




# Navigating our report

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# Our Reporting Suite and Approach

## OUR SUITE OF REPORTS

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

The suite of reports, available at [www.eskom.co.za/investors/integrated-results/](http://www.eskom.co.za/investors/integrated-results/), comprises:

- Integrated report
- Annual financial statements
- Sustainability report

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



## INTEGRATED REPORT PURPOSE AND AUDIENCE

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

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

## FRAMEWORKS

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

- The South African Companies Act, 2008
- Regulations issued by National Treasury covering comprehensive disclosure under the Public Finance Management Act, 1999 (PFMA) of irregular expenditure, fruitless and wasteful expenditure and losses due to criminal conduct
- King IV Report on Corporate Governance™ for South Africa, 2016<sup>1</sup> (King IV)
- Global best practice

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

## MATERIALITY

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

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

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

## ASSURANCE

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

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

## ANNUAL FINANCIAL STATEMENTS

### PURPOSE AND AUDIENCE

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



The financial statements include:

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

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

## FRAMEWORKS

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

## MATERIALITY

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

## ASSURANCE

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

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



## SUSTAINABILITY REPORT PURPOSE AND AUDIENCE

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



## Our Reporting Suite and Approach *continued*

### FRAMEWORKS

The sustainability report is guided by the reporting principles of the Global Reporting Initiative (GRI) and considers our contribution to the United Nations' Sustainable Development Goals (SDGs). It includes climate-related disclosures which have been incorporated into IFRS S2 *Climate-related Disclosures*. As indicated earlier, we are assessing the implications of IFRS S1 and S2 on future reporting.

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

### MATERIALITY

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

### ASSURANCE

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

### OUR APPROACH TO INTEGRATED REPORTING

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

### REPORTING PERIOD

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

In this report, *short term* means within one year after year end, *medium term* within one to five years, and *long term* more than five years. When reporting on KPIs in this report, we have included the short- and medium-term targets. Where applicable, we disclosed the targets agreed in the annual compact with the Department of Electricity and Energy (DEE) as representative of our one direct shareholder, the South African Government, acting on behalf of the people of South Africa.

### REPORTING BOUNDARY AND COMPARABILITY

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

The sustainability report should be read in conjunction with the integrated report and the financial statements for a complete overview of Eskom's performance across all dimensions.

### PREPARATION PROCESS

The sustainability report is prepared by a team from the Strategy and Sustainability Division under supervision of the Group Executive: Strategy and Sustainability, Nontokozo Hadebe.

The report draws on inputs from across the business and the content is influenced by identified material matters. KPIs reported herein are based on internal measurement specifications. Financial figures are sourced from the audited group annual financial statements, which are prepared in accordance with IFRS Accounting Standards.

**IR** The definitions of KPIs assured by Deloitte & Touche are included from page 150 of the integrated report

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



# Statement by the Chairman of the SES Committee



As we navigate the environmental, social and governance (ESG) challenges of balancing the energy trilemma, our commitment to ethical leadership and sustainable progress has never been more critical, with ESG taking centre stage in corporate accountability. The global shift from voluntary to mandatory reporting disclosures driven by governments and regulatory bodies, has compelled us to reflect on, and benchmark our own ESG plan to ensure that we strengthen and align with global best practices. This report reflects not just our performance, but our responsibility to future generations in ensuring that we are progressing our organisation into an era of sustainable low carbon energy supply, whilst ensuring our dedication to equity and justice to the communities we serve and to the planet we share.

The Board, through its Social, Ethics and Sustainability committee plays a crucial role in providing strategic guidance on ESG integration and ensuring alignment with our long-term sustainability goals and regulatory compliance.

The introduction of the new Exco structure has brought stability to the organisational leadership, enhancing sustainability, driving renewable energy expansion, and fostering an ethical high-performance culture.

Our employees are at the heart of everything we do, and this has been validated by Eskom being recognised as a Top Employer for 2025 by the Top Employers Institute, placing us among an elite group of organisations globally acknowledged for their dedication to creating an exceptional workplace. This achievement reinforces our dedication to our employee's growth, well-being, and empowerment and is a testament to the collective effort of every member of our Eskom team in driving employee development and reskilling, and fostering a high performance, innovative and agile environment to respond to the evolving energy landscape.

Tragically we lost the lives of three colleagues during the financial year. This is a painful reminder that every incident has a human face, a family left behind, and a story cut short. These tragedies have compelled us to pause, reflect deeply, and acknowledge that safety is not the responsibility of one person, one department, or leadership alone, it is our shared accountability. There is continued support on the Eskom initiatives that commit to a culture where safety is never compromised.

We have been prioritising the enhancement of governance processes through digital technologies to strengthen compliance, internal controls, and cybersecurity. A strong focus has been placed on ethics, fraud, and corruption and this is evident in our efforts to accelerate forensic case resolution, implement the fraud prevention plan and enforce effective consequence management. Through our collaborations with the National Joint Operational and Intelligence structure (NATJOINTS) Energy Safety and Security Committee, we continue to make strides in addressing fraud, corruption, and criminal activities within Eskom, its supply chain and the South African broader energy infrastructure, with arrests highlighting significant progress in ensuring accountability and justice.

The evolution of our vertically integrated operating structure saw the legal separation of the transmission business into the now fully operational National Transmission Company South Africa, representing a pivotal step in enabling a competitive electricity market. The unbundling of the Distribution business is progressing, albeit at a slower pace due to legal and financial complexities.

The year 2025 marks two important milestones for the global sustainability movement: the 25th anniversary of the United Nations Global Compact (UNGC) and the 10th anniversary of the Sustainable Development Goals (SDGs). It is with pride that we reflect on our own contribution to the sustainability journey, as a responsible organisation and one of the earliest members of the United Nations Global Compact (UNGC).

Ensuring ongoing environmental duty of care is critical to maintaining Eskom's license to operate and underpins the Eskom principle of Zero Harm to the environment. Maintaining full compliance to all our environmental obligations is linked to the state and reliability of plant and in particular the power stations. While this continues to be a challenge, material gains have been made through the effective implementation of the Generation Recovery Plan which impacted positively on the achievements of the air quality improvement plan and the water implementation plan. The transition from reactive compliance to proactive environmental leadership is also symbolised by our investment in emission reduction technologies and commitment to inclusive sustainability as further illustrated in our community-focused initiatives aimed at improving the quality of air.

For us as a utility, it is not just about providing stable and affordable electricity supply – we are deeply embedded in our country's social and economic fabric to support economic growth and enhancing the quality of life for all South Africans. We continue to support management in championing skills development, empowering local businesses and investing in corporate social investments and socio-economic development projects and initiatives.

We continue to showcase, through our sustainability reporting, that Eskom has a significant role in the socio-economic and environmental impacts of our country, and it is critical that every one of our stakeholders understand their specific responsibilities. It is only if this is done with sincere and dedicated commitment to uplift the citizens of this country, as we evolve into a radically different energy organisation, that we will succeed in sustainable value creation.

As the chair of Board SES, I am encouraged by the commitment and dedication of all Eskom guardians in positioning Eskom as a responsible leader; reaffirming our commitment to integrating sustainability into our business strategies. We will continue to strive for excellence in all that we do and reinforce our collective commitment to achieving a more sustainable future.

I extend my deep gratitude to our board members, executive team, employees, and partners for their unwavering resilience and dedication, and I am proud to present to you our sustainability report for the year ending 31 March 2025.

**Mr Bheki Ntshalintshali**

Chairman: Social, Ethics and Sustainability Committee



# Statement by the Group Chief Executive



My return to Eskom in March 2024 was during a pivotal moment as the business was undergoing a major transformation to restore operational stability, financial sustainability, and public trust. Leadership stability was one of my key priorities and as I write this, all of Eskom's executive committee (Exco) positions are now filled.

We continue to review our business and operating model, influenced by national energy reforms and the country's National Development Plan. In response to material developments in the electricity sector, including legislative changes, market restructuring, and stakeholder engagement, the Eskom Board has approved a revised strategic direction. This recalibration aims to balance national objectives, market dynamics, and our operational sustainability. The formal operationalisation of the National Transmission Company South Africa in July 2024 signified an important milestone in shifting us away from a traditional vertically integrated model, opening opportunities to remain competitive in the evolving electricity market.

This year we have taken important steps to make our workplaces safer, support employees wellbeing and protect the communities we serve. We have taken deliberate steps to identify and address psychosocial

hazards such as burnout and fatigue. By fostering supportive work environments and promoting the principles of Sinobuntu – compassion, empathy and unity, we are building a resilient workforce that thrives both mentally and physically. We are proud to report that employee lost time incident rates (LTIR) are progressively decreasing over the years.

Despite our continued efforts to prioritise the safety of our employees through our various safety initiatives, it is with immense sorrow that we report three work related fatalities: one employee and two contractors. This tragic loss is unacceptable and in disparity with our intention that every person must get home safely every day. We remain committed to our goal of Zero harm and intensifying our efforts to enhance safety protocols and cultivating a vigilant workplace culture.

In a year where we celebrated the fruits of the generation recovery plan, with 352 loadshedding-free days, it was regrettable that we had to revert to short periods of loadshedding between January and March 2025 due to constrained capacity. This setback, however, should not overshadow the significant strides we have made in propelling our organisation forward. These include, amongst others, the addition of 799MW of new capacity to the national grid from Kusile Power Station's final unit.

We are advancing our Just Energy Transition (JET) strategy and driving the repowering and repurposing of our coal fired power stations, independent of station operations and decommissioning plans, to manage our decarbonisation transition to clean energy. We have learned valuable lessons during our experience with Komati and are using these to inform future JET projects where we realised that simply engaging our stakeholders is insufficient. We need to go beyond this to foster active social dialogue, enabling co-creation and consensus building with communities to ensure they are partners in the energy transition journey. We have already initiated engagements with local communities around Grootvlei, and processes to engage with communities around Camden, Arnot, Hendrina and Kriel power stations. We also need to diversify the economy around the stations to ensure that sustainable site-

specific jobs can offset the jobs lost from current operations. At Grootvlei we have started doing this through the development of the Grootvlei Climate Smart Horticulture Centre in developing new skills to stimulate economic development in the community.

The upgrading of Eskom's credit risk rating by S&P Global from stable to positive also provides a positive message to our investors and stakeholders, reinforcing trust in our ability to deliver energy security while driving long-term sustainability. In addition, to accelerating our participation in the renewable energy space, the Eskom Board approved the establishment of a renewable energy company (Eskom Green) to diversify our energy mix and reduce our emissions related to fossil fuel generation. We have already developed a pipeline of more than 20GW of clean energy projects and over the next three years we have an ambition to execute at least 2GW of these projects.

With the Climate Change Act 22 of 2024 coming into effect this year, we remain a key player in the national and global climate change landscape and are leading the way for a just transition to cleaner technologies. We actively support the country's ambitions to achieve net-zero emissions by 2050 through a comprehensive strategy that includes deploying renewable energy technologies, phasing out many coal power stations and implementing smart grid technologies. Our commitment to sustainability is evident through our significant reduction in CO<sub>2</sub> emissions which represents a declining share of the national total. We continue to implement and integrate climate adaption, resilience and disaster risk management measures across the organisation to address the increasing risk extreme weather events pose on our business, infrastructure and people. These measures will ensure energy security, growth, and long-term sustainability for the benefit of South Africa.

We remain committed to reducing our environmental footprint and improving air quality management, water use efficiency, and biodiversity protection. Following our appeal relating to the Minimum Emission Standards (MES), we welcomed the Minister of Forestry, Fisheries and the Environment granting us a positive decision, in that it upholds our request

for power stations operating up to 2030 and provides for an exemption process for plants operating beyond 2030, with plant specific conditions which we are addressing. We are dedicated to not only complying with the regulatory requirements but to also implementing sustainable solutions to ensure long-term operational efficiency and reducing any negative impacts on health and environmental stewardship.

Our business continuity and sustainability are strengthened by the quality of our relationship with our stakeholders. As a state-owned entity with both business and developmental responsibilities, we have been engaging with our stakeholders to ensure that our operations are inclusive, transparent and responsive to societal needs. We value a strong, honest relationship with our communities and maintain effective communication through various platforms. Our leadership is firmly committed to upholding the values and ethical standards and to visibly demonstrating this commitment to our stakeholders hence we continue to publish a separate sustainability report that focuses on our ESG performance and impact.

The publishing of this report demonstrates my commitment to continuing our journey towards transparency in reporting our ESG risks, opportunities and impacts.

**Dan Marokane**

Group Chief Executive

# The Year in Review

Improved water-use of **1.40ℓ/kWh sent out**  
(FY2024: 1.43ℓ/kWh sent out)

Limited exemptions to the MES granted

Phase 1 of air quality offsets programme completed  
**(5 591)** houses retrofitted)

**Decrease** in overall legal contraventions **65**  
(FY2024: 68) – however increase in water-related contraventions

Ash beneficiation **successfully applied**  
in road construction

Red data bird mortalities decreased to **210**  
(FY2024: 258)

**100%** deployment of climate adaptation plans  
across business operations

**16%** decrease in carbon footprint  
emissions (compared to 2019  
baseline year)



JET training initiatives increased  
**353** employees and **326** community contractors

Awarded **1 786** contracts worth **R338.6 billion**  
(FY2024: awarded 1 309 contracts worth R107.7 billion)

Local content contracted: **R317.63 billion**;  
(FY2024: R97.7 billion)

CSI investment increased to **R146.2 million**;  
(FY2024: 93.1 million)

LTIR decreased to **0.23**; (FY2024: 0.29)

**R1.5 billion** spent on skills development;  
(FY2024: R1.4 billion)

Women make up **42.58%** of our Senior Management  
(FY2024: 42.52)



Continued **mandatory** PFMA **training and awareness** to all employees

**247** criminal cases referred to Law Enforcement Agencies (FY2024: 330 cases)

Priority risks reduced to **8** (FY2024: 13)

Maintained certification of the **ISO 9001:2015** Quality Management System

Overall annual declaration of interest submission rate of **99.8%** (FY2024: 99.7%)

All Board and EXCO members have submitted their DOIs

Dedicated **Project Management Office** (PMO) was established to expedite disciplinary and criminal case resolutions

# Our ESG Approach

## Eskom's mandate

Assist in lowering the cost of doing business in South Africa, enabling economic growth; and providing stability of electricity supply through providing electricity in an efficient and sustainable manner. Eskom will achieve this through an electricity network including generation, transmission and distribution whilst ensuring that this is done within acceptable benchmark standards.

## Purpose

Powering growth sustainably

## Vision

Sustainable power for a better future

## Eskom's ESG material matters

(It is recognised that there is a relationship between environmental, social and governance issues – integrated approach due to the interconnectivity)



### Environmental

#### Transitional risk and physical climate:

- Climate change mitigation and adaptation.

#### Natural Capital:

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

#### Waste management and air quality:

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



### Social

#### Social capital:

- Energy security, affordability/access and sustainability
- Loadshedding and load reduction
- Just energy transition
- 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

#### Governance structures:

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

#### Risk management, culture and oversight:

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

#### Transparency and reporting:

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

Our purpose is to power economic growth sustainably, requiring the ongoing determination and treatment of the ESG risks which the company faces. At the forefront of Eskom's ESG focus are the transition to cleaner and lower carbon energy sources, electricity supply reliability and affordability, ensuring environmental compliance, socio-economic transformation (directed at addressing poverty, unemployment and legacy inequities), improving safety, eliminating fraud, corruption, and criminality, and ensuring transparent and honest communication.

We recognise the ambitious scale of this purpose. This challenge becomes even more daunting when considered along with our unbundling and organisational evolution/transformation. To navigate this complexity, we are leveraging our ESG framework, driving sustainable progress in alignment with the SDGs and relying on the focused leadership and delivery from our Eskom guardians and partners, to turn this aspiration into reality. Our stakeholders, particularly investors, evaluate our sustainability and societal impact through the ESG lens.

The Eskom values are key in driving responsible environmental management: explicitly, through the aspiration of zero harm, we strive to be stewards of the resources that we require and we have short, medium and long-term goals to reduce the associated impacts; implicitly, each of the rest of the values are directed towards care for the environment in all of our business planning, operations, and, more recently our Just Energy Transition (repowering and repurposing).

The environmental stewardship is revisited annually, through a precautionary assessment of our strategic risks and enhancing our organisational resilience. We identify Specific, Measurable, Achievable, Relevant, and Time-bound (SMART) Key Performance Areas (KPA's) and Key Performance indicators (KPIs), manage these and report on performance towards continuous improvement, based on integrated management systems and rigorous internal and external audits. Heeding the reality of financial constraints, we have opted for temporary solutions, such as offset programmes and exemptions as we build up the capital (financial, human and technical) to most equitably raise the quality of lives of all our citizens. It is a journey that demands sacrifice and unstinting collaborative effort to be realised; however, we are conscious that we are working collectively in the interests of the planet and the people, while contributing to the economy.

We actively drive the social mandate by safeguarding our people, promoting socio-economic transformation, and maintaining transparent communication with our stakeholders. These initiatives include building social capital, promoting health and safety, and developing a motivated and engaged human capital. We are supporting South Africa's socio-economic development through the Eskom Development Foundation (ESDEF), and leveraging opportunities created by the extensive capital expenditure programmes to bring about positive changes in both the social and economic aspects of society.



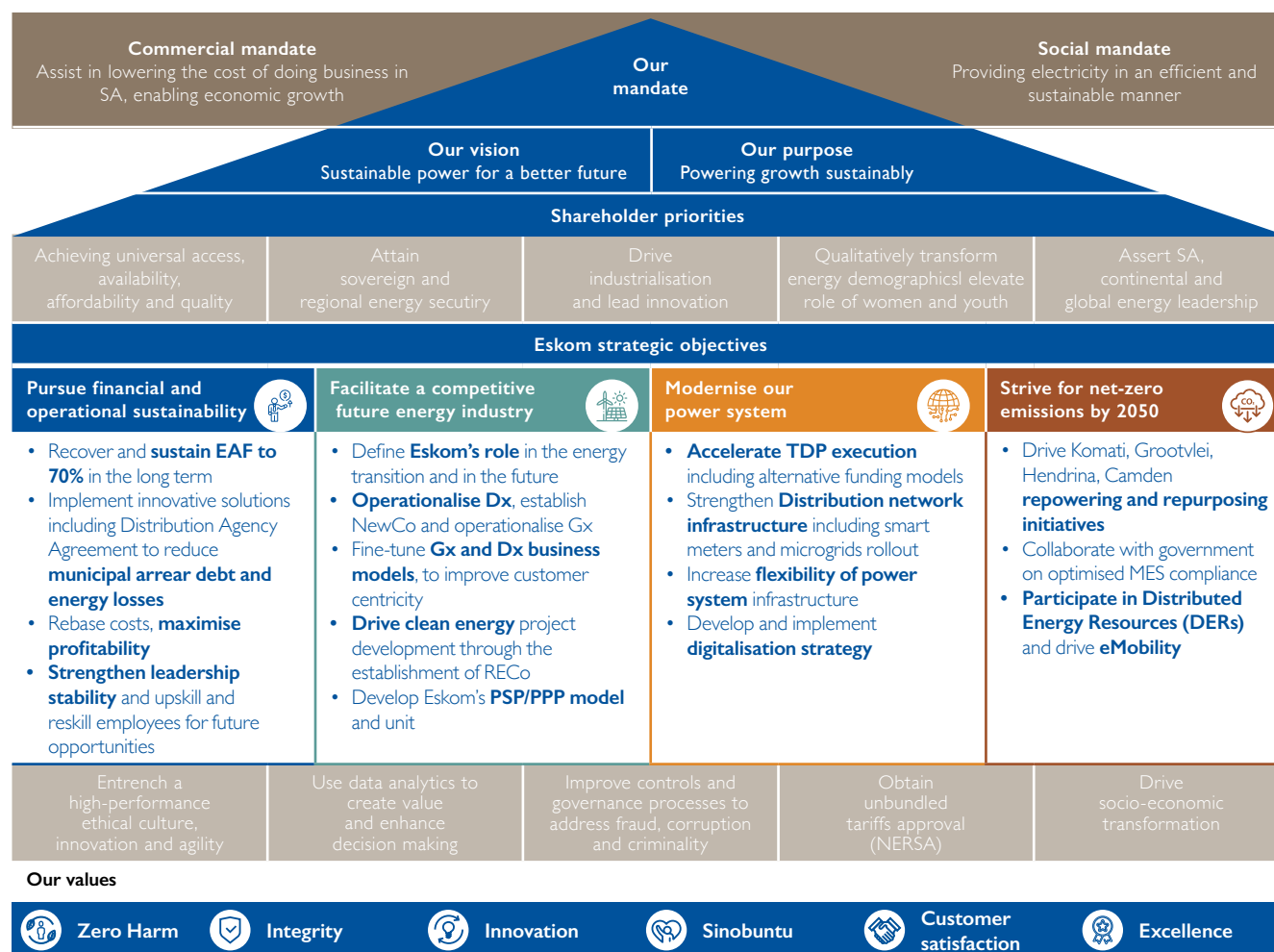


## Our ESG Approach *continued*

A key governance focus is on combating fraud, corruption, and crime to successfully turn around the organisation and rebuild our stakeholders' confidence and trust in the organisation. We wish to reaffirm the company as worthy of further future investment, whether this be from the fiscus, development finance, the private sector or a blend of all of these. Our governance structures and committees provide the governance framework for overseeing and ensuring that the business operates effectively and adheres to legal and ethical standards.

