity at Eskom.

The priority-one risk of fraud and corruption was previously reported independently across divisions and subsidiaries. The reporting has now been consolidated into a single, comprehensive view that incorporates the risk description, root causes, existing controls and, where applicable, treatment actions. The consolidated approach enhances executive management's ability to exercise effective oversight, and enables consistent monitoring and assurance.

Our approach to crime, fraud and corruption is centred on prevention, transparency, accountability and decisive action. Strengthening governance and ethical conduct is essential to restoring stakeholder confidence, safeguarding public resources and supporting our long-term sustainability and mandate to deliver reliable electricity to South Africa.

CABLE, INFRASTRUCTURE, ASSET THEFT AND VANDALISM

Theft of overhead aluminium conductors, copper cables and pylon components pose a significant operational challenge. In response, Eskom has implemented advanced intrusion detection systems at substations, replaced stolen copper components with lower-value alternatives and intensified intelligence-led disruption initiatives. Despite these measures, theft of conductors, cabling and other network-related equipment resulted in losses of R85 million arising from 1 334 incidents during the year (FY2025: R77 million from 1 585 incidents). Eskom continues to collaborate closely with other state-owned entities, industry stakeholders, the South African Police Service and the National Prosecuting Authority to strengthen enforcement efforts and support the successful prosecution of offenders.



Governance *continued*

Infrastructure asset	Common criminal activity	Impact on Eskom	Impact on South Africa
Transmission lines	Theft of conductors and tower steel	Grid instability	• Hospitals • Water treatment plants • Municipal services • Mining operations • Industrial customers • Schools and communities
Substations	Cable theft and vandalism	Electricity outages	
Transformers	Oil theft and copper theft	Equipment failure	
Mini substations	Complete stripping of components	Extended outages	
Distribution networks	Illegal connections and cable theft	Revenue losses	
Pylons	Removal of structural steel members	Risk of collapse	
Metering systems	Tampering and bypassing	Electricity theft	

Theft and vandalism have necessitated a response to the transmission and distribution supply challenges. Load reduction is implemented as a targeted network protection measure to safeguard communities and critical electricity infrastructure in areas where local demand exceeds the capacity of the distribution network. Unlike load shedding, which is driven by national generation constraints, load reduction is applied to prevent the overloading of transformers and mini substations, often exacerbated by illegal connections, electricity theft, meter tampering and unsafe network usage.

By proactively reducing demand in affected areas, Eskom helps prevent equipment failures, fires, explosions and prolonged electricity outages, while protecting public safety and preserving the reliability of the distribution system. As part of our commitment to energy security and sustainability, we continue to work with law enforcement agencies, municipalities and local communities to address the root causes of network overloading and to implement long-term solutions that will enable the phased elimination of load reduction by March 2027.

COAL THEFT AND FRAUD

Coal theft and fraud remain among Eskom's most material integrity risks, threatening operational stability and eroding public confidence.

Our security investigations function intensified its efforts in 2026, securing 13 convictions against individuals and organised syndicates involved in coal-related criminality. These outcomes send a clear message: accountability is non-negotiable and Eskom will rigorously protect the assets entrusted to it. Coal, the lifeblood of the generation fleet, is safeguarded through weekly independent sampling by a qualified geologist, reinforcing transparency and quality assurance. In parallel, the deployment of systems at weighbridges by Eskom's Primary Energy Department across multiple power stations has strengthened oversight and reduced opportunities for manipulation. In addition, another system provides monitoring at weighbridges and conducting data analysis to accurately determine the quantities of coal received, as well as heavy fuel oil. These systems are deployed across Eskom-operated weighbridges and at supplier weighbridges. Collectively, these interventions have improved plant reliability, curtailed financial losses and restored confidence among communities, contractors and investors.

Fraud, particularly within procurement processes, corrodes governance and diverts critical resources from service delivery. By embedding robust forensic frameworks and digital oversight mechanisms, we have reduced systemic vulnerabilities, ensured fair and value-based contracting and strengthened compliance with ESG standards. This work reassures investors of ethical stewardship and reinforces our cultural renewal anchored in Sinobuntu, the value of humanity, ensuring that resources are managed for the collective good.

Security investigations are not merely an enforcement function; they are a catalyst for transformation. Every conviction secured and every control strengthened contributes to sustainable value creation. For the public, this translates into a more reliable energy supply; for investors, transparent governance that underpins Eskom's turnaround; and for employees, an organisational culture where integrity is recognised and upheld. By confronting coal theft and fraud decisively, Eskom safeguards dignity, sovereignty and the promise of a transformed future.

PUBLIC FINANCE MANAGEMENT ACT (PFMA) COMPLIANCE

IR refer to the integrated report for more detail on PFMA compliance

We address governance, compliance and control challenges associated with irregular expenditure, fruitless and wasteful expenditure and losses arising from criminal activities. Risks relating to the completeness and accuracy of PFMA disclosures remain a focus area, reflecting weaknesses in financial records, supporting documentation, assessment processes and compliance reporting. These challenges are being actively addressed through the implementation of an intensive Audit Recovery Programme, strengthened governance and control frameworks and enhanced oversight and assurance mechanisms.

FY2026 PFMA Results: Governance, Financial Sustainability and Social Impact

Impact area	Key pressure points	Evidence of progress	Sustainability implication
Governance	Recurring audit qualification highlights continued weaknesses in governance, internal controls and regulatory compliance.	Audit Recovery Programme, enhanced assurance processes, consequence management and National Treasury alignment demonstrate a clear commitment toward governance maturity.	Stronger controls are essential to improve audit outcomes and restore stakeholder confidence.
Financial sustainability	R135.9 billion in irregular expenditure and R3.4 billion in fruitless and wasteful expenditure continue to place pressure on Eskom's balance sheet and stakeholder confidence.	Improved recoveries and reductions in unresolved matters indicate gradual financial control improvements.	Financial discipline remains critical to protecting public resources and supporting long-term sustainability.
Social impact	Electricity theft and illegal connections increase network instability, safety incidents, community risks and service interruptions.	Improved recoveries and revenue protection interventions indicate stronger enforcement and control effectiveness.	Reducing theft supports energy reliability, safety and more equitable access to electricity.

While audit findings persist and legacy irregular expenditure remains material, clear progress is evident through enhanced governance controls, significant reduction of historic balances, lower fruitless expenditure, improved recoveries and stronger regulatory alignment. Continued execution of the Audit Recovery Programme and strengthened control environments will be critical to improving audit outcomes, restoring stakeholder confidence and supporting our long-term sustainability objectives.

Governance *continued*

STAKEHOLDER MANAGEMENT

17 PARTNERSHIPS FOR THE GOALS

Partnerships for the Goals

Eskom: powering the SDGs

Partnerships have proven to be critical to the smooth operations and strategic future of the organisation. A notable example is the Electricity Market Advisory Forum established by the regulator NERSA, comprising diverse stakeholders, to guide the development of a competitive power market. Collaboration will be significant for co-investment opportunities in renewable projects, technical cooperation for grid expansion and supporting regional power pool initiatives to optimise energy across Southern Africa.

Collaborating with government, industry and international partners

Our sustainability is anchored in the quality of our relationships with stakeholders. We operate under a revised Stakeholder Management Policy aligned with King IV™ and the AA1000 Stakeholder Engagement Standard, ensuring inclusive, transparent and responsive engagements to societal needs. We have progressed from reactive crisis communication to a more proactive narrative, focusing on market reform, operational stability and the energy transition.

Meaningful stakeholder engagement remains fundamental to our ability to create sustainable value, maintain our social licence to operate and deliver on our strategic objectives. Our stakeholder strategy is aligned to Eskom's corporate priorities and ESG commitments, ensuring that stakeholder perspectives are considered in key decisions relating to electricity security, network modernisation, sustainability performance, transformation and the energy transition. The strategy is guided by the principles of inclusivity, accountability, responsiveness and materiality and focuses on strengthening relationships, managing risks, addressing stakeholder concerns and identifying opportunities for shared value creation.

Through this stakeholder-centred approach, we seek to foster trust, enhance transparency, mitigate social, environmental and operational risks and support the successful implementation of strategic initiatives, including the Just Energy Transition.

Stakeholder insights continue to inform Eskom's sustainability priorities, material topics and ESG disclosures, contributing to a more resilient, responsible and sustainable organisation that creates long-term value for South Africa and its stakeholders.

Our engagements helped shift the focus from operational recovery to proactive delivery, enabling clearer dialogue on system performance, financial sustainability, electricity market reform, municipal debt, industrial competitiveness and the Just Energy Transition.

Our journey this year has been defined by a transition from restoring our foundations to delivering tangible value for South Africa. We have moved from a period of operational recovery to one of purposeful delivery and market leadership.

By fostering a culture of transparency and proactive engagement, we have achieved historic milestones, including over three hundred consecutive days without national load shedding and a celebrated return to profitability. We have also strengthened our social licence to operate by moving our energy transition plans "from policy to proof" through community-led projects and national skills development. These successes are the direct result of the collaborative spirit shared with our diverse stakeholder groups.

Through deliberate and focused stakeholder engagements we have reflected with our partners, on key sustainability outcomes as shown below:

Policy and regulatory partners

Key partners
- Parliament and National Treasury
- Minister of Electricity and Energy
- National Energy Crisis Committee
- NERSA and DMRE
- Our investors

Engagement
We met Treasury debt-relief terms, licensed the NTCSA as Market Operator and aligned on IRP 2025.

Impact
We secured the legal and fiscal base for a stable market transition.

Reputation and finance partners

Key partners
- S&P Global and Moody's
- World Bank and IMF
- Civil society and media
- Environmental NGOs
- NATJOINTS

Engagement
We earned S&P credit upgrades, disclosed coal, diesel and electricity supply contracts in compliance with the Supreme Court of Appeal (SCA) judgment and showcased AI-led grid maintenance.

Impact
We lifted our global reputation and opened new blended-finance pathways.

Customer and market partners

Key partners
- Energy Intensive Users Group (EIUG)
- Minerals Council and business
- SALGA and CoGTA
- International energy traders
- Diplomatic corps

Engagement
We set an industrial smelter tariff, launched the R5.7bn smart-meter rollout and signed Distribution Agency Agreements.

Impact
We retained industrial demand and secured revenue and municipal-debt recovery.

People and community partners

Key partners
- Local communities
- Suppliers and contractors
- Organised labour
- Youth Employment Service
- Employees and law enforcement

Engagement
We passed 300+ days without load shedding, launched JET skills development zones and secured anti-sabotage convictions.

Impact
We stabilised operations and kept a strong social licence to operate.

Our overall contribution: through structured engagement across policy, finance, market and community partners, we strengthened trust, stabilised operations and advanced the partnerships for a more resilient, sustainable Eskom.

Governance *continued*

KEY STAKEHOLDER ENGAGEMENT HIGHLIGHTS

- Industry and Investors: We engaged global markets through the World Economic Forum (Davos) and investor roadshows in London and New York, focusing on financial turnaround and grid expansion. Critical agreements were finalised, including a rules-based 62c/kWh pricing framework for the ferrochrome sector (Samancor/Glencore) to protect over 3 600 jobs.
- Communities and the Public: We moved the JET narrative to demonstrating implementation with the launch of the Grootvlei Climate Smart Horticulture Centre, demonstrating local economic upliftment during coal station transitions. We further invested in the national skills pool by awarding student bursaries and implementing smart meter rollouts to mitigate localised load reduction.
- Government and Regulators: We maintained 100% compliance with National Treasury debt relief conditions, as verified by the Standing Committee on Appropriations (SCOA). To address the municipal debt crisis, we initiated lawful Promotion of Administrative Justice Act based enforcement for supply interruptions in defaulting areas while accelerating Distribution Agency Agreements (DAAs).
- Environmental and Social Responsibility: We managed public consultations for the Medupi Flue Gas Desulphurisation (FGD) project and celebrated the 40th anniversary of Koeberg, securing the 20-year life extension for Unit 2 to ensure nuclear baseload stability.

Stakeholder feedback is systematically monitored through daily media assessments, formal engagement platforms, public participation processes, customer interactions and ongoing stakeholder relations activities. The insights gained help inform strategic decisions, risk management and operational responses. We continue to engage proactively with stakeholders on key issues that impact the business and the energy sector. Key issues raised through media desk reporting across communities, customers, employees, suppliers, regulators and other stakeholders during FY2026 reflect twelve key themes as shown below.

	ISSUE RAISED BY STAKEHOLDERS	ASSOCIATED RISK	ESKOM RESPONSE
1	**Transmission unbundling**	Financial sustainability, investor confidence and market transition risk.	Implementing transmission reform through structured stakeholder engagement, regulatory oversight and robust governance processes.
2	**Coal power station closures and the Just Energy Transition (JET)**	Security of supply, socio-economic impacts and transition implementation risk.	Balancing security of supply, decarbonisation and socio-economic considerations through responsible JET planning and stakeholder engagement.
3	**Environmental compliance and Minimum Emission Standards (MES)**	Regulatory compliance, environmental performance and reputational risk.	Investing in environmental improvement initiatives while maintaining reliable electricity supply and engaging with regulators.
4	**Governance, corruption, criminality and accountability**	Reputation, stakeholder trust, governance and accountability risk.	Strengthening governance controls, transparency, investigations, consequence management and collaboration with law enforcement agencies.
5	**Generation reliability, planned maintenance and fleet performance**	Operational performance and long-term security of supply risk.	Sustaining generation recovery through planned maintenance, operational excellence and fleet performance improvement initiatives.
6	**Load shedding and load curtailment impacts on customers and industry**	Business continuity, customer satisfaction and economic productivity risk.	Improving supply reliability, optimising system performance and communicating operational constraints transparently.
7	**Customer tariffs, rooftop solar and customer rights**	Affordability, regulatory compliance and customer relationship risk.	Providing customer guidance and engaging on tariff affordability, compliance requirements and the integration of rooftop solar.
8	**Industrial competitiveness and electricity pricing**	Investment, industrial growth and economic competitiveness risk.	Working with government, regulators and industry to balance affordability, infrastructure investment and economic growth.
9	**Transmission expansion, grid development and renewable energy integration**	Infrastructure delivery, grid capacity and renewable energy integration risk.	Accelerating transmission expansion to enable renewable energy integration, economic development and long-term energy security.
10	**Long-term generation strategy, repowering and energy transition technologies**	Strategic alignment, energy transition and future energy security risk.	Advancing long-term generation planning, repowering initiatives, renewable energy projects and emerging technologies.
11	**Funding models, infrastructure investment and procurement transformation**	Capital funding, project delivery and transformation risk.	Exploring alternative funding mechanisms while leveraging procurement to support transformation and local economic development.
12	**Labour relations, restructuring and employment security**	Workforce stability, labour relations and organisational change risk.	Engaging organised labour on workforce planning, restructuring processes and employment-related matters.

Governance *continued*

To assess the effectiveness of stakeholder engagement and the strength of stakeholder relationships, we conduct a biannual multi-stakeholder perception survey aligned with the principles of King IV™.
The survey measures stakeholder views on inclusivity, transparency, responsiveness, materiality, reputation and accountability, providing an important indicator of stakeholder trust and confidence. Findings are shared across the business and used to strengthen stakeholder engagement strategies, inform ESG priorities and support continuous improvement The survey findings provide valuable insights into where Eskom is strengthening stakeholder trust and where additional attention is required, helping to shape engagement priorities, material ESG topics and sustainability actions.

Government and public sector	70%	Stronger strategic alignment and improved recognition of role in energy security and reform.
Industry and energy sector	60%	Appreciate improved engagement; concerns remain on tariffs, grid access and execution pace.
Financial institutions	75%	Confidence in reforms progress requires continued financial discipline and transparency.
Environmental and civil society	60%	Concerns over coal dependency, emissions and pace of Just Energy Transition implementation.
International and diplomatic	75%	Supportive of JET partnerships and regional energy leadership; expect consistent delivery.
Parliament and regulators	65%	Acknowledged improved engagement; continue to prioritise governance and accountability.
Municipal stakeholders	60%	Challenges with debt, illegal connections and service delivery coordination.
Contractors and suppliers	65%	Improved communication, concerns around payment terms and procurement turnaround times.

Key insights

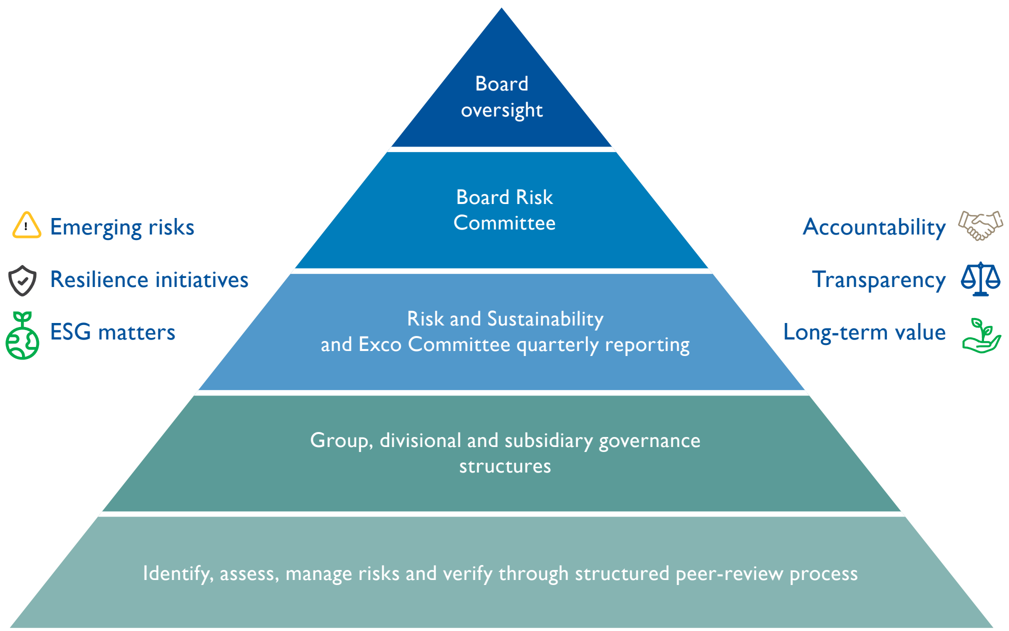
Stakeholder confidence is improving with better operational stability and leadership visibility.	Engagement quality improved, but frequency and accessibility can be strengthened.	Execution pace, grid capacity and affordability remain key concerns.	Transparency, timely communication critical across all stakeholder groups.	Delivery against commitments is essential to building long-term trust.	Focused collaboration on reforms and JET will strengthen stakeholder confidence.
Overall score	**Very positive**	**Positive**	**Moderately positive**	**Neutral**	**Negative**
70	80–100	70–79	60–69	40–59	<40

The FY2026 Stakeholder sentiment indicates growing recognition of Eskom's improved operational stability and increased stakeholder engagement, with continued expectations for strengthened communication, improved coordination, enhanced transparency and sustained delivery across strategic priorities and stakeholder commitments.

Governance *continued*

INTEGRATED RISK MANAGEMENT

Effective risk and resilience management is fundamental to our ability to create sustainable value and achieve its strategic objectives. By embedding risk management across all business processes, we proactively identify, assess and manage risks and opportunities, including ESG considerations that may impact long-term sustainability and stakeholder value. The organisation applies an integrated risk management approach aligned with ISO 31000 and informed by international leading practices, with independent benchmarking and maturity assessments confirming an advanced level of capability supported by strong governance, policies and strategic alignment.



From a sustainability perspective, we face several strategic and operational risks that may affect our ability to deliver long-term economic, social and environmental value.

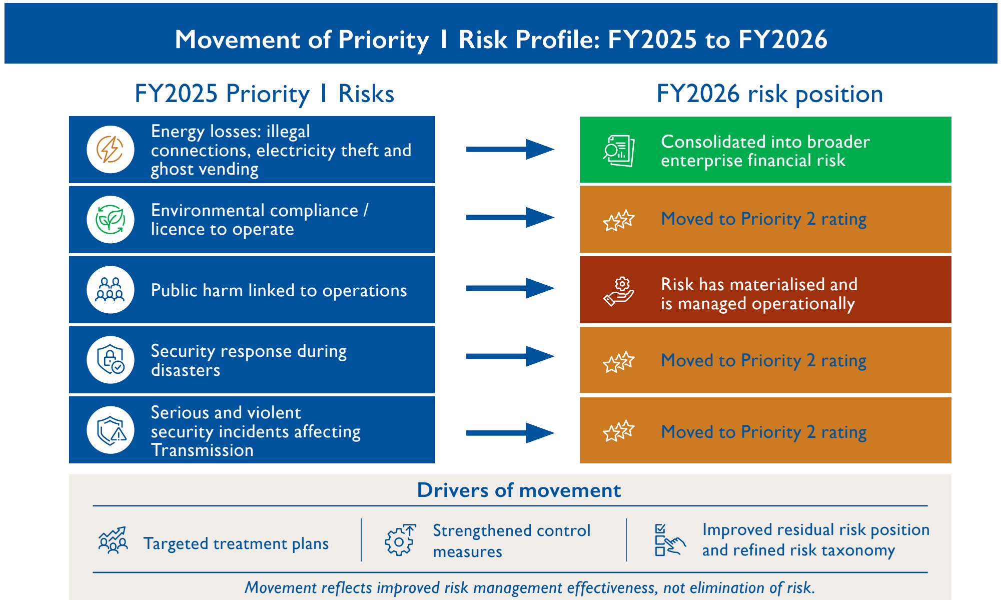
Financial sustainability remains under pressure due to escalating municipal debt, energy losses, declining electricity sales and growing cyber security threats. Social sustainability challenges are heightened by increasing mental health concerns within the workforce, while operational sustainability is impacted by delays in securing ancillary services and renewing ageing infrastructure required to maintain system reliability and resilience. The transition to a more sustainable and competitive electricity sector is further constrained by delays in establishing a sustainable Market Operator, implementing the Transmission Development Plan and addressing infrastructure refurbishment backlogs.

These challenges may limit grid capacity, reliability and future growth. In addition, ongoing exposure to fraud, corruption and irregular activities continues to pose governance risks, undermining stakeholder confidence and sustainable value creation. Our priority 1 risks are reflected below.

	Risk	Category	Treatment
1.	Financial sustainability is compromised by growing municipal debt, energy losses and declining sales	Financial	We are pursuing stronger debt recovery, government support, smart meter deployment, energy loss reduction and new revenue opportunities to improve financial sustainability.
2.	Possible cyber-attack on systems and infrastructure, due to insider threats	Operations	Advanced endpoint security solution strengthens Eskom's cybersecurity resilience by enhancing the protection of critical information assets and systems, supporting the organisation's information security objectives and broader business mandate.
3.	A surge in mental health challenges amongst employees	Health and Safety	Strengthen employee mental health and wellbeing through enhanced support, monitoring, leadership training, psychological safety and chronic disease management.
4.	Reduced Transmission grid stability and reliability	Operations	Ancillary services are being incorporated into future Power Purchase Agreements, supported by NTCSA-approved product definitions. National Control is well prepared for the evolving energy mix.
5.	Failure to set up a sustainable Market Operator (MO)	Operations	The MO licence was issued in November 2025, the Market Code is awaiting final NERSA approval and the Market School has been established to support stakeholder readiness.
6.	Inability to timeously implement Transmission Development Plan (TDP)	Operations	TDP-related challenges have been identified and are being actively managed. Progress includes the qualification of additional steel suppliers and securing Government support for servitude acquisition for new network assets.
7.	Delayed refurbishment/ asset renewal of Transmission infrastructure	Operations	TDP projects are prioritised through enhanced outage management, stakeholder coordination, supplier oversight and capacity development. This is also supported by a three-year procurement strategy.
8.	Fraudulent, corrupt and/or irregular activities within Eskom Holdings	Financial/ Operations	We are pursuing stronger debt recovery, government support, smart meter deployment, energy loss reduction and new revenue opportunities to improve financial sustainability.

