

ESKOM HOLDINGS SOC LTD

KING IV™ APPLICATION REGISTER – 31 MARCH 2025

Eskom Holdings SOC Ltd (Eskom) is a state-owned entity with its sole shareholder being the Government of the Republic of South Africa. As a public entity, Eskom is governed by the provisions of the Public Finance Management Act 1 of 1999 (PFMA).

To ensure sound corporate governance, Eskom subscribes to the principles of the King IV™ framework. Results leading to their attainment are evidenced below for the year ended March 2025.

Principle 1: Ethical and effective leadership

The Board should lead ethically and effectively.

The Board is accountable for instilling an ethical culture and sets the tone for the organisation by embodying Eskom's core values: Zero Harm, Sinobuntu, Innovation, Customer Satisfaction, Integrity, and Excellence. These values guide the conduct of directors and inform the ethical foundation of Eskom's governance framework.

The Board should provide strategic direction and oversight in a manner that promotes trust, stakeholder confidence, and long-term value creation. Through its leadership, Eskom reinforces a culture of ethical decision-making and responsible corporate citizenship across all levels of the organisation.

Key observations:

- Board appointments follow a formal process outlined in the MOI.
- Upon appointment, directors are required to complete and sign a comprehensive director's declaration in an undertaking to ensure fulfilment of fiduciary duties.
- Induction and the Board's continual development programs are in place.
- Board members submit annual declarations of interest to ensure that any conflict of interest is managed through board-approved processes.
- A conflict of interest register is maintained and publicly available.
- The Board holds strategy workshops with management annually and reviews the Eskom Strategy.
- The performance and effectiveness of executive and non-executive directors is reviewed annually through the board evaluation process.

Principle 2: Governance of ethics

The Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The Board governs ethics to foster an ethical culture throughout Eskom. This responsibility is exercised through a comprehensive ethics framework that includes:

- The Code of Ethics (“The Way”) – articulating Eskom’s values and expected standards of conduct.
- Whistle-blower mechanisms – enabling safe, confidential reporting of unethical behaviour.
- Ethics training and awareness programmes – promoting ethical decision-making and reinforcing Eskom’s values.
- Disciplinary processes – ensuring accountability and consequences for unethical conduct.

Oversight of ethics governance is provided by the Social, Ethics and Sustainability Committee (SES) and Eskom’s Ethics Office, which ensures alignment with Eskom’s core values: *Zero Harm, Sinobuntu, Innovation, Customer Satisfaction, Integrity, and Excellence.*

Through these mechanisms, the Board sets the tone from the top and reinforces ethical leadership, transparency, and accountability across all levels of the organisation.

Key observations:

- The Board has developed and adopted an ethics manifesto (a set of guiding principles) reaffirming Eskom’s commitment to ethical business practices
- Eskom’s values (ZIISCE) are clearly defined and embedded in policies.
- A Code of Ethics (“The Way”) is approved and monitored by the Board.
- A comprehensive Ethics strategy and management plan are being implemented.
- Ethics training is mandatory for all stakeholders.
- As part of Eskom’s ethics structure, divisional ethics coordinators and champions have been formally appointed, and a dedicated ethics office is established.
- A whistleblower hotline is managed by an independent provider and an ethics helpline exist for all employees and stakeholders.

Principle 3: Responsible corporate citizenship

The Board should ensure that the organisation is and is seen to be a responsible corporate citizen.

Eskom positions itself as a responsible corporate citizen by integrating sustainability, social responsibility, and environmental stewardship into its strategic objectives. Oversight for these strategic objectives is provided by the SES committee. Eskom believes that a responsible, sustainable approach to our business minimises potentially negative impacts and increases the industry’s positive contribution to communities and the country. Through the Eskom Development Foundation NPC (ESDEF), Eskom channels its commitment to socio-economic

development, supporting initiatives that uplift communities and promote inclusive growth. The organisation has also established Key performance indicators (KPIs) to monitor:

- Corporate Social Responsibility (CSR)
- Diversity and Inclusion
- Environmental impact

These measures reflect Eskom's dedication to long-term societal value creation and ethical leadership, in alignment with the principles of King IV™.

A cornerstone of Eskom's sustainability agenda is its commitment to increasing the share of renewables in its energy portfolio, thereby reducing its carbon footprint and aligning with national and global climate objectives. These initiatives are embedded within Eskom's broader strategic planning and risk management frameworks, reflecting the organisation's dedication to responsible corporate citizenship and long-term environmental stewardship.