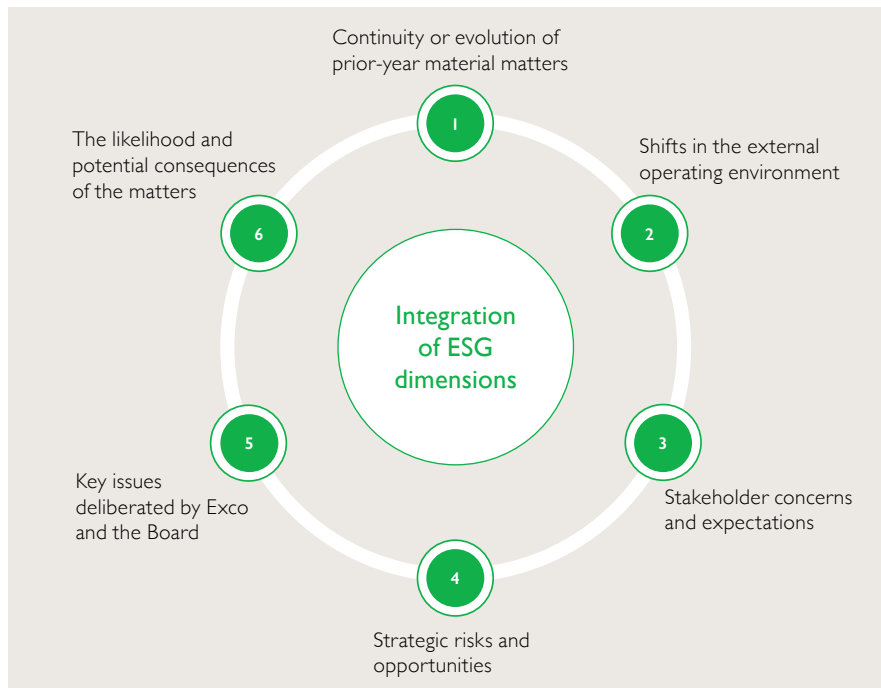
As noted, our approach to ESG is integrated into our strategy, business objectives and risk management processes. This is to ensure we continually identify the material ESG risks and opportunities we face so that we can effectively treat the risks and pursue the opportunities. This is done through strategies, plans and other initiatives with the oversight of appropriate governance structures, measuring effectiveness against KPIs.

With our suite of reports, the Integrated Report, the Sustainability Report and the Annual Financial Statements, we have addressed aspects of our business using the "double materiality lens" (a) the sustainability issues that create financial risks or opportunities for the company and (b) the impact of the operations of the organisation on people, the environment and the economy. We have thus given attention to our governance oversight of the strategies and plans to address the risks and opportunities that we have identified, and the SMART way we measure our performance against our aspirations.



## Our ESG Approach *continued*

In the pursuit of our strategic objects, we have determined the material ESG risks being treated and opportunities to be pursued. In doing so, the strategic objectives are supported by integrating ESG dimensions into our strategy using the following structured process:



Our eleven material ESG matters on which we have focused on in this report include:

ESG	ENVIRONMENT	SOCIAL	GOVERNANCE	(G) Executing the legal separation of the generation, transmission and distribution businesses
(ESG) Achieving operational excellence to permanently end the electricity crisis	(E) Enhancing environmental stewardship	(S) Building a skilled workforce within a high-performance, ethical culture	(G) Strengthening leadership	(G) Upholding governance, compliance and ethics
(ESG) Creating the Eskom of the future and achieving a JET	(E) Advancing climate action	(S) Furthering national developmental goals	(G) Securing financial sustainability through adequate tariffs, disciplined cost management and Government-led programmes	(G) Combatting crime, fraud and corruption

The oversight of these eleven material ESG matters and the initiatives to address the risks and pursue the opportunities is through Exco and Board committees.

We utilise our ESG framework as a canvas to ensure that we holistically work towards continual improvement. We want to accurately monitor this, to meaningfully contribute to achieving the goals and thereby, our NDP, from now to 2030. Throughout the report we have highlighted the key SDGs and our business performance contribution relative to the goal.



● Positive
 ● Negative
 ● Neutral

Where possible, we have assessed our performance and rated it in terms of positive (green), negative (red) and neutral (amber) and reflected it in the report next to the relevant parameter.

# Introduction

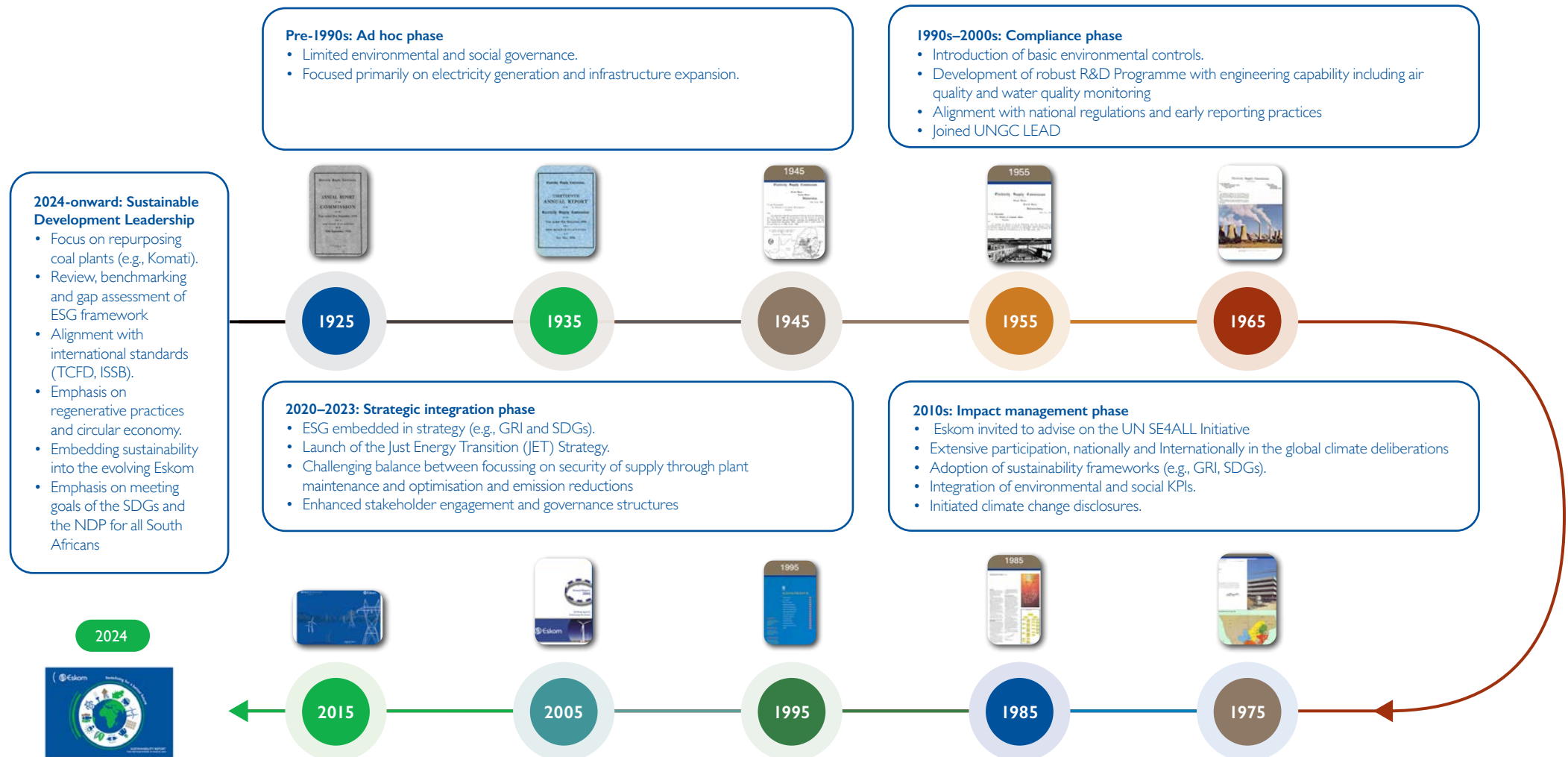
This report provides a transparent summary of Eskom's FY2025 sustainability performance and impact in the ESG areas. It is intended for a wide range of stakeholders, including our employees (the Guardians), the South African government, unions, investors, regulators, suppliers, civil society, and customers, and includes both a review of past performance and a look ahead to future initiatives.

We have a long history of responsible environmental management with our first formalised environmental policy developed in 1980 with subsequent focus on implementation. We joined the United Nations Global Compact (UNGC) in 2000, with environmental management evolving into responsible sustainable development. The primary objective of this global sustainability initiative is to encourage businesses and

organisations worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. It that aims to drive "business as a force for good" by encouraging companies to take shared responsibility for a better world.

Eskom was one of the first signatories of the UNGC (which celebrates its 25th anniversary this year) and

has been a participant since 2000. After a temporary pause in its partnership due to financial constraints, Eskom has re-joined the UNGC to accelerate the development of its people and advance sustainability goals by adhering to its ten key Principles.





## Introduction *continued*

In alignment with global best practise and influenced by a robust energy Research and Development (R&D) internal policies and procedures were amended to align with best practice. Notable achievements included being one of the first electricity utilities to partner with a local Non-Governmental Organisation (NGO), the Endangered Wildlife Trust (EWT), to manage impacts on vulnerable populations of avifauna (1996); introducing novel ambient air quality monitoring using weather balloons and remotely piloted aircraft (1990s) and initiating riverine monitoring to detect cumulative impacts on surface water from stack emissions (1993).

The significance of electricity in the optimal performance of the state and the responsibility to undertake this function with the due diligence that was required, was well understood by the monopolistic Eskom of the time. The scale at which this function was undertaken, the complexity of the processes, from sourcing the input material, processing, generating, transmitting, and distributing the product to the customer, and the number of internal and external stakeholders involved, necessitated complex and dynamic systems.

While innovative technical engineering feats were being pursued to optimise technical performance (and production and profit realisation), the optimisation of non-technical aspects took longer to gain traction. However, the gradual acceptance of the longer-term impacts has been made with ongoing integrated reporting, analysis of our social contribution (through the Eskom Sustainability and Factor reports), stronger focus on ESG responsibility by the organisation and the tracking of the development and evolution of Sustainability and Climate Change reporting practices (towards IFRS S1 and S2) aligning to the requirements of their rigorous, fiduciary counterparts.

Emerging from an era of poor technical performance with an aging fleet and the economically crippling consequences of electrical supply disruptions and loadshedding, Eskom is cautiously working towards technical system stability. However, the “non-technical” factors which exacerbated the downward performance cannot be left untreated. The optimal performance of the state, the redress of historical inequities and raising of our global competitive index

is inextricably linked to the SDGs and the energy and electrical infrastructure that enables their attainment by 2030.

We play a pivotal role in supporting both the National Development Plan (NDP) and advancing the United Nations SDGs. The NDP emphasises inclusive economic growth, infrastructure development, and environmental sustainability, objectives that align closely with SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), and SDG 13 (Climate Action). Our efforts to stabilise the national grid, diversify the energy mix through renewable sources, and reduce greenhouse gas emissions are critical to achieving these goals. It is crucial that we engage collaboratively (SDG 17) in this transition to ensure that we address our historical national inequities. Therefore, by aligning our strategic initiatives with both national and global development frameworks, we contribute to building a more sustainable, equitable, and resilient energy future for South Africa.

Our short, medium and long-term plans and projects are aligned with the South African NDP and the SDGs.

Although the alignment of elements demonstrates the ubiquity and role of energy and electricity for all the SDGs, for practical purposes Eskom has focused on the goals where projects or programmes exist or there is opportunity to contribute to specific targets relating to specific goals. Meeting the targets will be a significant challenge necessitating a collaborative effort by various sectoral partners, communities and government.

At Eskom, successfully integrating essential sustainability processes into our operations, such as sustainable procurement, information technology and innovative green energy solutions, will be crucial to our success. This will be achieved while we navigate an unprecedented organisational transformation. We will rely on the leadership and commitment of Eskom's guardians and partners, who have envisioned a sustainable energy future, recognising the unique possibilities and opportunities available to South Africa.



Introduction *continued*

 <b>National Development Plan Priorities</b>	 <b>Sustainable Development Goals</b>	 <b>Energy and Electrical Aspects</b>
<b>Poverty:</b> eliminate poverty and reduce inequality by 2030	No Poverty 	<b>Poverty:</b> affordability, non-technical losses, rural electrification, SMMEs, MES Offset Programme, appliances – quality of life, microgrids, JET
<b>Food:</b> realise a food trade surplus, with one-third produced by small-scale farmers or households	Zero Hunger 	<b>Food:</b> irrigation, bulk rail transport to markets and electro-technology innovation for agriculture, maintain cold chain, horticulture/aquaculture
<b>Wellbeing:</b> nine goals: the first five relate to the wellbeing of the population (long-term health goals)	Good Health and Well-being 	<b>Wellbeing:</b> state of the art health facilities, rural electrified clinics, medication refrigeration, MES Offset Programme, transition to cleaner energy production
<b>Education:</b> universal early childhood education; globally competitive literacy and numeracy standards	Quality Education 	<b>Education:</b> rural electrification, ECD centres, high-tech ICT education solutions, robotics, STEMI Programmes, EXPO, TESP
<b>Gender inequality:</b> campaigns for non-racialism and gender equity, and against gender violence	Gender Equality 	<b>Gender inequality:</b> Improve rural quality of life, avoid water and firewood collection, HR accelerated gender equity programmes
<b>Water and Sanitation:</b> affordable, reliable access to sufficient safe water and hygienic sanitation	Clean Water and Sanitation 	<b>Water and Sanitation:</b> high-efficiency water supply and treatment technologies, desalination, exponential innovation of waste to value creation
<b>Energy:</b> 90% grid connection by 2030, alternative off-grid options and microgrids; Battery Energy Storage	Affordable and Clean Energy 	<b>Energy:</b> Central to all of the targets under this goal, JET, repowering and repurposing, energy storage, wheeling of renewable energy, energy efficiency
<b>Economic growth:</b> 11 million jobs by 2030	Decent Work and Economic Growth 	<b>Economic growth:</b> Energy critical for an efficient effective economy, Supplier; Development Localisation and Industrialisation (SDL&I), energy for SMMEs, 4IR techs
<b>Industrialisation:</b> mineral resources - springboard for a new wave of Industrialisation; beneficiation	Industry, Innovation and Infrastructure 	<b>R&amp;D and Innovation and Industrialisation:</b> circular economy and biomimicry; increasing automation and energy efficiency; energy and technologies for beneficiation
<b>Country Inequality:</b> Reduce inequality – The Gini coefficient to fall from 0.69 to 0.6.	Reduced Inequality 	<b>Country Inequality:</b> equitable national quality of supply; reduce energy paucity locally and in the in the region, regional trading
<b>Human Settlements:</b> Upgrade all informal settlements on suitable, well-located land by 2030	Sustainable Cities and Communities 	<b>Human Settlements:</b> Rural electrification, efficient resource supply for safe urban growth, control of non-technical losses
<b>Production and Consumption:</b> shifting the economy towards more investment and lower consumption	Responsible Consumption and Production 	<b>Production and Consumption:</b> Electro-technologies for recycling and re-use, investment in circular economy technologies; energy efficiency
<b>Climate Change:</b> transition to an environmentally sustainable, climate-change resilient, low-CO <sub>2</sub> economy	Climate Action 	<b>Climate Change:</b> transition to an environmentally sustainable, climate-change resilient, low-carbon economy; decarbonisation
<b>Oceans:</b> set new target – currently 848kms of coastline and 4 172 square kms of ocean are protected	Life Below Water 	<b>Oceans:</b> Ocean energy generation technologies, desalination; technologies for pollution prevention
<b>Ecosystems:</b> technologies and programmes to conserve and rehabilitate ecosystems and biodiversity assets.	Life on Land 	<b>Ecosystems:</b> Biodiversity management on utility land, offsets, continual improvement in environmental management and rehabilitation
<b>Equitable Society:</b> build by 2030 just, fair, prosperous and equitable country	Peace, Justice and Strong Institutions 	<b>Equitable Society:</b> Employment transformation, B-BBEE, SDL&I, Enterprise and Supplier Development (SMMEs); CSR and ethical corporate citizens
<b>Partnerships:</b> Closer partnership between countries, firms and people deepen socio-economic integration	Partnerships for the Goals 	<b>Partnerships:</b> e.g. NBI, SAPP, United Nations Global Compact, Communities, Customers, the Shareholder, and all Interested and Affected Parties (I&APs)

# Governance

## Key Governance Aspects



Shareholder



Board



Legal  
Separation



Regulator



Legal  
Operational  
Exemption

- RSA 7th administration established the Department of Electricity and Energy (DEE) after May 2024 elections – Minister Dr K Ramokgopa – to whom Eskom Holdings reports

- Stable under leadership of Dr M Nyati; appointment of Mr L Mkhabela (Lead Independent Director)
- Risk Committee decoupled from Audit and Risk Committee

- The NTCSA was officially established on 1 July 2024 to operate the national Transmission system and system operator functions

- NERSA approved Eskom's MYPD 6 application (30 January 2025), authorising revenue increases of 12.74% for 2025/26, 5.36% for 2026/27 and a 6.19% increase for 2027/28

- Eskom requested MES exemption to ensure energy security and an energy transition. In March 2025, the Minister of DFFE issued exemption decision for eight power stations operating beyond 2030

Governance is crucial for ESG reporting as it provides the framework, accountability, and oversight needed to ensure the accuracy, transparency, and integrity of the ESG information reported. It underpins credible ESG reporting by ensuring that the processes and controls around sustainability data and disclosures are robust and effective.

Eskom's governance framework is shaped by laws like the Public Finance Management Act (PFMA) and corporate principles such as the King IV Code of Corporate Governance. Our sole shareholder is the South African government under the Department of Electricity and Energy, and business oversight is provided to the shareholder by our Board of Directors. The Exco are accountable for exercising executive control over day-to-day operations to deliver on the strategy as approved by the Board.

Our strong governance policies and procedures enable the delineation of clear roles and responsibilities from its board all the way to its employees. Transparency is a key pillar for us, demonstrated in our continued reporting, as it promotes honest and comprehensive disclosure of our ESG risks, impacts and progress to our stakeholders. Through our risk management processes we actively identify risks and mitigate ESG

related risks that could affect our operations, finances and reputation. By driving continuous improvement and reporting on our performance and impact, we build stakeholder confidence and reassure investors, regulators, customers, and employees that the company is committed to responsible and sustainable business practices.

To strengthen governance and enhance our investigative capabilities, we have consolidated the forensic, security, and investigative functions into the newly formed Group Investigations and Security Division, which reports directly to the Group Chief Executive. Through the collaboration with the NATJOINTS Energy Safety and Security Priority Committee, we ensure swift action against fraud and corruption, protect our assets and resources and have enhanced stakeholder confidence and trust.

A dedicated Project Management Office (PMO) was established to expedite disciplinary and criminal case resolutions using advanced data analytics. Beyond suspending or dismissing employees engaged in criminal activity, we rely on the South African law enforcement and justice system to arrest and successfully prosecute them and thereby send a strong message that corruption and fraud will not be tolerated in the organisation.





## Governance *continued*

### HOW WE ARE REGULATED AND GOVERNED



### LEGAL SEPARATION

South Africa's electricity sector is evolving, with the liberalisation of the electricity market anticipated to drive broader market participation through the entry of new players and market roles, to enable energy accessibility, security and affordability for every South African citizen. Through the unbundling, Eskom aims to become a group of agile, forward looking separate legal entities poised to capitalise on emerging opportunities and thrive in the new energy landscape.

In alignment with the Department of Public Enterprises (DPE) Roadmap issued in 2019, the legal separation of Eskom into three distinct entities is

underway. To date, the functional separation of all three business units has been successfully completed. The National Transmission Company South Africa (NTCSA) achieved legal separation and commenced trading as a subsidiary on 1 July 2024. The next step for the programme is to legally separate the Distribution and Generation entities.

Since the publication of the DPE Roadmap for the restructuring of Eskom, there have been fundamental and material developments within the Eskom environment as well as in the broader market.

### Key developments in South African electricity sector reform

<b>Legal separation of NTCSA</b>	Key learning in governance and operational independence
<b>Electricity Regulation Amendment Act (38 of 2024)</b>	Mandates creation of independent Transmission System Operator (TSO)
<b>Legislative input from Presidency and DEE</b>	Requirements for establishment of NewCo which includes Generation
<b>Operation Vulindlela Phase 2</b>	Focus on accelerating energy reforms and infrastructure development
<b>Municipal debt crisis</b>	Threatens financial sustainability of Distribution and Eskom going forward
<b>Market code development</b>	Framework for South African Electricity Wholesale Market
<b>Engagement with NERSA and NECOM</b>	Defining Electricity Distribution Industry (EDI) reform and addressing market concerns
<b>Renewable Energy Company</b>	Independent subsidiary to compete in the green energy market, promote funding, investments and partnerships (Eskom Green)

## Governance *continued*

These developments necessitated that we critically review and revisit the unbundling strategy to enable the business to navigate these market and legislative developments, achieve the national objectives and strategic intent of the unbundling, and position itself for continued success and growth. Through this extensive process, the Eskom Board approved a strategic way forward on the unbundling strategy that balances the objectives of the country, the market and the Eskom business. The key next steps include socialising and formally communicating the proposed unbundling strategy to the shareholder (DEE) and the regulator (NERSA) to obtain support and initiating an accelerated execution of the unbundling strategy.

### ETHICS

We are firmly committed to upholding our values and ethical standards, and to visibly demonstrating this commitment to all stakeholders. Directors and employees are expected to apply the principles outlined in the Code of Ethics ("the Way") in their daily activities. The Code reflects our dedication to the highest standards of ethical conduct in all areas of operation. It outlines the behaviours and attitudes aligned with our core values; **Zero Harm, Integrity, Innovation, Sinobuntu, Customer Satisfaction, and Excellence (ZIISCE)** and establishes guiding principles for interaction with all stakeholders.

As part of our Ethics Management Framework, we have developed an Ethics Strategy and Action Plan. This ethics strategy identifies key focus areas, interventions, and action plans aimed at fostering a high-performance, values-driven culture. The plan seeks to cultivate ethical awareness and strengthen ethical decision-making across the organisation.

Key focus areas include:		
	<b>Strengthening Policy Framework</b>	Ensuring that ethics-related policies and procedures effectively manage ethical risk and clearly communicated and easily accessible to all employees.
	<b>Promoting Ethical Conduct</b>	Recognising and rewarding ethical behaviour by individuals and teams and that systems are in place to address non-compliance and unethical conduct.
	<b>Leadership Commitment</b>	Ensuring that leaders at all levels, including the Board, model ethical behaviour and actively promote a culture of integrity and high performance.
	<b>Ethics Training</b>	Provide ethics-related training to the Board, employees and suppliers to ensure awareness and consistent application of our ethical standards.
	<b>Measurable Impact</b>	Ensuring that all interventions and action plans outlined in the strategy are measurable with clear indicators of progress and impact.

Through this approach, we aim to build and sustain a resilient organisational culture, rooted in ethical practice, accountability, and stakeholder trust.

We are making good strides in improving compliance with the revised (September 2024) conflict requirements, which include (a) the mandatory submission of annual Declaration of Interests (DOI) by all employees and (b) formal notification of specific conflicts should they arise during the course of conducting business and recusal by the respective party/parties from that part of the business being conducted.