Governance *continued*

The figure below illustrates the movement of our priority I risks between FY2025 and FY2026, highlighting how the risk profile has shifted in response to changes in the operating context, control measures and strategic priorities.



During FY2026, we undertook a comprehensive strategic risk identification process through engagements with the Board, Executive Management and sector specialists. This process resulted in the identification of eight strategic risks, grouped into three key impact areas: business model failure, operating model failure and financial performance decline.

These strategic risks reflect the critical challenges and uncertainties that may affect our long-term sustainability, competitiveness and ability to create value within an evolving and increasingly liberalised electricity market. Key risk themes identified include funding constraints, business continuity challenges, regulatory developments, supply chain vulnerabilities, value chain disruptions and workforce capability and culture considerations. Collectively, these risks have the potential to influence our financial resilience, operational effectiveness, strategic transformation and ability to respond to changing market dynamics.

Subsequent to this process, we implemented a structured strategic risk management programme to monitor, manage and treat these risks while strengthening organisational resilience and supporting the achievement of our strategic objectives.

ENTERPRISE RESILIENCE

Eskom's strategic resilience framework informs the implementation of Integrated Emergency Response, Business Continuity Management and Disaster Management across national, provincial and divisional levels.

All Eskom divisions and subsidiaries have instituted dashboards and tracking systems which they are using to continuously improve and manage their resilience programs. This is reflected in the varying levels of maturity across governance structures, reporting mechanisms, resilience metrics and data quality. In FY2027, control adequacy will be piloted towards being embedded into resilience reporting to provide more objective insights to continuously improve and mature divisional resilience.

Resilience capability interventions held throughout the year strengthen competencies across incident response management; business continuity management and disaster management. Response structures are in place and have been trained in the incident command system. There are effective strategic response teams at the national and provincial level as well as working and effective tactical command centres in all divisions and provinces, with tested and operational online and physical venues, as well as members appointed to these structures.

A National Blackout Exercise was conducted which incorporated scenario-based exercises, training and discussions, with 850 participants engaged in assessing divisional and provincial preparedness in support of continuous improvement of preparedness, response and recovery capacity and capabilities.

Disasters globally and their impact on electricity supply continue to be tracked and monitored with recommendations and learnings informing Eskom's Disaster Management Working Groups (DMWG) contingency planning. More specifically, severe weather events (heatwaves, hurricanes, floods and winter storms) have posed profound challenges for the secure and reliable operation of energy systems.

Geopolitical instability is also introducing risks that impact across electricity value chains. More recently, in response to the war in the Middle East, Eskom undertook a resilience risk assessment through the divisions and subsidiaries to manage any disruptions to fuel and supply chain disruptions. Business continuity measures remain critical to sustain operations should the disruption persist over an extended period, until normal conditions are restored.

Governance *continued*

QUALITY MANAGEMENT

Quality management continues to deliver measurable business impact by strengthening governance, improving process discipline, reducing operational risk and enabling more reliable performance across Eskom by driving compliance to ISO 9001:2015.

The Eskom Quality Health Index (EQHI) is a key enabler driving operational excellence. The EQHI is being enhanced and serves as an integrated performance tool to enable key performance priorities. It has been aligned to business plans, the achievement of Eskom's long-term strategic objectives and the maturity of quality management practices across operating divisions and subsidiaries. As at March 2026, the EQHI performance was 3.37. By aligning KPIs to critical business priorities, the EQHI enables leadership to identify underperforming areas, prioritise interventions and monitor whether quality initiatives are translating into improved business performance.

The EQHI performance trends demonstrate that quality management is contributing to continual improvement. However, persistent gaps in documentation management, supplier quality assurance and the rigour of management reviews continue to affect business efficiency and assurance confidence. Targeted interventions in these areas are developed to close control gaps, improve accountability, reduce repeat findings and accelerate progress towards operational excellence.

Enhancements to Eskom's Document and Records Management (DRM) system are ongoing. Group Technology, in collaboration with the Quality Management Department, is implementing OpenText as the core DRM technology platform across the Group. Migration of documents and records from the previous Hyperwave system to OpenText exceeds 90%.

GOVERNANCE REFLECTIONS

- Our efforts continue to strengthen governance controls, transparency and assurance, through mature ethics governance structures, formal oversight by Exco, SES and enhanced divisional ethics risk monitoring.
- In line with King IV™ Principles 13 (compliance) and 15 (assurance), the organisation is proactively advancing from compliance-based reporting toward strengthened assurance through improved data reliability, periodic ethics risk assessments and the development of outcome-based performance metrics that demonstrate control effectiveness and ethical culture.
- This governance approach is further reinforced by independent sustainability assurance of selected KPIs. This amplifies the credibility, transparency and integrity of disclosures aligned to GRI Standards and increasing alignment to IFRS Sustainability Disclosure Standards (IFRS S1 and S2).
- Anti-crime, anti-fraud and infrastructure theft prevention remain material risk priorities, supported by strengthened preventive controls, enhanced monitoring and accountability mechanisms and a continued focus on transparently reporting measurable results where available.

3

Environmental Management

E S G

KEY ENVIRONMENTAL ASPECTS

RISKS

- **Key governance risks:** Atmospheric emissions non-compliance, environmental legal breaches, water pollution, climate-related extreme weather, water scarcity, carbon-tax exposure, biodiversity impacts and ageing coal-fired fleet performance constraints.
- **Emerging pressures:** Increased legal constraints, persistent emissions challenges, flooding, extreme rainfall, water stress, tighter carbon regulations and sustainable finance requirements heighten physical and transition risks.
- **Reputational risks:** Avian mortalities and declining ash beneficiation volumes threaten stakeholder confidence and licence to operate.
- **Mitigation actions:** Accelerate emissions-abatement investments, strengthen environmental governance, enhance predictive maintenance, expand water reuse and pollution-control infrastructure, improve climate resilience, increase biodiversity interventions and implement measurable decarbonisation targets with executive accountability.

VALUE-CREATION/OPPORTUNITIES

- **Key environmental achievements:** Improved water stewardship, significant year-end particulate emission reductions, successful PCB phase-out, stronger ESG governance, expanded air-quality offset programmes, enhanced climate resilience planning, biodiversity stewardship and the launch of Eskom Green.
- **Value created:** Shifted from compliance-based environmental management to strategic stewardship supporting operational resilience, stakeholder confidence and long-term sustainability.
- **Positive outcomes:** Exceeded water-efficiency targets, eliminated hazardous legacy materials, reduced avian mortalities and delivered environmental and socio-economic benefits through community-focused programmes.
- **Future focus:** Accelerate renewable-energy deployment, scale circular economy initiatives, embed natural-capital thinking and strengthen quantified environmental performance disclosures.

The year marked a meaningful strengthening of our environmental performance, with clear year-end improvement in air emissions management, water efficiency and environmental governance. This reflects a transition from reactive compliance management towards a more deliberate environmental stewardship, even as we continued to manage legacy constraints associated with an ageing coal-fired fleet and tightening regulatory expectations.

The strongest environmental signals in the year were improved specific water consumption, completion of the Polychlorinated Biphenyls (PCB) phase-out programme, strengthened ESG framework and ongoing community interventions through air quality offsets and circular economy initiatives.

Environmental Management *continued*

Life on Land

Eskom: powering the SDGs

We operate in diverse environments and minimising impacts on land and wildlife is a priority. The Ingula, Majuba and Koeberg reserves contribute to national biodiversity goals. Ingula Nature Reserve, South Africa's 27th Ramsar Site, protects important high-altitude grassland and wetland ecosystems that support threatened species.

Protecting terrestrial ecosystems and biodiversity during operations

Our environmental stewardship is in the achievement of two strategic objectives: *to reduce the environmental footprint of our activities and to position Eskom as an environmentally sustainable utility.* During the year, these objectives were more explicitly linked to the wider ESG agenda, creating a clearer line of sight between environmental performance, enterprise risk management, operational recovery and long-term value creation.

Board oversight continued through the SES Committee, Exco supported by the Environmental Steering Committee (ESC) and strengthened operational processes. A notable development was the Board approval of our ESG Framework in November 2025, which formalised a more integrated governance approach and reinforced the use of environmental Key Performance Indicators (KPIs) in business planning, performance oversight and executive accountability. This strengthened governance and supported a more mature environmental response across the business.

Environmental Improvement Plans continue to be implemented and subjected to combined assurance. Environmental matters were increasingly positioned not only as compliance obligations but also as material environmental risk to be treated and opportunities to be pursued in pursuit of our two environmental objectives.

KEY ENVIRONMENTAL INDICATORS

Three-year performance against FY2026 targets

KPI	FY2024	FY2025	FY2026	Target–FY2026
Relative particulate emissions (kg/MWh sent out)	0.79	0.64	0.98	0.35
Specific water consumption (annual average) (ℓ/kWh sent out)	1.43	1.40	1.34	1.37
Legal contraventions (total incidents)	68	65	67	0
Red-listed avian mortalities	258	210	182	Declining trend
PCB phase-out completion	In progress	In progress	Completed	Dec 2023 deadline
Air quality offset households	4 090	5 591	7 232	Progress to long term
Ash beneficiation (million tons – Mt)	2.5	4.0	2.91	Increasing trend

AIR QUALITY AND EMISSIONS PERFORMANCE

Air quality remained one of Eskom's most material environmental priorities. The year reflected a clear recovery trajectory, while particulate emissions were significantly above target in the early part of the year due to plant reliability challenges and suboptimal performance of abatement equipment, targeted interventions delivered substantial improvement by year-end.

At year end of FY2026, relative particulate emissions worsened from 0.64kg/MWhSO in FY2025 to 0.98kg/MWhSO. For quarter one of FY2026, we experienced high annual average performances, but this trend has been improving since beginning of the second quarter, although it remained above target (0.35kg/MWhSO). The challenge for FY2027 is to move to sustained improved emissions performance across the coal fleet.

The business continues to operate within a constrained environment shaped by ageing assets, retrofit requirements, Minimum Emission Standards (MES) obligations and the need to balance environmental compliance with electricity security.

We are committed to achieving sustainable compliance through strategic investment in emissions reduction initiatives and engaging with regulators and other stakeholders to ensure a balanced transition that supports both environmental and socio-economic objectives. We have made steady progress in implementing MES exemption conditions, with measurable advancements across air quality transparency, health and socio-economic interventions.

Environmental Management *continued*

Our Air Quality Offsets (AQO) programme is being implemented within vulnerable communities near our stations. The programme has a planned target of 36 000 households, of which 7 232 have been completed, to date, while we continue to secure funding for further expansion. We have commenced with Phase 2 which includes settlements around Kendal, Tutuka, Duvha, Arnot, Matla, Lethabo and Kriel Power Stations.

In addition to air quality improvement, the programme also delivered socio-economic benefits such as job creation, contractor involvement and skills development. Household interventions in Kwazamokuhle and Ezamokuhle led to an estimated R51.8 million in local investment, prioritising community-based subcontractors. Over 200 people were employed, with a strong representation of the youth (69%) and women (42%), including roles in liaison, monitoring and education.

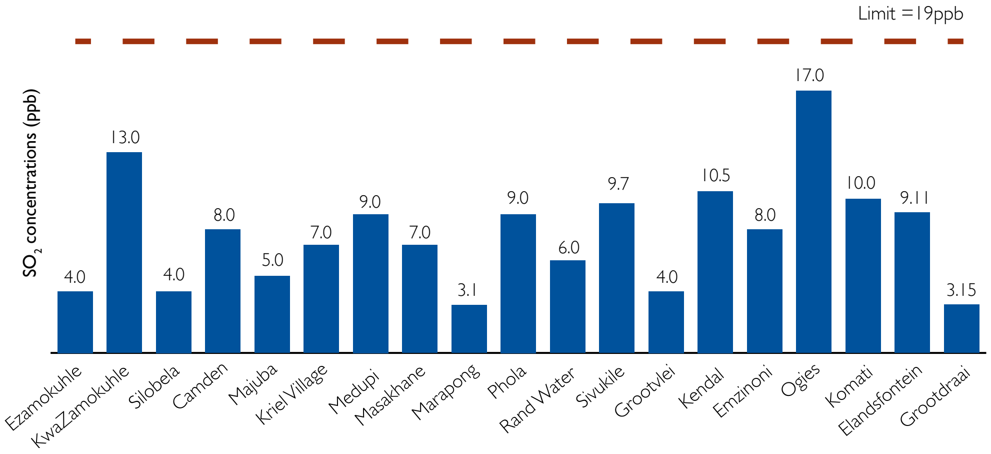
We undertook an investigation to determine effectiveness of the offsets programme, at the various settlements. The success of these interventions is primarily assessed based on their ability to lower the concentration of pollutants in the environment, particularly the ambient levels of particulate matter (PM). Results show a net emissions reduction, demonstrating the success of our AQO initiatives in reducing pollutant levels in the affected areas.

AMBIENT AIR QUALITY MONITORING

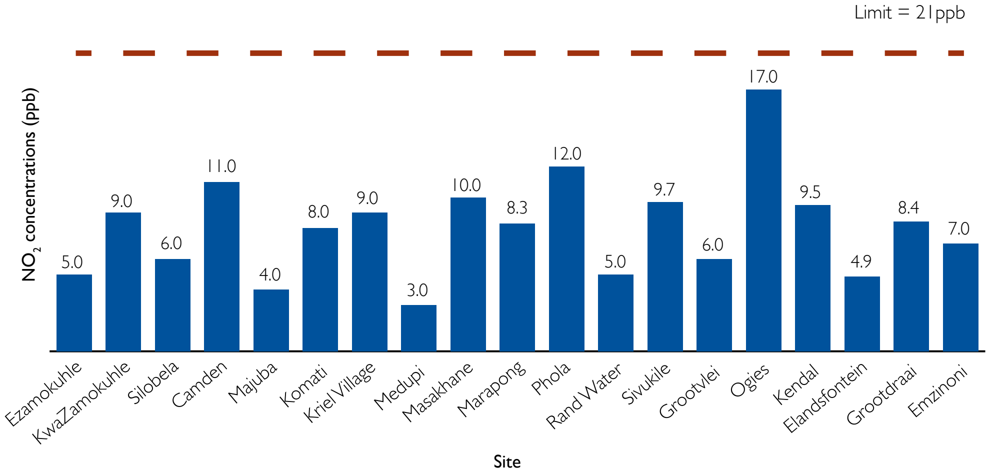
Ambient air quality monitoring around our coal-fired power stations remains an important tool for understanding and managing our environmental footprint. In the 2026 financial year, we continued to monitor key pollutants, including sulphur dioxide (SO_2), nitrogen dioxide (NO_2), particulate matter (PM_{10} and $PM_{2.5}$) and ozone (O_3), across monitoring sites located in South Africa's air quality priority areas (Waterberg-Bojanala, Mpumalanga, Highveld and Vaal Triangle Priority Areas).

The purpose of our ambient air quality monitoring network is to measure the quality of air in the vicinity of our power stations and operations to determine our impact on the receiving environments and populations. The network has monitoring sites set up either for compliance, research or environmental impact purposes.

Annual sulphur dioxide concentrations remained below the legislated standards, short-term exceedances occurred even though the allowable number of exceedance frequency was never breached.

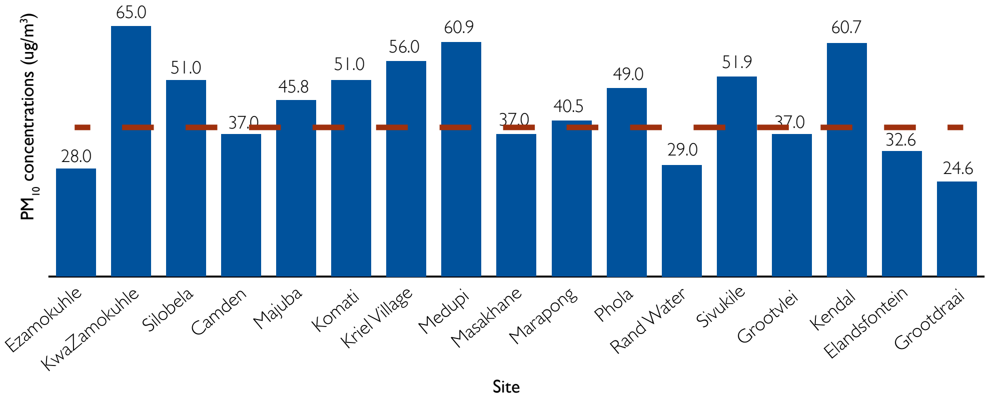


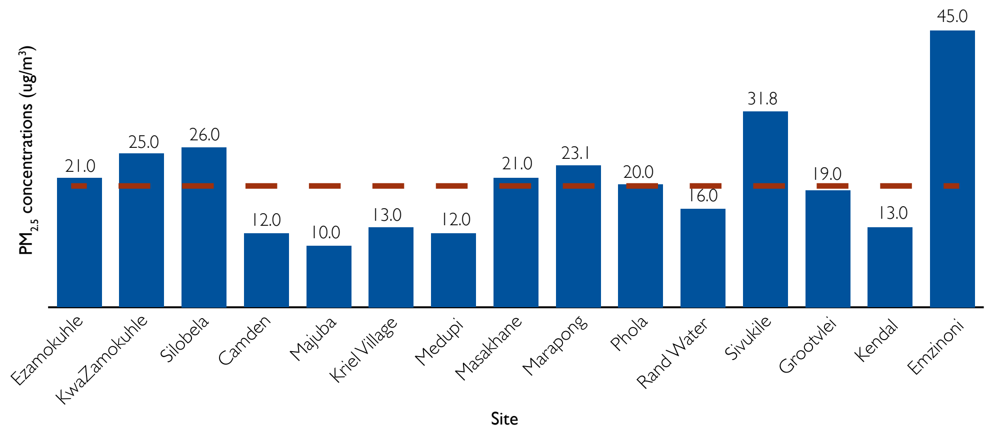
Nitrogen dioxide annual concentrations also remained below permissible annual standards across all our monitoring sites; hourly exceedances were only recorded at one site – the Grootdraai monitoring site, which is a dual compliance and research site aimed at measuring our impacts from Tutuka power station, particularly on water bodies (Grootdraai dam).



Particulate matter remains the most significant air quality challenge, with PM_{10} and $PM_{2.5}$ exceedances recorded at several monitoring stations. These results reflect the combined influence of power generation activities and other local sources such as low-level combustion, mining, gravel roads, agricultural activity, biomass burning and ash disposal areas.

Environmental Management *continued*





Ozone also remains an area requiring continued attention, with exceedance frequencies recorded at most of our monitoring stations. Ozone exceedance limits were surpassed at 16 of 19 monitoring stations. It must be noted that ozone is not emitted directly from sources such as power stations but is formed as part of photochemical reactions when NO_x (from sources such as vehicles and industries) and volatile organic compounds react in the presence of sunlight and heat. It is a critical pollutant to monitor from an ESG perspective, for better understanding of regional atmospheric chemistry, general pollution trends and associated health impacts.

We continue to use monitoring results to inform compliance management, air quality improvement initiatives and community-focused offset programmes aimed at improving air quality in areas impacted by Eskom's emissions.

WATER STEWARDSHIP AND EFFLUENT MANAGEMENT

Water stewardship continued to be a material sustainability priority and an area of environmental performance improvement. We achieved one of our strongest water-use performances in recent years through focused operational interventions, including leak reduction programmes, improved water-use efficiency, optimisation of cooling systems and strengthened water management practices. The continued implementation of Zero Liquid Effluent Discharge (ZLED) principles across relevant coal-fired power station operations further enhanced water conservation efforts and reduced environmental risks associated with effluent management. These initiatives support Eskom's contribution to water security and climate resilience in a water-constrained country.

6 CLEAN WATER AND SANITATION

Clean Water and Sanitation

Eskom: powering the SDGs

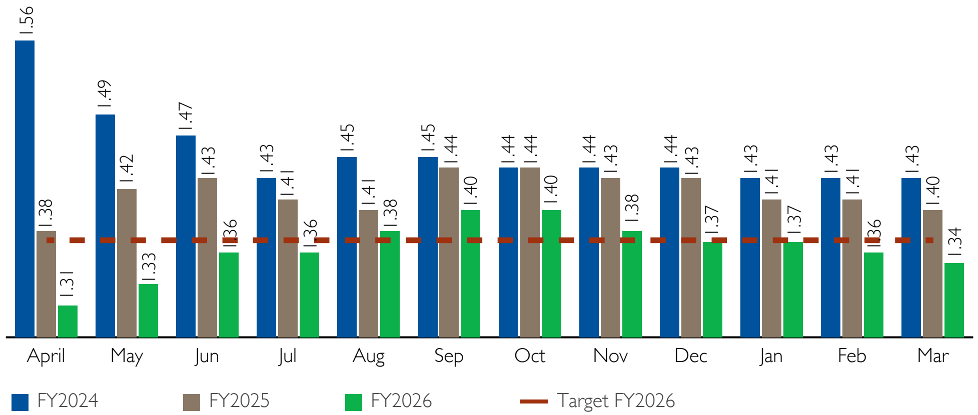
We constantly strive, through efficient cooling and process upgrades (fixing leaks, recycling ash water and dredging dams) to reuse water and contribute to SDG 6 by reducing freshwater withdrawal and preventing pollution. We are collaborating with the Department of Water and Sanitation (DWS) on projects like the Lesotho Highlands Water Project Phase 2 and the Mokolo-Crocodile Water Augmentation Project to ensure long-term water availability for operations and neighbours.

Optimising water usage and safeguarding water resources – responsible stewardship

Environmental Management *continued*

Specific water consumption improved from 1.40ℓ/kWhSO in FY2025 to 1.34ℓ/kWh in FY2026, performing well against the year-end target of 1.37ℓ/kWhSO. Although there were mid-year pressure points, the overall trajectory improved steadily through the second half of the year, demonstrating stronger operational control and a more disciplined response to water efficiency. Progressively our water consumption in the reported year shows better performance against the past 2 years – as reflected in the graph below.

Specific water consumption, ℓ/kWhSO - YTD (accum)



Life Below Water — **Eskom: powering the SDGs**

We maintain water quality standards and cooperate with regulators (e.g. Department of Water and Sanitation) to protect marine and freshwater ecosystems downstream. Our ash water and other effluents are carefully managed (with many sites working toward ZLED plans) to reduce this risk. In addition, we have been engaged in riverine biological monitoring as part of a long-term study on the effects of operations on the surface waters.