Key observations:

- Eskom continues to proactively address its environmental compliance challenges through long-term strategies. These strategies include its Just Energy Transition program which consists amongst others decommissioning of ageing power stations, the deployment of advanced technologies to improve environmental performance and a strategic shift toward renewable energy investments.
- A cornerstone of Eskom's sustainability agenda is its commitment to increasing the share of renewables in its energy portfolio, thereby reducing its carbon footprint and aligning with national and global climate objectives. These initiatives are embedded within Eskom's broader strategic planning and risk management frameworks, reflecting the organisation's dedication to responsible corporate citizenship and long-term environmental stewardship.
- Sustainability-aligned KPIs are included in the Shareholder Compact and subject to assurance.
- CSR Policy and Strategy are approved and implemented through ESDEF.
- Environmental Social and Governance (ESG) oversight is provided by the SES Committee.
- Eskom has implemented the Diversity, Equity and Inclusion (DEI) strategy which is used to drive racial equity and disability targets.
- Eskom's human resource strategies place emphasis on employee wellness, including equity, remuneration, safety, health, dignity and training. Eskom's labour and employment conditions adhere to legislation and codes of best practice to ensure optimal working conditions for all employees.
- Eskom's B-BBEE strategy focuses on the sustainable development and empowerment of black-owned businesses, with a strong emphasis on black woman-owned enterprises.

Principle 4: Strategy, performance and value creation

The Board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

The board should ensure that Eskom's strategy is aligned with its core purpose, risks, and opportunities. Through strategic planning, integrated reporting, and performance measurement frameworks, Eskom embeds integrated thinking into its operations, enabling sustainable value creation and responsiveness to stakeholder needs.

Key observations:

- Strategic direction is set through Strategic Intent Statement, the Shareholder compact and Corporate Plan.
- Eskom's strategy is translated into the corporate plan, where associated targets, measures and risk of implementation are identified. These targets are also aligned with divisional plans. KPIs are cascaded and monitored through a performance management system.
- Eskom releases an annual integrated report to explain to stakeholders how it is creating and preserving value. All material matters are discussed in this report. Eskom's board is accountable for the integrity and completeness of the integrated report.

Principle 5: Stakeholder-informed reporting

The Board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance.

Eskom's reporting practices are designed to provide stakeholders with transparent, accurate, and timely information. Eskom maintains regular engagement with its shareholder and other key stakeholders, including participants in financial markets such as investors, lenders, analysts, and rating agencies, to ensure that all material developments are communicated effectively and transparently. The organisation participates in roadshows organised by Eskom itself, the Johannesburg Stock Exchange (JSE), and various financial institutions, where it provides updates on its strategy, operational and financial performance and other matters of interest to stakeholders. These engagements include quarterly updates, Global Investor Calls, and the publication of investor updates on the Eskom website.

In addition to financial market engagements, Eskom is periodically required to report to Parliamentary oversight bodies, including the Standing Committee on Public Accounts (SCOPA), which plays a vital role in promoting accountability and transparency in public finance management. The organisation publishes its Integrated Report, Annual Financial Statements, and Sustainability Report on its website to ensures accessibility.

Key observations:

- The Audit Committee, supported by the SES committee, oversees the annual integrated reporting process and reviews the audited financial statements. Eskom ensures the annual reports, including the annual financial statements (AFS), the integrated report, the sustainability and governance reports, and any other relevant information to stakeholders, are published on Eskom's website and other media as appropriate.
- Quarterly performance reports are prepared for the shareholder which provides an analysis of the organisations technical, financial, social and environmental performance.
- Governance policies are published on Eskom's website in line with the Information Security Policy.

Principle 6: Board Role & Governance

The Board should serve as the focal point and custodian of corporate governance in the organisation.

The board serves as the focal point of corporate governance, with its roles and responsibilities clearly defined in the Board Charter and shareholder agreements. Annual evaluations, governance registers, and oversight of subsidiaries reinforce the board's accountability and strategic leadership across the Eskom Group. Transparent and accessible reporting supports Eskom's accountability to stakeholders. Continued refinement of reporting frameworks will ensure alignment with best practices and stakeholder needs. In line with the recommendations of the Zondo Commission, a third-party maturity assessment will be conducted for the 2025/2026 reporting period. This independent review aims to strengthen governance practices, enhance accountability, and support continuous improvement in line with national reform objectives.

Key observations:

- Board Charter and governance documents are approved and available.
- A Subsidiary Governance Framework is in place and regularly reviewed.
- Roles and responsibilities are defined in shareholder prescripts as well as the terms of reference of the Board Committees.
- Annual board evaluations include assessing the effectiveness of the chairperson.
- A King IV governance register is maintained to ensure Eskom subscribes to the principles of the King IV™ framework.