During the period under review, the overall annual declaration of interest submission rate of 99.8% was reached compared with 99.7% in the previous financial year. There are employees that could not submit their annual DOIs because of maternity leave, extended sick leave or being on suspension. All Board and EXCO members have submitted their DOIs, and any identified conflict is being managed as required by the Companies Act.

All employees and directors are required to declare business courtesies received, offered and/or returned where the gift is deemed excessive. The value of a business courtesy may not exceed R1 500.00 (one thousand five hundred rand) and anything above that value is considered excessive and therefore prohibited. In addition, employees and directors may not offer or accept cash and gift vouchers as business courtesies irrespective of the value.

The Office of the Company Secretary (OCS) monitors the gifts register and alerts the line management of any worrying trends in specific areas. Excessive and prohibited gifts are not acceptable, and the OCS keeps track, monitors and maintains records of those returned or declined. In addition, employees are regularly engaged through awareness messages regarding the requirements and limits for accepting or giving business courtesies.

All our employees that wish to engage in private work must apply for permission to do so in line with the private work policy and Eskom conditions of service. Divisional private work committees assess each application against set criteria defined in the private work policy.

Our private work policy defines set criteria used to approve or reject private work:

- The nature of the private work – is there a possibility of conflicting with Eskom's interests?
- Possible use of Eskom's time and resources.
- The effort and time required to perform private work – will it interfere with your duties?
- Employee performance appraisal rating. Anything less than a performance score of 3 is an automatic rejection of the application.
- All applications approved are subject to renewal on an annual basis.
- Where application for private work has been rejected, employees are afforded an opportunity to appeal the decision.

Our employees are allowed to engage in defined types of private work on approval, if not considered as potentially causing a conflict of interest or contributing to Eskom's mandate as a business and a state-owned company, these include:

- Providing a service to an academic institution such as a university or college or school (with or without receiving payment).
- Providing services to a non-profit organisation.
- Being a trustee of a family trust or community.
- Taking up a position or holding office in a professional body or advisory body.
- Pastor/evangelist.
- Mentoring/coaching.

## Governance *continued*

### CRIME, FRAUD AND CORRUPTION

We continue to review and enhance our internal controls to prevent fraud, corruption and irregularities within our business processes. During FY2025, our Forensic department recommended employee disciplinary action in instances where employees were found to have committed wrongdoing.

Examples have been included to give the reader a view of the impact of these on loyal customers and the fiscus. We have also made recommendations for control enhancements to eliminate possible future recurrence.

Our Forensic department continues to support management in the implementation of the Fraud Prevention Plan, which aims to prevent and detect the risk of fraud and corruption within Eskom. To this end, the Procurement Department successfully implemented measures to improve controls within its procurement processes, e.g. the implementation of the e-Tender system for formal tendering and the enhancement of the informal Online Tendering system.

public of the potential dangers of unauthorised access/ trespassing. This was an adequate measure for public safety and physical security. However, in recent years there have been growing threats that confront utilities requiring more robust security measures.

As threats evolve and the potential impact of a security breach continues to grow, utilities need to consider a dedicated solution that combines both operational and security capabilities into a single system. Physical security will continue to play an important role in protecting substations and moreover, technology security.

The heightened concerns on theft and vandalism of essential infrastructure required an urgent renewed thinking on physical security. Eskom substations are often the targets of theft or vandalism, in part due to the high value of the equipment and copper wiring contained within them. These criminal acts can lead to electrical outages, which not only cause inconvenience but also pose a safety risk to the public. Therefore, ensuring the physical security of substations is crucial to maintaining the reliability and safety of our electrical grid.

To address the scourge, Eskom Distribution has installed commercial-grade security systems, static guards and armed response to monitor and safeguard our sites. The systems provide limited security needs as they are often unreliable and unable to withstand the harsh environments that substations and their assets are exposed to. Several Distribution substations remain unguarded and without security technology. This leaves the infrastructure prone to security crimes and exacerbates financial losses due to theft and vandalism of infrastructure.

To gain value from either technology or physical security it is important to adopt security best practices and be deliberate in security design, security contracting and security embedded asset creation. We have identified and classified security measures that are either overarching or substation specific to assist us in managing them better.

#### BRIBERY AND CONTRACT FRAUD

An employee at a power station accessed vendor information and requested a bribe to be paid into a family member's bank account, in exchange for the awarding of a contract to the vendor. The employee was arrested following the payment of the bribe. The employee was released on bail, following a court appearance on 12 November 2024. Eskom has since suspended the employee and the case is still being adjudicated.

#### QUALIFICATION FRAUD

An employee submitted a fraudulent matric certificate while applying for a vacancy. She was appointed based on this misrepresentation and was in Eskom's employ for ten years. The employee applied for a more senior position after ten years. It was during this recruitment process that the fraud was uncovered. The employee resigned during the forensic investigation. Her employment record was flagged, she was arrested, released on bail and the case continues.

One of the Board's priorities has been to restore good governance, strengthen internal controls and promote accountability. Significant attention has been given to preventing weaknesses and deliberate circumvention of internal controls.

Detection of crime, fraud and corruption is inhibited by investigative capacity and consequent management processes.

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

The Board's interventions have been directed at improving organisational structures, together with strengthening people, processes and systems to restore Eskom's capability to effectively address governance and compliance challenges.

**IR** [Refer to "Fighting crime, fraud and corruption" in the integrated report for more detail on Eskom's efforts in dealing with corruption and criminality.](#)

### CABLE, INFRASTRUCTURE, ASSET THEFT AND VANDALISM

Utility companies have in the past not invested significantly in securing their electricity infrastructure, particularly the substations, as the public did not interfere with the infrastructure. Historically Eskom substations have been unmanned and unmonitored and only protected by a fence and signs warning the

#### VENDOR COLLUSION AND ASSET RECOVERY

A vendor was paid more than R40 million however, they failed to deliver goods at various sites. A representative of the vendor colluded with an employee to fabricate fraudulent goods receipts, to facilitate the payments. The supplier and employee were arrested and convicted to 20 years imprisonment. The Asset Forfeiture Unit was granted permission to dispose of the supplier's assets to recover Eskom's losses.

#### ELECTRICITY AND INFRASTRUCTURE THEFT

A farm owner was arrested in Leeupoort for illegally supplying electricity to over 600 informal households, causing Eskom a loss exceeding R6.6 million. The raid, led by Eskom, SAPS, City Power, and private security, uncovered stolen infrastructure. The suspect was denied bail and Eskom supported the court's decision, emphasising the seriousness of the offence and the broader impact of electricity theft on national infrastructure and utility operations.





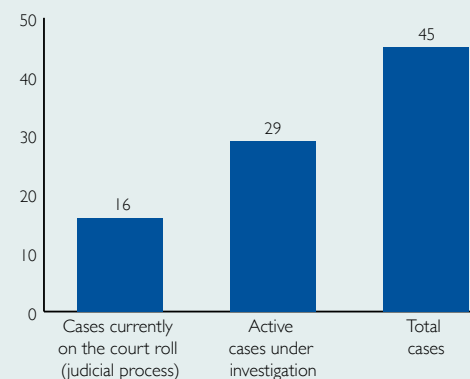
## Governance *continued*

Overarching Security Measures	Substation specific security measures
<ul style="list-style-type: none"> <li>• <b>Technology:</b> technology use such as alarm systems, monitoring systems and movement sensors to remotely raise the alarm when the security of the premises is breached are put in place in certain areas, especially in areas where there are no guards or technology measures.</li> </ul>	<ul style="list-style-type: none"> <li>• The first step to safeguarding a substation is conducting a <b>vulnerability assessment</b> to identify potential threats and weaknesses. Identify the risk factors and assess specific threats. Threat analysis is critical to perform prior to the design phase of any security.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Patrol strategies:</b> the guards should frequently revise the patrol strategies and response plans.</li> </ul>	
<ul style="list-style-type: none"> <li>• <b>Collaborations:</b> collaborate with law enforcement agencies such as local SAPS critical infrastructure team. Disruptive operations including targeting scrap dealers is important and hotspot focused disruptions.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop a <b>comprehensive security plan</b> that includes physical and technology protection measures. <b>Physical measures</b> include barriers such as fences and gates, cameras, and lighting. <b>Technology protection</b> measures may include intrusion detection systems, and access control.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Asset-creation embedded security:</b> engage asset creation and engineering to ensure embedded security technology in future asset installations.</li> </ul>	
<ul style="list-style-type: none"> <li>• <b>Consequence Management:</b> laptop policy revision is critical to mitigate the negligence of employees leaving the laptops in the cars while they shop or at home or visiting family and friends.</li> </ul>	<ul style="list-style-type: none"> <li>• It is essential to <b>train employees on the security protocols and conduct regular drills</b> to ensure that they know how to respond in case of an emergency.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Vetting:</b> all persons on site should be vetted to minimise security risk. Contractors are responsible to vet their employees and to provide valid vetting certificate to Eskom.</li> </ul>	
<ul style="list-style-type: none"> <li>• <b>Revised security strategies:</b> as the landscape changes, security should revise their security strategies to cater for emerging and existing threats.</li> </ul>	<ul style="list-style-type: none"> <li>• Additionally, it is important to <b>review and update your security plan</b> regularly to adjust to new threats as they emerge. Audit the site and facility, operating procedures and take stock of existing security measures</li> </ul>
<ul style="list-style-type: none"> <li>• Use <b>outcome-based contracting</b> to derive value from contractors on unique security threats in each operating unit.</li> </ul>	<ul style="list-style-type: none"> <li>• It is critical to <b>collaborate with law enforcement agencies, private security and communities.</b></li> </ul>

### COAL THEFT AND FRAUD

In May 2025 we appointed a contractor to provide specialised security intelligence-led investigations to monitor coal samples and road coal deliveries between contracted mines, laboratories, rail sidings, and Eskom power stations. This initiative strengthens fuel supply integrity through targeted investigations, surveillance, and rapid quality checks, reducing coal theft and fraud. By ensuring consistent, compliant fuel delivery, it supports operational efficiency, cost savings, and environmental compliance, directly aiding our sustainability goals through improved resource management.

### Cases pertaining to coal, diesel and oil procurement fraud



**66** Arrests made for coal, diesel and oil theft



**33** Disruptive operations pertaining to coal quality checks conducted



**21** Illegal coal swapping yards closed

### PUBLIC FINANCE MANAGEMENT ACT (PFMA) COMPLIANCE

Our PFMA compliance status is under constant evaluation in accordance with our compliance risk monitoring plan. We have identified several areas where non-compliance remains a challenge. A dedicated communication channel has been created to enhance communication on PFMA-related matters throughout the business. We are also considering ways to enhance and strengthen internal controls to improve PFMA compliance and ensure that employees responsible for non-compliance with the PFMA are held accountable. Ongoing PFMA awareness and training initiatives will be mandatory for all staff to guarantee their understanding of their roles and the significance of PFMA compliance.

The National Treasury (NT) has permitted Eskom to deviate from the requirement to disclose values under the Public Finance Management Act (PFMA), including VAT, in accordance with section 79 of the PFMA. NT Regulation 28.2.1 requires accounting officers and authorities to disclose in their annual financial statements, as a note, all irregular expenditure incurred by their institutions, along with material losses due to criminal conduct and fruitless and wasteful expenditure. Historically, Eskom has reported all PFMA values without VAT and has maintained this practice in the current financial year. As of 31 March 2025, the total cumulative irregular expenditure reached R103.9 billion (2024: R103.2 billion, restated), with the vast majority stemming from past violations. For the 2025 financial year, irregular expenditure amounted to R1.5 billion, of which R0.5 billion was associated with new items.

We have established a practice and associated controls to address the elimination of uncondoned irregular expenditure, aiming to reduce the ongoing effects of past issues on the total irregular expenditure balance. During the year, approval was granted for the removal of 26 cases, totalling R0.4 billion.

## Governance *continued*

### FUTURE FOCUS

- Instilling a culture of self-declaration and timely reporting requires enhancement.
- Seeking ways to enhance PFMA compliance and develop a proactive response to PFMA-related audit qualifications.
- Enhance and strengthen internal controls to improve PFMA compliance and ensure that individuals responsible for non-compliance with the PFMA are held accountable.
- It is intended with the above, and with innovative approaches of big data analysis to improve our data collection, reporting and management of irregular expenditure and PFMA compliance.

**IR** Refer to “Upholding good governance – Strengthening PFMA compliance” in the integrated report for more detail on Eskom’s PFMA compliance.

### STAKEHOLDER MANAGEMENT

Our business continuity and sustainability are strengthened by the quality of our relationships with stakeholders. As a state-owned entity with both business and developmental responsibilities as per the shareholder compact, we engage with our stakeholders to ensure that operations are inclusive, transparent, and responsive to societal needs. Our approach to stakeholder engagement is guided by the principles of accountability, inclusivity, responsiveness, and materiality, as outlined in the Eskom Board approved Stakeholder Management Policy.

We actively engage with our stakeholders to foster strong relationships with communities and maintain effective communication. These interactions take place through a variety of platforms, providing opportunities to identify, discuss, and address concerns that stakeholders may have. Our business units also maintain regular contact with local community representatives, holding meetings as and when required.

We employ various engagement models, including structured platforms, bilateral engagements, and digital channels, to ensure broad and meaningful participation.

#### Government and Regulators



Localised meetings are held in communities to address concerns, provide updates on Eskom projects, and collaborate on social investment initiatives.

#### Public Participation Process (PPP)



Conducted as part of Environmental and Social Impact Assessments (ESIAs), especially for infrastructure projects and the Just Energy Transition.

#### Digital and Media Channels



Conducted as part of Environmental and Social Impact Assessments (ESIAs), especially for infrastructure projects and the Just Energy Transition.

#### Stakeholder Roundtables and Dialogues



Structured discussions with key stakeholders to deliberate on policy, sustainability, and operational matters.

Stakeholder relationships are characterised by mutual influence, where stakeholders shape our decisions and contribute to sustainable outcomes.



## Governance *continued*



### Government and Regulators

#### Issues/discussions

- Various Policy discussions and reviews
- Energy Supply Regulatory compliance on emissions, air quality, water usage etc.

#### Influence on the organisation

Through policy directives, regulations, and oversight (e.g., from the Minister of Electricity and Energy, NERSA, and Parliament), they influence our compliance, investment decisions, tariffs, and sustainability strategies.



### Policy Influencers

#### Issues/discussions

- Policies, Laws, and Regulations
- Compliance to national and International standards

#### Influence on the organisation

We contribute to national energy policy through participation in forums such as the National Energy Committee (NECOM) and the Presidential Climate Commission.



### Investors and Lenders

#### Issues/discussions

- Environmental and Financial sustainability,
- Adherence to standards and regulations
- ESG

#### Influence on the organisation

Institutions like the IMF and DBSA set ESG standards that we must meet to secure funding. It impacts our transparency, risk management, and sustainability reporting.



### Customers and Public

#### Issues/discussions

- Energy Availability
- Service delivery
- Systems Efficiency
- Electricity tariffs

#### Influence on the organisation

Public perception and customer feedback drive us to improve service delivery, communication, and responsiveness, especially during load shedding or infrastructure upgrades. We used Campaigns like MEGA and Electricity Safety Month to promote responsible energy use and safety.



### Communities

#### Issues/discussions

- Employment, CSR, and Access to procurement opportunities, and SDL&I
- Safety Risks, Environmental issues, and projects

#### Influence on the organisation

Communities significantly influence how we design and implement projects, particularly in terms of environmental management and socio-economic development. Their feedback ensures local relevance and social license to operate.



### Civil Society and NGOs

#### Issues/discussions

- Environmental protection
- Social Justice
- Transparency in operations

#### Influence on the organisation

These groups influence our accountability and community engagement practices on procurement, employment, and enterprise development. We support local economies and transformation.



### Labour and Employees

#### Issues/discussions

- Internal policies
- Workplace safety
- Adherence to Labour regulations

#### Influence on the organisation

Organised labour and employee feedback shape our internal policies on safety, transformation, and operational practices. Labour unions also influence negotiations and workforce stability.

We also conduct proactive outreach programs like Just Energy Transition (JET) engagements, where we conduct community roadshows, provide training centres (e.g., Komati), and engage international stakeholders and partners (e.g., Netherlands, Germany). We conduct early project stage engagements to inform our stakeholders on project planning and to mitigate risks through environmental and social impact consultations. Our strategic partnerships are mostly focused on collaborations with NGOs, academia, and development agencies to enhance sustainability outcomes. In our efforts to address public safety risks, we also engage stakeholders Natjoints, SANRAL, PRASA, and Transnet through public safety forums.

A comprehensive feedback mechanism has been implemented to capture, address, and incorporate stakeholder concerns into decision-making processes. Feedback is primarily gathered through monthly stakeholder forums, emails and quarterly surveys conducted by our Corporate Affairs department, through the Eskom website and various digital platforms.

Regular feedback is obtained via quarterly surveys conducted by our Corporate Affairs department, stakeholder forums, the local newspapers, and other channels. All written concerns are recorded, and corresponding responses are uploaded to the Stakeholder Management Command Centre to ensure visibility and follow-through.

Our stakeholder engagement strategy approved in FY2025 has been vital in improving transparency, building trust, and aligning with both national and international sustainability goals. Engagements focused on key topics: energy transition, infrastructure development, environmental compliance, and financial sustainability.



## Governance *continued*

### KEY STAKEHOLDER GROUPS AND ENGAGEMENT HIGHLIGHTS

#### Government and Regulators



Eskom briefed multiple parliamentary committees, including SCOPA, the Portfolio Committee on Electricity and Energy, and the Standing Committee on Appropriations, on issues ranging from prepaid meter resets to transmission infrastructure and environmental compliance. The Minister of Electricity and Energy participated in several Eskom events, including the launch of the NTCSA, the 40th anniversary of the Koeberg Nuclear Power Station, and the rollout of Electric Vehicle (EV) infrastructure. Eskom actively engaged in NERSA's MYPD6 consultations and briefed stakeholders on tariff applications and the Draft Market Code.

#### International Partners:



Eskom engaged in high-level meetings with delegations from the UK, China, the Netherlands, Germany, Zimbabwe, and Zambia. These meetings, which focused on energy cooperation, Just Energy Transition (JET), and infrastructure investment, showcased Eskom's global influence and commitment to sustainable energy. Eskom's participation in the COP29 Global Climate Summit, the Innovate4Climate Conference, and the ESG Africa Conference further solidified our position as a key player in the global energy transition, garnering international support for JET.

#### Industry and Investors:



Eskom's executives engaged with investors at the SA Tomorrow Investor Conference, Moody's Risk Summit, and the Standard Bank Climate Summit. Topics included financial turnaround, grid development, and green finance. Agreements were signed with Sasol for gas-to-power initiatives and with Golden Arrow Bus Service for the development of electric vehicle infrastructure.

#### Communities and the Public:



Our successful engagement with communities and the public is a testament to our commitment to inclusivity and transparency. The educational campaigns, such as Electricity Safety Month and the "Make Eskom Great Again (MEGA)" campaign, reached millions through radio, television, and online platforms, fostering a sense of shared responsibility. The Eskom Expo for Young Scientists and the International Science Fair celebrated innovation and STEM education, with over 300 finalists taking part, further strengthening the bond between Eskom and the public.

#### Environmental and Social Responsibility



Our commitment to environmental and social responsibility is unwavering. The Air Quality Offset Project and the launch of Phase 2 in Gert Sibande Municipality serve as a testament to this. Eskom's engagement with the Department of Forestry, Fisheries, and the Environment on emission proposals further demonstrates our dedication to sustainable practices. Initiatives such as the repurposing of the Grootvlei Power Station and the EXCO Road project at Kusile not only showcase our commitment to sustainable development but also the contribution we make to local economic growth and upliftment.

We have revised our Stakeholders Management Policy to incorporate the compliance principles outlined in King IV and the AA1000 Accountability Standard. The Stakeholder Management, Stakeholder Engagement and Stakeholder Issue Management Process Control Manuals were updated and aligned to the AA1000SES principles (2015).

Our media and public sentiment analysis indicated that the suspension of loadshedding, the legal establishment of NTCSA, and infrastructure rollouts helped boost public sentiment about Eskom, although the concept of load reduction remains a challenge as many South Africans interpret it as synonymous to loadshedding.

We will continue to strengthen stakeholder trust through transparent communication, expand our green energy portfolio and infrastructure, secure sustainable funding models for transmission and generation, and foster inclusive growth through community partnerships and educational outreach.

### INTEGRATED RISK MANAGEMENT

Effective risk management is central to our governance and operations, supporting our vision, mandate, and corporate objectives. Integrating it across all business processes ensures consistent and proactive risk identification and management, including ESG risks and opportunities. We have established an integrated approach to managing risk that has been informed by international best practice and aligns to ISO 31000.

Our risk reporting aligns with Eskom's Risk Management Standard and the Risk and Resilience Policy. Executives across Group, Divisional, Subsidiary, and Functional levels are accountable for managing risks and resilience, monitoring progress, and reporting quarterly to EXCO and Board committees.

To ensure regular oversight and alignment to our governance processes, we continue to present the Risk and Resilience report quarterly to Eskom's governance structures, including the EXCO Risk and Sustainability Committee, Board Risk Committee, and the Board.