Protecting aquatic ecosystems by managing water use and preventing pollution

In South Africa's water constrained environment, improved water use efficiency enhances Eskom's operational resilience, reduces exposure to catchment-level risks and demonstrates responsible stewardship of a scarce and shared resource, particularly in communities already facing increasing water stress. Water stewardship is also an important factor in driving climate resilience, as the impacts of drought, changing rainfall patterns and long-term water security become increasingly material for business continuity and sustainability.

Water compliance requires continued management focus and disciplined execution. Unauthorised water releases continued to contribute significantly to environmental legal contraventions. We responded through containment and remediation measures, targeted infrastructure improvements, strengthened oversight of dams, return-water systems and stormwater controls and a renewed focus on workforce awareness and accountability. Our year-end figures demonstrate that improved water-use efficiency and strengthened effluent management can be achieved simultaneously when operational discipline, infrastructure investment, maintenance practices and governance controls are effectively aligned.

Environmental Management *continued*

Responsible Consumption and Production

Eskom: powering the SDGs

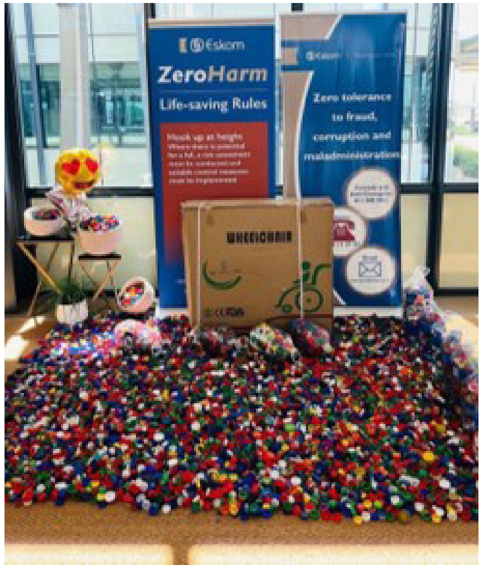
Despite relying on non-renewable resources and generating waste, we have embedded circularity into our sustainability strategy. Through continuous improvement, waste separation and circular economy principles across the value chain, we reduce our environmental footprint and support compliance objectives. Our developing Circular Economy Framework integrates circularity into planning, procurement, asset management, waste management and reporting, strengthening environmental stewardship, financial sustainability and social value creation.

Responsible production and waste management

CIRCULAR ECONOMY

Circularity remained an important component of our environmental and sustainability agenda, contributing to environmental footprint reduction, improved resource efficiency, value creation and risk mitigation. Circularity gained increased strategic prominence as we advanced the development of our circular economy position paper and supporting standards framework, strengthening the foundation for embedding circular economy principles across the business.

Employee participation in recycling campaigns and community-based waste initiatives further demonstrated how responsible environmental practices can create broader social and economic value. These initiatives highlighted the interlink between resource stewardship, environmental sustainability, community development and Eskom's *Sinobuntu* value, reinforcing the principle that sustainability outcomes can deliver shared benefits for both people and the environment.



Recognising the social dimension of ESG, we continued to support initiatives that demonstrate how responsible environmental practices can generate meaningful social impact through collaborations and partnerships. One such example is Interwaste's Give2Green Initiative, which promotes recycling while creating value for vulnerable communities. Through this initiative, plastic bottle tops are collected and exchanged towards the provision of wheelchairs for individuals in need. Since the programme's inception two years ago, Eskom employees, in partnership with local government stakeholders and other partners, have collectively contributed to the donation of five wheelchairs. This initiative illustrates how small everyday actions can support a circular economy while improving the quality of life of community members, demonstrating the shared value that can be created through environmental responsibility and social commitment.

Another significant environmental milestone in the past year was the successful closure of Eskom's polychlorinated biphenyls (PCB) phase-out programme. Following the completion of the phase-out process in the previous reporting period, an independent audit confirmed that all known PCB-containing and PCB-contaminated equipment and materials had been eliminated from Eskom's operations, closing a long-standing environmental legacy risk. We received regulatory approval of our PCB Phase-Out Report and were recognised for our contribution towards South Africa meeting its commitments under the Stockholm Convention on Persistent Organic Pollutants (POPs). The successful completion of this programme demonstrates strong execution of a complex hazardous materials management initiative and reflects our commitment to environmental stewardship, regulatory compliance and the proactive management of environmental risks.

Environmental Management *continued*

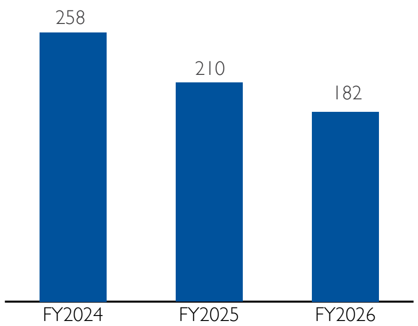
Coal ash dominates our waste profile and although beneficiation volumes declined relative to the prior year, the organisation sustains its pursuit for circularity opportunities through external sales, internal use and strategic repositioning of ash as a resource rather than a disposal burden. A total of 2.91 million tons of ash were beneficiated in FY2026. The decline compared with FY2025 (FY2025: 4.1 million tons) reflected market and operational constraints rather than a reduced strategic commitment. In response, our Generation Ash Strategy aims to improve market access, strengthen offtake arrangements, increase internal use and unlock additional product pathways.

BIODIVERSITY AND NATURAL CAPITAL

Protecting South Africa's natural capital requires more than compliance; it requires active stewardship of ecosystems, species, water resources and ecological processes that support both economic development and human wellbeing. Our environmental footprint extends across power stations, powerline servitudes, substations, wetlands, rivers, biodiversity-sensitive areas and protected landscapes. Our approach focuses on avoiding environmental impacts where possible, minimising unavoidable impacts, rehabilitating disturbed areas and implementing biodiversity, wetland and water offset interventions where residual impacts remain. This approach supports the protection of ecosystem services, strengthens climate resilience and contributes to South Africa's biodiversity and sustainable development objectives.

Red-list avian mortalities declined from 210 in FY2025 to 182 in FY2026, continuing the downward trend achieved through proactive bird mitigation measures, which include bird flight diverters, line markings, hotspot monitoring and collaboration with conservation partners. The result reflects continual improvement, but it also underscores that avifaunal risk remains material and requires sustained intervention and partnerships across our network.

Avifauna mortalities



Our nature reserves form a material component of our biodiversity and land-stewardship approach, enabling electricity-generation infrastructure to operate within natural environments while contributing to the South African network of conservation areas and supporting Eskom's objective to minimise ecosystem impacts and enhance ecosystem services through responsible land management.

We had formally declared the Ingula Nature Reserve, Majuba Nature Reserve and Koeberg Nature Reserve through the National Environmental Management Protected Areas Act, Act 57 of 2003, with these declarations supporting our contribution to protecting South Africa's biodiversity and long-term natural heritage. The reserves protect distinct ecosystems and species: Ingula safeguards high-altitude grasslands, wetlands and escarpment forest supporting threatened species such as the White-winged Flufftail, Wattled Crane and vultures; Majuba was established to conserve habitat for the threatened Sungazer Lizard; and Koeberg protects West Coast Strandveld and dune veld around Koeberg Nuclear Power Station, supporting indigenous fauna and abundant birdlife.

STRENGTHENING COMPLIANCE

Environmental legal compliance showed a slight decline as our challenges remain. Total environmental legal contraventions were not materially different between the past two financial years (FY2025: 65 LCs; FY2026: 67 LCs). Most of these incidents were associated with emissions exceedances and unauthorised water releases, reflecting the continuing strain of ageing infrastructure and the complexity of operating under maintenance and capacity constraints.

In addition, we recorded three legal contraventions relating to failure of business systems (FBS). However, no major environmental prosecutions or fines were recorded during the year, all enforcement actions were addressed by year-end and continued bilateral engagement with regulators supported a more co-operative compliance approach. These developments reinforce the need for Eskom to maintain strong governance discipline and further strengthen the proactive management of environmental risk.

Overall, this past year presents a credible environmental performance narrative. We have not resolved all environmental challenges, but have demonstrated year-end momentum, stronger governance, improved key metrics and clearer alignment between environmental performance and strategic priorities. This is the basis for a stronger environmental mandate going into the future.

FUTURE OUTLOOK

- Sustain and extend the year-end recovery in particulate emissions performance through stronger abatement equipment reliability, focused plant maintenance and closer operational-control integration.
- Improve Atmospheric Emission Licence compliance across the coal fleet, with continued emphasis on retrofit programmes, licence-condition management and station-specific recovery plans.
- Maintain water efficiency gains and eliminate unauthorised discharges through infrastructure upgrades, stronger dam and effluent management and integration of best practice across sites.
- Expand the practical contribution of circularity by improving ash beneficiation pathways, increasing beneficial internal use and maturing standards and indicators for circular economy performance.
- Strengthening integration of climate, natural capital and environmental compliance into decision-making, disclosure and long-term capital planning.
- Continue community focused environmental programmes, particularly air quality offsets and local environmental interventions that support a just and visible environmental transition.

ENVIRONMENTAL MANAGEMENT REFLECTIONS

- Our environmental performance in FY2026 reflects meaningful progress in strengthening stewardship, governance and operational discipline, while acknowledging that material challenges remain.
- Improvements in specific water consumption, the completion of the PCB phase-out programme and the expansion of air quality offset interventions demonstrate our ability to deliver measurable environmental outcomes when focused oversight, operational controls and clear accountability are aligned. These outcomes also show a stronger connection between environmental performance, ESG governance, community impact and long-term sustainability.
- At the same time, air emissions, legal contraventions, unauthorised water releases and ash beneficiation performance highlight the continued complexity of operating an ageing coal-fired fleet within tightening regulatory expectations.
- The year therefore reflects both progress and pressure: we have built momentum in key areas, but sustaining improvement will require continued investment in plant reliability, abatement performance, effluent management, circular economy pathways and biodiversity protection.
- Our focus remains on reducing our environmental footprint while positioning Eskom as a more environmentally sustainable utility.

4

Responding to Climate Change

Climate Action

Eskom: powering the SDGs

Through our Climate Change Strategy (2025–2030) we have set the course for decarbonisation and resilience. In FY2026, we intensified our activities to realise these ambitious goals and objectives. This includes compliance with GHG reporting requirements, preparation of updated GHG Mitigation Plans and compliance with legal and taxation requirements. Mitigation includes repowering and repurposing of our older stations and the transition to cleaner technologies.

Mitigate climate change and transition to lower-carbon energy

As one of South Africa's largest single source greenhouse gas emitters, we continue to frame climate action within the practical realities of energy security, affordability and a just transition. We remain aligned to South Africa's climate commitments and developmental priorities by advancing a progressive and holistic decarbonisation pathway supported by the Just Energy Transition (JET) and a diversified generation mix of renewable energy, gas, battery storage, grid investment and repowering and repurposing initiatives. For us, holistic decarbonisation means implementing the JET in a manner that balances climate action with socio-economic development considerations, energy affordability, operational resilience and the long-term sustainability of the electricity sector. The table below outlines the key elements of South Africa's climate change framework and how these provide the policy and regulatory context for our climate governance, mitigation, adaptation and just transition response.

South Africa's Climate Change Framework
An integrated policy and regulatory architecture guiding national climate action and Eskom's response

Climate Change Act, 2024
Overarching legislative framework for South Africa's climate response

Governance	Adaptation	Mitigation
Climate governance and carbon budget obligations	Climate risk, resilience and adaptation planning	Emissions reduction and Just Energy Transition
Climate finance	Transparency, Monitoring, Reporting and Verification (MRV) and Greenhouse Gas (GHG) reporting	Paris Agreement alignment

Supporting policies and regulation
National Climate Change Response Policy • Nationally Determined Contribution • Long-Term Low Emission Development Strategy • National Adaptation Strategy • Carbon Tax Act • Carbon Offset Regulations • GHG Reporting Regulations • Pollution Prevention Plans Regulations • Integrated Resource Plan • Green Finance Taxonomy • Just Energy Transition Investment Plan • Green Hydrogen Commercialisation Strategy

Responding to Climate Change *continued*

CLIMATE CHANGE RESPONSE AND GOVERNANCE

Climate change remains a strategic priority for Eskom and is integrated into governance, enterprise risk management, investment planning, operations and sustainability oversight. Oversight is exercised through established Board and executive governance structures, supported by the Board's collective skills, experience and access to specialist expertise in climate-related matters. This approach enables us to balance our mandate to provide secure and affordable electricity with the need to support South Africa's transition to a lower-carbon and climate-resilient economy.

Our climate change response is supported by a maturing governance framework that enables coordinated decision-making, monitoring and reporting across relevant divisions. During the year, we continued to strengthen the integration of climate considerations into strategic planning, risk management and operational processes, including ongoing work to align internal actions with national climate policy developments, regulatory requirements and our long-term decarbonisation pathway.

This effort is undertaken within the context of Eskom's broader sustainability commitments and our role in enabling a just energy transition. Strengthening climate governance supports improved accountability, enhances transparency in sustainability disclosures and enables more consistent tracking of progress against climate-related priorities, risks and opportunities.

Our Climate Governance Approach

Governance	Strategy	Risk management	Metrics and disclosure
Board and executive oversight of material climate-related risks, opportunities and transition priorities.	Climate considerations (including opportunities) embedded in long-term planning, capital allocation, grid expansion, repowering and repurposing and JET implementation.	Physical and transition risks assessed through enterprise risk, regulatory, operational and financial planning processes.	Improved emissions, carbon tax, carbon budget, resilience and transition disclosures are aligned to evolving reporting expectations.

OUR CLIMATE CHANGE STRATEGY

Our climate response is guided by our Climate Change Strategy, corporate objectives and SHEQ Policy and is aligned with South Africa's National Development Plan, the Integrated Resource Plan, South Africa's Nationally Determined Contribution under the Paris Agreement, the Climate Change Act and evolving climate disclosure expectations. International best practice increasingly requires companies to explain how climate-related risks and opportunities are governed, reflected in strategy, managed through risk processes and monitored through metrics and targets. We are progressively strengthening our disclosures simultaneously addressing the operational realities of the South African electricity system.

OUR STRATEGIC CLIMATE PRIORITIES

Grid enablement:
Expand and modernise the transmission and distribution networks to enable new generation connections and system flexibility.

Lower-carbon transition:
Support phased emissions reduction through repowering, repurposing, renewable integration and operational efficiency.

Financial resilience:
Assess carbon pricing, carbon budgets, trade measures and funding implications for Eskom's long-term sustainability.

Climate resilience:
Integrate physical climate risks, including water and extreme weather exposure, into planning and investment decisions.

Just Energy Transition:
Balance decarbonisation with security of supply, affordability, socio-economic development and stakeholder inclusivity.

CARBON TAX AND EMERGING CLIMATE POLICY REQUIREMENTS

We operate in an evolving climate policy and carbon pricing environment. Carbon tax remains a material climate-related financial consideration due to the emissions profile of the generation fleet and our mandate to maintain reliable electricity supply. We support South Africa's climate commitments and continue to integrate carbon tax, carbon budgets and mitigation planning into our financial planning, risk management and transition implementation. Eskom will be impacted by the full carbon tax liability from 2031. Carbon budgets are expected to be implemented as soon as 2027.

South Africa's climate regulatory framework continued to evolve through the Climate Change Act, 2024, supported by the draft National Greenhouse Gas Carbon Budget and Mitigation Plan Regulations and Technical Guidelines. The draft framework proposes mandatory carbon budget allocation, mitigation plan implementation, progress reporting, verification, compliance assessment and enforcement for significant emitters. Eskom submitted comments to the Department of Forestry, Fisheries and the Environment (DFFE), emphasising the need for a practical approach that balances transparency and comprehensiveness with realistic uncertainties and flexibility.

Responding to Climate Change *continued*

REGULATORY DEVELOPMENTS AND OUR RESPONSE

Climate Change Act

Provides the legislative basis for South Africa's climate response, including the transition of a low-carbon and climate-resilient economy. We are aligning our internal governance, planning and reporting with the Act's requirements and timelines.

Carbon budgets and mitigation plans

Draft requirements for allocation, implementation, annual progress reporting and enforcement. Assessment of operational, financial and compliance implications and development of a proposed carbon budget trajectory aligned with system planning.

Carbon tax

Potential interactions between carbon tax and carbon budget compliance may affect future financial exposure. We continue to evaluate carbon tax trajectories and advocate for policies that support emissions reduction while safeguarding affordability and electricity security.

SF_6 emissions

Eskom pays carbon tax on emissions from activities classified under IPCC categories 1A1a, 1A3 and 2G1b, with deductions applied to category 1A1a where applicable. Category 2G1b covers sulphur hexafluoride (SF_6) emissions from transmission and distribution activities. We are assessing technically feasible and commercially viable alternatives to reduce reliance on SF_6-containing electrical equipment over time.

REGULATORY UPDATE ON CARBON BUDGETS AND MITIGATION PLANS

Once finalised, the draft carbon budget and mitigation plan framework is expected to provide greater clarity on our future compliance obligations, emissions trajectory, reporting requirements and climate-related financial exposure. Our engagement with policymakers is focused on ensuring that the framework caters for the regulatory requirements and complexity of the electricity sector, including the need to maintain system reliability, support economic activity and enable a phased, orderly and just transition.

We will continue to monitor policy developments, assess potential carbon tax and carbon budget impacts, strengthen internal data and assurance processes and align mitigation planning with South Africa's energy policy and climate commitments. The objective is to support national climate ambition while ensuring a sustainable electricity transition that protects security of supply, customer affordability and socio-economic development.

Eskom's climate governance and regulatory response are anchored in balancing decarbonisation, resilience and compliance with its core electricity mandate. This requires credible transition planning, practical policy implementation, strengthened disclosure and continued engagement with government, customers, investors and development partners.

IMPACTS, RISKS AND OPPORTUNITIES FOR MITIGATION AND ADAPTATION

Climate change has the potential to impact our operations, assets, workforce, supply chains and customers, while also creating opportunities to strengthen resilience, improve efficiency and support the energy transition. The key climate-related impacts, risks and opportunities that are considered in our strategic planning and risk management processes.

Responding to Climate Change *continued*

A value chain view of physical impacts, transition risks and resilience opportunities

E ⇄ S ⇄ G

Key climate value chain aspects

Physical resilience
Extreme weather and infrastructure disruption

Transition readiness
Carbon tax, financing and disclosure pressure

Value creation
Cleaner energy resilience planning and skills

NEGATIVE IMPACTS

1 Physical disruption
Acute and chronic climate risks, including floods, storms, heatwaves and droughts, may disrupt generation, transmission and distribution infrastructure, affecting security of supply and operational performance.

Short-Medium term | Own Ops & Downstream

2 GHG emissions profile
Generation contributes materially to South Africa's GHG emissions profile through scope 1 and 2 emissions associated with electricity generation and operations.

Short-Long term | Own Operations

RISKS

1 Supplier and logistics disruption
Climate events may disrupt supplier operations, transport networks and logistics systems, increasing restoration times, delays and recovery costs.

Short-Medium term | Upstream

2 Regulatory and transition pressure
Carbon tax, CBAM, disclosure requirements and decarbonisation policies may increase compliance obligations and financing pressures.

Mid-Long term | Upstream & Own Ops

3 Reputation and resilience expectations
Stakeholders expect credible decarbonisation and climate resilience responses, with reputational risks where progress is insufficient.

Medium term | Own Ops & Downstream

OPPORTUNITIES

1 Cleaner energy technologies
Cleaner technologies and transmission infrastructure support emissions reduction and sustainable economic development.

Short-Long term | Own Ops & Downstream

2 Adaptation planning
Integrating climate strategy, risk and disaster management into adaptation plans strengthens resilience and adaptive capacity.

Short-Long term | Own Operations

3 Sector transformation
Electricity-sector transformation through supply-side diversification supports South Africa's long-term GHG trajectory.

Mid term | Own Operations

4 Research and innovation
Low-carbon technologies, CCUS and grid-modernisation initiatives can reduce emissions and support net-zero ambition.

Medium-Long term | Own Operations

5 Skills and capacity
Climate-related training and capacity building improve awareness, technical capability and preparedness.

Medium-Long term | Own Operations

6 Just transition benefits
Just transition objectives create opportunities for resilience, socio-economic development, infrastructure investment and sustainable energy transition.

Medium-Long term | Own Ops & Downstream

VALUE-CHAIN RESPONSE AND RESILIENCE LEVERS

Adaptation plans | Disaster management | Transmission development | Cleaner energy | GHG reduction | Climate skills | JET objectives | Research and innovation

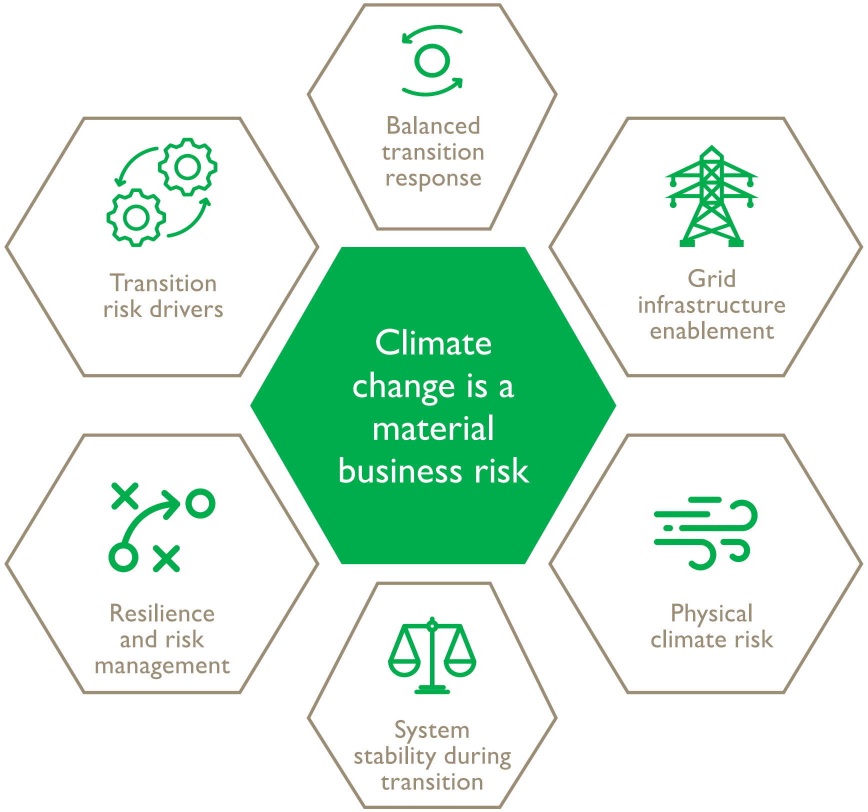
Responding to Climate Change *continued*

Climate change presents transition and physical risks that may affect our operations, financial position and long-term value creation. Understanding these risks helps us strengthen resilience, guide capital allocation and support reliable electricity delivery under future climate scenarios.

TRANSITIONAL CLIMATE RISKS

Transitional climate risks arise from the shift to a lower-carbon economy and include regulatory, technology, capital and financial market risks. Evolving climate-related regulations, carbon pricing and border adjustment mechanisms, mandatory disclosure requirements and decarbonisation policies may increase compliance obligations, operating costs and investment requirements. At the same time, market and investor expectations on decarbonisation and sustainability performance may influence access to funding, financing costs and stakeholder confidence.