Principle 7: Board Composition & Independence

The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

The board comprises an appropriate balance of knowledge, skills, experience, diversity and independence for it to perform its governance role and responsibilities objectively and effectively to fulfil the organisation's mandate. Continued focus on succession planning and diversity metrics will ensure the board remains fit for purpose.

Key observations:

- The Shareholder appoints board members in line with the memorandum of incorporation and has appointed one independent non-executive director as the chairman.
- The Lead Independent Director (LID) role is defined. The LID has been appointed to provide independent oversight, facilitate communication and ensure unbiased decision-making within the board.
- The majority of board members are independent non-executive directors.
- Succession planning is in place for executives.

Principle 8: Committee governance

The Board should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.

The board delegates responsibilities to various committees to enhance governance and oversight. Committees are Audit, Risk, SES, Governance and Strategy, Business Operations and Performance, Investment and Finance and Human Capital and Remuneration and they all operate under approved terms of reference.

Key observations:

- Board Committees are well-established with terms of reference (ToRs) approved by the board and reviewed annually.
- Board Committees are comprised of independent non-executive directors, ensuring objective oversight. Their effectiveness is reviewed annually, and each Committee Chair provides a formal statement on performance in the Integrated Report, reinforcing transparency and accountability. Qualifications and experience of directors are disclosed.
- The Eskom Board has restructured its governance framework by splitting the Audit and Risk Committee into two distinct committees. This change enables more focused oversight, with the Audit Committee dedicated to monitoring statutory audit matters and financial reporting. The Risk Committee tasked with overseeing the enterprise-wide risks, including Information Technology and operational risk management. This separation is intended to enhance accountability, improve risk oversight, and align with best practices in corporate governance.

Principle 9: Performance evaluation

The Board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

Eskom's board and its committees undergo annual performance evaluations to support continuous improvement. These evaluations include assessments of individual directors, the chairperson, and executive leadership, with remedial actions monitored and disclosed in the Integrated Report to promote transparency and accountability.

Key observations:

- Independent board evaluations are conducted, and results thereof are disclosed in the Integrated Report
- Self-assessments are performed as and when required and are used for improvement plans.
- As part of the annual evaluation, the Chair, Group Chief Executive, Chief Financial Officer, and Company Secretary are appraised.

Principle 10: Appointment and delegation to management

The Board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

Eskom's Delegation of Authority Policy enables effective operations by delegating decision-making powers from the Board. The Board retains overall accountability and oversight to its committees and management. This ensures governance, agility, and compliance across all levels of the organisation.

Key observations:

- Delegation of Authority framework is established and approved.
- The executive directors' performance is evaluated annually through Eskom's performance appraisal framework.
- In line with the practice guide, succession planning is in place for executives.
- KPIs are cascaded to the executive management and are monitored.

Principle 11: Risk governance

The Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

Risk governance at Eskom is underpinned by a framework that includes policies, registers, and resilience plans. While all Board committees review risks within their mandates, the Board has appointed a dedicated Risk Committee to oversee Eskom's overall risk profile.

Key observations:

- The Risk and Resilience Policy and Framework are approved and current.
- Enterprise risk register is maintained and updated.
- Disaster recovery and business continuity plans are in place.
- Internal audit oversight is structured and active.
- Risk committee performance is evaluated.

Principle 12: Technology and information governance

The Board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

The Board exercises oversight of information and technology management and oversees that it results in an integration of employees, stakeholders, future investment strategy and company economic outlook. Technology governance supports Eskom's digital transformation and operational resilience. Strengthening cybersecurity and innovation frameworks will future-proof the organisation.

The following are the key results and their evidencing to achieve this principle:

Key observations:

- There is an established information communication and technology (ICT) wide-risk management committees to oversee ICT security governance, risk, compliance and assurance, and ICT infrastructure investments. Eskom has adopted the National Institute of Standards and Technology (NIST) Cybersecurity Framework to ensure that best cybersecurity practices are followed as far as possible.
- These committees are geared towards enabling the board to understand the fundamental dynamic changes in technology and its ability to transform the economic outlook of the company.
- The Audit Committee is responsible for oversight of Information and Communication Technology (ICT), ensuring governance, risk, and compliance in this domain.
- There is an appointed Chief Technology and Information Officer whose role is defined and forms part of the executive management.
- The Risk Committee is assigned oversight responsibility for both Information and Operational Technology (ICT and OT), ensuring governance and risk management alignment across the Group.

Principle 13: Compliance governance

The Board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

The Eskom Board governs compliance through a structured and integrated framework that includes a defined legislative universe, a compliance charter, and periodic assurance activities. Oversight of compliance is delegated to executive structures, with assurance provided through internal and external audit mechanisms.