## Governance *continued*

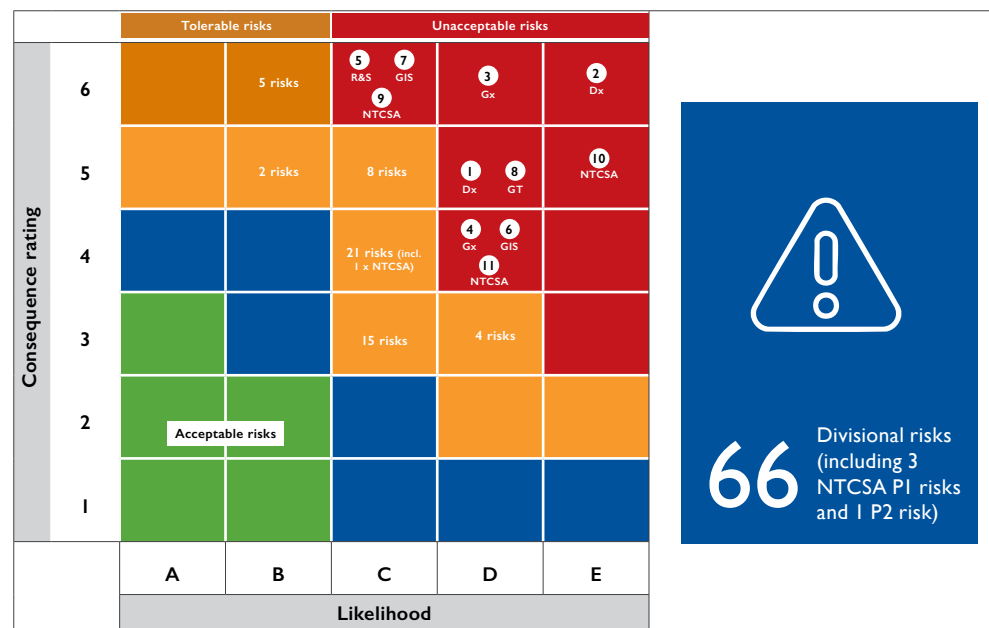
### EXTERNAL ENVIRONMENTAL SCAN: KEY IMPACTS ON ESKOM

Tariff and Regulatory Decisions		Fiscal Measures and Budget Announcements	Unbundling and Governance Challenges	Environmental Compliance
<p><b>NERSA MYPD 6 Approval (30 Jan 2025):</b></p> <ul style="list-style-type: none"> <li>FY2026: 12.74%,</li> <li>FY2027: 5.36%</li> <li>FY2028: 6.19%</li> <li>All below Eskom's original requests</li> </ul> <p><b>RCA Settlement (9 May 2025):</b></p> <ul style="list-style-type: none"> <li>Court order resolved RCA applications for FY2015–FY2021</li> <li>NERSA to determine recovery timeline</li> </ul> <p><b>Our response:</b></p> <ul style="list-style-type: none"> <li>Review approved increases</li> <li>Explore opportunities to support operational needs, infrastructure demands and financial sustainability</li> </ul>	<p><b>NERSA MYPD 6 Approval (August 2025):</b></p> <ul style="list-style-type: none"> <li>Response to MYPD 6 court review application</li> <li>Additional allowable revenue of R12 billion for FY2027 and R23 billion for FY2028</li> <li>Recovery of the remaining R19 billion still to be determined</li> <li>Standard tariff increase is estimated to rise from 5.36% to 8.76% for FY2027, and from 6.19% to 8.83% for FY2028</li> </ul> <p><b>Our response:</b></p> <ul style="list-style-type: none"> <li>Accepted by Eskom</li> </ul>	<p><b>2025 Budget Speech (12 Mar 2025):</b></p> <ul style="list-style-type: none"> <li>Final debt relief phase:</li> <li>R40 billion in 2025/26, R10 billion in 2028/29</li> <li>New PPP regulations effective 1 June 2025</li> <li>Transmission expansion:</li> <li>RFI followed by RFP for multi-line transmission package.</li> <li>Credit guarantee vehicle launching in 2026 to de-risk projects</li> </ul>	<p><b>Delays in Legal Separation:</b></p> <ul style="list-style-type: none"> <li>Caused by financial/legal complexities</li> <li>Rising municipal debt and ineffective relief programs</li> <li>Legislative need to establish NewCo</li> <li>Eskom's parent company overseeing Generation, NTCSA, NEDCSA (Distribution)</li> <li>NTCSA end-state adds complexity</li> <li>Our response:</li> <li>Improve Distribution's financial position</li> <li>Engage shareholder ministry</li> <li>Refine unbundling strategy</li> <li>Maintain stakeholder communication</li> </ul>	<p><b>MES Exemptions (31 Mar 2025):</b></p> <ul style="list-style-type: none"> <li>Duvha and Matla: Exempt until 2034.</li> <li>Kendal, Lethabo, Majuba, Matimba, Medupi, Tutuka: Five-year exemptions until April 2030</li> <li>Conditions include:</li> <li>Emission reduction plans</li> <li>Health interventions</li> <li>Air quality monitoring</li> <li>Data-free alert apps</li> <li>Environmental health specialists</li> <li>Expanded community health screenings</li> </ul>
		<p><b>Legislative and Market Reform</b></p> <p><b>Electricity Regulation Amendment Act:</b></p> <ul style="list-style-type: none"> <li>Introduces competitive electricity market</li> <li>Establishes independent Transmission System Operator</li> <li>Potential revenue impact but opens efficiency and innovation opportunities</li> </ul>		

## Governance *continued*

### YEAR-END (FY2025) RISK LANDSCAPE

The key risks facing the divisions and subsidiaries are reflected in the heat map below:



The management of our risks is progressing, driven by the continuous interrogation of risks, self-assessments, and peer reviews.

### MAJOR RISKS FACING THE ORGANISATION

Our financial sustainability is under pressure due to rising municipal debt, energy losses, and declining sales, impacting Eskom Holdings' liquidity. Fraud and corruption in Eskom could further deteriorate if not effectively managed. This will ultimately lead to continued financial losses, operational and reputational damage and Eskom's moral fibre being eroded.

Cybersecurity remains a key risk for Eskom due to legacy systems incompatibility to advanced end point cyber security software. These vulnerabilities expose Eskom to threats such as credential theft, ransomware, spyware, and regulatory breaches.

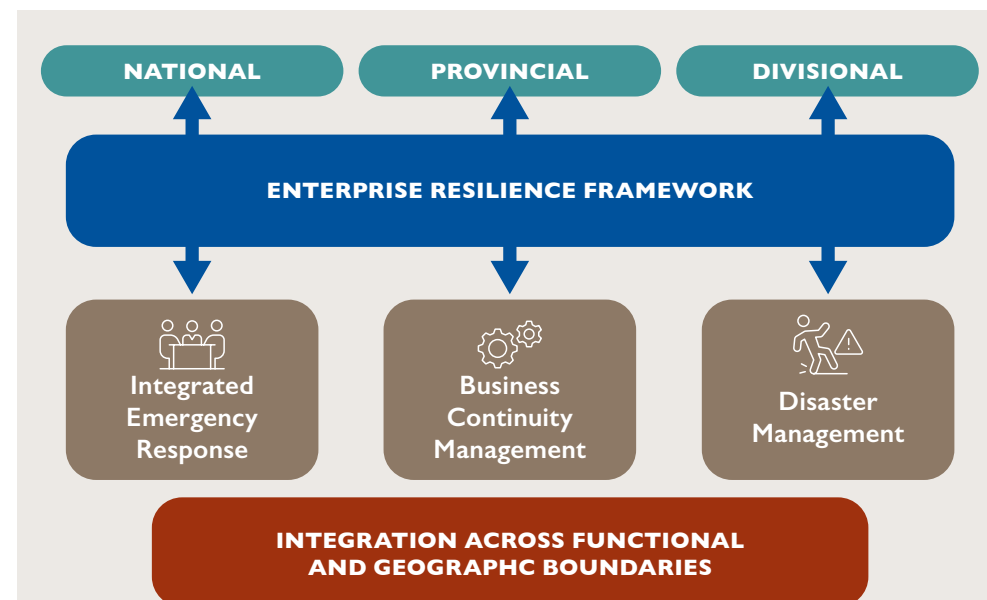
IR Refer to "Mitigating risk and maintaining resilience" in the integrated report for further detail on Eskom's risk appetite statements, strategic risks and treatments.

### ENTERPRISE RESILIENCE

The Global Resilience Partnership define resilience as the capacity to live and develop amidst change and uncertainty. In Eskom we refer to resilience capabilities that should be cultivated, as the ART of resilience – the ability to Anticipate and adapt to change, Respond and recover from disruption, and Transform amidst changes in context. We have developed an Enterprise Resilience Framework, and capabilities to ensure continuity of operations, to adapt, and transform to ensure organisational sustainability and resilience.

Resilience is critical for high consequence, low probability events, such as a national blackout. An integrated approach is critical to effectively prepare for and respond to these incidents particularly when their impacts cascade across functional and geographic boundaries. To address these challenges our emergency response structures are fully integrated at national, provincial and divisional/ subsidiary levels.

### GOVERNANCE OVERSIGHT



### Consolidated view of unacceptable risks for the year

1. Energy Losses caused by illegal connections, electricity theft and ghost vending.
2. Financial sustainability is compromised, caused by growing debt (non-payment of municipal bulk accounts) and declining revenues.
3. Loss of license to operate due to environmental performance and regulation/legislation non-compliance.
4. Fraud and corruption in Eskom is not under control and could further deteriorate, caused by unethical P&SCM practices and behaviors and ineffective P&SCM controls.
5. Eskom's inability to meet societal and moral duty to protect the health and well-being of those affected by our operations.
6. Group Security's inability to respond and secure its assets during a disaster.
7. Possible cyber-attacks due to current endpoint security technologies not adjusted to targeted and advanced cyber security threats on both IT and OT Systems.
8. Inability to curb the increase in serious and violent security incidents affecting the transmission operations.

## Governance *continued*

Preparedness and response plans rely on business continuity and disaster management. Divisional resilience is anchored by business continuity management, with each function accountable for maintaining its critical processes. Our disaster management efforts focus on integrated plans aligned with approved national disaster priorities. During FY2025 these disaster priorities were reviewed, and an updated list will be submitted for governance approval.

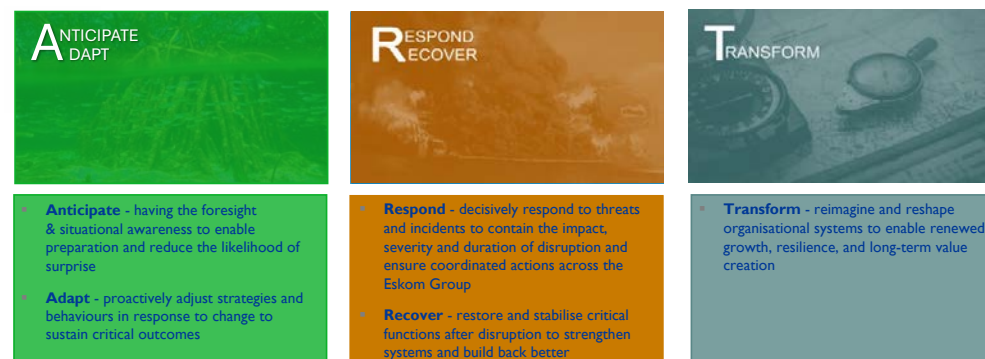
Climate hazards and extreme weather, have widespread consequences for the electricity sector in terms of physical and operational impacts, security of supply, demand to meet end user requirements, and associated costs and economic losses from damage caused by these extreme events. Building resilience is therefore critical to withstand climate driven disruptions, ensuring reliable power supply.

Our Climate Change and Environmental Disasters working group oversees the integrated preparedness across Eskom based on divisional and subsidiary climate adaption plans. These plans integrate the requirements of the Disaster Management Act and Framework, the Climate Change Act, and Eskom's Integrated Risk Management methodology.

In terms of the Eskom Integrated Risk and Resilience Management Procedure for Climate Adaptation Planning, there is a requirement to conduct simulation exercises to test and review response arrangements. These are done to continuously improve preparedness arrangements based on lessons learned from these exercises.

During FY2025 our national emergency simulation exercise focussed on testing the contingency plans (disaster plan, business continuity and site-level emergency) for responding to various climate/ extreme weather-related events. This country-wide exercise (Exercise Terra), held on 6 February 2025, included Eskom's 53 emergency response teams and had over 700 participants at every major Eskom site and power station. The scenario was of multiple simultaneous extreme weather events across the country and the likely impacts that our emergency teams and staff would have to manage. The learnings from this exercise are being used to improve emergency preparedness and response to extreme weather events and disasters. A key finding was that

readiness for the acute impacts of climate change is not optional, extreme weather events are increasing in frequency and Eskom's resilience to these must improve. A case study on Eskom's response to the extreme snow event of September 2024 is highlighted under the climate change section of this report and demonstrates the integration of response structures across functional and geographic boundaries.



### DISASTER MANAGEMENT AND SDGS

From a policy and legal perspective, South Africa integrates the Sustainable Development Goals (SDGs) into disaster management through the Disaster Management (DM) Act (Act No. 57 of 2002, as amended) and the National Disaster Management Framework (NDMF) of 2005. These key instruments embed global sustainable development principles, including the SDGs.

Eskom, as an organ of state, is required to comply with the DM Act and the NDMF. The requirements are specified in our Enterprise Risk and Resilience Policy and Eskom Disaster Management Standard. These are implemented in Eskom through the Enterprise Resilience Programme by the Divisions, Subsidiaries and Provinces, and integrated structures like the Disaster Management Working Groups, Provincial Resilience Teams (PRTs) and Emergency Response structures. All guidelines and templates are aligned to the requirements; however, we do not implement community resilience but organisational resilience.

In support of national efforts and coordination, Eskom provides disaster impact reports detailing response and recovery, to the national and provincial disaster management structures, the National Joint Flood Coordinating Committee and the Inter-Ministerial Committee on Disaster Management.

The figure below depicts the Disaster Management Act (DMA) alignment with the SDGs:

SDG	Disaster Management Act Alignment
	Prioritises vulnerable communities in disaster relief and recovery
	Requires municipalities to include disaster management in spatial development frameworks
	Emphasises climate-related hazard reduction and adaptation
	Health services must be integrated into disaster response planning
	Promotes coordination across government, NGOs, and the private sector











The requirements are listed below from country level policy and legal perspective:

- Integrated and coordinated disaster risk reduction across all levels of government (national, provincial, municipalities)
- Focus on prevention and mitigation, aligning directly with SDG 11 (resilient cities) and SDG 13 (climate action).
- Institutionalises the National Disaster Management Centre (NDMC), responsible for:
  - Strategic planning
  - Early warning systems
  - Public awareness and Disaster funding



## Governance *continued*

The NDMF operationalises the DMA and is fully aligned with global frameworks like the Sendai Framework for Disaster Risk Reduction (2015-2030), the SDGs and the Paris Agreement on climate change. The requirements below from the NDMF are built into our Enterprise Resilience Programme.

NDMF priority	SDG link	How it supports SDG delivery	Enterprise Resilience Programme
<b>Priority 1:</b> Integrated Institutional capacity	 	Strengthens governance and coordination	<ul style="list-style-type: none"> <li>Emergency Response Structures</li> <li>Governance Structures</li> <li>Integration with National, Provincial and Local Disaster Management Centres and Security Structures</li> <li>Stakeholder Management</li> <li>Emergency Response Partners</li> </ul>
<b>Priority 2:</b> Disaster risk assessment and monitoring	 	Enables climate smart planning and urban resilience	<ul style="list-style-type: none"> <li>Disaster risk assessments are addressed at National, Provincial, and Sites following the IRM methodology</li> <li>Climate change and resilience risk assessments for the vulnerability assessments for the climate change adaptation plans</li> </ul>
<b>Priority 3:</b> Disaster risk reduction	  	Prevents loss of life, protects infrastructure	<ul style="list-style-type: none"> <li>Disaster risk reduction is regarded as controls and treatment plans (includes climate change adaptation plans)</li> </ul>
<b>Priority 4:</b> Preparedness and response	 	Safeguards health, water, sanitation during crises	<ul style="list-style-type: none"> <li>Disaster contingency plans for the identified disaster risks are developed</li> <li>Divisions have business continuity plans, Standard operating procedures to support preparedness, response, and recovery</li> <li>Eskom DM Plan is submitted to the NDMC</li> </ul>
<b>Priority 5:</b> Recovery and Rehabilitation	 	"Build back better" to reduce future vulnerabilities	<ul style="list-style-type: none"> <li>This is included in the disaster contingency plans</li> <li>Lessons learnt from recent disasters and the Eskom national exercises will support the "build back better"</li> </ul>

There is a confluence of focus on resilience, sustainable development, risk reduction, and climate adaptation among several international and national legal frameworks. To operationalise climate resilience Eskom has simplified what is required from operating divisions and subsidiaries by integrating the compliance requirements for the Disaster Management Act and Climate Change Act into climate adaptation planning. Integrated preparedness and oversight of adaptation planning across the Eskom Group will contribute to sector adaptation plans and national adaptation plans.

**IR** Refer to "Mitigating risk and maintaining resilience" in the integrated report for further detail on Eskom's risk appetite statements, strategic risks and treatments.

## QUALITY MANAGEMENT

A Quality Management System is a foundation of Eskom's corporate culture and values, which promotes a culture of constant improvement with the goal of attaining successful and efficient business operations. Quality Management aims for operational excellence while ensuring compliance with business management system requirements through the Quality Management value chain.



Eskom's Corporate Quality Management is responsible for ensuring that Eskom's line divisions achieve and maintain certification in accordance with the ISO 9001:2015 Quality Management System (QMS) standard. This oversight extends to all support functions and service providers, reinforcing Eskom's commitment to compliance and industry best practices. Demonstrating this dedication, Eskom Risk and Sustainability successfully achieved ISO 9001:2015 recertification in March 2025, further strengthening the quality governance framework.

Ongoing assurance is provided through Quality Management System (QMS) Internal Audits. QMS internal audits are essential for ensuring continuous compliance, operational efficiency, and process improvement in Eskom. These audits provide an independent and structured evaluation of quality policies, procedures, and controls, helping to identify gaps, risks, and non-conformities before they escalate into major issues. By systematically assessing adherence to standards such as ISO 9001:2015, internal audits drive accountability and transparency, reinforcing a culture of quality excellence. Additionally, they enable data-driven decision-making by providing insights into performance trends, corrective actions, and opportunities for improvement. Quality Management implements an internal audit framework to strengthen regulatory and governance compliance and enhances stakeholder confidence by demonstrating a commitment to quality assurance and continuous improvement.

## Governance *continued*

Quality Management in collaboration with Eskom's Group Technology, has appointed an external service provider as an implementation partner to expedite the automation and address migration issues with the Document and Records Management (DRM) system. This work entails preparing, evaluating and cleaning the available data as well as organising the migration plan and offering continuing assistance. The records management function is also aligned with the National Archives and Records Service of South Africa Act 43 of 1996 (NARSSA Act) which stipulates the management and preservation of government records, to ensure access to a national archival heritage and promote transparency and accountability.

To improve documentation management, compliance, and policy efficiency, the Company Secretariat Function and Eskom Document Centre submitted a proposal to the Eskom Holdings Exco on the 31 March 2025 that was approved: to create a systematic procedure for the evaluation and simplification of the Eskom Documentation and Archiving Policy. This effort seeks to further Eskom's dedication to align with industry best practices and strong governance standards.

Furthermore, Quality Management is part of implementing Eskom's Integrated Governance, Risk, and Compliance (IGRC) system to streamline its operating, reporting and auditing processes to minimise non-conformities and foster a culture of ethical leadership and continuous improvement. Ultimately, this will allow the business to drive sustainable growth, safeguard stakeholder interests, and maintain a competitive advantage in an evolving regulatory landscape.



### Monthly Quality Themes

To Promote "Right First Time" mindset  
Share lessons learned and best practices  
Reduce failure Impacts



### SHEQ Newsletters

SHEQ integration in daily operations  
Encourage OHS, Environmental, and Quality compliance  
Support Eskom's vision through partnership with service



### World Quality Day

Quality leveraging compliance to enhance performance  
Drive awareness of global quality principles  
Align to international standards



### Quality Webinars (with SASQ)

The Quality Professional  
Role of quality professionals  
Benchmarking best practices  
Continual Improvement for External Providers  
Quality collaboration with contractors and suppliers  
Elevating service/product quality



### National Quality Week

Quality with a Purpose  
Reflect SAQI's theme  
Align operations and projects - national quality goals



### Eskom Quality Conference and Webinar (with SASQ)

#Quality Matters  
Promote thought leadership  
Feature expert insights and leadership talks  
Celebrate Quality Month

To enhance the effectiveness of Eskom's Quality Management initiatives, the business continues to implement strategic programs focused on training, stakeholder engagement, communication, and quality awareness. These efforts are designed to foster a culture of operational excellence, drive continuous improvement, and optimise overall business performance.

We are also augmenting our quality measurement of compliance with ISO 9001:2015 standard, our updated quality framework integrates key operational KPIs (Customer Management, Documentation Management, Supplier Quality Management, Non-conformity Management and Technical Performance) that reflect the broader effectiveness of Quality Management Systems. This enhancement provides a more comprehensive view of compliance and performance, enabling businesses to refine their processes and drive operational excellence.



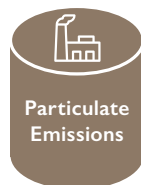
# Environmental Management

## Key Environmental Aspects



### Water Use

- Specific water use improved in FY2025: 1.40ℓ/kWh sent out (FY2024: 1.43ℓ/kWh sent out)
- Experienced challenges on water leaks and dam overflows



### Particulate Emissions

- Relative particulate emission in FY2025 0.64kg/MWhr sent out (FY2024: 0.79kg/MWhr sent out)



### Ash Beneficiation

- Power stations generate around 34mt of ash annually, of which only 7%–10% is beneficiated.
- Used in construction, back filling of mines and roads



### Biodiversity

- Red data bird mortalities decreased to 210 (FY2024: 258)
- Protecting endangered birds by scaling up infrastructure retrofits and deploying real-time monitoring system



### Legal Contravention Incidents

- Decrease FY2025: 65 (FY2024: 68). No tolerance of legal non-compliances
- Legal contravention incidents (risks on FBS) improved to 0 in FY2025 (FY2024: 7)

Eskom's environmental strategy is a multi-faceted, long-term framework premised on two strategic objectives of reducing the environmental footprint of Eskom's activities and positioning Eskom as an environmentally sustainable utility. It seeks to ensure sustainability through balancing pollution management (air emissions, land management, water systems and biological systems control), diverse clean energy deployment, robust monitoring and evaluation, community partnerships, and strategic governance. The objectives are achieved by informed decision-making to avoid harm and legal liabilities; achieving legal compliance through effective systems and monitoring; reducing emissions to meet health and regulatory standards; conserving water resources and minimising liquid discharges; improving waste management through reduction, reuse, and recycling and protecting ecosystems through responsible land and biodiversity management.

Our responsibilities for sustainability and environmental management, which are entrenched in the Corporate Plan, our Environmental Strategy, the Eskom SHEQ Policy, and the certified ISO Environmental Management Systems (EMS), among others, have elevated the organisation's focus from legal compliance to Duty of Care. We execute this responsibility by driving sustainable practices and reporting on double

materiality in terms of our Environmental, Social and Governance (ESG) framework and plan.