CLIMATE RISK RESPONSE



Strategic outcome: Resilient infrastructure, reliable supply, sustainable investment and a responsible Just Energy Transition

Eskom is responding through a balanced and diversified energy transition pathway that supports security of supply while reducing carbon emissions. During FY2025, we initiated the establishment of Eskom Green as a separate renewable energy business, supporting the organisation's transition into a sustainable and competitive energy company. Eskom has an executable initial pipeline of at least 2GW of clean energy projects planned for execution during 2026 and a broader pipeline of more than 32GW by 2040 to diversify the energy mix through renewables, energy storage, pumped hydro, gas, nuclear and existing coal assets.

To balance the transition with system stability, we continue to improve the environmental performance, flexibility and reliability of our coal fleet through the clean coal programme, which focuses on improved combustion, emissions control, coal by-product management, energy efficiency, operational flexibility and asset integrity. These measures support South Africa's climate commitments while enabling responsible JET and positive socio-economic outcomes in affected communities.

The Transmission Development Plan (TDP) is a key enabler of this transition, prioritising grid expansion, strengthening and connection capacity to unlock renewable energy resources in high-potential regions, supporting new generation projects and improving long-term system resilience and security of supply.

Eskom's distribution business is central to enabling clean energy transition by strengthening and modernising the grid to integrate renewable generation, support Independent Power Producers (IPPs) and accommodate customer-owned distributed energy resources such as solar PV and battery systems. Key actions include commissioning microgrids, implementing digital technologies, improving operations and progressing the conversion of Eskom's fleet to electric vehicles supported by charging infrastructure.

PHYSICAL CLIMATE RISKS

Physical climate risks, including more frequent and severe storms, floods, wildfires, extreme temperatures, water stress and shifting rainfall patterns, may affect Eskom's generation, transmission and distribution infrastructure, operational reliability, supply chains and surrounding communities. These risks are managed through integrated risk, resilience, adaptation and disaster management processes, supported by divisional and external coordination, water management initiatives such as the Integrated Vaal River Scheme and infrastructure resilience measures that strengthen preparedness, response capability and long-term operational continuity.

CLIMATE SCENARIO ANALYSIS: BUILDING RESILIENCE IN AN UNCERTAIN FUTURE

The climate scenario analysis below provides a forward-looking view of how different warming pathways may affect our operations, assets and long-term resilience. Building on earlier CSIR-supported studies using the RCP 4.5 and RCP 8.5 scenarios of the IPCC and more recent CMIP6-based work incorporating the SSP3-7.0 pathway, the assessment helps inform divisional adaptation plans, disaster risk management, infrastructure planning and investment decisions under uncertainty. RCP 8.5 seems increasingly unlikely to materialise.

Responding to Climate Change *continued*

Climate Scenario Analysis: Future Warming Pathways
Scenario analysis used to support climate-resilient planning, adaptation and investment decisions

Planning context
Scenario analysis does not predict a single outcome; it supports decision-making under uncertainty by testing warming pathways, socio-economic signals and planning horizons.

Scenario pathway	Warming by 2100	Socio-economic signal	Planning horizons
1. Moderate transition (RCP 4.5/SSP2–4.5)	2.7°C	CO_2 peaks around 2050 and then declines, reflecting a more managed transition pathway	Mid future: 2021–2050 Far future: 2071–2099
2. Regional rivalry (SSP3–7.0)	3.6°C	CO_2 doubles by 2100, indicating higher transition pressure and more severe physical climate impacts	Near future: 2021–2040 Mid future: 2041–2060 Far future: 2081–2100
3. Fossil-fuelled development (RCP 8.5/SSP5–8.5)	4.4°C	CO_2 continues increasing through 2100, representing the highest warming and risk pathway	Mid future: 2021–2050 Far future: 2071–2099

Southern Africa is expected to warm faster than the global average, strengthening the need for climate-resilient planning, adaptation and investment decisions.

KEY CLIMATE SIGNALS ACROSS SCENARIOS

Physical climate risks increase costs, operational disruptions and insurance exposure with sharper financial pressure under higher warming pathways.

Lower Warming Pathway	Higher Warming Pathway
Business implications	
More manageable operating exposure • Operational disruptions are more localised and easier to plan for • Asset stress increase, but adaptation actions can be phased into normal planning cycles • Improved preparedness supports more predictable recovery and service continuity	**More severe and widespread disruption** • More frequent and intense hazards increase outage and restoration pressure • Greater exposure across assets, logistics and supply chains complicates recovery • Planning needs shift from incremental resilience to accelerated adaptation
Financial implications	
Lower but rising cost pressure • Moderate increase in maintenance, adaptation and resilience investment requirements • Lower probability of widespread revenue disruption and emergency restoration costs • Capital prioritisation can be sequenced with asset-life and risk-reduction planning	**Higher financial exposure** • Higher outage, repair and recovery costs under more severe climate conditions • Increased revenue disruption and potential pressure on insurance and financing assumptions • Accelerated asset degradation may require earlier capital replacement or reinforcement

Cross-cutting impacts:	Outages ↑	Revenue disruptions ↑	Asset performance ↓

TEMPERATURE AND HEATWAVES
- Rising temperatures and more hot days and heatwaves under all scenarios
- Higher temperatures increase operational stress and equipment exposure

- Expansion of fire-prone conditions
- Higher risk around transmission and distribution assets

RAINFALL, FLOODING
- Heavier rainfall events expected
- Increased flooding risk in several regions
- Rainfall patterns remain uncertain and spatially variable
- Infrastructure and logistics disruption

COMPOUND AND CASCADING HAZARDS
- Multiple hazards occurring simultaneously become more likely
- Greater disruption and recovery challenges

DROUGHT AND WATER RESOURCES
- More frequent and severe droughts
- Growing pressure on strategic water resources
- Increased dependence on resilient water management systems and transfer schemes

Implication: resilience planning must consider individual hazards and combined, cascading disruptions

INTEGRATED CLIMATE RESILIENCE TO SUSTAIN OUR OPERATIONS

We manage physical climate risks by integrating adaptation and resilience into our operations, planning and key business processes. This holistic approach spans the full value chain, from generation sites, transmission grids and distribution clusters to buildings, while also considering risks such as water & coal resources and ecosystem change, as well as impacts on transport and supply chains that are critical to disaster response.

We are moving from foundational adaptation planning to structured implementation by institutionalising climate resilience across governance, risk management, data systems and disaster preparedness. Practical responses include biodiversity assessments, erosion and water management, tower & foundation strengthening, incorporating climate risk-based designs in new projects and continued alignment with the Transmission Development Plan and Just Energy Transition framework to support renewable integration, network resilience and long-term energy security. System reliability is closely monitored through SAIFI and SAIDI indices, with refurbishment and maintenance programmes strengthening network resilience and supporting the just energy transition.

Complementing these efforts, Eskom's commercial building portfolio is being transformed through the Eskom Real Estate framework into climate-resilient, low-impact assets by removing harmful materials, embedding energy- and water-efficient systems, improving supply chain durability and deploying digital monitoring to support transparent, data-driven sustainability performance.

WATER REDUCTION MEASURES SUPPORTING CLIMATE RESILIENCE

Water stewardship levers, implementation actions and climate resilience benefits

KEY WATER MANAGEMENT ASPECTS

Reduce freshwater dependency
Lower raw-water abstraction through efficiency, reuse and technology choices

Improve circularity
Reuse treated effluent and recover water within operational systems

Strengthen site resilience
Use water and flood resilience measures to support operational continuity

WATER MANAGEMENT LEVER	WHAT WE ARE DOING	CLIMATE RESILIENCE BENEFIT
Diversified energy mix	Diversifying the energy mix to include renewables, gas, nuclear and clean coal technologies.	Reduces the long-term water intensity of electricity generation.
Water recycling and reuse	Implementing Zero Liquid Effluent Discharge and reusing treated effluent for cooling water makeup and other processes.	Reduces freshwater abstraction and improves circular water use.
Dry cooling and efficiency	Deploying dry cooling and energy-efficient technologies to reduce raw water abstraction volumes.	Lowers dependency on freshwater sources and supports reuse.
Advanced treatment technologies	Using advanced treatment technologies, including reverse osmosis, to enable effluent reuse and reduce raw water intake.	Enhances operational water performance and reduces avoidable losses.
Optimised cooling tower operations	Improving cooling tower maintenance and operating practices to minimise evaporation losses.	Reduces water losses and supports responsible water stewardship.
Leak detection and repair	Identifying and repairing leaks to reduce wastage and improve efficiency.	Lowers dependency on freshwater sources and supports reuse.
Site-based water and flood resilience	Implementing water management plans, wetland management initiatives and flood defence measures at operational sites.	Strengthens site-level climate resilience and forms part of broader water- and flood-related risk response.

Strategic takeaway: water efficiency, reuse and site resilience reduce exposure to water scarcity and strengthen operational climate resilience.

Responding to Climate Change *continued*

BUILDING RESILIENCE TO EXTREME RAINFALL

Our power stations are increasingly exposed to physical climate risks associated with extreme rainfall and severe thunderstorms. These events pose potential disruptions to operations, including flooding, impacts on critical infrastructure such as ash dams, constraints on coal handling and transport and broader supply chain interruptions.

RESILIENCE INSIGHT

Severe rainfall events can trigger cascading operational impacts. A resilience pathway connects the hazard signal to operational consequences and practical response measures needed to protect continuity.

CLIMATE HAZARD

Extreme rainfall and severe storms

High rainfall and storm events may affect operational sites, water systems, coal handling and access routes.

KEY RISK DRIVERS

- Flooding & dam overflows
- Ash dam instability
- Supply-chain disruptions
- Transport access limitations

RESILIENCE RESPONSE

- Business continuity
- Alternative water supply
- Stormwater drainage
- Water reuse systems
- Ash dam monitoring
- Strategic stockpiles
- Logistics optimisation
- Stakeholder partnerships
- Rain readiness plans

VALUE-CHAIN RESPONSE AND RESILIENCE LEVERS

Operational downtime | Wet coal handling | Recovery delays | Infrastructure stress | Site access constraints

Resilience outcome: protect operational continuity through infrastructure protection, preparedness planning, strategic resources and supply-chain resilience.

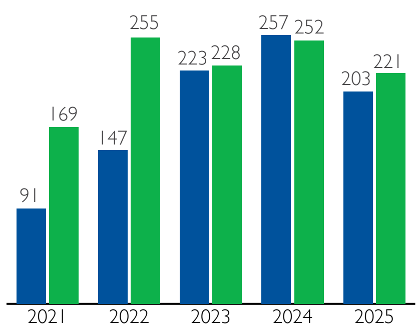
Responding to Climate Change *continued*

RISING INSURANCE AND FINANCIAL EXPOSURE

Climate change increases our exposure to financial pressure and insurance-related challenges. Under lower warming scenarios, cost increases are expected to be more gradual and manageable. However, under higher warming scenarios, these pressures are likely to intensify, with higher capital and operational costs, increased risk of asset failures and power supply disruptions, constrained insurance capacity and greater reliance on self-insurance mechanisms. This highlights the importance of proactive adaptation and resilience investments and enhanced risk management strategies to manage these long-term financial risks.

Historical insurance data over the last five years shows an upward trend in both the frequency and severity of weather-related claims, with weather-related losses increasing as a proportion of total claims. The increasing value of claims, particularly for claims exceeding deductibles points to the severity of losses.

Number of weather-related claims



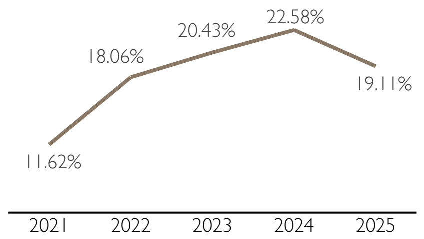
Number of weather-related claims by year of loss (assets above deductible)

Number of weather-related claims by year of loss (assets below deductible)

These trends have important implications for our financial position:

- Increased insurance premiums and deductibles, reflecting rising climate risk
- Reduced availability and scope of insurance cover for high-risk assets
- Greater levels of uninsured or self-retained losses
- Increased volatility in earnings due to exposure to large climate-related loss events

Weather-related claims share over time



Despite annual variability, weather-related claims have remained significantly above 2021 levels, indicating an elevated risk environment.

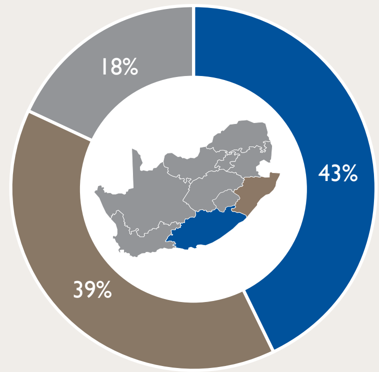
Weather-related insurance claims over the past five years show a clear geographic concentration of climate-related impacts and losses, highlighting the importance of prioritising resilience and adaptation measures in the provinces most exposed to weather-related risks.

CLIMATE LOSS HOTSPOTS

Most affected provinces by number of weather-related claims over five years

Eastern Cape, KwaZulu Natal together account for **82%** of weather-related claims by count.

2 046
claims over the last five years



Eastern Cape
889 claims

KwaZulu Natal
796 claims

Other provinces
18% of weather-related claims

Responding to Climate Change *continued*

GREENHOUSE GAS EMISSIONS REPORTING AND DISCLOSURES

Carbon Footprint – 2025 calendar year

	Scope 1 emissions (tCO_2e)	Scope 2 emissions (tCO_2e)	Scope 3 emissions (tCO_2e)
2023	184 134 349	131 899	4 505 188
2024	191 808 802	55 554	3 075 553
2025	188 335 030	50 877	2 372 803

Since 2019, we quantified our carbon footprint from various operational activities. The results provide valuable insights into GHG emissions management, support transparency and strengthen climate risk management. We continue to improve data credibility and reporting efficiency. From 2025, to support the collation of nationally accurate data, we are providing the regulatory reporting of Scope 1 data from power stations using the Tier 3 methodology, which requires site-specific source data and enables more accurate emissions quantification. This approach reinforces our environmental duty of care and aligns our reporting with industry peers. Our GHG emissions have improved since the 2019 base year, supporting alignment with our national NDC commitments, NDP objectives, net-zero aspirations and our commitment to achieving the UNFCCC's objectives. Emissions monitoring has enabled our ability to plan for the energy transition and optimise emission reduction while maintaining energy security.

CARBON REPORTING AND DISCLOSURE HIGHLIGHTS

- **Annually report GHG emissions to DFFE as per regulations**
- **Implementation of Tier 3 methodology for scope 1: stationary combustion**
- **Decreased GHG emissions from base year (2019)**
- **Improved governance and emissions management**
- **Improved climate-related risk management**
- **Improved CDP score from D to C for climate and maintained C for water**
- **Alignment with GRI and TCFD**
- **Aspirations to fully align to IFRS S1 & S2, TNFD and King V**

CDP Discloser 2025

Climate CDP 2025 C

Water CDP 2025 C

Responding to Climate Change *continued*

FUTURE OUTLOOK

Our strategic focus is progressively shifting from climate preparedness, towards measurable resilience performance and implementation. Our key priorities for the future include:

- Deliver on the Just Energy Transition.
- Strengthen climate governance, reporting and disclosure.
- Prioritise asset level adaptation and resilience projects informed by climate risk assessments.
- Improve the quantification of climate-related financial impacts and avoided losses.
- Embed measurable resilience indicators, including infrastructure recovery time, asset-hardening measures and avoided disruption costs.

Industry, Innovation and Infrastructure

Eskom: powering the SDGs

In expanding resilient infrastructure, we installed 270.8km of new high-voltage transmission lines (toward a target of 423km) and major generation projects came online – (Kusile Unit 6 and the return of Medupi Unit 4) – improving base-load capacity and grid stability. We signed an MoU with the Korea Electric Power Corporation (KEPCO) to promote research and innovation and hosted Korean delegates to explore innovative green hydrogen opportunities.

Modernising energy infrastructure and fostering innovation for development

CLIMATE CHANGE REFLECTIONS

- Eskom continues to advance a pragmatic and just energy transition that supports South Africa's climate commitments while maintaining energy security, affordability and socio-economic development.
- Climate Change is now more deeply embedded within governance, risk management, strategic planning and investment processes, supported by enhanced oversight, disclosure and alignment with evolving regulatory requirements.
- The Climate Change Act, carbon budget framework and carbon tax regime are driving greater focus on compliance, transition planning and climate-related financial risk management, requiring ongoing engagement with policymakers and stakeholders.
- Progress on grid expansion, renewable energy deployment, repowering and repurposing initiatives and the launch of Eskom Green reflects a deliberate effort to diversify the energy mix while maintaining a reliable electricity supply.
- Climate adaptation is increasingly being institutionalised across the business, with greater emphasis on infrastructure resilience, disaster preparedness, water security and climate informed investment decisions.
- Rising weather-related losses, insurance costs and physical risk exposure reinforce the need for proactive adaptation investments, stronger resilience measures and improved quantification of climate-related financial impacts.
- Continued improvements in emissions reporting, climate disclosures, scenario analysis, innovation and resilience metrics position Eskom to better demonstrate progress, support informed decision-making and contribute to South Africa's net-zero transition.

5

Koeberg – Our Sustainable Success
Eskom Green and Renewable Energy Delivery
Operational Decarbonisation and Cleaner Mobility
Investing in Innovation

Enabling a Resilient Low-Carbon Energy Future

7 AFFORDABLE AND CLEAN ENERGY

Affordable and Clean Energy

Eskom: powering the SDGs

We are committed to resilient low-carbon energy future. This is being done through the accelerated transmission expansion, deployment of battery energy storage systems (commercial operation achieved at sites including Hex, Pongola and Elandskop), and implementation of its Just Energy Transition and renewable energy programmes. These initiatives and the other actions included in this section are directed towards creating the infrastructure, flexibility and clean generation capacity required for a secure and sustainable electricity system.

Enabling a resilient low-carbon energy future.

Our role in enabling South Africa's transition to a resilient, low-carbon future is central to our long-term sustainability, national development mandate and responsibility to current and future generations. As the country's primary electricity utility, we recognise that our climate response must balance the urgent need to reduce greenhouse gas emissions with the equally important imperatives of energy security, affordability, economic development and social inclusion. Our approach is therefore grounded in a just, orderly and practical transition that supports South Africa's climate commitments while maintaining the reliability and resilience of the electricity system.

During FY2026, we continued to strengthen the foundations for this transition by integrating climate change considerations into governance, strategy, risk management, investment planning, operations and reporting. This includes advancing our decarbonisation pathway, improving climate-related disclosures, strengthening resilience and adaptation planning, expanding renewable energy and storage opportunities, and preserving strategic low-carbon assets such as Koeberg Nuclear Power Station. Together, these actions demonstrate how we are moving from climate preparedness towards implementation, delivery and measurable resilience outcomes.

Koeberg's continued operation represents a significant contribution to South Africa's low-carbon electricity supply and energy security. Through disciplined nuclear safety oversight, life-extension investment and operational excellence, Koeberg provides dependable baseload capacity while avoiding material emissions that would otherwise arise from higher-carbon generation sources. Its role complements the development of renewable energy, battery storage, grid expansion and emerging clean-energy platforms such as Eskom Green, reinforcing the importance of a diversified and technology-balanced electricity mix.

Enabling a resilient low-carbon future also requires strengthening the systems, infrastructure and capabilities that will support the next phase of South Africa's energy transition. This includes modernising and expanding the grid, accelerating renewable energy delivery, investing in innovation, improving operational efficiency, advancing cleaner mobility, and embedding climate resilience into asset planning and disaster preparedness. At the same time, our transition must remain socially just by supporting workers, communities and local economies affected by changes in the energy landscape.

We are contributing to South Africa's net-zero transition and our actions to build a more resilient electricity system in the face of climate uncertainty. We are responding to climate-related risks and opportunities, strengthening governance and disclosure, advancing mitigation and adaptation, and investing in the technologies, partnerships and capabilities required to support a secure, affordable and lower-carbon energy future.

Enabling a Resilient Low-Carbon Energy Future *continued*

KOEBERG – OUR SUSTAINABLE SUCCESS

Koeberg Power Station demonstrates how disciplined asset stewardship can convert existing infrastructure into long-term sustainability value. Through rigorous nuclear safety oversight, targeted life-extension investment and continued operational excellence, Koeberg has been safely repositioned as a strategic low-carbon asset for Eskom and South Africa. Between 1 April 2025 and 31 March 2026, this was evidenced by regulatory approval for continued operation: the National Nuclear Regulator approved Koeberg Unit 2's 20-year life extension to 9 November 2045, complementing Unit 1's extension to 21 July 2044. Together, the two units secure approximately 1 860MW of dependable baseload capacity while preserving a critical national clean-energy asset.

The success story is reflected in both reliability and decarbonisation impact. Unit 1's return to the grid restored 930MW of reliable supply, while Unit 2 achieved 365 consecutive days of operation by 9 March 2026 at a 99.4% Energy Availability Factor, delivering about 946MW to the national grid. This performance provided an estimated 8.2TWh of low-carbon electricity over the period, equivalent to roughly 7.8MtCO_2e of grid-average emissions avoided when benchmarked against South Africa's 2023 domestic grid factor of 0.942tCO_2e/MWh. Koeberg also provides a stable local electricity anchor for the Western Cape, strengthens national grid resilience, supports renewable integration, reduces reliance on distant coal-based supply and sustains scarce nuclear engineering skills. Koeberg stands as a practical example of our sustainable infrastructure renewal, supporting energy security and advancing South Africa's decarbonisation pathway.

ESKOM GREEN AND RENEWABLE ENERGY DELIVERY

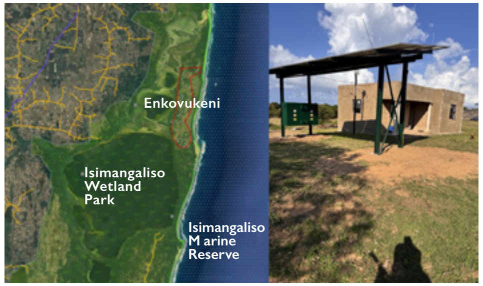
7 AFFORDABLE AND CLEAN ENERGY

Affordable and Clean Energy

Eskom: powering the SDGs

Our Generation availability (EAF) rose to 65.16% by March 2026 and we delivered continuous electricity to households and industries, enhancing energy access and affordability. As we transition to cleaner energy, the rollout of 8 million smart meters and advanced metering infrastructure will reduce losses and enable distributed renewable generation. Solar PV electrification (Madimbo and Mavhete in Limpopo) includes a 500kW solar PV plant with a battery storage system that accommodates over 1 933 households.

Expanding stable and cleaner energy supply for all



Alongside our repowering, repurposing and social development initiatives, we continued to strengthen the institutional platforms needed to deliver cleaner energy at scale. A key milestone was the formal launch of Eskom Green, which provides a dedicated mechanism to accelerate renewable energy development, support customer decarbonisation and enable more focused participation in South Africa's evolving electricity market.