The JSE imposed a wholly suspended fine of R3 million, for three years, for failure to timeously develop and implement a Domestic Prominent and Influential Persons framework. The framework is now in place to strengthen internal controls, enhanced disclosure protocols and improved oversight mechanisms to ensure adherence to JSE debt listing requirements.

Key observations:

- Eskom has established a Compliance Charter and a comprehensive legislative universe to guide its compliance activities.
- Designated compliance officers and formal reporting structures are in place to support governance and accountability.
- A combined assurance approach is applied to ensure coordinated and effective oversight across assurance providers.
- A designated compliance officer compiles a quarterly compliance report, providing assurance that mandatory laws are adhered to. This report is submitted to the Risk and the Audit Committees.
- Compliance-related penalties and risks are transparently disclosed in the organisation's financial statements.

Principle 14: Remuneration governance

The Board should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes.

Eskom's remuneration governance promotes fairness and alignment with strategic objectives. The Human Capital and Remuneration Committee oversees policies and benchmarking practices, while remuneration disclosures and satisfaction surveys ensure stakeholder confidence in compensation practices.

Key observations:

- The shareholder provides guidelines on remuneration and incentives for state-owned entities. Eskom and its subsidiaries use these guidelines to develop its own remuneration policy.
- The human capital and remuneration committee, in consultation with EXCO, ensures that directors and executives are fairly remunerated in line with the remuneration policy.
- The remuneration of directors and prescribed officers are published in the Annual Financial Statements.
- Remuneration structures including short-term incentives (STI), long-term incentives (LTI), and operational bonuses are directly linked to the achievement of Eskom's strategic goals, promoting sustainable value creation and responsible risk-taking.
- Eskom regularly reviews remuneration policies to maintain internal equity, market competitiveness, and compliance with regulatory requirements, while discouraging excessive risk-taking and ensuring that incentives support ethical conduct and long-term organizational sustainability.
- Eskom has implemented fair and transparent performance measurement systems that reward executives and employees for meeting or exceeding defined operational, financial, and governance targets, with clear differentiation between individual, team, and organizational contributions.

Principle 15: Assurance

The Board should ensure that assurance services and functions enable an effective control environment and support the integrity of internal and external reporting.

Assurance functions at Eskom support an effective control environment through internal audits, combined assurance models, and independent reviews. The Chief Audit Executive (CAE) operates independently, and assurance reports are regularly presented to the board and its committees to validate governance effectiveness. Assurance functions underpin Eskom's control environment and governance integrity. Continued development of assurance models and reporting will enhance stakeholder confidence.

Key observations:

- The CAE is appointed and oversees all assurance matters, the CAE reports functionally to the Audit Committee and administratively to the GCE.
- The Audit Committee oversees the external audit by ensuring auditor independence, reviewing audit plans, maintaining direct communication, and granting the auditor unrestricted private access to the committee.
- A functional and effective combined assurance framework is in place supported by a combined assurance forum comprised of the key assurance providers.
- The Internal audit plan is risk-based and approved annually by the AC, the committee is also mandated to have oversight of strategy, scope, and plan for the external auditors.
- Eskom's Internal Audit Function is assessed at Level 4 ("Progressive") on the Internal Audit Capability Maturity Model, indicating strong alignment with stakeholder expectations and value-added contributions, with room for further advancement.

Principle 16: Stakeholder inclusivity

The Board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders.

Eskom adopts a stakeholder-inclusive approach, guided by a formal stakeholder management policy and engagement framework. The organisation measures relationship quality through surveys and maintains registers and dispute resolution mechanisms to ensure responsiveness and trust with its material stakeholders.

Key observations:

- An approved Stakeholder Management Policy is in place and highlights the importance of governing stakeholder relations through an inclusive stakeholder approach.
- Also in place is a comprehensive stakeholder and communication strategy. The strategy supports a wide range of business initiatives.
- Pulse surveys are used to measure employee engagement quality and to obtain insights into public perception and stakeholder trust.

- Eskom has a stakeholder matrix/register in place of all material stakeholders outlining the quality and strength of the relationships held.
- The media desk is using social media to monitor stakeholder conversations and use media analysis as a reference to provide insight and knowledge to keep Eskom's stakeholders informed on topics that concern them. Media management is a crucial tool to rebuild trust and healthy relationships with the public and stakeholders.

Principle 17: Responsible investment

The Board of an institutional investor organisation should ensure that responsible investment is practiced to promote good governance and value creation.

Key observations:

- Not applicable to Eskom as it is not an institutional investor.