For us, sustainability includes implementing Circular Economy (Circularity) principles, thus resulting in efficiency throughout the value chain, including the divisions and the subsidiary companies. Adopting circularity supports the organisation's sustainability ambitions with respect to managing the finite natural resources in the form of water utilisation, land use practices, biodiversity enhancement, waste management to reduce landfilling, better air emissions management, improving grid access for additional capacity, as well as social issues while identifying both risks and opportunities. The organisation has implemented systems to minimise our environmental footprint, while optimising the power delivery processes and social needs. We undertake assurance practices, including that of auditing and monitoring of our interventions for reducing our environmental risks and identify opportunities for improvement. These processes are executed towards our values of Zero Harm and Sinobuntu to ensure our adherence to the Duty of Care principles.

In executing our operations, we have entrenched environmental requirements, as well as management systems, as essential elements to sustain business

operations. The success of these sustainability focused interventions has been observed in the preceding half-decade where an improvement in environmental performance was observed, specifically with respect to relative particulate emissions, specific water-use and environmental incidents. Despite implementation of improvement plans, we have still encountered challenges in meeting our compliance obligations at some of our operating units (including power stations and the lines businesses). Additionally, environmental performance is also affected by strategic decision-making related to the energy crisis and the energy trilemma.

## OUR APPROACH TO REDUCING OUR ENVIRONMENTAL FOOTPRINT

We have a multifaceted approach that includes optimising our operations for efficiency by minimising emissions, improving water consumption, enhancing our biodiversity footprint, implementing energy efficiency measures, investing in renewable energy sources and constantly empowering Guardians' culture to reduce our environmental footprint. Sustainability is driven through science-based data collection and objective reasoning for effective decision making. In this regard, specific environmental metrics/KPIs have been developed and monitored, including relative particulate emissions (0.64kg/MWh

sent out), specific water consumption (1.40ℓ/kWh sent out), environmental legal contraventions incidents reported because of significant failure of business systems (FBS-0), and red data bird mortalities (210).

With respect to containing carbon emissions and reduce dependency on coal fuel, Eskom is aggressively executing: (i) development of a medium-term carbon footprint target and roadmap; (ii) establishing a renewables company (Eskom Green); (iii) implementing our Eskom transition strategy; (iv) implementing repurposing initiatives; (v) clean energy build plan; and (vi) research and demonstration of clean energy technologies.



## Environmental Management *continued*

### ENVIRONMENTAL PERFORMANCE

Our Eskom of tomorrow will be one with lower atmospheric emissions and with less impact on the health of the South African people, and the general environment. In our Generation business, we cultivate a culture centred on environmental compliance, prioritising it as a cornerstone of sustainable asset management to continuously elevate performance. We have seen an improving trajectory in some KPIs, however further effort is required to meet other internally set targets.

Our coal-based generation fleet emits Particulate Matter (PM), Nitrogen dioxide (NO<sub>2</sub>), and Sulphur dioxide (SO<sub>2</sub>), which can affect human health and wellbeing if not well managed. To achieve this, we continually implement measures for reducing the emissions in striving to comply with South African air quality legislation. We deploy emission reduction plans with three phases, namely, (i) power stations to operate and maintain the technologies installed to reduce pollution, (ii) retrofit older plant with the appropriate emissions reduction technologies (mentioned below), and (iii) implement air quality offset projects at strategic local communities.

Emissions management includes use of technological solutions, namely, electrostatic precipitators and bag filters for particulate matter; low Oxides of Nitrogen (NOx) burners for NOx, and flue gas desulphurisation plant for Oxides of Sulphur (SOx). These projects are being implemented under our Emission Reduction Plan (ERP). We expedite air quality improvement by parallel execution of the ERP programme, and the air quality offsets programme where applicable. Our operations also result in fugitive dust emissions (low level) emanating from site roads, coal stockyards, ash disposal facilities, and general construction activities. In these situations, we make use of our certified environmental management systems (EMS) by following the best practicable environmental option (BPEO). This can be spraying dust with water or environmentally friendly chemical bonding agents and/or installing vegetation cover.

Our air quality offset programme, which is executed in phases, addresses waste burning, transitioning households from coal use to liquid petroleum gas,

as well as insulating houses with ceilings to improve indoor air quality. Significant progress is being made on the various projects and this is reported annually. To-date, we have completed phase 1, in which 3505 and 2086 houses were retrofitted at kwaZamokuhle and eZamokuhle, respectively, in the Highveld Priority Area. To expand this programme, Eskom has approved a contract for clean-ups to be done at Sharpeville (Vaal Priority Area), as well as Phase 2 project near Tutuka and Kendal power stations. We aim to provide for further emissions offsets phases in future.

We carried out targeted maintenance on our generating plants, although our particulate emissions per unit of electricity sent out still fell short of our established targets. This can be attributed to poor performance at some coal-fired power stations in the ash and dust handling plant, poorly performing and damaged electrostatic precipitators (ESPs), and poor sulphur conditioning (SO<sub>3</sub>) plant.

### ENVIRONMENTAL COMPLIANCE AND GOVERNANCE

We have adopted a “no tolerance to non-compliance to legislation” approach to environmental management, with six environmental goals guiding us in this regard. Compliance is central in sustaining Eskom’s licence to operate and the measures to ensure compliance are implemented within the operations, with corporate functions providing functional leadership and assurance.

#### Our environmental goals

- |   |   |
|---|---|
| ① Informed decision-making to avoid harm and legal liabilities        | ④ Conserving water sources and minimising liquid discharges                 |
| ② Achieving legal compliance through effective systems and monitoring | ⑤ Protecting ecosystem through responsible land and biodiversity management |
| ③ Reducing emissions to meet health and regulatory standards          | ⑥ Improving waste management through reduction, reuse and recycling         |



South Africa’s Minimum Emission Standards (MES) prescribe limits from gaseous emissions of SO<sub>2</sub> and NOx, as well as PM for both existing plant and new plant, including target dates for meeting compliance. The objective of the MES is in line with the Bill of Rights, as enshrined in the Constitution of South Africa. The MES seek to protect people and the environment by providing reasonable measures for the prevention of pollution and ecological degradation, and to ensure ecologically sustainable development while promoting justifiable economic and social development.

In 2020, Eskom applied to the Department of Forestry, Fisheries and Environment (DFFE) for suspension, alternative limits and/or postponement under the MES based on an internally approved ERP. The ERP identified stations that would be retrofitted with emission reduction technology and the planned retrofit dates. The DFFE issued a favourable decision to Eskom in November 2021. The favourable postponement decision was issued for power stations shutting down by 2030, namely Grootvlei, Arnot, Hendrina, Camden, Komati, Acacia and Port Rex. However, Eskom’s request for postponements at Matla, Duvha, Matimba, Medupi and Lethabo were all declined in their entirety by the National Air Quality Officer (NAQO) of the DFFE. Postponement

applications for Majuba, Tutuka, Kendal and Kriel were partially approved. We submitted an appeal to the DFFE which suspended the decision and allowed operations to continue.

The Minister established a Consultative Forum during 2022 to advise her in respect of the MES appeals. Its broad terms of reference required it to consider environmental, climate change, health, security of supply and legal requirements. In November 2022, the Forum held a series of public consultations to obtain stakeholder and public input in respect of the MES appeals. Following submission of the MES panel’s recommendations, the DFFE Minister announced a favourable decision to Eskom in May 2024. The decision required Eskom to submit exemption applications by 10 December 2024, and this date was achieved. The Minister of DFFE issued a decision that grants limited exemptions to Eskom power stations, on 31 March 2025. The decision came with plant-specific conditions, which are being implemented.

**IR** Refer to “Reducing our environmental footprint – Compliance with atmospheric emission licenses” in the integrated report for more detail on emission performance and compliance.



## Environmental Management *continued*

### MANAGING WATER CONSUMPTION

Eskom is a strategic water user, with supply assured by the Department of Water and Sanitation (DWS) through Water Use Licences (WULs) and General Authorisations (GAs) issued under the National Water Act (1998). The Department uses annual stochastic analysis, per catchment, to understand the risks relating to low and high-water users.

Acknowledging the high-water consumption of our coal-fired power stations, we have adopted a circular approach to water management. Our water efficiency plan focuses on maintaining high water-use efficiency across all stations, achieving zero liquid effluent discharge, securing water supply for generation needs, and ensuring compliance with WUL conditions. Each power station has a customised water management plan, monitored through station-level execution committees and overseen by the Generation Environmental Compliance Steering Committee (GECS).

In FY2025, we improved our specific water use to 1.40l/kWh sent out (from 1.43 l/kWh sent out in FY2024). However, challenges persist, including low load factors, operational water leaks and dam overflows and high raw and demineralised water usage due to system constraints. Despite our commitment to legal compliance, 33 water-related contraventions occurred in FY2025 (up from 30 in FY2024).

### SURFACE WATER MANAGEMENT

To assess ecological impacts, Eskom's Research, Testing and Development team conducts bi-annual biomonitoring of rivers and streams around operational sites. In FY2025, assessments were conducted at 15 power stations and Underground Coal Gasification (UCG) sites, including: chemical analysis, macroinvertebrate and fish surveys, habitat assessments and toxicity testing. Findings are compiled into site-specific reports submitted to authorities, guiding mitigation strategies and supporting river ecosystem health.

### GROUNDWATER MANAGEMENT

Aligned with the National Water Act, we maintain a proactive approach to managing groundwater impacts. Eskom has monitored groundwater quality for over 30 years. In FY2025, monitoring was conducted at all coal-fired stations, Koeberg nuclear station, and

Ankerlig gas turbine sites. We also apply a risk-based internal methodology to assess groundwater impacts on human health and the environment. Where risks are identified, targeted monitoring is implemented to enable early detection and effective mitigation.

### LEGAL CONTRAVENTIONS

Eskom has established an assurance model (the Eskom Combined Assurance Model), which is a governance structure that provides strategic advice and oversees compliance. This model has five (5) levels, starting from operations execution (at the project level) to Board (at the Executive level). Collaboration with key stakeholder is central in our processes, and we invest time to engage with authorities and staff capacity building to manage compliance with environmental legislation. As an organisation that has a commitment of "No tolerance to legal non-compliances", we continuously inculcate a culture of compliance and accountability to maintain our sustainability objectives.

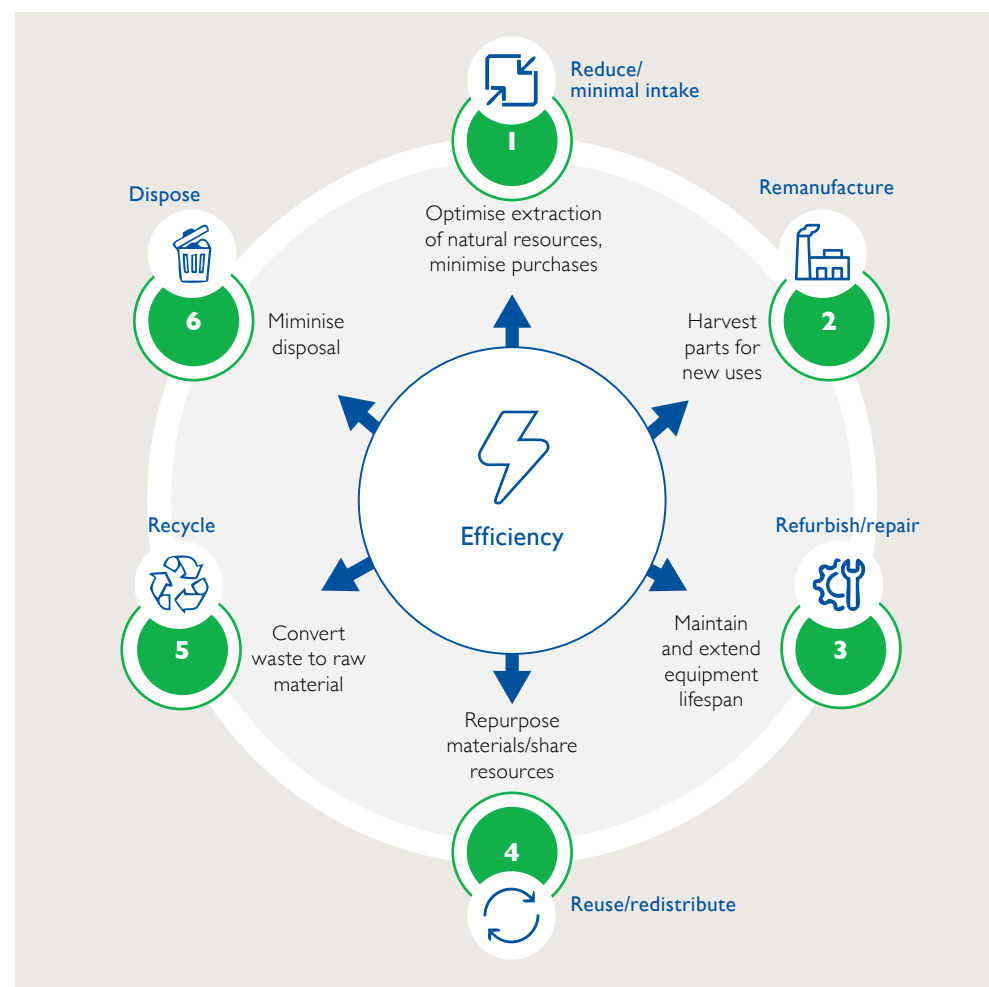
A total of 65 environmental legal contravention incidents occurred during FY2025 (FY2024: 68). Although an improvement from 2024, we consider this number high and unacceptable and strive to reduce these legal contraventions annually. We also categorise legal contravention incidents on their risks as failure of business systems (FBS), and this category has improved to zero in FY2025.

### WASTE MANAGEMENT

We are committed to advancing sustainability in waste management, going beyond legislative requirements. This commitment is embedded in our Environmental Strategy, which includes the goal to "improve waste management through reduction, reuse, and recycling." We achieve this by integrating circular economy principles into our operations. Circularity is realised through recycling of various waste streams, selling ash and gypsum from coal-fired power stations for reuse, beneficiation initiatives such as ash-based road construction projects, mine backfilling using ash, replacing wooden poles with geopolymer poles made from ash and soil amelioration projects. These efforts reflect our commitment to reducing landfill dependency and promoting resource efficiency across our operations.

### CIRCULAR ECONOMY

Circularity is central to our sustainability ambitions and is embedded in our Corporate Plan, Environmental Strategy, and operational processes. We are currently developing a Circular Economy Position Paper to formally entrench this approach across the business. While this paper will provide strategic direction, circularity has long been a part of Eskom's operations reflected in our focus on resource efficiency, operational optimisation, and reduced reliance on landfilling. The position paper also promotes collaboration with industry and society to support the goals of the National Waste Management Strategy, as set by the DFFE. By advancing circular practices, we aim to drive innovation, reduce environmental impact, and contribute to a more sustainable and resilient South African economy.



## Environmental Management *continued*

### PHASING OUT OF POLYCHLORINATED BIPHENYLS (PCBs)

After having phased out PCB, we completed and submitted the final PCB audit report in 2025, to the DFFE in compliance with regulations to phase-out the use of PCB materials and PCB contaminated materials.

### COAL ASH BENEFICIATION

Our coal fired power stations generate around 34 million tonnes of ash annually, of which only 7% -10% is beneficiated, with the remainder stored in ash disposal facilities. In 2018 the DFFE introduced exclusion regulations allowing industries to apply for a waste stream exemption if the waste was repurposed.

We successfully applied to exclude fresh ash, weathered ash and gypsum from the waste classification when beneficiated in applications like cement production (geopolymer concrete), road construction, brick manufacturing, mining (mine backfilling, zeolites, mineral extraction, fibre production) and environmental applications (acid mine drainage treatment, soil amelioration).

We see coal ash as a valuable resource not a waste. Over the last decade ash beneficiation has been limited to applications in cement as an extender. Ash sales for beneficiation declined between the financial years 2022 – 2024 due to the weak construction market. However, in FY2025, there was an increase in demand for ash including legacy ash, for beneficiation applications in the construction of the cushion layer of waste dam liners as well as in pilot scale research projects.

#### Our focus areas for ash beneficiation

- Production of concrete poles as an alternative to wooden electricity distribution poles
- Use of ash in soil stabilisation to improve soil quality and strengthening foundations
- Mine backfilling to eliminate leaching
- Use of ash-based shotcrete material for the spray on protection of containers and buildings
- Use of ash in road construction (pilot road construction project at Kusile Power Station in FY2025)



### SUSTAINABILITY THROUGH INNOVATION

In a first for South Africa, we are leading the way in sustainable practices by incorporating recycled legacy coal ash into road construction at Kusile Power Station in Mpumalanga:

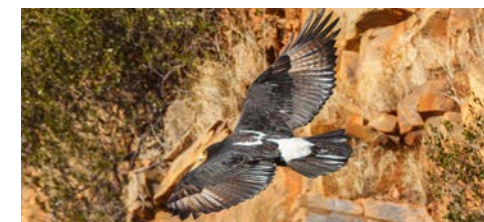
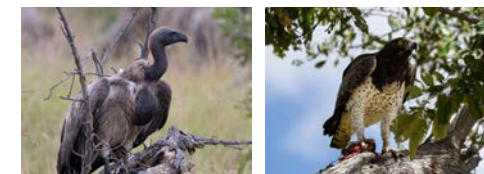
- New access road built for the construction of a new coal conveyor, stretching 791 metres
- 2904 tonnes of legacy ash per kilometre of road
- Replacing traditional cement with recycled ash
- Designed to support the daily passage of 1 200 to 1 600 trucks
- Sustainable and durable alternative to traditional cement, adhering to conventional road-building standards
- Contributing to a reduction in carbon dioxide emissions (avoided cement use)
- Building the circular economy

Finding additional applications for coal ash not only reduces the environmental footprint of ash disposal facilities but also minimises fugitive dust. As we seek new uses for fine fly ash from our newer power stations, the potential environmental and socio-economic benefits continue to grow. This builds on the legacy of earlier power station closures that repurposed clinker ash for bricks to construct many homes; these dumps are now almost depleted.

### BIODIVERSITY

Biodiversity is a material focus area for us, particularly regarding the interaction between our infrastructure and ecosystems. Guided by our Environmental Strategy and the goal of "protecting ecosystems through responsible land and biodiversity management," we aim to enhance biodiversity and build resilience to climate change.

We actively support national efforts to reduce biodiversity loss from human activities and restore South Africa's ecological integrity. Internally, we monitor infrastructure impacts on threatened bird species. In FY2025, red data bird mortalities decreased to 210 (FY2024, 258), reflecting our commitment to our Zero Harm value, preventing harm to people and the environment.



A key concern is the threat to South Africa's vulture and other vulnerable bird populations, especially from powerline collisions and electrocutions. With over 400 000km of power lines across diverse ecosystems, we are committed to protecting avian wildlife, including critically endangered species such as the Cape, White-backed, and Lappet-faced Vultures. These birds play an important ecological role, and their protection is a national conservation priority.

For over 30 years, we have partnered with conservation leaders such as Vulpro, the Endangered Wildlife Trust (EWT), and BirdLife South Africa to mitigate infrastructure impacts on avifauna. These partnerships support a range of proactive measures:



## Environmental Management *continued*

### Mitigating infrastructure impacts on avifauna

<b>Retrofitting</b>	>23 000 high-risk structures fitted with bird flight diverters and raptor protectors since 2016
<b>Risk-based modelling</b>	Avian risk maps guide mitigation in high-risk zones.
<b>Training and reporting</b>	Field staff receive regular training, and we engage communities in incident reporting
<b>Innovation</b>	Develop and test customised collision mitigation devices tailored to local conditions, with pilot project currently active in regions such as the Karoo
<b>Compliance</b>	All new powerline projects undergo biodiversity-sensitive environmental assessments



As a key partner in the South African Biodiversity Management Plan (BMP) for vultures, we are intensifying efforts to protect these endangered birds. By scaling up infrastructure retrofits and deploying advanced real-time monitoring systems, we aim to significantly reduce vulture mortality within three years. In addition, we support breeding programmes, rescue efforts, and drive education and awareness initiatives.

We also manage land and nature reserves to protect ecosystems and species. Our declared reserves: Ingula, Majuba, and Koeberg contribute to national biodiversity goals. Ingula Nature Reserve is South Africa's 27th Ramsar Site, safeguarding high-altitude grasslands and wetlands that host several threatened species, including the White-winged Flufftail and Bearded Vulture.

Through innovation, partnerships, and sustainable land management, we are committed to ensuring that sustainable power does not come at the cost of biodiversity. We believe energy and ecology can coexist through science-led approaches and responsible stewardship.



### OUR IMPACT ON AMBIENT AIR QUALITY

Air pollution poses serious global health risks, especially from long-term exposure to fine particulate matter (PM<sub>2.5</sub>), which contributes to cardiovascular and respiratory diseases. Key pollutants like SO<sub>2</sub>, NO<sub>2</sub>, PM<sub>10</sub>, and PM<sub>2.5</sub> harm both humans and the environment. Coal-fired power stations and industries emit harmful substances, intensifying health and climate concerns. Monitoring ambient air quality is vital for assessing pollution, guiding policies, and protecting communities. Eskom operates monitoring stations across South Africa's three Air Quality Priority Areas to measure compliance, support research, and evaluate the impact of offset interventions. These stations help track pollutant levels, assess impacts, and inform planning to ensure healthier, more sustainable environments.

Compliance stations are placed upstream and downstream of coal-fired power stations, offset stations near sensitive receptors, and research stations where baseline data is collected. The main objectives of these stations are to measure pollutants against national standards, support environmental research, evaluate pollution control effectiveness, monitor long-term air quality trends, and provide data for future planning and modelling, particularly to assess the impact of emissions from Eskom's operations and guide sustainable environmental management.



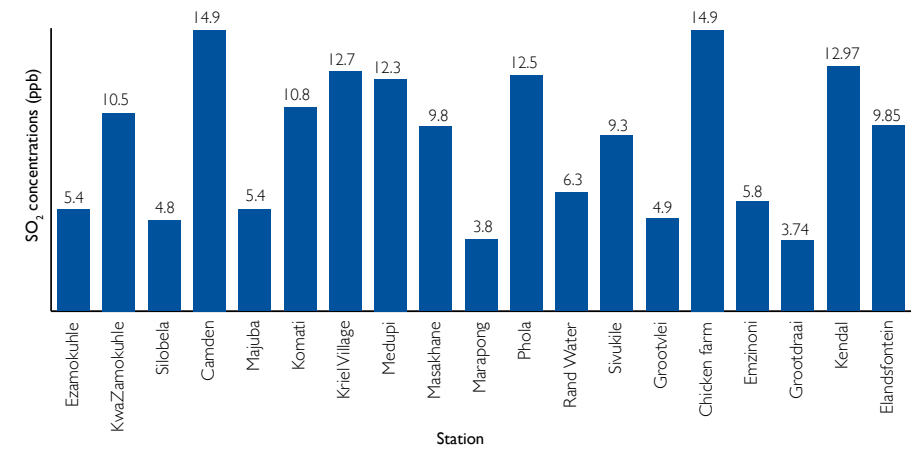
## Environmental Management *continued*



Ambient air quality monitoring helps compare emissions from power stations to other sources and assess their impacts. The results inform understanding of pollution effects. The DFFE has established South African Ambient Air Quality Standards for key pollutants, which serve as benchmarks for evaluating air quality data.