As a transition enabler, Eskom Green strengthens our ability to develop, own and operate renewable energy and storage assets in a reformed electricity sector, while enabling partnerships and investment that support implementation at scale.

This complements our broader approach by pairing cleaner energy delivery with the socio-economic, skills and community considerations needed for a responsible transition.

Project development progressed across solar PV, battery energy storage and small-scale renewable energy change management initiatives. These include the Lethabo 75MWp Solar PV project, the Komati 72MWp Solar PV project and the 600MWh Battery Energy Storage System projects approaching execution phase. Small-scale solar PV initiatives at Arnot, Duvha, Majuba and Tutuka are supporting a structured transition by familiarising power station teams with renewable energy operations and building capability in design.

Enabling a Resilient Low-Carbon Energy Future *continued*

OFFICIAL LAUNCH OF ESKOM GREEN – ENABLING THE NEXT PHASE OF SOUTH AFRICA'S ENERGY TRANSITION

We officially launched Eskom Green on 09 June 2026 as a dedicated utility-scale renewable energy business to accelerate the development of renewable energy and storage projects and support large power users in achieving their decarbonisation and energy transition objectives. The business is designed to provide agile decision-making, partnership-based delivery models, access to diverse sources of capital and bankable project structures, while drawing on Eskom's existing generation expertise, infrastructure footprint and system knowledge.

Eskom Green will initially focus on large industrial customers in sectors such as mining and manufacturing through renewable energy solutions, direct bilateral power purchase agreements and transparent pricing structures that distinguish energy costs from regulated network and wheeling charges. The platform will coordinate a phased pipeline of renewable energy and storage projects, including approximately 6GW of carbon-free electricity available up to 2030 and a further pipeline of up to 32GW by 2040, supporting security of supply, customer decarbonisation and South Africa's broader transition to a lower-carbon electricity future.

Eskom Green Official Launch

Enabling a Resilient Low-Carbon Energy Future *continued*

OPERATIONAL DECARBONISATION AND CLEANER MOBILITY

INTRODUCING ELECTRIC VEHICLES INTO OUR OPERATIONS

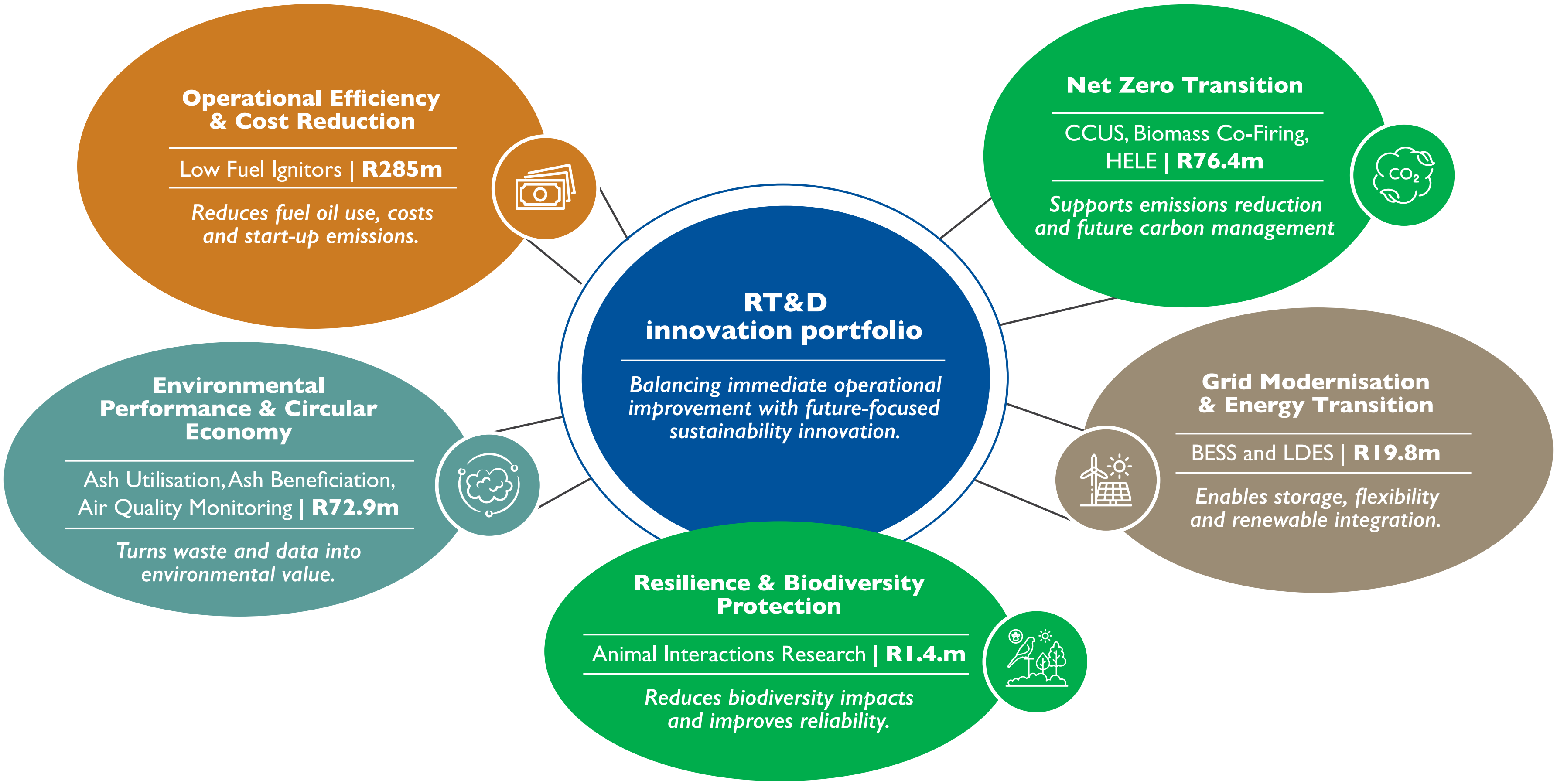
In September 2025, we introduced our first 20 electric vehicles as part of our efforts to reduce operational emissions and demonstrate practical cleaner mobility solutions within our own fleet. This initiative complements our decarbonisation journey by showing how lower-carbon technologies can be applied across our operations, not only in electricity generation.

The deployment provides an opportunity to build internal experience with electric vehicle performance, charging requirements and operational integration. It also supports a gradual shift towards cleaner fleet management, helping us test practical applications, strengthen readiness for future scaling and contribute to a broader culture of innovation and emissions reduction across the business.

Enabling a Resilient Low-Carbon Energy Future *continued*

INVESTING IN INNOVATION

Our research and innovation efforts reflect a targeted investment approach supporting key sustainability priorities. Investment is concentrated in areas that enable long-term decarbonisation, improve operational efficiency and reduce environmental risk. Significant investment in technologies such as low fuel ignitors and biomass co-firing reflects a focus on improving current operations, while projects such as carbon capture and energy storage represent strategic investments in future energy systems. This balanced portfolio ensures that Eskom is addressing both immediate operational challenges and long-term transition risks. Underpinning all this is our commitment to knowledge transfer and human capital development – investing in youth and skills programmes such as Eskom Power Engineering Programme (EPEP) and Tertiary Education Support Programme (TESP) to build the next generation of energy professionals.



LOW CARBON ENERGY FUTURE REFLECTIONS

Together, these initiatives demonstrate how we are translating our cleaner energy ambitions into practical delivery. By combining renewable energy development, repowering and repurposing, skills development, local economic participation and dedicated platforms such as Eskom Green, we are building the capabilities needed to support a responsible transition, strengthen energy security and contribute to South Africa's lower-carbon electricity future.

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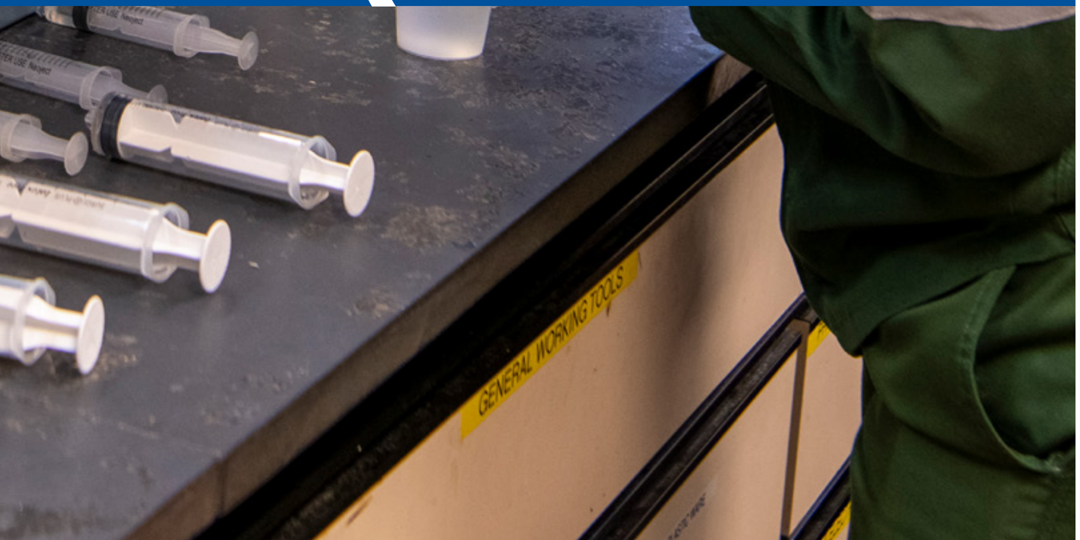


Our Social Footprint

KEY SOCIAL INDICATORS

RISKS

- **Key governance risks:** Employee and contractor fatalities, mental health pressures, municipal debt, electricity theft, illegal connections, affordability challenges and Just Energy Transition (JET) impacts.
- **Critical concerns:** Seven work-related fatalities highlight the need for stronger safety leadership, contractor management and accountability. Mental health, stress and burnout have emerged as Priority 1 risks affecting wellbeing, productivity and organisational resilience.
- **Socio-economic pressures:** Rising municipal debt, affordability constraints and electricity theft threaten financial sustainability and equitable service delivery, while JET-related risks affect workers and coal-dependent communities.
- **Mitigation actions:** Strengthen safety leadership, expand mental health support, enhance community engagement, accelerate workforce transition programs and implement integrated revenue recovery initiatives.

VALUE-CREATION/OPPORTUNITIES

- **Key social value creators:** Energy access, human capital development, skills formation, socio-economic transformation, stakeholder engagement and community development.
- **Workforce and skills:** Expanded workforce, improved retention, invested in future skills, awarded 196 bursaries and advanced training in digital technologies, AI and the energy transition.
- **Community impact:** Supported vulnerable households through electrification and Free Basic Electricity programmes, while investing R153.25 million in community initiatives benefiting approximately 1.51 million people.
- **Economic inclusion:** Expanded supplier, localisation and enterprise development programmes, creating opportunities for small youth-owned and women-owned businesses.
- **Future value:** Advance people-centred JET initiatives, workforce reskilling, economic inclusion and sustainable community development.

As South Africa navigates a period of economic reform, infrastructure renewal and energy transition, social sustainability has become increasingly important. The country's development agenda is intrinsically linked to reliable, affordable and sustainable electricity. As the country's primary electricity utility, Eskom's social impact extends far beyond the supply of power. Our contribution influences livelihoods, economic participation, industrial growth, service delivery, education, healthcare, community resilience and the overall quality of life of millions of South Africans. Through our operations, investments, workforce, supply chain and stakeholder partnerships, we contribute meaningfully to national development priorities, support inclusive economic growth and help create the conditions necessary for a just and sustainable future.

Persistent challenges such as unemployment, poverty, inequality, limited economic opportunities and skills shortages continue to affect many of the communities in which we operate. At the same time, evolving workforce expectations, changing skills requirements and the transition to a lower-carbon economy require proactive measures to ensure that no stakeholder group is left behind.

Our Social Footprint *continued*

Sustainable Cities and Communities

Eskom: powering the SDGs

Overloading and equipment failure in township networks due to electricity theft and illegal connections are ongoing challenges. To avoid this, Eskom implements load reduction. We are deploying smart metering technology and real-time monitoring systems to address this challenge. Upgrading distribution infrastructure (smart meters, tamper-proof technology) and community engagement programmes are improving the safety and reliability of electricity informal settlements and urban areas, thus supporting safe and sustainable communities.

Resilient and sustainable energy services for communities

The social dimension of sustainability remains central to Eskom's purpose and long-term value creation. It reflects our commitment to balancing operational performance with positive outcomes for employees, customers, suppliers, communities and society. In FY2026, we have strengthened our approach to social sustainability by embedding social considerations across strategy, governance, risk management and performance, recognising that sustainable business success depends on the wellbeing and resilience of the people and communities we serve. This approach aligns with the social pillar of our ESG Framework, which focuses on customer wellbeing and energy access, occupational health and safety, human capital development, diversity and inclusion, supplier development, local economic participation and corporate social investment, this becomes especially relevant as we implement our JET.

Powering Progress – Enabling Sustainable Development

Our social contribution is closely aligned with the **National Development Plan (NDP) 2030**, the United Nations **Sustainable Development Goals (SDGs)** and South Africa's **Just Energy Transition** ambitions

JUST ENERGY TRANSITION

- Supporting a low-carbon, climate-resilient future.
- Creating inclusive opportunities and livelihoods.
- Building resilient communities and enabling a sustainable energy future for all.

Through these contributions, Eskom supports national development outcomes while strengthening the social foundations required for sustainable economic growth.

Empowering communities | Investing in education and skills | Improving health and wellbeing | Promoting equality and inclusion | Driving economic participation and innovation | Building partnerships for lasting impact

Our Social Footprint *continued*

Our JET narrative reinforces that decarbonisation must be implemented in a way that supports workers, communities and local economies, while maintaining security of supply and advancing South Africa's lower-carbon future.

We are committed to transforming social investment into measurable social impact. Beyond reporting activities and outputs, we seek to demonstrate how our interventions improve lives, strengthen institutions, build capabilities and contribute to sustainable development outcomes. Through this approach, we reaffirm our accountability to being not only an energy provider, but also a responsible corporate citizen and a catalyst for social progress in South Africa.

HUMAN CAPITAL

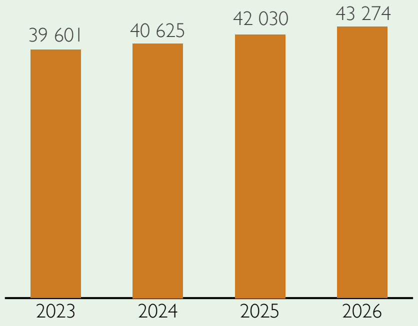
People remain central to our transformation and long-term sustainability. During the reported period, we focused on building a resilient, skilled and future-ready workforce through employee wellbeing, leadership stability, skills development, diversity and inclusion and an ethical, high-performance culture. As we advance our organisational evolution and JET, continued investment in development, reskilling and organisational effectiveness will be essential to support operational excellence, innovation and sustainable growth.

EMPLOYMENT AND BENEFITS

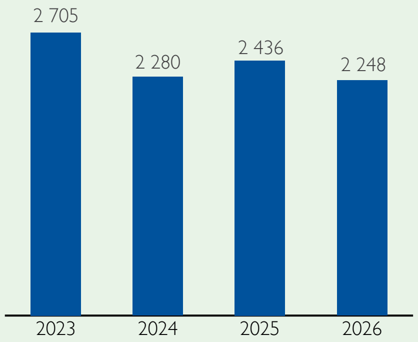
A market-related remuneration and benefits review is a strategic imperative, alongside broader employee programmes, to attract and retain critical skills, strengthen workforce stability and support long-term organisational resilience.

As at 31 March 2026, headcount increased by 1 244 employees to 43 274, strengthening operational capacity through targeted recruitment in critical areas. While attrition remains relatively stable, rising headcount reflects improved retention as the organisation expands its workforce.

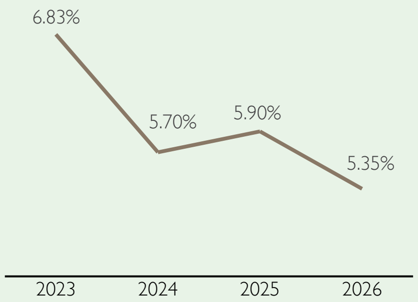
Number of employees



Exits



Attrition rate



SKILLS DEVELOPMENT AND TRAINING

Skills development is a critical enabler of our transition to a cleaner, more modern and digitally enabled energy system. As we evolve our generation portfolio and operating model, targeted investment in learning is essential to ensure that the workforce is equipped to support emerging technologies, increased system complexity and new decision-making requirements, while continuing to deliver safe and reliable operations.

R2.17
billion invested in training and skills development during FY2026

(FY2025: R1.51 billion)

11 800
Employees trained
Engineering, operations, maintenance and outage disciplines

3 713
Learners in the pipeline
Progressing through structured development programmes

196
Bursaries awarded
Funding study toward scarce and critical skills

84
Artisan trade-test support
Learners following structured trade-test readiness measures

53
Employees trained on renewable energy
Solar PV, wind, battery storage and smart grid technologies

LEARNING IN ESKOM

Our Eskom Academy of Learning (EAL) aims to facilitate the closing of the competency gaps within Eskom, through analysis of current, emerging and future competency gaps, implementation of learning strategies, offering fit for purpose learning solutions, providing learning governance in order to assist the business in sustainably delivering on its strategic objectives now and into the future.

Quality Education | **Eskom: powering the SDGs**

Through the Eskom Academy of Learning's initiatives (e.g. technical training, leadership development, renewable energy modules) we are ensuring a future-fit workforce and supporting lifelong learning. Further community initiatives, such as the life orientation textbooks which include electrical safety content that Eskom helped develop for grades 4–12 (English edition launched June 2025) and the well-established Eskom EXPO programme, contribute to community education.

Building Human Capital and Skills

Our Social Footprint *continued*

We develop leadership capability across all levels of the organisation through a suite of structured leadership development programmes. These programmes are designed to equip leaders with the mindset, skillset and practical experience required to lead effectively, drive performance and navigate organisational complexity. From newly appointed supervisors through to executives, the programmes provide targeted development interventions that strengthen leadership effectiveness, support successful role transitions and foster a consistent leadership culture across the business.

SDP
Supervisory Development Programme

Equips newly appointed supervisors with the foundational capabilities required to execute their roles effectively and transition successfully into supervisory roles.

25.5 days

over 7 weeks

MMP
Middle Management Programme

Strengthens leadership effectiveness of appointed middle managers to plan, lead, organise, monitor and control effectively.

24 days

across 6 blocks

SMP
Senior Management Programme

Enables senior leaders to lead with a strong leadership mindset, fostering direction, alignment and commitment across the organisation.

25 days

across 6 blocks

EDP
Executive Development Programme

Provides a platform for executives to develop collectively as a leadership cohort, align leadership behaviours and reinforce the organisational leadership brand in pursuit of excellence.

14 days

across 7 sessions

TPL
Transition Programme for Leaders

Supports newly appointed supervisors, managers and senior leaders in transitioning effectively into roles, building clarity, confidence and capacity.

4 days

(classroom programme)

These programmes strengthen leadership capability and confidence across all levels of the organisation, enabling leaders to navigate complexity, lead effectively and drive business performance. By supporting successful leadership transitions and continuous development, they also contribute to employee engagement, retention and the development of a sustainable leadership pipeline for the future.

DR REUEL KHOZA LEADERSHIP DEVELOPMENT CENTRE (RJ KHOZA LDC) LAUNCH

The Leadership Development Centre (LDC) was relaunched and repositioned as Eskom's central hub for leadership and executive capability development, reinforcing a strategic shift toward best-in-class, in-person leadership learning. Officially relaunched on 12 August 2025 alongside the Executive Development Programme (EDP), the centre was renamed the Dr RJ Khoza Leadership Development Centre in recognition of his leadership legacy, with the Board Chair, Board members, Exco and senior executives in attendance. The repositioning reflects a deliberate focus on closing leadership competency gaps across all levels and fostering a cohesive leadership culture through structured, immersive development experiences. This strategic investment enhances leadership capability, strengthens organisational alignment and positions Eskom to build a future-fit leadership pipeline that supports sustainable value creation.

Our Social Footprint *continued*

THE UNITED NATIONS GLOBAL COMPACT

The United Nations Global Compact (UNGC) is a voluntary initiative based on organisational CEO commitments to implement the universal sustainability principles. As a founding signatory and a member since 2000, we are committed to advancing sustainable development through innovation and leadership. In FY2026, three of our young professionals participated in the UNGC SDG Innovation Accelerator Programme, where they developed an innovative Long Duration Energy Storage solution to reduce clean energy losses. Through global collaboration, mentoring and skills development, the team's proposal was recognised among the top three in the programme, demonstrating our commitment to innovation, environmental stewardship and meaningful contribution to Sustainable Development. The UNGC hosts a sustainability training academy that offers training to all Eskom personnel as part of our participation in the initiative.

ENABLING A FUTURE-FIT ORGANISATION THROUGH AI AND MICROSOFT COPILOT

We accelerated our digital capability-building journey through the rollout of Microsoft 365 Copilot and broader artificial intelligence (AI) enablement initiatives, supporting the organisation's drive to become a high-performance, future-fit utility. Through Project NURU, Eskom's Microsoft 365 Copilot adoption initiative, the programme progressed from a 190-user pilot to an Eskom-wide AI adoption journey. By May 2026, more than 10 477 employees had been enabled, with 67.6% active usage recorded, demonstrating that AI adoption is moving beyond experimentation and becoming part of everyday productivity across the organisation.

Copilot is being introduced as an AI-enabled productivity tool across applications such as Teams, Outlook, Word, Excel and PowerPoint, helping employees summarise meetings, draft content, prepare presentations, analyse information and work more efficiently. To support responsible adoption, Eskom has completed two phases of employee training, supported by webinars, structured learning, booth awareness sessions, role-based training, planned roadshows and Microsoft certification opportunities through the Enterprise Skills Initiative. The adoption approach positions AI as an enabler of human capability, underpinned by human oversight, sound judgement, data protection and ethical use, thereby strengthening productivity and readiness for a more digitally enabled energy sector.

LEARNER PIPELINE

Our learner pipeline supports Eskom's long-term skills development and transformation objectives by creating structured pathways for young people to gain workplace exposure, technical capability and professional experience. We continued to strengthen future talent pools across critical skills areas, while supporting youth employment, inclusion and the development of capabilities required for South Africa's evolving environment. Our progressive increase in learner pipeline numbers strengthens our capacity to respond to future skills for the transition.

Building capability for a sustainable future

Artisans	Engineers	Technicians	Plant operators	Non-technical
936	967	425	537	848

3 713 total learners in the pipeline

Our Social Footprint *continued*

POWERING TOMORROW: ESKOM AWARDS 196 BURSARIES TO YOUNG TALENT SHAPING SOUTH AFRICA'S ENERGY FUTURE

During the 2026 financial year, we awarded 196 bursaries to students in critical fields that support South Africa's energy transition's future skills requirements. The programme strengthens access to higher education while building the pipeline of engineers, scientists and technical professionals needed to support a more sustainable, modern and resilient power system. The bursary programme helps develop the capabilities required for the future of the organisation and South Africa, including a cleaner energy future, new technologies and a more adaptable workforce.