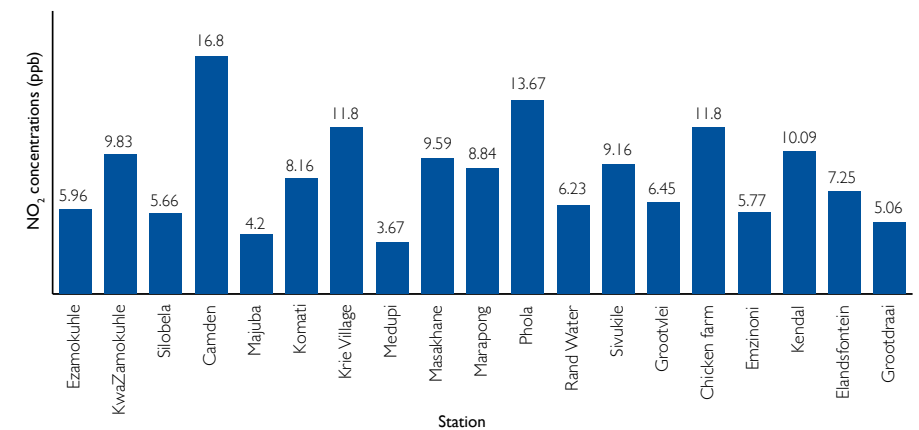
In FY2025, some stations recorded intermittent exceedances of SO<sub>2</sub> limits (10-minute, hourly, and daily). However, the frequency of these exceedances remained within the allowable annual thresholds set by national standards.

### SO<sub>2</sub> annual averages



Nitrogen dioxide (NO<sub>2</sub>) levels at all monitoring stations remained below the National Ambient Air Quality Standards. No exceedances of either the hourly limit of 106 ppb or the annual average were recorded.

### NO<sub>2</sub> annual averages



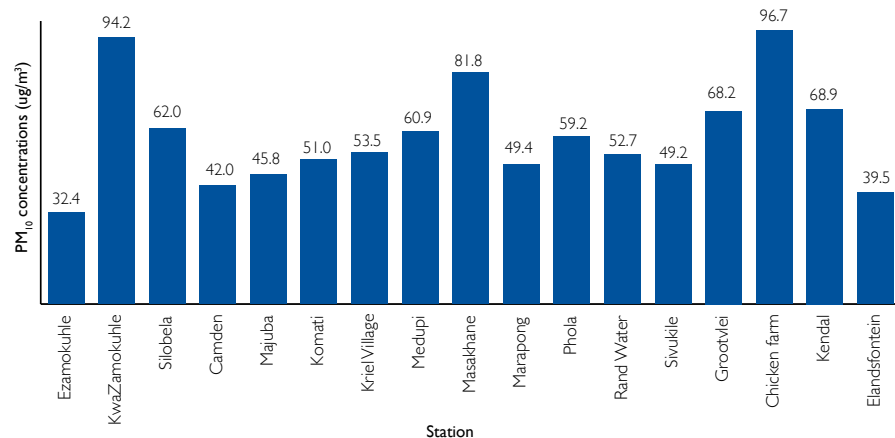
Fine particulate matter (PM<sub>2.5</sub>) from power generation causes cardiovascular and respiratory diseases and is linked to increased mortality and lung cancer. Coarser particles (PM<sub>10</sub>) reduce visibility and harm the respiratory system, highlighting the widespread health and environmental risks posed by these pollutants.



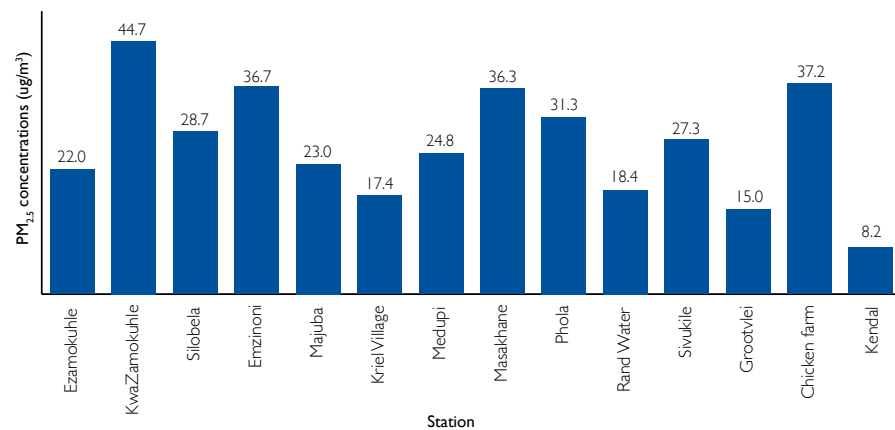
## Environmental Management *continued*

Air quality monitoring stations, particularly Silobela, Masakhane, and KwaZamokuhle, recorded exceedances of both daily and annual limits for  $PM_{10}$  and  $PM_{2.5}$ . The  $PM_{10}$  daily limit of  $75\mu g/m^3$  was exceeded at 17 sites, while the  $PM_{2.5}$  daily limit of  $40\mu g/m^3$  was exceeded at 14 stations.

**$PM_{10}$  annual averages**



**$PM_{2.5}$  annual averages**



The main contributors to this pollution are low-level sources like the mining sector, gravel roads, residential biomass burning, and ash dumps. Eskom is implementing air quality offset programs to address these issues in hot spot areas. For instance, the large-scale rollout of the programme in Ezamokuhle led to significant improvements in ambient  $PM_{10}$  concentrations in 2023.

### AIR QUALITY OFFSET PROGRAMME

We have continued with executing the air quality offset programme which aims to reduce particulate matter emissions in strategic communities affected by emissions from our coal-fired power stations. The programme entails addressing waste burning, transitioning households from coal use to liquid petroleum gas and insulating houses with ceilings to improve indoor air quality. Significant progress is being made on the various projects underway, in implementing this programme. This is verified in annual reports submitted to authorities which show a positive progress.

Phase 1 of air quality offset project has been completed, in which 3 505 and 2 086 houses had targeted interventions retrofitted at KwaZamokuhle and eZamokuhle, in Highveld Priority Area, respectively. Eskom approved the contract for waste clearing and spatial clean-ups to be done at Sharpeville (Vaal Priority Area).

As part of the offsets programme, awareness and knowledge was identified as critical in changing behaviour contributing to poor air quality in communities. Phase 2 projects, which comprise Sivukile (near Tutuka) and Phola (near Kendal) are in progress. For the Kendal project, progress in the form of activations of three communities was achieved. Twelve separate stakeholder activations (puppet shows, industrial theatre and speeches) were held at schools in the Vaal area (Refenggotso) and in Mpumalanga for Phase 2B.

We aim to expand the air quality offsets programme to other communities in the Mpumalanga Province and continue to maintain our commitment to completing these offset projects as per scheduled timelines by exercising diligence and ensuring favourable working relationships with all stakeholders.



# Our Climate Change Performance

## Climate Response at a Glance



### National & Global Engagements

- Eskom participated in COP29 proceedings
- Participated in DFFE-led Adaptation workshops
- JET: multiple stakeholder engagements held



### Reducing Carbon Footprint & Disclosures

- 16% decrease in carbon footprint emissions (from baseline year – 2019)
- Reporting on more categories and included subsidiary emissions
- Submitted annual CDP disclosure for scoring



### Building Resilience & Adapting to Climate Risks

- Divisional and Subsidiary Adaptation plans approved
- Continually assessing climate risks and leveraging on resilience opportunities



### Energy Diversification

- 83.5% Coal (FY2024: 80.5%)
- 3.2% Hydro (FY2024: 4.5%)
- 5.1% Wind (FY2024: 5.6%)
- 3.0% Solar (FY2024: 3.1%)
- 3.9% Nuclear (FY2024: 3.9%)
- 1.3% Diesel (FY2024: 2.5%)



### Net-Zero Emissions by 2050

- Drive repowering and repurposing projects
- Adopt clean coal technologies
- Roll out EV fleet and charging station
- Smart grid technologies
- Energy diversification
- R&D and innovation

Climate change is a major global challenge with wide-ranging effects on the environment, society, and economies across the world. The last ten years have been the warmest years in the historical record and several pieces of evidence indicate that global warming and its impacts, including extreme weather events, have been unfolding faster than expected.

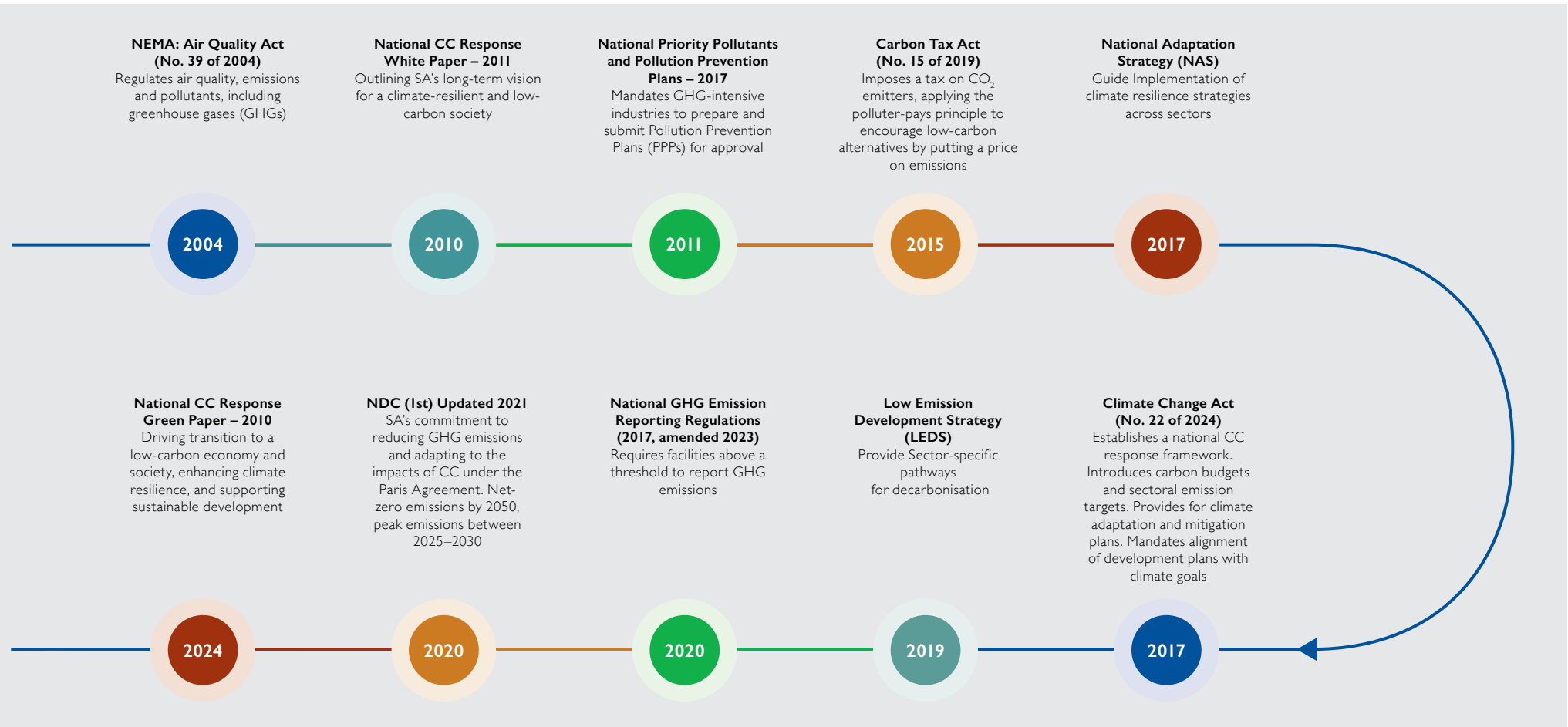
As the scientific evidence for global climate change has been mounting, and the international negotiations have progressed, there has also been an evolution in domestic legislation – following the normal policy process of a green paper, white paper, a draft bill and the final Act. Since it has taken a long time to realise the specific Climate Change Act, in the past other pieces of legislation have also been brought to bear. Relevant regulations under the Air Quality Act, are now being consolidated under the Climate Change Act. Eskom has also

been on this journey, from when we first reported our greenhouse gas emissions on a voluntary basis in 1992, to active participation in the policy-making process and the voluntary carbon budgets. Eskom has also been complying, since 2017 with the mandatory reporting and Pollution Prevention Plan regulations as well as the Carbon Tax Act (since 2019). Eskom is excited that the new Climate Change Act will mainstream climate change issues throughout local, provincial and national planning processes and ensure that South Africa makes a fair share contribution to the international effort.



## Our Climate Change Performance *continued*

### SOUTH AFRICAN CLIMATE CHANGE POLICY LANDSCAPE



Eskom remains a key player in the South African and global climate change landscape. We play a significant role not only in reducing greenhouse gas emissions for South Africa but also in leading the way for a just transition to cleaner energies. As the main provider of electricity in South Africa, Eskom acknowledges its key role in tackling climate change and is dedicated to embedding sustainable practices throughout its

operations. In this context, international collaboration is crucial to align national actions with global climate goals. A key platform for such collaboration is the annual United Nations Climate Change Conference.

The 29th United Nations Climate Change Conference (UNFCCC) Conference of the Parties (COP29) was hosted in Baku, Azerbaijan, from 11-22 November

2024, convening nearly 200 countries and over 56 000 delegates. This was the second-largest gathering in the history of the United Nations climate process and the conference reflected the growing urgency and collective resolve to accelerate action in addressing climate change. As a leading contributor to greenhouse gas (GHG) emissions, the energy sector plays a critical role in addressing this global challenge.



## Our Climate Change Performance *continued*

### KEY COP29 OUTCOMES

One of the most significant outcomes of COP29 was the adoption of a new collective quantified goal on climate finance; that of tripling support to developing countries from US\$100 billion to US\$300 billion annually by 2035. While this signals progress, the agreement still falls short of the US\$1.3 trillion requested by developing nations to meet their climate ambitions. At the same time, the Loss and Damage Fund will begin disbursements in 2025, a significant milestone in supporting vulnerable countries experiencing the effects of climate change. Additional breakthroughs included the extension of the gender action programme for another decade, expanded support for Indigenous and local communities, and new indicators for measuring progress under the Global Goal on Adaptation.

COP29 concluded with the long-awaited finalisation of the Article 6 Rulebook, establishing a robust framework for international carbon trading. This includes new standards for methodologies, carbon removals, and a dynamic mechanism for updates. Importantly, it empowers the UNFCCC Secretariat to provide carbon registry services, a development of direct relevance to emerging carbon markets in South Africa.

COP29 was more than a platform for dialogue, it presented a strategic opportunity for us to contribute meaningfully to shaping the global transition toward a low-carbon future while championing South Africa's priorities in the just energy transition agenda. We participated in seven pavilion events, three of which were directly hosted by Eskom with the aim to share insights, foster partnerships, and influence the international policy discourse.



### ESKOM AT COP29

#### Highlights of Eskom-led sessions

1	<b>Komati lessons learned and implementation at Grootvlei</b>	Shared insights on replicating Komati's Just Energy Transition (JET) model at Grootvlei, underscoring the need for economic diversification, social dialogue, and robust upskilling to secure a fair transition for workers and communities.
2	<b>Climate change adaptation and resilience for business</b>	Advocated for enhanced business resilience against extreme weather events and urged stakeholders to tap into mechanisms like the Loss and Damage Fund to finance adaptation strategies.
3	<b>Unlocking funding for energy transition projects</b>	Explored innovative financing models such as blended finance, PPPs, and regulatory reforms are essential for accelerating grid expansion and renewable energy integration in South Africa.

### ROAD TO COP30: A DEFINING MOMENT FOR THE GLOBAL CLIMATE TRAJECTORY

Looking ahead to COP30 in Belém, Brazil, the pressure to demonstrate concrete progress is only increasing. The "Baku to Belém" climate finance roadmap is expected to catalyse further action and help unlock the scale of funding needed, aiming for US\$1.3 trillion annually by 2035, to meet global ambitions. However, challenges remain. The recent withdrawal of the United States from the Paris Agreement and specifically the retraction of US\$1.5 billion in funding pledged to support South Africa under the Just Energy Transition Partnership (JETP) has raised concerns about the reliability of international climate finance. However, in March 2025, the European Union has stepped forward with a €4.7 billion Global Gateway Investment Package, a comprehensive initiative designed to support mutually beneficial strategic investment projects in South Africa.

Against this international background, climate action has taken significant steps forward in South Africa as well. The Climate Change Act (no 22 of 2024) was signed into law in July 2024 and commenced in March 2025, with certain provisions still to come into effect. The draft legislation has been under discussion since 2018, and Eskom is well prepared to comply with all requirements, tackling climate change through a comprehensive dual approach of mitigation and adaptation.

These strategies are vital for minimising greenhouse gas emissions and ensuring the resilience of our operations in the face of climate-related impacts. In the light of the recent development and to ensure that we comply with the current and future requirements we have revised our climate change strategy which has been approved by the Eskom Board.

### GHG EMISSIONS REPORTING AND DISCLOSURES

Eskom's reliance on coal-fired power stations for electricity production leads to significant carbon dioxide emissions and other pollutants. Our CO<sub>2</sub> emissions for FY2025 were 204.6 million tonnes. While these emissions still represent a significant contribution to the national total, (approx. 41%) it represents a declining share, as well as a considerable decrease in absolute terms. This illustrates that Eskom is on the right path to support South Africa to achieve its' nationally determined contribution.

Annually we report our Scope 1 emissions to DFFE, for stationary and mobile combustion plus fugitive emissions. GHG Emissions reporting to DFFE is a regulatory requirement, calculated in line with the IPCC methodology and DFFE methodological guidelines. Therefore, the DFFE GHG reported figures are not comparable with carbon footprint figures which are calculated based on the GHG Protocol guidelines.

We recognise that climate change is not just an environmental issue but a business issue with far reaching effects on the electricity grid. Our value chain of operations from securing resources, generating, transmitting and distributing to customers are at risk of significant disruption due to both physical and transition climate-related risks. We therefore continue our commitment to transparency by publishing our carbon footprint and disclosing our climate change on our website, in our annual Integrated and Sustainability reports as well as through platforms such as the Carbon Disclosure Project (CDP). The CDP platform is an international platform for companies to disclose climate, water and other environmental biodiversity impacts and performance, for annual scoring. Disclosures and reporting are effective measures for monitoring of our GHG emissions, in line with international best practice. This enables us to remain accountable for our emissions contribution and provides us with an opportunity to manage the magnitude of our emissions and sources.



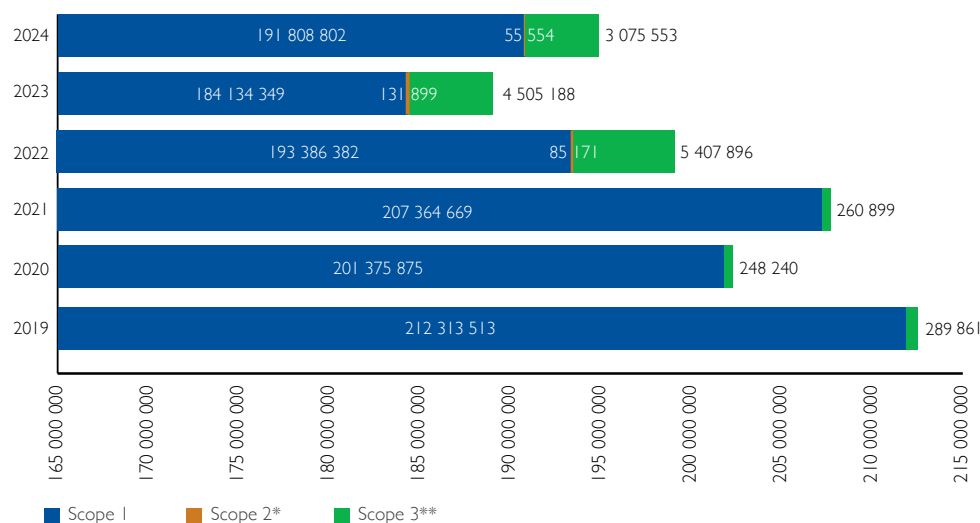
## Our Climate Change Performance *continued*

### ESKOM'S CARBON FOOTPRINT

We quantify our carbon footprint on an annual basis, utilising the international recognised GHG protocol methodology, an established Corporate Accounting and Reporting Standard for GHG emissions. Since 2019, we voluntarily quantify our carbon footprint and disclose these results.

The majority of our GHG emissions emanate from our reliance on fossil fuels, which currently account for over 97% of all our emissions. Although the relative share of accounting for our scope 3 emissions has increased since our first report in 2019, this is primarily due to expanded coverage in our reporting. Our overall carbon footprint has been declining, however in 2024, an increase in our scope 1 emissions is mainly attributable to increased plant availability and therefore increased coal usage, enabling us to minimise loadshedding.

The following presents our carbon footprint results for the calendar year 2024, compared with our 2023 and 2022 emissions our 2023 and 2022 emission (tons CO<sub>2</sub>e).



\* Scope 2 emissions were not reported between 2019 and 2021, network losses for transmitting and distributing IPP electricity

\*\* Scope 3 emissions increased from 2022, due to the inclusion of electricity relating to IPP's (OCGT) and rail delivery

### RISKS AND OPPORTUNITIES FOR MITIGATION

The evolving climate change legislation has been classified a priority II risk under our Integrated Risk Management Standard, and we are continually assessing our response measures to ensure that we are able to comply.

The Climate Change Act introduces instruments for limiting GHG emissions from sectors and companies. In the past, Eskom has participated in the DFFE's voluntary carbon budget programme, but these are expected to become mandatory over the 2026 to 2030 period. South Africa's NT has also implemented the Carbon Tax Act (no 5 of 2019) since June 2019. The carbon tax was projected to be implemented in phases, with phase 1 expected to end in December 2025. For phase 2, NT has proposed to maintain the electricity price neutrality commitment of phase 1, to counteract the harmful economic effects of high electricity tariff increases.