Bursary awarding ceremony held at EAL – 3 February 2026

DIVERSITY, EQUITY AND INCLUSION (DEI)

We continue to advance an inclusive and representative workforce that reflects our transformation commitments and supports equal participation across the organisation. Our focus remained on strengthening gender equity, disability inclusion, youth development and access to growth opportunities. These efforts support retention, organisational cohesion and a workplace where employees are enabled to contribute meaningfully to Eskom's mandate.

5 GENDER EQUALITY

Gender Equality

Eskom: powering the SDGs

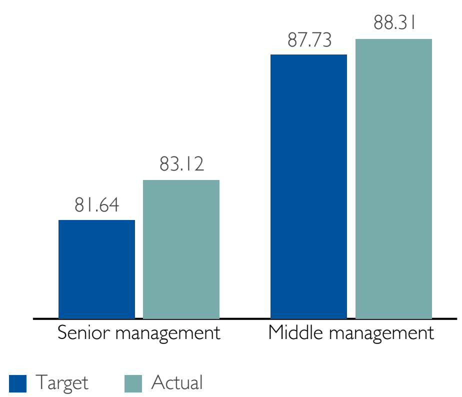
We have diversity and inclusion programmes that are driving, *inter alia*, our gender equity aspirations. However, we acknowledge that certain gaps remain (like women in some technical fields and meeting targets in senior and middle management representation), and we must accelerate efforts to meet these. We are proud of initiatives like childcare facilities, maternal health and anti-harassment policies that demonstrate a holistic approach to gender equality and well-being.

Empowering Women and Fostering Inclusive Workplaces

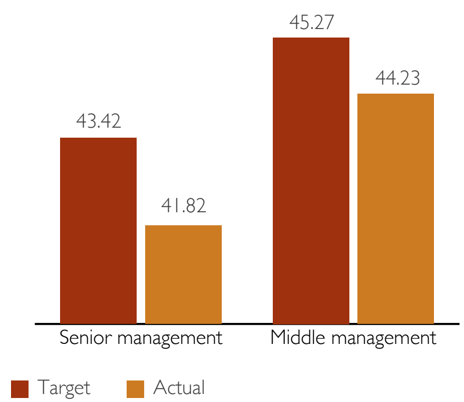
Equity and inclusive transformation in line with our Employment Equity Plan remain a priority for our business. Our racial equity profile reflects the progress made in building a workforce that is broadly representative of South Africa's demographics, demonstrating the impact of sustained transformation efforts across the organisation. While this progress is encouraging and meeting our internal targets, we continue to strengthen representation in technical, specialist and leadership roles to support a more balanced talent pipeline.

Gender equity remains an area of ongoing focus, particularly in senior management roles, occupational levels and disciplines where women remain under-represented. Through targeted development, leadership, technical and inclusion programmes, we continue to create pathways that improve access, progression and retention for women across the business.

Racial equity: Target vs Actual



Gender equity: Target vs Actual



Our Social Footprint *continued*

At the end of the financial year, 1 452 of our permanent workforce consisted of people living with disabilities, representing 3.36% of our workforce and above the national target of 3%. We support disability inclusion through our Reasonable Accommodation Standard, which helps remove physical, technological, communication and workplace barriers that may limit equal participation. This includes workplace adaptations, accessible facilities, assistive technologies, specialised equipment, flexible work arrangements, sign language interpretation, mobility and transport support where required and workplace learning support for employees, learners and Youth Employment Services (YES) participants with disabilities. These measures strengthen access to employment, training, skills development and career progression, while promoting dignity, fairness and equal opportunity across the organisation.

Through the following targeted programmes that support leadership development, further learning, youth opportunities, disability inclusion and reasonable accommodation, the organisation strives to enhance employee retention, strengthen social cohesion and advance inclusive and equitable participation.

Key Interventions

1. **Eskom Women in Power Programme**
   Empowering women through leadership development, mentorship and equitable access to growth opportunities
2. **Talent Management Programme**
   Provision of further study bursaries to female employees and Persons with Disabilities
3. **Youth Development Programmes**
   Awarding of Eskom bursaries, Learnerships, Apprenticeship, Workplace Based Learning and the Youth Employment Services (YES).
4. **Disability Management Forums**
   Promoting awareness, advocacy and support structures to ensure full participation of employees with disabilities.
5. **Provision of Reasonable Accommodation**
   Implementing tailored adjustments and resources to remove barriers and enable equal opportunities for all employees."

Eskom Women Advancement Programme (EWAP) is Eskom's enterprise-wide programme for advancing women into leadership, technical and nuclear careers while creating an inclusive workplace and promoting gender equity across the organisation. Looking ahead, we will continue to strengthen inclusive pathways that improve representation, enable equitable career progression and embed accessibility across the employee experience.

Our Social Footprint *continued*

EWAP: BUILDING WOMEN LEADERS WHO SHAPE SOUTH AFRICA'S ENERGY FUTURE

From intention to measurable transformation – EWAP to EWIP: For more than a decade, Eskom has deliberately invested in creating opportunities for women to lead across one of South Africa's most complex and traditionally male-dominated industries. What began in 2013 as the Eskom Women Advancement Programme (EWAP) has evolved into the Eskom Women in Power Programme (EWIP) – a strategic, enterprise-wide initiative designed to embed gender equality into leadership, governance and organisational culture. The results demonstrate sustained progress. Since the programme's inception, female representation across the organisation has increased, while senior management representation has also progressively increased.

In the reported year, women accounted for 44% of all external appointments and 36% of internal appointments and promotions, ensuring that deliberate women advancement is driven through recruitment and career advancement. Today, 44.25% of Eskom's managers are women, demonstrating Eskom's commitment to gender diversity and inclusion, equity and transformation and meaningful contribution to sustainable development goals, particularly SDG5.

Beyond representation, we have invested in building a sustainable leadership pipeline. Eskom's sustainable women leadership pipeline is built by identifying talent early, accelerating development, providing meaningful career opportunities and creating an inclusive culture where women can lead, innovate and shape the future of the organisation. Succession planning is a strategic priority to ensure future generations of female leaders are equipped to lead the organisation through the energy transition. By investing in women as leaders, mentors and decision-makers, Eskom is strengthening organisational capability while creating a workplace where talent, not gender, defines opportunity.

EWIP IMPACT PATHWAY

From intention to measurable transformation

EWIP creates value by linking intention to measurable organisational change

Targeted DEI Intervention

- Strategic commitment to gender equality
- Inclusive policies and enablers
- Targeted programmes (eg EWIP)
- Accountability and governance

→

Access to development and mentoring

- Leadership development programmes
- Mentoring and coaching
- Skill building and stretch assignments
- Sponsorship and networking

→

Increased appointments and promotions

- More women in the talent pipeline
- Increased internal mobility
- Higher rates of external appointments
- Equitable access to career opportunities

→

Stronger female leadership representation

- Growth in women in leadership
- Balanced representation across levels
- Stronger governance diversity
- Visible role models and mentors

→

More inclusive decision-making and a sustainable leadership pipeline

- Broader perspectives and better decisions
- Organisational capability and innovation
- Sustainable pipeline of women leaders
- Future-ready organisation

BEYOND NUMBERS: CULTURE, CAPABILITY AND LONG-TERM VALUE

Women visible as leaders

Increasing visibility of women leading at all levels.

Women as mentors

Building and empowering mentors who inspire and uplift others.

Women as decision-makers

Strengthening women's influence in shaping strategy and outcomes

Stronger organisational capability

Better leadership diversity, collaboration and agility to execute strategy.

Employee retention and engagement

A more inclusive workplace that attracts, develops and retains talent.

★ EWIP is driving inclusive leadership and building a sustainable pipeline of women leaders who will shape South Africa's energy future.

Our Social Footprint *continued*

HEALTH AND WELLNESS

3 GOOD HEALTH AND WELL-BEING

Good Health and Wellbeing

Eskom: powering the SDGs

Our commitment to 'Zero Harm' and improving safety performance is evidenced by a decline in lost-time injuries. Also, our 'See – Act – Immediately' and safety training events like the annual OHS conference contribute to ingraining a culture of safety. However, our fatalities have been unacceptable and this will remain a key priority for our future performance.

Ensuring workforce and public health and safety through robust OHS

Occupational health and wellness are essential to workforce resilience, safety and sustainable performance. A healthy and supported workforce contributes to improved morale, engagement, productivity and operational discipline, while strengthening our ability to deliver on our mandate in a demanding and evolving operating environment. Through preventative healthcare, risk-based medical surveillance, wellness programmes and targeted interventions, we strengthen workforce resilience, promote inclusion and enable employees to perform safely and sustainably. This integrated approach reinforces inclusion, long-term wellbeing and our ability to nurture a resilient workforce capable of supporting sustainable value creation.

We implement targeted health and wellness interventions tailored to our operating environment and employee needs to support a healthy, safe and productive workforce.

Intervention	FY2026 results	
Occupational health services	47	Occupational health clinics across Eskom
Medical surveillance and fitness for duty	94%	Fitness-for-duty compliance 21 cases investigated
Lifestyle disease management	32	Ill-health retirements Reduced from 41
Disability inclusion and accommodation	1 452	Employees with disabilities +150 year-on-year
Fatigue risk management	28 296	Employees and contractors reached
Mental health and employee wellness	Priority one risk	Mental health framework implemented

Our Social Footprint *continued*

MANAGING OCCUPATIONAL HEALTH RISKS

Our occupational health programme focuses on four material risks that may affect employee health, safety, wellbeing and organisational performance. These risks are managed through surveillance programmes, targeted interventions and preventative controls.

MANAGING MENTAL HEALTH

Mental health emerged as a significant occupational health risk during the year. We saw an increase in mental health challenges amongst employees with a record 13 479 of our workforce accessing psychosocial support and counselling services. Of these employees, 77.1% reported distress linked to stress and burnout, furthermore, 36% specifically attributed their mental health challenges to workplace-related stressors.

In response, we designated mental health as a Priority 1 Risk due to its potential impact on employee wellbeing, safety, productivity, absenteeism, ill-health retirements and organisational sustainability. To address this risk, we implemented an integrated Mental Health Framework supported by a comprehensive mental health strategy focused on awareness, prevention, early intervention and employee support. The framework is aligned with legislative requirements, ESG commitments, Diversity, Equity, Inclusion and Belonging (DEIB) priorities and Eskom's health and wellness strategy.

Noise-induced hearing loss (NIHL)

Prolonged exposure to noise can lead to permanent hearing impairment.

How we manage

- Noise exposure risk assessments
- Medical surveillance
- Audiometric screening
- Hearing conservation programme
- Engineering and administrative controls

FY2026 OUTCOME

1 275 NIHL cases identified and investigated.

Ergonomic conditions

Poor workstation design and repetitive tasks can cause musculoskeletal strain.

How we manage

- Ergonomic risk assessments
- Workstation design standards
- Manual handling training
- Task rotation and job design
- Early reporting of symptoms

FY2026 OUTCOME

Ergonomic assessments completed across office and operational sites.

Fatigue

Fatigue affects alertness, decision-making and safety performance.

How we manage

- Fatigue risk management
- Shift and roster design
- Rest and recovery facilities
- Awareness and education
- Incident-based fatigue reviews

FY2026 OUTCOME

Fatigue management standard rolled out at key operational sites.

Mental health

Workplace pressures can affect psychological wellbeing and performance.

How we manage

- Employee assistance programme
- Counselling and support services
- Mental health awareness campaigns
- Manager training and referral
- Confidential reporting channels

FY2026 OUTCOME

Increased uptake of employee wellness and counselling support.

PREVENTATIVE HEALTH MANAGEMENT

Monitoring • Prevention • Early intervention • Support • Continuous improvement

HEALTHY, SAFE AND PRODUCTIVE WORKFORCE

Better wellbeing • Improved safety • Higher productivity • Sustainable performance

Our approach

Risk-based

We identify, assess and prioritise occupational health risks.

People-centred

We support the physical and mental wellbeing of every employee.

Compliance and prevention

We meet legal requirements and apply controls that prevent harm.

Data-driven

We monitor, measure and improve performance using health data.

Our Social Footprint *continued*

Our Mental Health Framework is supported by a suite of wellness programmes; it promotes employee wellbeing, resilience, engagement and psychological safety. It is implemented through targeted wellness interventions, strategic partnerships, continuous monitoring and data-informed decision-making. The framework is guided by the principles of respect, privacy, empathy and confidentiality, contributing to an inclusive, supportive and high-performing workplace.

1 Education and awareness
Promote mental health literacy, reduce stigma and encourage help-seeking through campaigns, workshops, health talks and communication initiatives.

2 Care and support
Provide accessible and confidential support through counselling, Employee Assistance Programme (EAP), psychosocial support and referral pathways.

3 Early identification and intervention
Identify mental health risks early through screening, monitoring and timely intervention to prevent escalation and support recovery.

4 Leadership and culture
Build a psychologically safe and inclusive culture where leaders are equipped and empowered to support employee wellbeing and open conversations.

5 Monitoring and continuous improvement
Use data, technology and strategic partnerships to monitor, evaluate and continuously enhance mental health programmes and outcomes.

Supporting programmes

- Employee Assistance Programme (EAP)
- Counselling and psychosocial support
- Stress and burnout management
- Fatigue management interventions
- Mental health awareness campaigns
- Resilience and psychological safety initiatives

28 296
Employees and contractors reached through fatigue management programmes

Expected outcomes

- Improved employee wellbeing and resilience
- Enhanced psychological safety culture
- Reduced stress, burnout and fatigue-related risks
- Increased awareness and early help-seeking behaviour
- Improved productivity and engagement
- Stronger organisational resilience

Impact

- Healthy minds
- Safe workplaces
- Sustainable performance

Our Social Footprint *continued*

Our broader health and wellness programme adopts a holistic approach to employee wellbeing, encompassing physical, intellectual, mental, social, occupational, spiritual and environmental wellbeing. Programme effectiveness is continuously monitored and enhanced through employee feedback, data analytics and emerging technologies including Artificial Intelligence (AI) tools. The targeted key outcomes of our health and wellness programme include:

- Improved employee wellbeing and resilience
- Enhanced psychological safety
- Increased awareness and early intervention
- Reduced health and wellbeing risks
- Improved productivity and engagement
- Stronger workforce resilience
- Sustainable organisational performance

OCCUPATIONAL HEALTH AND SAFETY

Our commitment to sustainability begins with protecting life. Through the See-Act-Immediately approach, we empower employees, contractors and leaders to identify hazards early, take proactive action and prevent harm before it occurs. This initiative is embedding health and safety as a lived culture of care, accountability and prevention, extending beyond the workplace into homes and communities where individuals continue to recognise risks, speak up and act responsibly to protect others.

At the heart of our sustainability journey is a commitment to people and the Zero Harm value. By promoting shared vigilance and a preventative, risk-informed approach, we protect employees, contractors, service providers, communities and the public. In doing so, we strengthen trust and support the safe, reliable and responsible delivery of electricity while contributing to a safer future for all.

OCCUPATIONAL HYGIENE AND EMPLOYEE WELLBEING

Occupational hygiene plays a key role in protecting worker health by identifying, assessing and controlling exposure to workplace hazards.

Through exposure monitoring, risk assessment, medical surveillance, training and assurance processes, Eskom supports healthier, safer and more productive workplaces while strengthening the prevention of occupational illness and the credibility of sustainability reporting.

Eskom is also advancing psychosocial safety by promoting workplaces where employees feel respected, supported and able to raise concerns without fear. By addressing psychological, emotional and social wellbeing alongside physical safety, we broaden the Zero Harm value and foster a culture of care, inclusion and resilience that enables people to work safely and contribute fully.

Occupational health and safety remains Eskom's highest priority. Although safety performance has improved, fatalities and serious incidents remain unacceptable. Through our Zero Harm commitment, we are strengthening contractor management, leadership accountability, preventative controls, and public safety initiatives to eliminate harm and ensure the safety of our employees, contractors, and communities.

PUBLIC SAFETY AND SHARED SOCIAL RESPONSIBILITY

Our public safety work extends the impact of OHS beyond the workplace and into the communities served by the organisation. Through education, awareness campaigns, stakeholder engagement and targeted interventions, the Public Safety Programme helps prevent electricity-related injuries and fatalities while encouraging responsible electricity use and protection of public infrastructure. This programme reflects a broader sustainability principle: the organisation's responsibility does not end at the boundary of its operations. By addressing risks that affect employees, contractors, customers and communities, we reinforce trust, support social resilience and demonstrate the practical meaning of responsible energy delivery.

CONTINUOUS IMPROVEMENT AND FUTURE READINESS

Eskom is strengthening the maturity of its OHS ecosystem through ISO 45001-aligned management systems, technical governance, legal compliance, document management and digital transformation. Initiatives such as the digitalisation of OHS HIRA reporting, development of SHE legal register modules and strengthening of risk assessment platforms improve consistency, accessibility and oversight. These improvements support a more integrated view of health, safety, environmental and operational risk, helping Eskom anticipate emerging hazards, improve assurance maturity and demonstrate sustained progress. The next horizon is to deepen leading indicators, strengthen worker and contractor participation, improve the quality of corrective action closure and translate data into predictive insight that supports prevention before harm occurs.

LOST TIME INJURY RATE – LTIR

We achieved an employee Lost Time Injury Rate (LTIR) of 0.18 in FY2026, reflecting an improvement on both the prior year performance of 0.23 and the organisation's tolerance level. This performance demonstrates the effectiveness of our proactive occupational health and safety governance and risk management approach, supported by enterprise-wide knowledge sharing, ongoing engagement with OHS professionals, structured OHS forums and leadership-led culture transformation initiatives such as the See–Act–Immediately programme. Continued implementation of these measures, together with the systematic integration of lessons learned across the Group, is expected to sustain positive safety performance and reinforce our commitment to a Zero Harm culture.

Our Social Footprint *continued*

ORGANISATIONAL EFFECTIVENESS

We are progressing through a fundamental transformation aligned to our corporate strategy, JET, unbundling programme and operational turnaround priorities. As the organisation evolves, to meet South Africa's future energy needs, our organisational culture must be a key enabler of this shift.

People prioritisation

Improved business results, reflecting a culture of performance fuelled by proud and passionate employees who are multi-skilled, agile, highly engaged and deeply connected to the business and one another, thus enabling Eskom to thrive and lead in an evolving world of work and energy industry.

Operational excellence

Successful execution of Eskom's strategy, commitment to quality, continuous business improvement, visible felt leadership and all-round process excellence, all while reliably servicing South Africa's energy needs.

Financial prudency

Eskom on the path towards becoming financially secure through achieving revenue certainty, cost optimization and efficiency while strengthening the balance sheet through liquidity initiatives and securing greener energy funding solutions/investment.

Customer centricity

A transformed organisational public image driven by Eskom's deliberate efforts to empower and enable employees such that strong customer relations and service delivery (quality, efficiency and professionalism) is consistently maintained.

Accountability

Courageous, committed and empowered employees who see themselves as business owners of Eskom and act, accordingly, demonstrating high levels of ownership, an internal locus of control and a willingness to change behaviour and adapt as required.

Values driven (ZIISCE)

Aligned and engaged Guardians, who make a deliberate effort to consciously embody and demonstrate Eskom's organisational values in the execution of duties, their behaviours, attitudes and overall work ethos.

Our Social Footprint *continued*

EMPLOYER OF CHOICE

We were recognised as a Top Employer South Africa 2026 by the Top Employers Institute for the second consecutive year, reinforcing our position as an employer of choice within the energy sector and broader South African economy.

This international certification recognises organisations that demonstrate excellence in people practices, employee wellbeing, talent development, diversity and inclusion, leadership development and workplace culture. This global recognition reflects ongoing investment in creating an environment where employees can develop professionally, contribute meaningfully and build sustainable careers while supporting the nation's electricity future.

The certification also provides independent validation of commitment to fostering an inclusive, values-driven and high-performing workplace aligned with our strategic transformation journey.

We recognise that our employees are core to Eskom's recovery, transformation and long-term sustainability. We promote morale, engagement and productivity through recognition, competitive rewards, career development and a people-centred culture. Salary increases, performance incentives and a multi-year wage agreement help provide stability, strengthen accountability and reward employee contributions to Eskom's turnaround. We also continue our self-funded short-term incentive scheme and production bonuses to recognise exceptional performance and reinforce the link between achievement and productivity. Our second consecutive Top Employer certification reflects our commitment to employee wellbeing and a positive employee experience.

Key ways we recognise employees and encourage morale and productivity include:

- Performance-based short-term incentives and production bonuses that reward excellence.
- A three-year wage agreement that provides labour stability and confidence.
- Investment in leadership development, bursaries, training and reskilling programmes.
- Career development through the Eskom Academy of Learning, Renewables Academy and Nuclear School.
- Recognition through Top Employer certification and a strong employee value proposition.
- A culture built on accountability, operational excellence and values-driven leadership.
- Employee wellbeing, mental health support and a commitment to Zero Harm.

Through these initiatives, we strive to ensure employees feel valued, recognised and empowered to perform at their best.

Our Social Footprint *continued*

OUR SINOBUNTU IN ACTION

Our value of Sinobuntu refers to demonstrating Eskom's ideals through ubuntu-based leadership and behaviour – putting people, communities and relationships at the centre of how our organisation operates. Sinobuntu (meaning "we are because of others") reflects the principle that our success is interconnected with our employees, customers, communities and stakeholders. "Sinobuntu in action" means living the belief that Eskom's future depends on the strength of our relationships – with our people, our communities, our stakeholders and the environment. It is about leading with care, accountability and a shared commitment to creating sustainable value for South Africa. This value links strongly with our JET, because a successful transition requires not only technology and infrastructure, but also trust, empathy and partnerships with people.

SINOBUNTU IN ACTION

Our people. Our values. Our power to make a difference

WE CARE FOR EACH OTHER

We value our people and each other, offering support, kindness and respect to every colleague, every day.

WE UPLIFT OUR COMMUNITIES

We invest in skills, enterprise development and local jobs so that the communities around us grow with us.

WE ACT WITH INTEGRITY

We do what is right, even when no one is watching. We are honest, accountable and trustworthy.

WE SERVE OUR CUSTOMERS

We listen, respond and act with empathy and pride, putting our customers at the heart of everything we do.

WE WORK AS ONE TEAM

We collaborate across boundaries, respect diverse perspectives and deliver more together.

WE DRIVE EXCELLENCE

We take ownership, learn and improve continuously to power a brighter future for South Africa.

OUR VALUES – ZIISCE

ZERO HARM
Safety first, every time.

INTEGRITY
We do what is right.

INNOVATION
We think differently and create solutions.

SINOBUNTU
We care, respect and support.

CUSTOMER SATISFACTION
We put our customers first, every time.

EXCELLENCE
We deliver our best.

Sinobuntu is more than a value – It is our way of living, working and leading. Together, we power a better tomorrow.

Our Social Footprint *continued*

SOCIO-ECONOMIC DEVELOPMENT AND TRANSFORMATION

Our contribution to South Africa extends beyond the provision of electricity. As a strategic state-owned enterprise with a developmental mandate, we create shared value by advancing transformation, supporting local enterprise growth, strengthening communities and contributing to national development priorities. Socio-economic development is embedded in our sustainability strategy, social licence to operate and JET journey.

As South Africa transitions to a lower-carbon economy, we are focused on ensuring that economic growth, social development and environmental sustainability are advanced together. Our approach seeks to create opportunities, develop skills, support livelihoods and strengthen local economies, enabling a people-centred and inclusive Just Energy Transition.

To drive this agenda, we have implemented the Socio-Economic and Transformation Plan (SETP), which integrates socio-economic development, transformation and JET objectives into our operations, investments and value chain. Aligned with the National Development Plan (NDP), SDGs and our ESG commitments, the SETP provides a framework for delivering measurable social and economic outcomes.

The SETP is built on five interconnected focus areas: Universal Energy Access and Energy Security; Corporate Social Responsibility and Community Development; Human Capital Development, Skills and Education; Just Energy Transition and Economic Inclusion; and Supplier Development, Localisation and Industrialisation. Together, these focus areas support community upliftment, enterprise growth, job creation and inclusive economic transformation, demonstrating how Eskom creates sustainable value for society and the economy.

Expand Universal Energy Access and Energy Security

1. Expand electrification to underserved and rural communities
2. Provide fair electricity prices that support low-income families and cost of doing business in South Africa
3. Deploy microgrid and off-grid solutions where grid expansion is not feasible

Drive Corporate Social Responsibility

1. Strengthen social licence to operate more efficiently
2. Improve Organisational Reputation & Stakeholder Confidence
3. Grow Talent and Improve Skills Deficit

Develop Human Capital Skills and Education

1. Invest in education, training, and leadership development
2. Promote employment equity and gender inclusion
3. Support youth development and technical skills aligned with the energy sector

Advance the Just Energy Transition

1. Repurpose coal-fired power stations (e.g. Komati)
2. Create alternative livelihoods for affected workers and communities
3. Promote skills development, reskilling, and local enterprise development

Promote Supplier Development, Localisation and Industrialisation

1. Increase local content and procurement from South African-based suppliers
2. Support industrialisation through technology transfer and local manufacturing
3. Incubate and mentor small and emerging suppliers, especially those owned by youth, women and designated groups

OUR COMMITMENT

Eskom is committed to unlocking potential, creating shared value and driving inclusive economic transformation through sustainable energy, empowered people and strong partnerships.

People | Education and skills | Enterprise development | Supplier development | Jobs and livelihoods | Inclusive economic growth

Our Social Footprint *continued*

We focus on the social outcomes created through socio-economic development programmes, community partnerships, social investment initiatives and stakeholder engagement. These interventions strengthen community resilience, improve livelihoods and contribute to sustainable local development.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Our CSR Strategy positions social investment as a strategic enabler of sustainable growth, moving beyond traditional philanthropy towards a shared value approach that delivers measurable benefits for communities, Eskom and the broader South African economy. The strategy integrates and ring-fences CSR investments to support Eskom's strategic priorities, infrastructure rollout programmes and the JET, while strengthening our social licence to operate through targeted, outcome-driven interventions.

With a national footprint spanning all provinces, our investments are directed towards education and skills development, enterprise and supplier development, community wellbeing, energy access and sustainability initiatives. The programme aligns with the NDP, SDGs and Eskom's socio-economic transformation objectives, ensuring that social investment contributes to both national development priorities and local community needs.

OUR CSR STRATEGY

POWERING COMMUNITIES. ENABLING POTENTIAL. CREATING SHARED VALUE.

Creating shared value through strategic investments that strengthen communities, support economic growth, expand clean energy access and build stakeholder trust.

1.51M Beneficiaries impacted

R153.25M CSI committed spend

950 SMMEs developed

R27.3M Invested in clean energy initiatives

VALUE PROPOSITION	STRATEGIC FOCUS AREAS	ENABLERS	EXPECTED OUTCOMES
People-centred impact	Education & Skills	Governance & Oversight	Stronger Communities
Inclusive economic growth	Enterprise & SMME Development	Sustainable Funding	Inclusive Growth
Sustainable future	Energy Access & Sustainability	People & Capabilities	Clean Energy Access
Social licence to operate	Community Wellbeing	Data & Impact Management	Stakeholder Confidence
Measurable ESG value	Infrastructure Development	Partnerships & Engagement	Measurable ESG Impact

Together, we are powering sustainable communities and enabling a better future for South Africa.

Integrity | Innovation | Sinobuntu | Customer Satisfaction

Our Social Footprint *continued*

We implement community socio-economic investment initiatives focused on delivering sustainable and measurable social outcomes in the communities where we operate throughout the country.

CSI COMMITTED SPEND CATEGORIES (millions)

Agriculture	R0.05
Environment	R0.72
ECD	R0.97
Radio Stations	R1.41
Health	R5.70
Welfare	R23.13
Clean Energy Infrastructure	R27.32
Enterprise and Supplier Development	R9.72
Education	R42.17
STEMI	R42.06
TOTAL CSI COMMITTED	**R153.25m**

During the financial year, 74 approved projects delivered a total committed CSI investment of R153.25 million, reaching more than 1.51 million beneficiaries and supporting 950 SMMEs across South Africa. Investments included R27.3 million directed towards clean energy infrastructure projects, the implementation of STEMI support programmes across all provinces, enterprise development initiatives, community outreach programmes and national skills development interventions.

Our impact extends beyond funding projects. Through strategic partnerships and targeted interventions, we contribute to improved educational outcomes, enhanced energy access, local economic participation, enterprise growth, job creation and community resilience. By linking social investment to measurable outcomes, we create lasting value that supports inclusive growth, strengthens stakeholder trust and contributes to a more equitable and sustainable future for South Africa.

1 NO POVERTY **No Poverty**

Eskom: powering the SDGs

Our unwavering focus on the transition to uninterrupted power supply bolsters local economies, protects jobs and enables schools, clinics and small enterprises to operate smoothly, thereby contributing to SDG 1. In addition, our efforts in community electrification and the CSR outreach and support initiatives under the Eskom Development Foundation and Divisions have contributed to low-income communities.

Supporting poverty alleviation through reliable energy access

Ten science, technology, engineering, mathematics and innovation (STEMI) school support programmes were achieved and successfully implemented across all provinces. This initiative reflects our focus on deploying CSR resources in a manner that supports both immediate developmental needs and longer-term sustainability outcomes.

The Eskom Expo for Young Scientists supports STEMI development by enabling learners to apply scientific thinking, research and innovation to real-life challenges. In FY2026, the International Science Fair brought together 319 learners from South Africa, Lesotho, Namibia, Zimbabwe, Ireland, India and Russia at Emperors Palace in Kempton Park, where they showcased projects, engaged with peers and experts and participated in science-focused experiences at the Sci-Bono Discovery Centre and the Wits Anglo American Digital Dome.

Through our support for the Expo, we contribute to the development of future scientists, innovators and engineers, with a focus on widening access to opportunities for learners from previously disadvantaged backgrounds. The programme strengthens confidence, networks and career pathways through exposure, awards and bursary opportunities, helping to build a more inclusive skills pipeline for South Africa.

Our Social Footprint *continued*

This included a total investment of R27.3 million directed towards clean energy infrastructure initiatives by ESDEF and Eskom divisions, in support of ESDEF's "Light Up SA" (solar-powered mini-grids) objective. This investment supports improved energy access and enhanced reliability in critical, strategic and community areas.

ROOFTOP SOLAR SYSTEMS STRENGTHEN LEARNING RESILIENCE IN ORANGE FARM SCHOOLS

We installed rooftop solar systems at five schools in Orange Farm, Gauteng, to support uninterrupted teaching and learning in a community affected by electricity infrastructure theft, vandalism and related supply interruptions. The initiative was made possible through funding from the Eskom Development Foundation (ESDEF), enabling schools to access more reliable and sustainable power while reducing the impact of electricity disruptions on learners and educators.

Each beneficiary school received a rooftop solar installation comprising 2 × 15kW inverters, 12 × 60kWh batteries and 40 × 620W solar panels. The schools included: Radipabi Primary School, Aha-Thuto Secondary School, Laus Deo Primary School, Moyisela Primary School and Mphethi Mahalatshi Secondary School. The rooftop solar systems are intended to help schools remain operational during supply interruptions, ensuring that teaching and learning can continue with fewer disruptions. In addition to improving electricity reliability, the systems are expected to reduce electricity costs for the schools. These savings can be redirected towards educational resources, maintenance and other essential school needs, further strengthening the teaching and learning environment.

The initiative reflects our commitment to supporting communities, investing in learners and enabling sustainable solutions that contribute to brighter futures across South Africa.

Our work in communities reflects a deliberate effort to create lasting value where we operate. By aligning social investment with broader sustainability priorities, we are strengthening trust, supporting inclusive development and contributing to resilient communities that can participate meaningfully in South Africa's socio-economic progress.

Our Social Footprint *continued*

SOCIAL INITIATIVES IN REPOWERING AND REPURPOSING (R&R)

We are repowering and repurposing selected coal-fired power station sites to combine cleaner energy opportunities with socio-economic development. This work supports local economic diversification while stations remain operational, using existing grid capacity, technical skills and renewable energy potential to create new opportunities for workers, communities and local enterprises.

2 ZERO HUNGER **Zero Hunger**

Eskom: powering the SDGs

Our transition to cleaner energy includes repurposing decommissioned coal infrastructure for community-beneficial projects such as climate-smart agriculture. For instance, at Grootvlei Power Station, the company is constructing a half-hectare horticulture and greenhouse facility to support local food production. In this way, we are creating new employment opportunities as we transition.

Promoting sustainable agriculture and food security through innovative projects

We apply lessons from Komati to improve the way transition projects are planned and implemented. These lessons reinforced the need for early engagement, clear communication, climate literacy and broader economic diversification, rather than narrow project design. They also informed our approach to repowering and repurposing, where transition planning can continue while power stations remain operational.

GROOTVLEI CLIMATE SMART HORTICULTURE CENTRE

The Grootvlei Climate Smart Horticulture Centre supports economic diversification around Grootvlei Power Station through sustainable agriculture, skills development and local employment. The centre was established in partnership with government and local stakeholders and was launched in January 2026. In its first phase, 73 direct construction jobs were created and 30 permanent staff were employed, with most personnel sourced from the local community.

The proof of concept lays the foundation for commercial climate-smart agriculture, improved farming resilience and stronger local value chains. Expansion plans include additional greenhouses, tunnels and shade nets, as well as a multipurpose training facility and a 15ha agriculture commercial hub planned for 2027/2028.

Mid November 2025

Mid November 2025

Mid April 2025

Our Social Footprint *continued*

SKILLS DEVELOPMENT AND TRANSITION READINESS

Skills development remained a practical mechanism to support a fairer transition. At Komati, the refurbished training centre has supported training for 303 employees and 527 community members as at April 2026, with a further 116 participants enrolled. Training programmes include cyber security, agripreneur development, renewable energy and solar PV installation, arc welding and coded welding.

The Komati welding training facility has begun preparing staff, contractors and community members to support existing operations and future clean energy opportunities. At Grootvlei, the high-tech climate-smart horticulture facility has enabled the start of training for two cohorts of 15 participants each. For Hendrina, the training facility is being revamped to support future classroom-based and practical programmes. Planned facilities include classrooms, a computer room, a mechanical workshop and an electrical workshop, with programmes designed to combine theory, practical work and participant certification. The process is currently in procurement, including the sourcing of required machinery.

Reduced Inequality | **Eskom: powering the SDGs**

By FY2026 year-end, 94.58% of total measured procurement spend was directed to B-BBEE-compliant suppliers, exceeding the preferential procurement target and continuing to support inclusive participation by Black-owned, Black women-owned and youth-owned enterprises. Our transformation profile also showed continued progress, with women representing 38% of the workforce and persons with disabilities 3.36%, while employment equity targets were achieved across most occupational levels and Eskom maintained its Level 3 B-BBEE status.

Inclusive Growth and Transformation

SUPPLIER DEVELOPMENT, LOCALISATION AND INDUSTRIALISATION

Our Enterprise Development focuses on growing sustainable small, medium and micro enterprises (SMMEs), supporting black-owned enterprises and promoting inclusive participation in the energy sector and broader economy.

POWERING MORE THAN ELECTRICITY – OUR COMMITMENT TO INCLUSIVE ECONOMIC GROWTH

As South Africa continues its transition toward a more inclusive and sustainable economy, our Supplier Development, Localisation and Industrialisation (SDL&I) programme is emerging as a strategic enabler of transformation, job creation and economic participation.

Beyond the mandate of keeping the lights on, we are deliberately leveraging our procurement power to create opportunities for Black Youth-Owned (BYO), Black Women-Owned (BWO) and Black-Owned Enterprises, ensuring that historically disadvantaged groups participate meaningfully in strategic sectors of the economy.

During FY2026, we demonstrated measurable progress against Shareholder Compact commitments and national transformation objectives, achieving strong performance across preferential procurement, localisation, supplier development and enterprise support. We use procurement as a tool that enables us to transform the economy.

Our Social Footprint *continued*

Transformation, localisation and industrialisation performance – YTD March 2026

KPI	Unit	Target	YTD Mar 2026	Status
Preferential procurement (B-BBEE spend)	%	80	94.58	Exceeded ✓
Local content contracted (Eskom-wide)	%	80	83.93	Exceeded ✓
Youth-owned supplier participation	%	2	6.01	Exceeded ✓
Local content (designated)	%	80	100	Exceeded ✓
B-BBEE score level	Level	4	Level 3	Exceeded ✓
NIPP (National Industrial Participation)	%	100	100	Achieved ✓
Enterprise development (ED)	Rm	5	10.52	Exceeded ✓
Supplier development (SD)	Rbn	6	7.66	Exceeded ✓

Our procurement strategy continues to demonstrate that transformation and operational sustainability can coexist. In the reported year, we exceeded our preferential procurement target by achieving 94.58% against an 80% target, reflecting a procurement approach heavily weighted toward B-BBEE-compliant suppliers. Particularly encouraging is the accelerated participation of Black Youth-Owned enterprises, where we achieved 6.01% against a 2% target, effectively doubling our commitment and reinforcing deliberate focus on youth economic inclusion. This progress signals a strategic shift from participation to empowerment, ensuring that emerging enterprises are not merely included in the value chain but are positioned to grow into sustainable businesses capable of competing in strategic industries.

Importantly, we continue to strengthen participation among BWO businesses, emerging enterprises and designated groups, ensuring procurement contributes directly to broader socio-economic transformation.

STRENGTHENING LOCALISATION AND DOMESTIC INDUSTRIAL GROWTH

Our commitment to localisation remains a key pillar of South Africa's industrialisation agenda. We achieved 83.93% local content spend, exceeding the target by 3.93%, demonstrating strong support for domestic manufacturers, suppliers and local supply chains. Notably, 100% compliance was achieved in designated product categories, reinforcing commitment to stimulating local industrial participation and reducing dependence on imported products. This localisation strategy contributes directly to industrial expansion, domestic supplier competitiveness and job creation, while supporting national objectives under the JET framework. As South Africa transitions its energy mix, localisation becomes increasingly critical to ensuring that the transition is not only environmentally sustainable, but economically inclusive, creating opportunities for local manufacturers, emerging suppliers and communities affected by structural shifts in the energy sector.

ENTERPRISE DEVELOPMENT – BUILDING FUTURE INDUSTRIAL CHAMPIONS

Our Enterprise Development (ED) programme continues to reshape economic participation by strengthening the competitiveness and sustainability of small businesses, enabling their inclusive participation within our value chain. Aligned with the National Development Plan (NDP) and the Broad-Based Black Economic Empowerment Act (B-BBEE) and its Codes of Good Practice, our ED framework is designed to support SMMEs which are Black-owned, Black women-owned and Black youth-owned Enterprises through targeted financial and non-financial interventions.

Our ED contribution was R10.52 million, exceeded the R5 million ED target, demonstrating commitment to enterprise growth and supplier diversification. Collectively, these interventions supported over 667 SMMEs, reinforcing inclusive growth and sustainable local economic participation.

Our Social Footprint *continued*

8 DECENT WORK AND ECONOMIC GROWTH

Decent Work and Economic Growth

Eskom: powering the SDGs

In FY2025, Eskom recorded a profit before tax of R23.9 billion, its first annual profit in eight years. This milestone was attributed to improved operational and cost discipline and is reflected in the FY2026 operational turnaround in the reduction of load shedding. This performance has a tangible effect on contributing to the stability of business and, thereby, national economic growth. On the ground, our procurement spend on Black-owned and small businesses directly injects revenue into the local economy and supports local jobs.

Financial turnaround and job stability fostering national economic growth

One of the Enterprise Development supplier workshop interventions conducted by SDL&I was held in Kuruman, Northern Cape on 31 March 2026. The workshops organised by Eskom provided training and support to SMMEs, with a strong focus on critical business processes. These interventions have equipped beneficiaries with essential knowledge, enabling them to formally participate in procurement opportunities.

The training on updating the Central Supplier Database (CSD) was aimed at improving compliance and ensuring that businesses are visible to Eskom corporate buyers, government departments and the private sector. As a result of these interventions, Selmot Projects (Pty) Ltd from Bodibe Village in the Northwest received an opportunity to subcontract under the Smart Meter Replacement contractor. The scope of work involved the replacement of 500 smart meters over a one-month period.

SUPPLIER DEVELOPMENT: ACCELERATING PARTICIPATION IN STRATEGIC INFRASTRUCTURE

Our Supplier Development (SD) programme continues to play a transformative role in integrating emerging suppliers into strategic infrastructure programmes and core operations. In FY2026, we exceeded the R6 billion Supplier Development target, achieving a substantial R7.66 billion contribution. This performance was largely driven by subcontracting opportunities prioritising small and medium Black-owned enterprises, significantly expanding participation within our supply chain.

High-impact execution by Generation and NTCSA contributed meaningfully to this achievement, particularly through infrastructure expansion initiatives under the TDP. The TDP remains one of our most strategic programmes, enabling transmission infrastructure expansion necessary to support energy security, renewable energy integration and long-term grid resilience.

Importantly, our supplier development strategy ensures that BYO and BWO enterprises are not left on the margins of infrastructure investment but are integrated into high-value opportunities through subcontracting, localisation, skills transfer and supplier partnerships.

This creates a multiplier effect across the economy, enabling suppliers to expand capabilities, formalise operations, improve compliance and access sustainable revenue streams.

SUPPORTING THE TRANSITION THROUGH INCLUSION

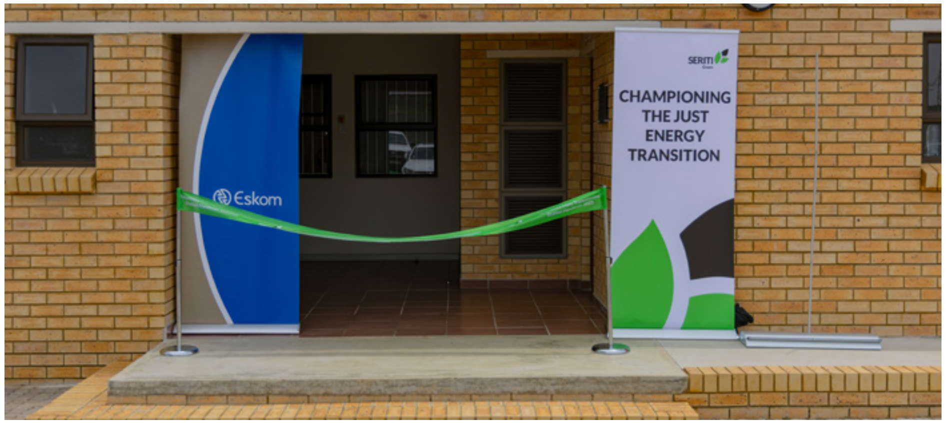
We recognise that the JET must be more than an energy transition, it must also be a jobs and economic transition. Through SDL&I, we are ensuring that communities, suppliers and designated groups benefit meaningfully from economic opportunities linked to South Africa's evolving energy landscape.

By strengthening local enterprise participation, promoting industrialisation and supporting supplier diversification, we are helping to create a transition that is inclusive, equitable and economically empowering.

The integration of youth-owned and women-owned businesses into strategic sectors not only broadens economic participation but contributes toward building future industrial capacity and economic resilience.

Our Social Footprint *continued*

Our coal strategy focuses on reducing coal costs and improving coal contract management. Until 2050, our power plants will need from 750 million tons to 850 million tons of coal depending on the demand for electricity. This demand is expected to create economic opportunities in the regions where we operate and contribute to local economic development. Generation is securing long-term coal contracts through station-specific tenders for the rest of the fleet to reduce price path fluctuations and increase price certainty. Supply contracts have been awarded following requests for proposals (RFPs) issued to the market for the Arnot, Camden, Kriel, Matla and Tutuka power stations.



SERITI–ESKOM PARTNERSHIP STRENGTHENS GRID CAPACITY FOR RENEWABLE ENERGY INTEGRATION

On 28 November 2025, the handover of the Vunumoya Main Transmission Station (MTS) by Seriti Green to Eskom and the National Transmission Company South Africa (NTCSA) marks a significant milestone in expanding South Africa's renewable energy infrastructure. The R1 billion investment, delivered over 18 months, has been fully energised and integrated into the national grid, creating the capacity required to connect large-scale renewable energy projects and strengthen grid reliability.

The project enabled the first 155MW of wind energy from the Ummbila Emoyeni One Wind Energy Facility to be connected ahead of schedule and forms part of a broader 900MW renewable energy programme that will progressively add clean energy capacity to the grid.

As a key enabler of renewable energy integration, the Vunumoya MTS strengthens transmission capacity, supports grid modernisation and contributes to a more diversified, secure and lower-carbon energy system. The project demonstrates the value of collaboration between Eskom, NTCSA and private-sector partners in advancing South Africa's energy transition while supporting long-term economic development in Mpumalanga.

IMPACT PATHWAY: R1 billion grid investment, operational MTS, renewable energy connection, stronger grid, lower-carbon energy system and Mpumalanga development.

1 Grid readiness and reliability

Fully energised and integrated

Operational and integrated into the national grid, strengthening grid reliability.

2 Renewable energy integration

155MW enabled early

First wind energy from Umbhila Emoyeni One can feed into the system ahead of schedule.

3 Clean energy scale-up

Pathway to 900MW

Programme will progressively add further renewable capacity to the grid.

4 Infrastructure value chain uplift

400kV, 132kV and 500MVA

Grid infrastructure creates capacity for future feeders and transformers.

5 Regional economic contribution

Mpumalanga energy future

Supports Mpumalanga's continued role in South Africa's economic and energy future.

6 Just Energy Transition support

Energy security plus decarbonisation

Supports lower emissions while maintaining energy security and socio-economic development.

RESULTS ONLY: Strategic grid infrastructure enabling a diversified, secure and lower carbon energy system.

Our Social Footprint *continued*

We have experienced challenges relating to coal which include criminal activity, affecting our operations and reliability of supply; deterioration of the plant asset damage due to inconsistent coal quality from coal suppliers; and swapping out of high-quality coal for inferior coal. To guarantee that the suppliers are delivering a quality service, our coal strategy focuses on coal quality initiatives at specific sites and provide assurance that the coal quality paid for from source is the same coal quality received. We are focusing on automating all processes related to coal management to address efficiencies and prevent fraud, crime and corruption. We have partnered with Vodacom to implement a coal automation system to increase visibility in the coal value chain and manage the quality and quantity of coal delivered to our power stations via conveyor belts, rail and trucks at one of the stations. We have engaged the services of the relevant law enforcement agencies and competent private security outfits to deal with coal security matters.