South Africa's long term GHG emissions trajectory will be highly influenced by the transformation of the electricity sector as provided for through the country's Integrated Resource Plan (IRP) which is consistently indicating a high degree of supply-side diversification. This, in turn, must be enabled by execution of our Transmission Development Plan (TDP).

We have embarked on a journey to diversify our energy mix by incorporating renewable energy. We produce and procure electricity 3.2% (FY2024: 4.5%) from hydro, wind 5.1% (FY2024: 5.6%), solar 3% (FY2024: 3.1%) and nuclear 3.9% (FY2024: 3.9%). Additionally, as part of the JET, we have initiated a repowering and repurposing project at Komati and stations reaching end-of-life. The repowering repurposing initiative will operate on the most suitable alternative energy sources, utilising the existing infrastructure. This approach benefits us and the environment, due to lower environmental impacts and carbon footprint, while generating cleaner energy.

The implementation of an environmental management plan and the adoption of clean coal technologies are other avenues we are exploring of managing our footprint. These initiatives will assist with lowering our GHG emissions, aid in achieving our net-zero ambitions and allow us to remain a

competitive business. Eskom's goal of achieving net-zero emissions by 2050 underscores our commitment to reducing environmental impact and aligning with global climate goals.

To reach this ambitious target, we have developed a comprehensive strategy that includes decarbonising the energy mix by deploying renewable energy technologies such as wind, solar, and hydroelectric power, and phasing out unabated coal power plants. Additionally, we are retrofitting and upgrading existing power stations to enhance efficiency and reduce local pollutants.

The implementation of smart grid technologies and charging infrastructure to optimise energy distribution and consumption, including through eMobility, remains a priority as part of our approach to business sustainability and achieving net-zero emissions. The JET aims to achieve net-zero carbon emissions by 2050 while ensuring that the transition is fair and equitable for all stakeholders, particularly affected workers and communities. Different opportunities for mitigation are expected to be available in the short-medium and longer term, both improving the environmental performance of existing plant and pursuing diversification of the supply mix.

We are focussing on:

- Expediting ramp rate flexibility for the current coal fleet.
- Demonstration of Plasma and Mini Oil Gun technologies to reduce the amount of fuel oil required for start-up, shutdown and low load operations.
- Pursuing a conversion of diesel to gas at the current Open Cycle Gas Turbine (OCGT) plant.
- Assessment of innovative mechanical standalone energy storage systems.
- Evaluating opportunities for biomass co-firing.
- Piloting a renewable hydrogen facility.
- Exploring the potential of Carbon Capture Utilisation and Storage (CCUS) technologies. This includes ongoing collaboration with Council for Geoscience, Exxaro and Sasol.
- Opportunities to support the JET through initiatives such as localisation of manufacturing components for renewable and battery supply chains as well as ash beneficiation, amongst others.

## Our Climate Change Performance *continued*

We aspire to be a meaningful player in the renewable energy market, shifting our energy mix towards a balanced energy mix. It is also Eskom's obligation to support the diversified future supply mix of the Integrated Resource Plan through strengthening and expansion of the Transmission and Distribution grids. The TDP 2024 indicates that 56GW of new generation capacity would be required by 2034, mainly from renewable energy sources (solar and wind) and gas. Transmission network requires approximately 14 500km of extra-high-voltage lines and 210 transformers to bring on board 132 650 MVA of transformer capacity by 2034.

Distribution is aiming to expand the reticulation network by 6 125km and 2 980 MVA transformer capacity in the next five years, while simultaneously rolling out over seven million smart meters and 250 microgrids. New business opportunities are seen in the commissioning of 238 EV charging stations while also reducing vehicle emissions with the purchase of 875 electric vehicles, for own use.

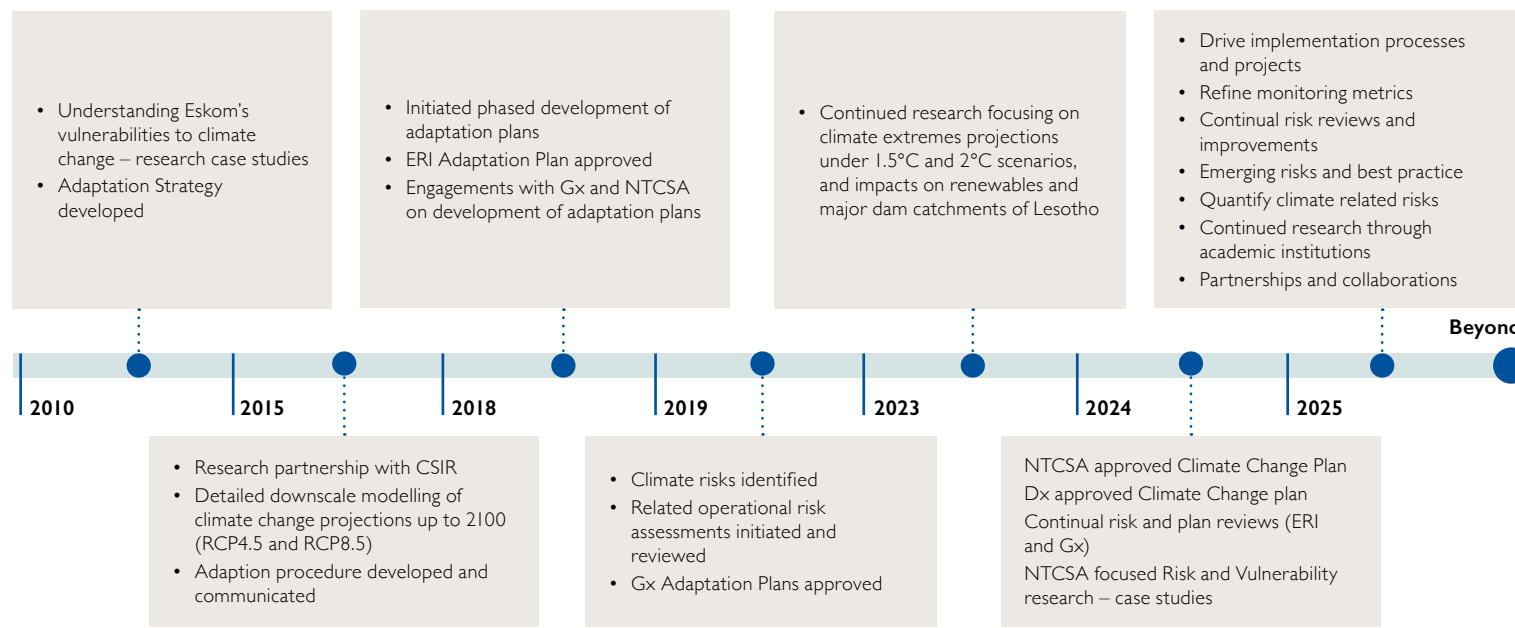


### ADAPTATING TO CLIMATE CHANGE

We continue to integrate climate adaptation and resilience in our operating environment. We look at physical climate risks that will impact our business both upstream and downstream in terms of resources, assets and infrastructure, systems and operations, our supply chain as well as our customer (changes in demand and consumption patterns).

We have taken a systematic approach in developing our adaptation response as outlined below:

#### Our adaptation journey



### RISKS AND OPPORTUNITIES FOR ADAPTATION

Understanding the geospatial characteristics of the climate exposure is a crucial component of risk assessment. Our electricity infrastructure is already exposed to increasing frequency, intensity and magnitude of extreme weather events across all provinces but particularly in the Western and Eastern Cape, KwaZulu-Natal (KZN) and Gauteng that have been impacted by severe storms, floods and wildfires. Building resilience into existing and planned infrastructure must be informed by an understanding of the trends in climate variability.

To support the identification of physical climate risks, our Research Testing and Development (RT&D) Department collaborated with the Council for Scientific and Industrial Research (CSIR) to obtain 8km downscaled climate projections for South Africa, for future time periods (up to 2100). These projections have been completed for the Intergovernmental Panel on Climate Change (IPCC's) high and intermediate emission scenarios Representative Concentration Pathway (RCP) 8.5 and RCP 4.5. For both scenarios, in the mid-future period (2050), South Africa is expected to experience an unprecedented frequency of high fire-danger days, heatwave days, and very hot days.

An inability to safeguard our assets and operations against short term, acute climate risks and well as long term, chronic risks has been classified a priority II risk under our Integrated Risk Management Standard. This risk has the potential to lead to a priority I risk (such as loadshedding).

## Our Climate Change Performance *continued*

Our climate risks are being managed through the implementation of divisional and subsidiary Climate Adaptation Plans, developed by multidisciplinary teams (comprising environmental practitioners, risk and resilience champions, engineers and disaster management representatives) to cover the scope of their operations. The process is guided by the Eskom Integrated Risk and Resilience Management Procedure for Climate Adaptation Planning which places us in a strong position to meet the requirements of the Climate Change Act for state-owned companies

to prepare adaptation plans in support of sectoral adaptation plans.

Risks are identified, recorded and regularly monitored through the CURA system to ensure the applicability and effectiveness of risk controls and treatment measures.

The Climate Adaptation Plans have been formally adopted by the relevant governance committees and implementation progress is monitored through annual reports.

	<b>Governance</b>	<ul style="list-style-type: none"> <li>Adaptation plans in place for Generation, NTCSA, Distribution and ERI</li> <li>Plans discussed and supported at various governance committees supported</li> </ul>
	<b>Capacity building and communication</b>	<ul style="list-style-type: none"> <li>Internal awareness and capacity building initiatives through webinars, news bulletins, fact sheets and conferences</li> <li>Participation in the UNGC academy of learning</li> <li>Participation on external technical working group, conferences and industry task teams</li> </ul>
	<b>Climate services</b>	<ul style="list-style-type: none"> <li>Climate projections available for NTCSA grids, Dx clusters and generation operating units</li> <li>Projections for RCP4.5 and RCP 8.5 scenarios</li> <li>Projections under 1.5°C and 2°C scenarios</li> </ul>
	<b>Integration into business processes</b>	<ul style="list-style-type: none"> <li>Risk and vulnerability assessments</li> <li>Integration and monitoring of climate risks in integration risk management registers</li> <li>Integration into disaster and resilience management processes</li> <li>Integration into exiting plans and procedures and future capital projects</li> </ul>
	<b>Monitoring and reporting</b>	<ul style="list-style-type: none"> <li>Continual risks reviews</li> <li>Adaptation plans reviewed and updated</li> <li>Financial impacts of extreme weather events</li> <li>Annual progress reports and reporting to relevant governance structures</li> </ul>

### CONTINUED INVESTMENT IN CLIMATE ADAPTATION RESEARCH

More recent research studies with the CSIR have focussed on using global climate models that contributed to the Climate Model Intercomparison experiment (CMIP 5 and CMIP6), to identify changes in the spatial patterns of temperature, wind, precipitation, and extreme events as well as fire danger over South Africa for the 1.5°C and 2.0°C global warming levels (GWL). We have also carried out research on risk and vulnerability of transmission infrastructure specific to the KZN and Western Cape areas.

### CASE STUDY

#### Extreme weather conditions and snowfall compromise Eskom network 20 to 21 September 2024

Following a Level 6 warning by South African Weather Services (SAWS) for disruptive snow and severe weather conditions for the 20-21 September 2024. Central East Cluster (CEC) KZN Operating Unit issued safety alerts to employees and requested emergency structures to be prepared and on high alert.

Snow started falling in the evening of the 20th of September initially only impacting a few medium voltage networks in the Underberg area. However, snowfall continued throughout the night resulting in the closure of the N3 freeway and other provincial roads, and trips on multiple Eskom high and medium voltage networks were experienced.

By 8am on the 21st of September widespread outages on 14 sub transmission networks and 128 medium voltage feeders had occurred affecting more than 192 000 customers. Due to the significant amount of snowfall and the resulting road closures, access to networks was impossible with most Eskom teams unable to respond to faults due to safety reasons. As a result, emergency structures were activated to manage the emergency. Fortunately, snowfall started subsiding by midday and the technical teams started making their way to the prioritised sub transmission networks restoring power supply to 130 000 customers.

The impacts on the sub transmission network also affected power supply to the Ingula and Drakensberg pumped storage schemes, however these were restored late on the 22nd and 23rd of September respectively. Full restoration was achieved on 2nd of October 2024. The Eskom teams did well to restore supplies safely under challenging conditions.

#### Improving climate resilience through lessons learned

##### Safety

- Operating units in snow affected areas to stock appropriate snow PPE
- Vehicles to be installed with winches and have snow chains available

##### Communication and stakeholder engagement

- Improve mobile communication in vehicles
- Establish communication channels early in the emergency with affected farming community to facilitate assistance with clearing access roads to the networks

##### Technical

- Design review of the sub transmission and MV networks supplying the Drakensberg and Ingula Power Stations to improve resilience

Some damages to networks were quite significant with multiple structure failures and conductors parting due to the snow loading.

## Our Climate Change Performance *continued*

### OUR FUTURE FOCUS FOR CLIMATE CHANGE

We have recently reviewed and updated the Climate Change Strategy to place renewed focus on:

- Accurate and timeous GHG emissions' reporting, including strengthening internal controls
- Continuous improvement in climate risk identification and management
- Employee and external stakeholder awareness and capacity-building engagements
- Formalising financial integration through procedures and tracking and reporting processes

The strategy is aligned with the National Development Plan and the Climate Change Act, and it provides a strong foundation to support our ambition for achieving net-zero emissions by 2050. Guided by the JET Strategy, Climate Change Policy, and adaptation planning procedures, the strategy focuses on four key objectives with targeted indicators to track progress, reinforcing accountability without duplicating existing JET measures. We have also set up a Renewable energy unit (future subsidiary), that will enable us to meet these targets and propel our energy transition effectively.

We are dedicated to substantially expanding our renewable energy capacity to achieve our long-term goal of net-zero emissions by 2050. In the near to medium term, we have a 2GW pipeline of clean energy projects ready for execution. Beyond repowering and repurposing of aging coal fired stations we are also working towards the development of a larger 5.9GW clean energy pipeline, including gas-to-power and battery storage initiatives. To accelerate progress, we are establishing an independent subsidiary focussing on driving renewable energy investment and innovation.

### Eskom's climate change strategy key objectives

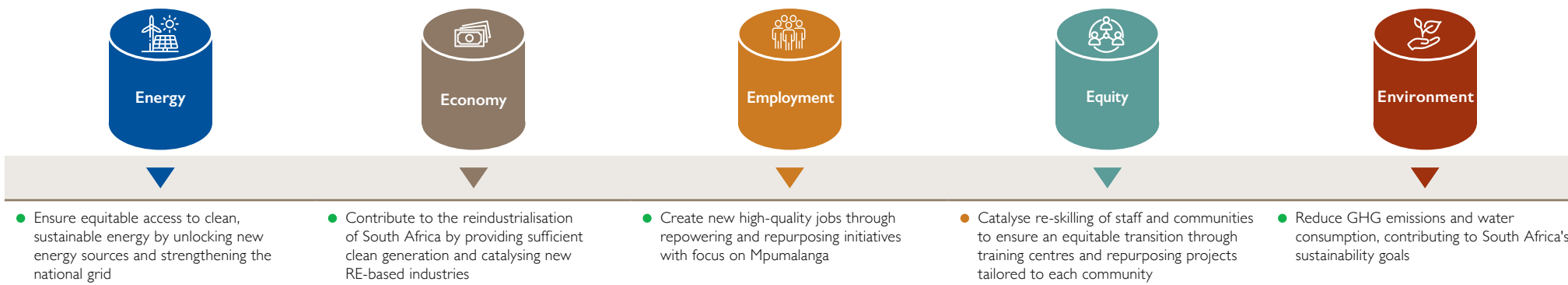
 <b>Objective 1</b> Integrate climate-related aspects in the corporate financial system	 <b>Objective 2</b> Ensure Eskom's assets and operations are resilient to adverse climate change impacts	 <b>Objective 3</b> Communicate on external engagements and participation	 <b>Objective 4</b> Enable achievement of net-zero emissions by 2050
<b>Goal:</b> Embedding climate considerations into all financial and operational decisions	<b>Goal:</b> Ensure that Eskom's assets and operations are robust, adaptive, and resilient to the adverse impacts of climate change, thereby safeguarding the company's long-term sustainability and operational integrity	<b>Goal:</b> Clearly communicate the company's climate goals and motivate and empower Eskom employees to actively contribute to them	<b>Goal:</b> Establish a clear, actionable pathway to net-zero emissions by 2050 through measurable interim targets, low-carbon transition strategies, and investments in clean technologies and supporting infrastructure
1. Establish a climate risk integration framework and metrics	1. Ensure access to climate forecasting/projections	1. Entrench reporting practices	1. Propose an interim target for GHG emissions reduction
2. Mainstream carbon pricing guidance	2. Formulate divisional adaptation plans	2. Implement divisional GHG reviews	2. Develop a decarbonisation roadmap
3. Enhance climate-related financial reporting	3. Implement climate resilience upgrades	3. Implement a (general) climate change communication plan	3. Expand green finance initiatives
4. Identify opportunities for revenue from the sale of green energy and/or carbon offsets	4. Identify opportunities for revenue from the sale of green energy and/or carbon offsets	4. Report on Eskom's carbon footprint	4. Implementation of Eskom's JET Strategy
	5. Develop and implement a climate dashboard	5. Facilitate the delivery of technical short courses	5. Accelerate the transition to low carbon energy sources
	6. Appropriate use of water resources in operations	6. Implement climate metrics and performance indicators	6. Grid modernisation
	7. Continue to collaborate on disaster risk management for climate-related causes	7. Communicate on external engagements and participation	7. Sulphur hexafluoride (SF6) technology replacement
	8. Engagement with stakeholders on climate resilience		8. Implement a robust carbon offsetting strategy to achieve net-zero in 2050





# Just Energy Transition

## Eskom's 5 Es of JET



The Board approved Eskom's JET strategy and key lessons learnt from the Komati JET experience continue to inform our plans and strategies around JET. An important element to emphasise in the JET strategy is the decoupling of station operations from our JET programme where we will repower and repurpose coal fired power stations independent of station operations and irrespective of when the production units' ramp down to zero megawatts, to manage the transition from high emitting energy sources of fuel to clean energy. This is not a renewable versus coal position, and the organisation remains technology agnostic in its pursuit of a low carbon future.

This development is guided by South Africa's IRP and is aligned with the country's Nationally Determined Contributions (NDC), the Climate Change Act 22 of 2024, and other relevant policies. This Just Transition Policy Framework serves as a strategic blueprint for the country's shift toward a low-carbon, climate-resilient economy. The framework is rooted in the principle of ensuring that the transition to net-zero emissions by 2050 is socially inclusive and economically just.

Eskom plays a pivotal role in operationalising the energy transition through our JET Strategy that aims for a gradual yet decisive shift toward a sustainable generation fleet for the future, guided by the five principles of JET: Equity, Employment, Energy, Environment, and Economic Growth. Importantly, the strategy does not advocate for the premature closure of any power stations, considering the ongoing energy demands and the severe socioeconomic consequences such shutdowns would have on the communities built around these operations. Instead, it focuses on providing power stations and their surrounding communities with a renewed purpose through repurposing and repowering (R&R) initiatives.

We remain committed to our decarbonisation efforts as a driving force in transforming South Africa's energy landscape. We acknowledge the country's responsibility in the global effort to reduce human-caused greenhouse gas emissions, the main contributors to climate change. This challenge is heightened by South Africa's vulnerability to climate impacts, which demands urgent and effective adaptation measures.

Unless a co-created and inclusive response to the transition is in place, communities will be further stranded and disadvantaged. This directly opposes the essence of the JET which commits to ensuring that communities will not be adversely affected by the energy transition and that the JET will be a beacon for developmental opportunities at all levels of the economy. Our objectives align with the three principles of justice of the energy transition (restorative, procedural and distributive), and are supported by the three interdependent pillars of the strategy: Just, Energy, and Transition.

The first pillar of our JET, the **Just** pillar, focuses on ensuring the transition is socially equitable. We aim to give power stations a renewed purpose through repowering and repurposing alongside socio-economic programs, beginning in our longstanding operational areas in Mpumalanga. This includes efforts to diversify the local economy at power stations while they remain operational. These initiatives will unlock the potential of local talent and skills, grid capacity, and world-class renewable resources, ultimately creating new jobs and fostering socio-economic development within power station communities.

A key lesson learnt from our Komati JET is the importance of social dialogue, which goes beyond stakeholder engagements towards co-creation and consensus building with communities. It is critical that communities are taken along the journey of the energy transition. To this end, we have already begun, in close collaboration with the Provincial government and other key stakeholders, key engagements with communities around Grootvlei, and we are advanced in the procurement process to appoint specialist support to assist us in engaging communities around Camden, Hendrina, Arnot and Kriel power stations.

The Komati Information Centre, which now employs two community members on a full-time basis, continues to serve as an active walk-in centre for community engagements, and training.

## Just Energy Transition *continued*

The **Energy** pillar of the JET Strategy aims to develop new capacity that meets South Africa's energy demands in an affordable and sustainable way. Rather than framing it as coal versus renewables, this approach envisions a continued but gradually decreasing reliance on coal, alongside a steady increase in clean energy production. We maintain a technology-neutral stance, as long as new generation sources produce low emissions and comply with national policy objectives, balancing the three key aspects of the energy trilemma: energy security, access and affordability, and sustainability.

The **Transition** pillar of our JET Strategy focuses on managing the shift from traditional, coal-based power generation to a cleaner, more sustainable energy future. It emphasizes a just and inclusive process that minimizes social and economic disruption, particularly for workers and communities dependent on coal power. This involves gradual changes supported by repowering and repurposing initiatives, ensuring energy security while aligning with environmental goals and broader national policies.

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

### FUNDING FOR JET

Komati R&R is funded by the World Bank through concessionary loans. A relatively small amount (approx. \$10million) of this facility is provided as grants for the services of owner's engineers and an implementation agent. The Global Energy Alliance for People and Planet (GEAPP) has provided grants for the establishment of the training centre at Komati, and German Development Bank (KfW) has supported the Eskom JET office with grants for some key studies and consultancy services including a stakeholder consultant for engagement with workers and communities at Camden, Grootvlei and Hendrina, and a consultant on biogas scoping in Mpumalanga. These are key to

unlocking the transition in Mpumalanga, but there remains a need for additional grant funding, beyond consultancy services and studies to fund small medium and micro enterprise growth and development and to address some of the social challenges associated with the transition away from coal.