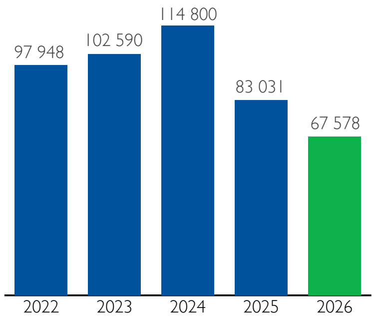
OUR CUSTOMERS

Meeting customer needs remains fundamental to our mandate and the sustainability of the electricity supply industry. We continue to support universal access to electricity through grid and off-grid electrification initiatives while working to provide a reliable and affordable supply to households, municipalities, businesses and industry. We focused on expanding access, enhancing customer value, supporting economic activity and addressing the financial pressures affecting the sector.

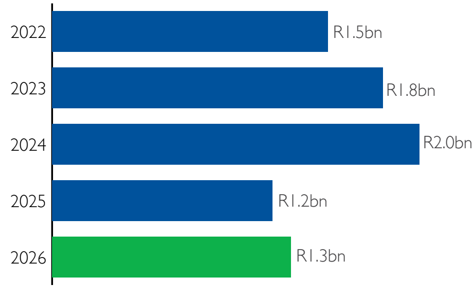
ELECTRIFICATION

We advance universal access to electricity through the Integrated National Electrification Programme (INEP), using grid and off-grid solutions where appropriate. By March 2026, INEP Electrification had connected 6.2 million customers since 1991, with 465 947 households connected between FY2022 and FY2026. Most new connections support growth, while solar PV installations expanded access in areas not easily reachable by the grid. The declining connection numbers and related capex investment reflect the reduced backlog as universal access moves closer to being achieved. Over the five-year period, R7.89 billion in capital expenditure supported the delivery of household connections.

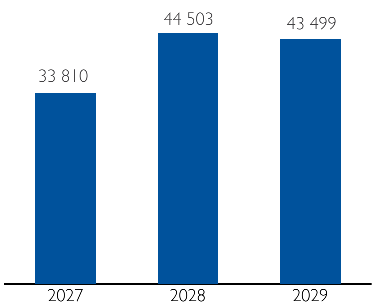
Households connected



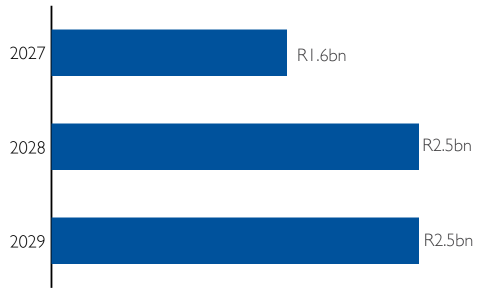
Capex invested



Planned connections



Planned capex



According to the 2022 Census by Stats SA, over 94% of South African households have been connected to the grid since 1994. The Energy Action Plan aims to reach 97% universal access by 2030 through on-grid connections, with remaining access provided through off-grid solutions. Where terrain constraints or network limitations made grid connection difficult, solar PV solutions were used to expand access.

Our Social Footprint *continued*

In FY2026, Eskom brought electricity to remote communities where terrain and network constraints had placed the grid out of reach. Off-grid and solar PV solutions reached households across five provinces, a decisive step on the path to universal access.

2 119
Households connected via off-grid solar in FY2026

Project	Province	Connections
Evaton	Gauteng	87
Bulutshane	Mpumalanga	24
KwaPhundulwane	Limpopo	14
Mavhete and Madimbo	Limpopo	1 933
Nonieput	Northern Cape	61

Madimbo and Mavhete
Limpopo

A 500kW solar PV plant with battery storage, the first of its kind,now powering over 1 933 Limpopo connections.

Enkovukeni
KwaZulu-Natal

Enkovukeni, located between the ocean and the protected Kosi Lakes, has long faced isolation due to it challenging terrain and lack of bridge access. Community members rely on walking through the lakeor using small boats for daily activities. Through Eskom's INEP programme, electrification of 54 households has been completed, with power expected to be switched on in Q2 FY2027

ELECTRICITY SALES AND REVENUE

Revenue increased by approximately 4% from R340.9 billion in FY2025 to R354.7 billion in FY2026, reaching its highest level over the five-year period. Electricity sales volumes declined by approximately 6%, from 189.7TWh to 178.0TWh in FY2026. The trend demonstrates a continued decoupling of revenue growth from sales volumes, with tariff increases and revenue management measures offsetting lower demand volumes. Over the five-year period, revenue grew by approximately 43%, while sales volumes declined by approximately 10%, highlighting the changing operating environment and customer demand profile.

Despite a decline in electricity sales volumes in FY2026, the increased revenue reflects the impact of tariff adjustments, improved revenue collection and pricing measures. The trend highlights the strategic importance of strengthening customer growth, electrification and demand stimulation initiatives to sustain long-term revenue growth.

MANAGING MUNICIPAL DEBT

Municipalities account for about 44% of electricity sales, yet persistently low payment rates and rising unpaid accounts significantly undermine our revenue and financial stability. Despite implementing a multi-pronged strategy, including negotiated payment plans, legal action, intergovernmental collaboration and targeted support for struggling municipalities, and, more recently, distribution agency agreements (DAAs) arrear municipal debt continues to escalate. Municipal payment challenges remain a systemic risk for the entire electricity industry.

By year end, outstanding municipal debt had grown to R111.6 billion, up from R94.6 billion in FY2025, with projections indicating a potential increase to about R358 billion by 2031, assuming capital growth is curbed and does not exceed the assumed tariff path. Resolving the municipal debt issue is critical to improving cash flow and ensuring long-term financial sustainability for the business. The rate of capital growth has slowed marginally from the previous financial year, largely due to improved performance from the Metros. Municipal capital payment levels improved to 89.7% (FY2025: 88.9%).

RESPONDING TO OUR CUSTOMER NEEDS

We recognise that reliable and affordable electricity plays an important role in improving quality of life, particularly for vulnerable households. Through targeted customer support programmes, we help ease cost-of-living pressures, improve access to essential energy services and enable communities to participate more fully in daily social and economic activities.

FREE BASIC ELECTRICITY (FBE)

Through the Free Basic Electricity programme, we support qualifying indigent households with a monthly allocation of 50kWh of free electricity to help meet essential household needs. The programme is delivered in partnership with municipalities, which identify eligible households through their indigent policies and enable registered customers to claim their monthly benefit.

In some municipalities, households qualify for a 100% FBE allocation while in others it is only 50kWh as per the policy or an additional top-up called Municipal funded FBE (MFFBE) is provided. The free electricity is given on the 1st of every month. Some municipalities give different top-up options or free kWh units.

571 589
Configured FBE beneficiaries

493 523
Beneficiaries that collected

86.97%
Average national collection rate

Customers can collect their FBE when purchasing electricity on their first transaction of the month or by using a mobile service. Although households may be configured to receive FBE, not all customers collect their allocation every respective month, as some use alternative energy sources for cooking and heating or purchase sufficient electricity to last for more than one month. By improving awareness and access to the benefit, we continue to help more eligible households make use of the support available to them while strengthening inclusive access to electricity services. Communications and awareness campaigns are also used to encourage customers to collect their FBE allocations.

Our Social Footprint *continued*

BRINGING SERVICES DIRECTLY TO COMMUNITIES

To bring services closer to customers, we are strengthening practical and accessible support channels that respond to customer needs where they are. The Dx Hub on Wheels is one example of how we are improving convenience, visibility and responsiveness by taking key customer services directly into communities.

We are committed to improving access, affordability and service delivery, particularly for households and communities that need support. Through continued collaboration, customer-focused improvements and strengthened operational processes, we aim to make our services more accessible, responsive and inclusive. We will keep working to ensure that our customers are reached, essential needs are supported and our contribution helps build a more reliable, affordable and inclusive electricity future.

Dx HUBS ON WHEELS

Improving customer accessibility remains central to our customer service strategy. During the year, we activated the Hubs on Wheels initiative, deploying mobile customer service units directly into communities to make services easier to access and strengthen engagement with customers.

This initiative extends service reach beyond traditional channels, offering a more responsive, convenient and customer-focused experience. The mobile hubs assist with meter and account queries, new electricity connections, self-service channel guidance, and customer education on electricity safety and energy efficiency.

Onboard workspace

Onboard consultation

Electric
Zero-emission drivetrain

Solar panels
Roof-monitored generation

Battery storage
Onboard energy reserve

SOCIAL REFLECTIONS

- We continued to create shared value by advancing human capital development, occupational health and safety, employee wellbeing, stakeholder engagement and socio-economic transformation.
- We invested in training and skills development, expanded mental health and wellness support and maintained a strong focus on Zero Harm and workforce resilience.
- We progressed a people-centred just energy transition through workforce transition, community development and repowering initiatives.
- Through corporate social investment, electrification, free basic electricity support and clean energy programmes, we improved access to essential services and supported vulnerable households.
- We also advanced localisation, supplier and enterprise development, creating opportunities for SMMEs, communities and local economies.

7

Our Approach to Research and Innovation
Building the Next Generation of Energy Talent

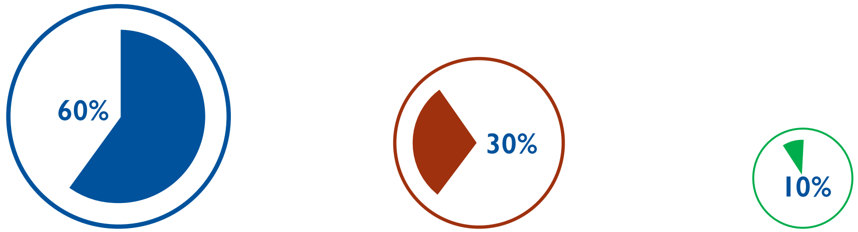
Research and Innovation

Innovation continues to be a defining feature of our future success. Digital technologies, artificial intelligence, predictive analytics, smart metering, energy storage and modern grid solutions are increasingly critical to improving reliability, enhancing customer service, reducing losses and supporting the energy transition. Our focus is not simply on adopting technology, but on using innovation to solve real challenges and create meaningful value for our stakeholders.

OUR APPROACH TO RESEARCH AND INNOVATION

We position research and innovation as strategic enablers of reliability, environmental performance and long-term sustainability. To this effect, we deliberately balance research effort across three complementary horizons: an operational focus (approximately 60%) on energy availability, emissions and network reliability indicators; an energy transition focus (approximately 30%) on renewables and newer technologies for business sustainability; and a futuristic focus (approximately 10%) on emerging utility-sector technologies.

Operational	Energy transition	Futuristic



Improve operational performance (EAF, emissions, SAIDI, SAIFI, system minutes)	Enhance transition to renewables and newer technologies to achieve business sustainability	Research on cutting edge technologies related to the energy sector

Note: circle size reflects the relative weighting of each focus area

As we transition, our research focus is on building an evidence base for a secure, affordable and sustainable energy future – currently through the following five themes:

Transformative digital and AI systems

Integrating advanced digital technologies and AI to enhance energy system operations and decision-making.

Transformative Digital and AI Systems, seeks to leverage AI capabilities to improve the efficiency, availability and reliability of our power ecosystem through:

- Enterprise-wide Digital Foundations – Digital Transformation roadmap establishes foundational enterprise-wide digital infrastructure for improved operational efficiency.
- AI for Network Management – AI-driven network management optimises grid operations through data analytics and intelligent decision-making.
- Digital Substations and Twins – Digital substations and digital twins enable virtual monitoring and advanced asset performance tracking.
- AI-enabled Grid Stability – AI applies analytics and machine learning to manage complexity and ensure grid stability in dynamic power systems.

Research and Innovation *continued*

Reliable and resilient grid infrastructure

Ensuring grid stability and resilience through upgraded infrastructure and advanced monitoring technologies.

Reliable and resilient grid infrastructure, focuses on supporting expansion and strengthening efforts to improve grid stability and access:

- Grid expansion and reinforcement – Transmission Development Plan focuses on long-term grid expansion and reinforcement to support growing electricity demand.
- Advanced transmission technologies – HVDC and HTLS technologies increase transfer capacity and efficiency in electricity transmission.
- Voltage control and stability – FACTS and DSTATCOM initiatives improve voltage control and network stability in transmission and distribution.
- Infrastructure Resilience and Life Extension – Asset life extension and grid resilience strategies enhance performance and protect against climate and cyber risks.

System flexibility and storage

Addressing energy storage solutions and flexible system operations to adapt to changing demand and supply.

System flexibility and storage, aims to introduce microgrids, BESS and other technologies to make our power ecosystem more flexible and resilient:

- Battery energy storage systems – BESS roadmap covers technologies for both grid-scale and distributed energy storage solutions enhancing system flexibility.
- Renewable integration and technologies – Roadmaps focus on integrating variable renewable energy sources while maintaining grid stability and reliability.
- Microgrids for resilience – Microgrids support localized electrification and resilience especially in constrained or remote areas.
- Grid-forming inverter resources – Initiatives target enabling non-synchronous inverter-based resources to provide essential grid services and stability.

Decarbonised energy supply

Targeting reduction of carbon emissions by researching cleaner and renewable energy technologies.

Decarbonised energy supply seeks to introduce technologies that support the just energy transition.

- Emissions reduction roadmap – Focuses on legal and economic abatement measures to reduce emissions from the existing power fleet effectively.
- Carbon capture and storage – Explores carbon capture, utilisation and storage as a transitional solution to lower carbon intensity in energy supply.
- Clean coal and HELE technology – Addresses thermal generation efficiency improvements and emissions reductions via clean coal and high-efficiency low-emission technologies.
- Long-duration energy storage – Includes enabling technologies for firm, low-emission power supply through innovative long-duration energy storage systems.

Markets, customers and new business models

Exploring evolving markets, customer engagement and innovative business models for the energy sector.

Markets, customers and business models, will support penetration of electric vehicles and support market reform to increase customer satisfaction:

- Energy market design and reform – Focus on market design and reforms to enable effective deployment of energy solutions within institutional frameworks.
- e-Mobility and EV charging – Explores new load types and flexibility opportunities through e-mobility and electric vehicle charging infrastructure development.
- Tariff design and customer participation – Initiatives focused on designing tariffs and encouraging customer participation for new revenue and service models.

We have successfully implemented initiatives to support the business in achieving its strategic objectives. These demonstrate how applied research contributes to environmental performance (through more accurate management of PV output and the beneficial use of ash), to operational reliability and network safety (through pre-commissioning testing of relays, renewables and grid-forming inverter controllers) and to cost-effective grid expansion (through HVDC-related research supporting NTCSA). They also illustrate the connection between research and innovation and the environmental and infrastructure priorities as disclosed in this report.

Lethabo Soiling Station

Allows quantifiable assessment of soiling impact on photovoltaic (PV) performance, enabling proactive optimisation of Eskom's PV output.

Ash Beneficiation (Roadworks)

Enables lower-cost road construction using coal ash, positively impacting communities while minimising Eskom's ash management costs.

Real-Time Dynamic Simulator

Enables the testing of equipment such as protection relays, renewable energy resources and controllers of grid-forming inverters before they are commissioned.

High Voltage Direct Current (HVDC)

Enables NTCSA to conduct research and practical experiments to optimise designs and build cost-effective transmission lines by considering HVDC.

BUILDING THE NEXT GENERATION OF ENERGY TALENT

Long-term innovation depends on people. Our research efforts place strong emphasis on knowledge transfer and upskilling, particularly of the youth, through the following flagship platforms.

ESKOM POWER ENGINEERING PROGRAMME (EPEP) AND TERTIARY EDUCATION SUPPORT PROGRAMME (TESP)

These programmes collaborate with Universities, Universities of Technology and Technical and Vocational Education and Training colleges. Through them, training of lecturers and facilitators has been undertaken and academic facilities have been enhanced through the supply of materials, strengthening the national pipeline of energy engineers, scientists and technicians.

THE ESKOM POWER SERIES (25 BOOKS)

Preserves technical expertise from seasoned professionals and makes it accessible to younger engineers, technicians, scientists and other technical personnel. Several of the books in the series serve as official textbooks at universities and are sold globally.

These platforms complement the human capital, bursary and youth-development initiatives described in the Social chapter and reinforce Eskom's contribution to SDG 4 (Quality Education) and SDG 9 (Industry, Innovation and Infrastructure), positioning capability development as an integral element of a Just Energy Transition rather than as a separate activity.

Looking Ahead – Building a Sustainable and Resilient Future

Our FY2026 sustainability performance reflects continued progress in strengthening governance, environmental stewardship and social impact, with key advances in ESG integration, resource efficiency, climate transition initiatives, skills development and stakeholder engagement. While these achievements enhance organisational resilience and long-term value creation, challenges remain in environmental compliance, municipal debt, fraud and theft, ageing infrastructure, climate-related risks and workforce wellbeing. Sustained focus is required to strengthen accountability, accelerate decarbonisation and climate resilience, improve environmental performance and advance a Just Energy Transition that delivers inclusive, equitable and sustainable benefits for employees, communities and South Africa.

As a valued stakeholder, we ask that you provide your comments on how you think we can improve this performance and make a meaningful difference to our environment, our society and our economy.

Comments may be sent to:
sustainability.report@eskom.co.za

Supplementary Information

ABBREVIATIONS

AECI	African Explosives and Chemical Industries
AI	Artificial Intelligence
AQO	Air Quality Offsets
B-BBEE	Broad-Based Black Economic Empowerment
BESS	Battery Energy Storage System
BYO	Black Youth-Owned
BWO	Black Women-Owned
CAPEX	Capital Expenditure
CCUS	Carbon Capture, Utilisation and Storage
CDP	Carbon Disclosure Project
CFL	Compact Fluorescent Lamp
$CMIP_6$	Coupled Model Intercomparison Project Phase 6
CO_2e	Carbon Dioxide and Carbon Dioxide equivalent
CSI	Corporate Social Investment
CSIR	Council for Scientific and Industrial Research
CSR	Corporate Social Responsibility
CSD	Central Supplier Database
DAA	Distribution Agency Agreement
DEE	Department of Electricity and Energy
DEI	Diversity, Equity and Inclusion
DFFE	Department of Forestry, Fisheries and the Environment
DMWG	Disaster Management Working Group
DOI	Declaration of Interest
DSTATCOM	Distribution Static Compensator
Dx	Distribution
EAL	Eskom Academy of Learning
EAF	Energy Availability Factor
ECD	Early Childhood Development
ED	Enterprise Development
EDP	Executive Development Programme
EPEP	Eskom Power Engineering Programme
ESC	Eskom Steering Committee
ESDEF	Eskom Development Foundation
ESG	Environmental, Social and Governance
EQHI	Eskom Quality Health Index
EV	Electric Vehicle
EVP	Employee value proposition
EWAP	Eskom Women Advancement Programme
EWIP	Eskom Women in Power Programme
Exco	Executive Management Committee
FACTS	Flexible AC Transmission Systems
FBE	Free Basic Electricity
FBS	Failure of Business Systems
FGD	Flue Gas Desulphurisation
FY	Financial Year
HELE	High-efficiency, low-emission
GCE	Group Chief Executive
GHG	Greenhouse gas
GRI	Global Reporting Initiative
G_x	Generation
LDES	Long Duration Energy Storage
MOU	Memorandum of Understanding
HTLS	High-temperature, low-sag
HVDC	High-voltage direct current
HIRA	Hazard Identification and Risk Assessment
HOWs	Hubs on Wheels
IFRS	International Financial Reporting Standards
INEP	Integrated National Electrification Programme
IPCC	Intergovernmental Panel on Climate Change
IPP	Independent power producer/s
IRP	Integrated Resource Plan
IR	Integrated Report
IT	Information Technology
JET	Just Energy Transition
King IV™	King IV Report on Corporate Governance™ for South Africa, 2016
King V™	King V Report on Corporate Governance™ for South Africa, 2025
KPI	Key performance indicator
LCs	Legal Contraventions
LTIR	Lost-time injury rate (employee)
MES	Minimum Emission Standards
MFFBE	Municipal Funded Free Basic Electricity
MRV	Monitoring, Reporting and Verification
MW	Megawatt
NDC	Nationally Determined Contribution
NDP	National Development Plan
NEDCSA	National Electricity Distribution Company of South Africa
NERSA	National Energy Regulator of South Africa
NGO	Non-governmental Organisation
NT	National Treasury
NTCSA	National Transmission Company of South Africa
NO_2	Nitrogen Dioxide
NO_x	Oxides of Nitrogen
OE	Organisational Effectiveness
OEM	Original Equipment Manufacturer
O_3	Ozone
OHS	Occupational Health and Safety
PCB	Polychlorinated Biphenyl
PFMA	Public Finance Management Act
PM	Particulate matter
$PM_{2.5}$	Particulate matter with a diameter of 2.5 micrometres or less
PM_{10}	Particulate matter with a diameter of 10 micrometres or less
POP	Persistent Organic Pollutant
PRT	Provincial Resilience Teams
PV	Photovoltaic
RCP	Representative Concentration Pathway
RDP	Reconstruction and Development Programme
RE	Renewable energy
REIPPPP	Renewable Energy IPP Procurement Programme
R&D	Research and Development
R&R	Repowering and Repurposing
RT&D	Research, Testing and Development
RFP	Request for proposal
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SASB	Sustainability Accounting Standards Board
SCOA	Standing Committee on Appropriations
SDGs	United Nations' Sustainable Development Goals
SDL&I	Supplier, Development, Localisation and Industrialisation
SED	Socio-economic development
SES	Social, Ethics and Sustainability Committee
SF_6	Sulphur hexafluoride
SHEQ	Safety, Health, Environment and Quality
SMME	Small, Medium and Micro Enterprise
SO_2	Sulphur dioxide
SOC	State-owned company
SO_x	Oxides of Sulphur
STEMI	Science, technology, engineering, mathematics and innovation
TDP	Transmission Development Plan
TESP	Tertiary Education Support Programme
TSO	Transmission System Operator
TWh	Terawatt-hour
UNFCCC	United Nations Framework Convention on Climate Change
UNGC	United Nations Global Compact
YES	Youth Employment Services
YTD	Year to Date
ZLED	Zero Liquid Effluent Discharge

Corporate information

YOUR VOICE IN ESKOM'S SUSTAINABILITY

Our sustainability is anchored in the proactive identification of ESG risks and the recognition of emerging opportunities. By integrating these insights into our strategic planning and operational initiatives and ensuring they are governed through robust oversight structures, we are able to respond effectively and responsibly. Progress is continuously monitored and evaluated against clearly defined KPIs, enabling us to drive value creation and resilience.

As a valued stakeholder, we ask that you provide your comments on how you think we can improve this performance and make a meaningful difference to our environment, our society and our economy.

Comments may be sent to sustainability.report@eskom.co.za

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Our suite of reports covering our integrated results for FY2026 is available at https://www.eskom.co.za/investors/integrated-results/

www.eskom.co.za