Moreover, the South Africa's updated Accelerating Coal Transition (ACT) Investment Plan has been formally approved by the Trust Fund Committee of the Climate Investment Funds (CIF). The Eskom JET office is working with the Project Management Unit within the Presidency towards achieving the objectives and commitments made regarding this fund, and towards achieving the objectives of repurposing and repowering Hendrina, Camden and Grootvlei power stations.

Another key lesson learnt from Komati is the need to diversify the economy around the stations as operations and maintenance of renewables alone is insufficient to ensure sustainable site-specific jobs to offset the jobs lost from current operations.

One example of this strategy in action is the extensive work that went into the development of the Climate Smart Horticulture Centre at Grootvlei power station. The Grootvlei Climate Smart Horticulture Centre (GCSHC) is a key initiative to diversifying economic activities around Grootvlei, and the centre represents a transformative investment in sustainable agriculture, job creation, and economic development.

Established in Eskom's JET office, and in partnership with the Kingdom of the Netherlands, the GCSHC aims to repurpose (in phase 1) 20 hectares of Eskom land outside Grootvlei Power Station into a centre of excellence for agripreneurs, skills development, and sustainable food production.

This facility will include a 0.5-hectare high-tech climate-smart horticulture demonstration greenhouse, allocation for shade net areas, production tunnels, a fully equipped machinery and equipment hub, and a dedicated workshop space. Complementing this in phase 2 is a 15-hectare agricultural commercial hub designed to support agribusiness development, foster market access, and drive economic growth. At its core is the development a state-of-the-art training and innovation centre.

We are working closely with the National Business Initiative with funding from KfW to scope and develop this facility to support staff and community with training and development opportunities. The complete GCSHC will be operational in 2026 and 15ha agriculture commercial hub will be operational in 2027/2028. When complete, the GCSHC will serve as a catalyst for economic growth and employment in the Gert Sibande District.

In total, 353 employees and 326 community members (as at April 2025) have been trained through various training programmes delivered through the Eskom Academy of Learning, our Implementation Agent at Komati and through partnership agreements.

An additional training facility is being revamped at Hendrina. The training centre will have classrooms, computer room, mechanical workshop and the electrical workshop. Various programmes will be offered in the classrooms followed by practical work and certification of participants.





## Just Energy Transition *continued*

### KOMATI WELDING FACILITY

A mill maintenance workshop was converted into a welding training centre at Komati to train staff, contractors, communities and the industry at large, to prepare them to support our existing operations, to create welding entrepreneurs, as well as position them to embrace the clean energy opportunities as we expand our clean energy portfolio. As at April 2025, eight community members have completed training on welding theory with practical training underway. Training of the next cohort is underway. They will feed into the containerised microgrid manufacturing process. Engagements are underway with the South African Institute of Welding to use the facility as part of their curriculum.



### ADDITIONAL JET INITIATIVES

There are several additional initiatives in development in the JET office to repurpose power stations to diversify and reindustrialise the economy in the province. Not all initiatives considered or developed for repurposing will come to fruition. Some will fall by the wayside if it is found during development that the risks or benefits associated with specific initiatives do not warrant the investment. These are evaluated on a case-by-case basis. It is therefore important to drive many initiatives in parallel so that all eggs are not placed into one or a few baskets.

Some examples include Personal Protective Equipment manufacture at Komati; Transmission localisation support on TDP; Biogas; Mushrooms and eco brick production; Industrial Hemp; Green Steel Smelter; SEZ establishment; Pellet Stove manufacture; Pelletisation from removal of alien invasive species; Controlled Environmental Agriculture; Inverter and Battery Manufacture/Assembly; Long Duration Energy Storage Systems; Recycling of PV Panels; and Recycled Plastic PV Panels.



# Our Social Footprint

## Key Social Indicators



### Skills Development

- R1.5bn spend on skills development (FY2024: R1.4bn)
- 2 609 learners (FY2024: 2086)



### Supplier And Enterprise Development

- R12.3bn spend on supplier development (FY2024: R8.3bn)
- R7m spend on enterprise development (FY2024: R6.1m)



### Procurement Spend

- 1 786 contracts: R338.6bn (FY2024: 1 309 and R107.7bn)
- Local content: R317.63bn (FY2024: R97.7bn)
- B-BBEE compliant suppliers: R205.4bn (FY2024: R206.2bn)



### Our Employees

- 42 030 employees (FY2024: 40 625)
- R45.7bn spent on salaries and benefits (FY2024: R37.1bn)



### Corporate Social Investment

- CSI and SED spend: R146.20m (FY2024: R93.1m)
- People impacted: 1 203 566 (FY2024: 272 217)

Our business is deeply embedded in the country's social and economic fabric, influencing both national development and community well-being. While our core mandate is to provide a stable and affordable electricity supply, it is equally important for us to meet our social mandate of supporting economic growth and enhancing the quality of life for South Africans. Access to electricity, especially to rural communities, enables various socio-economic benefits, such as improved living conditions, access to education and healthcare, and opportunities for economic empowerment through small businesses and agricultural activities. We also engage in community development projects, mostly through our Eskom Development Foundation, focusing on education, health, Enterprise and Supplier Development (ESD), social upliftment, and poverty alleviation.

Energy and electricity are a social necessity to maintain national aspirational levels of quality of life in South Africa. Our massive power stations were designed and engineered for lower grades of coal (South Africa's abundant resource), while that of higher quality was exported for national economic interests and intended to last for decades, if properly maintained. There were considerable socio-economic benefits and negative impacts associated with this approach and the global response to enhancing the former while reducing, managing, and eliminating the

latter are dependent on the nation's economic ability to transition to less carbon intensive sources.

The NDP and the SDGs draw together what is needed to transform South African society to be prosperous, non-sexist, non-racial, and democratic. This outlines the tenets to ensure social protection, nation building, and social cohesion. Energy generation, transmission and distribution have a critical role in this transformation. As a responsible corporate citizen, we have a duty to manage these effects to the best of our ability using the country's resources optimally, within available budgets and prudent levels of debt, whilst striving to maintain security of supply and prevent catastrophic systemic failure. We also need to ensure that the energy to enable these levels of quality of life are affordable and equitably distributed.

It is critical to leverage the use of this energy in the national interest: contributing to the judicious extraction of resources, benefiting these to compound their realised value, development and maintenance of infrastructure, and the provision of services that continuously improve national standards of living and economic growth and prosperity.

The inventiveness, innovation, industrialisation, and entrepreneurship that is required to meet these aspirations will only be realised through dedicated

leadership, hard work and national sinobuntu. Further it is imperative that fraud, crime, corruption, and malfeasance be eradicated from the consciousness of what it means to be an Eskom guardian and a South African resident.

With this scenario of socio-economic and technological development, partnerships and a critical paradigm shift to unwavering intolerance of criminality, we can transition to cleaner energy for production and consumption, that is affordable and beneficial to all our stakeholders, including future generations. We, therefore, have a critical role in shaping and evolving the South African social footprint.

### KEY ASPECTS OF OUR SOCIO-ECONOMIC ROLE

Our strategic positioning, through operating at economies of scale, having an extensive workforce, broad customer base, and national footprint, places us as one of South Africa's largest employers and purchasers of goods and services. This makes us a key driver of economic transformation, playing a vital role in advancing inclusion, fostering social cohesion, and achieving the objectives and targets of the NDP. We are a major contributor to South Africa's national transformation agenda, nation-building, ESD initiatives. These include promoting job creation, employment equity, skills development, and development of Small,

Medium and Micro Enterprises (SMMEs) in the country. These activities and the grants and donations provided through our CSR programmes promote sustainable development and foster a more just society in addition to helping achieve national developmental goals.

We have a social responsibility to our stakeholders, including our Shareholder, customers, employees, and investors. Our operations encompass South Africa as well as neighbouring countries. Therefore, it is crucial to ensure that not only are our employees working in safe conditions, but that our impact on others is also a positive one.

Our JET programme is critical to us achieving the ideal social footprint and will fundamentally help us to drive a fair, inclusive, and equitable transition. These plans prioritise job creation while addressing the needs of affected communities and employees in which our coal plants are located and consequently shifts us to a cleaner and greener footprint.

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



Our Social Footprint *continued*

OUR HUMAN RESOURCE HIGHLIGHTS

 Employment	 Salaries and benefits	 Skills development and quality Education	 Gender equality	 Reducing Inequalities
Eskom workforce grew from 40 625 to 42 030 by March 2025, supporting job creation. Local procurement stimulates economies and boosts employment, advancing efforts to reduce unemployment across South Africa.	Eskom's competitive, market-aligned salaries and benefits support its top employer status. Guaranteed and structured packages, plus the EVP scheme, enhance employee satisfaction and retention across managerial and bargaining unit staff.	In FY2025, Eskom invested R1.5 billion in skills development, up from R1.4 billion in FY2024, demonstrating its strong commitment to continuous learning and building internal workforce capabilities.	Women make up 42.58% of Eskom's senior management, well above South Africa's 32% and the global 27.5% average, reflecting strong progress in inclusive leadership and gender representation.	Eskom uses its annual Organisational Effectiveness (OE) survey to gather employee feedback, helping identify gaps and guide actions that foster a more inclusive, equitable work environment and reduce workplace inequalities.

OUR PEOPLE

Our people, including both employees and contractors, form the backbone of our success. Their collective expertise, capabilities, and experience drive our ability to meet our mandate and deliver on our strategic priorities. Recognising this, we place people at the centre of our operations. As one of the country's largest employers, we not only provide direct employment opportunities but also drive growth in other sectors through the ripple effect of our activities.

Our human capital strategy sets the foundation for fostering a motivated, inclusive, and resilient workforce. It shapes how we engage with our guardians and is underpinned by five core focus areas:

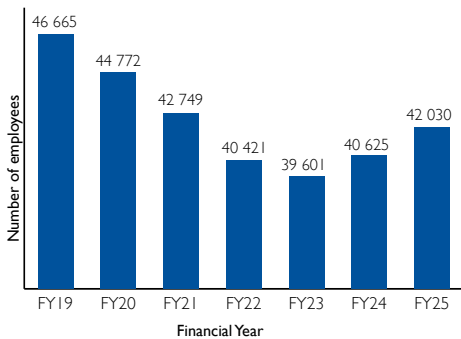
Skills and capabilities	Be an employer of choice	High performance and ethical culture	Future fit and productive organisation	Human resource excellence
Our priority initiatives				
We focus on redefining organisational culture, improving performance and build leadership capabilities	We identify current and future skill needs and design strategies for talent development and succession planning	We enhance the employee experience by updating rewards, wellness programmes and communication strategies	We drive digital transformation and standardisation of tools and processes across the organisation	We are restructuring human resources for greater efficiency and customer focus, with digital optimisation of process

We monitor, evaluate and report on our performance using key indicators related to employment equity, health, safety, and skills development. We have reviewed our FY2025 performance relative to the past six years and highlighted our long-term contribution to building and strengthening human capital.

EMPLOYMENT AND BENEFITS

Our Workforce Plan ensures that current and future staffing requirements support the organisation's Strategic Objectives. While we historically were focused on decreasing our headcount, we have since optimised our workforce plan to accommodate an increase over the next five years. This decision was based on benchmarking and to capacitate Eskom towards a future-fit organisation in support of our turnaround plan, the legal separation, implementation of clean energy technologies, and the JET.

Number of employees for FY2019–25



As of March 31, 2025, we employed 42 030 people, making us one of the nation's largest employers. Over the past seven years, our headcount decreased from 46 665 in FY2019 to 42 030 in FY2025, as we streamlined our operations and responded to changing organisational needs. In the last two years, we have seen a steady rise in employee numbers, as per our strategies and plans, shifting us from consolidation to growth.

Employee attrition remained relatively stable around 5%, with 5.8% recorded in FY2025, below the international benchmark of 10% but slightly above our internal target of 4%. Even as numbers declined, we prioritised the renewal of critical skills through a combination of external hires and internal promotions.

TRAINING AND SKILLS DEVELOPMENT

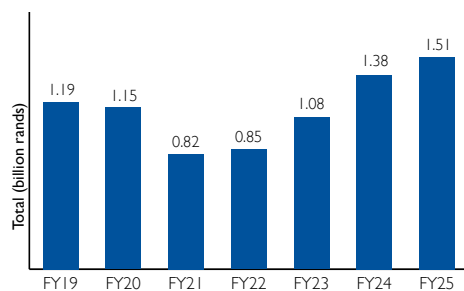
Developing adequate skills and expertise is critical to ensuring operations are efficient, effective, and contribute to the economy in a sustainable way. As one of the industry leaders in skills development in South Africa, we are dedicated to ongoing investment in training for both our employees and external learners. This includes offering bursary programs and graduate-in-training opportunities, all designed to cultivate a pipeline of skilled professionals who can drive progress within the energy sector

We have demonstrated a strong and growing commitment to skills training and development, investing a total of R8.09 billion over the seven-year period from 2019 to 2025. The data shows an initial decrease from R1.19 billion in 2019 to (R820 million)

## Our Social Footprint *continued*

In 2021, which can largely be attributed to the impacts of the COVID-19 pandemic. During these years, many individuals were still recovering from the disruptions caused by the pandemic, which affected their ability to fully engage in further studies and skills development. However, starting from 2022 with (R854 million), there is a clear upward trend in funding utilisation, rising to R1.5 billion by 2025.

### Training spend for FY2019–25



This positive momentum reflects the success of Eskom's strategic focus on encouraging employees and stakeholders to actively use allocated funds for education and skills development. The emphasis on making people aware of the funding availability and the critical importance of investing in their personal and professional growth has clearly paid off.

The evolving energy landscape and our current operational challenges highlight the need for upskilling and reskilling our workforce. To meet this demand, we implemented a comprehensive upskilling and reskilling framework, which, along with the insights from our recent skills audit, will help bridge the identified skills and competency gaps.

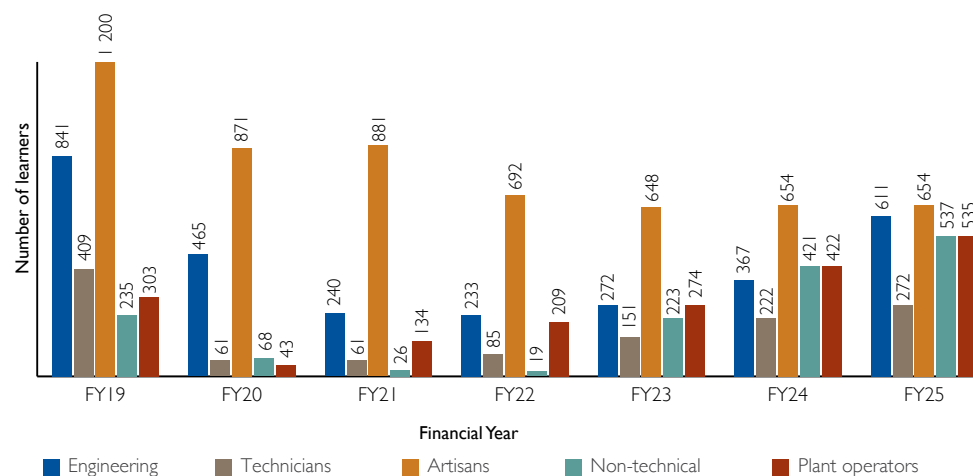


### LEARNER PIPELINE

Our learner pipeline is designed to respond to the demographic shift in the workforce by balancing the aging workforce with a steady influx of new talent. Through this program, we are strategically positioning ourselves to meet future skills needs and ensure long-term sustainability. We maintain a healthy learner pipeline targeting 2.5% of the workforce comprising bursars, interns, and externally funded learners. Special programmes such as the Youth Employment Service (YES) contribute to the skills pipeline and social responsibility.

As of year-end, 612 YES learners were participating in work experience programs across a range of roles within the organisation. Although training and skills development initiatives are purposed for Eskom, these skills are also absorbed in other companies locally and internationally. Successful learners can change their economic circumstances and those of their families.

### Learner pipeline for FY2019–25



In FY2025 our learner pipeline (learners in the Eskom system) represented 2 609 of the permanent company work force. We have seen notable changes in our learner pipeline over the past years. From FY2019 to FY2022, total learner numbers dropped significantly with the most impact seen in engineering and technician categories. Since FY2023, we have seen a steady recovery.

Our uptake of Engineering learners saw a decline from 841 in FY2019 to 233 in FY2022, but we have since increased to 611. Technician numbers also fell sharply in the earlier years but increased steadily to 272 by FY2025. Artisan learners, though initially the highest group, declined over time and have now stabilised to around 654. This could be attributed to the conclusion of the building and commissioning phases of the mega projects and the transition to operational plant. Non-technical learners dropped to just 19 in FY2022, but we have steadily been increasing our intake and are currently at 537 by FY2025. Plant operators increased from 303 in FY2019 to 535 in FY2025.

It is critical for us to maintain the steady increase in learner development to combat the potential challenges including, but not limited to, our aging workforce, entry into the era of competitiveness and the need for enhanced skills and our repowering and repurposing programme. These skills are vital to our long-term sustainability, and recent gains show that our efforts in this area are beginning to deliver results.

## Our Social Footprint *continued*

### EMPLOYMENT EQUITY

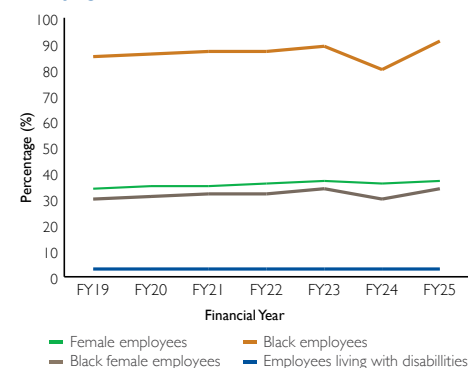
We are repositioning ourselves as an employer of choice by focusing on diversity, equity, inclusion, and a sense of belonging. Our revised Diversity, Equity, and Inclusion (DEI) Strategy drives inclusion beyond compliance and creates an equitable environment for employees to contribute value through dedicated programs for all demographics and various abilities.

Eskom broader transformation			
Diversity	Equity	Inclusion	Belonging
<b>Presence of people with a wide range of characteristics, seen and unseen, which they were born with or have acquired</b>	<b>Promoting equal and fair treatment in employment through the elimination of unfair discrimination</b>	<b>Efforts to make every employee feel welcomed, respected and valued irrespective of identity/background</b>	<b>The feeling of being accepted, respected, valued and connected to other employees or the organisation</b>
<b>Key indicators:</b> Race, gender, religion, sexual orientation, age, culture, sub-culture, ethnic minorities, etc	<b>Key indicators:</b> Appointments, promotions, pay, development and performance management	<b>Key indicators:</b> Fair treatment, psychological safety, trust, involvement in decision making	<b>Key indicators:</b> Belonging, valued, acceptance, connected



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

### Employee representation for FY2019 – FY2025



From FY2019 to FY2025, Black employees consistently comprised more than 80% of Eskom's workforce. This exceeds the 78% Black representation in South Africa's Economically Active Population (EAP). Meanwhile, 36% of employees were female (up from 34.1% in FY2019), 30% were black female (equal to FY2019), and 2.96% of all employees were people living with disabilities (compared to 3.03% in FY2019).

In pursuit of equitable gender and persons living with disabilities representation, the percentage of female employees grew from 34.1% in FY2019 to 37.12% in FY2025. The representation of employees living with disabilities has increased to 3.11% in FY2025 (FY2024: 2.96%).

At the top management level, gender equity stands at 21.43% against a target of 27.72%. Within senior management, female representation is 42.58% compared to the target of 44.69%. At the middle management level, the target has been met and surpassed, with female representation at 43.20% against a target of 41.07%.

Considering our historically workplace patriarchy and to boost women's representation in decision-making and technical roles we continue enhancing and growing our Eskom Women Advancement Programme (EWAP). Recent achievements include being highlighted on the UN Women's website for our lactation facility, as well as being recognised by Standard Bank's TopCo as one of South Africa's Top Gender Empowerment Companies.

### HEALTH AND WELLNESS

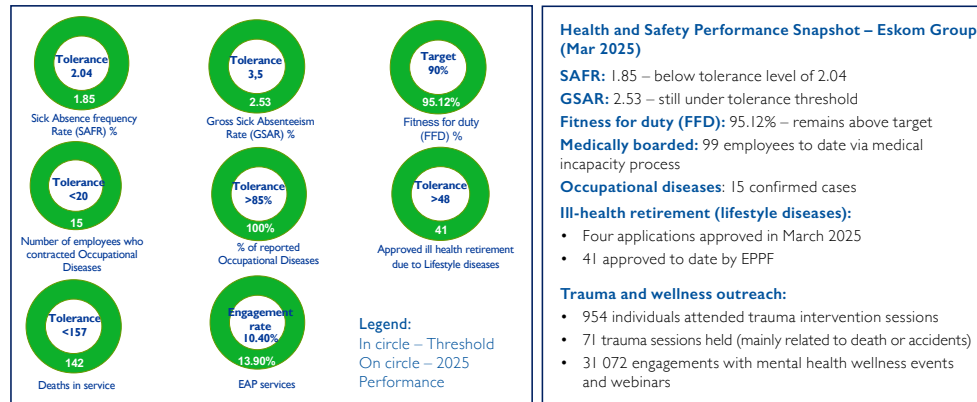
Highlights FY2025	
<b>Wellness program development</b>	New workplace programs addressing mental health, menopause, grief, and loss were successfully introduced and positively received by employees.
<b>Disability identification</b>	The number of employees identified as living with disabilities grew from 1 201 in FY2024 to 1 308 in FY2025, supported by health and wellness initiatives.
<b>Health awareness participation</b>	There was a notable increase in employee engagement in health-focused sessions covering lifestyle illnesses, cancer awareness, sick leave, and disability assessments boosting overall workforce well-being.
<b>EAP engagement growth</b>	Employee engagement with the Employee Assistance Program increased from 11.4% to 13.9%, indicating stronger trust in mental health services and a proactive wellness culture.
<b>Post-pandemic mental health response</b>	Mental health concerns, such as stress, depression, and burnout increased following COVID-19, prompting the development of a targeted stress management program encouraging use of counselling services.

Health and wellness is one of the levers of the culture program at Eskom. It plays a critical role in fostering resilience, enhancing quality of life, improving morale and engagement, increasing productivity, and promoting a safe, healthy, and supportive work environment to employees. The thrusts of our health and wellness strategy include the five pillars: prevention; treatment, care and support; education and awareness, partnerships, and monitoring and evaluation.

## Our Social Footprint *continued*

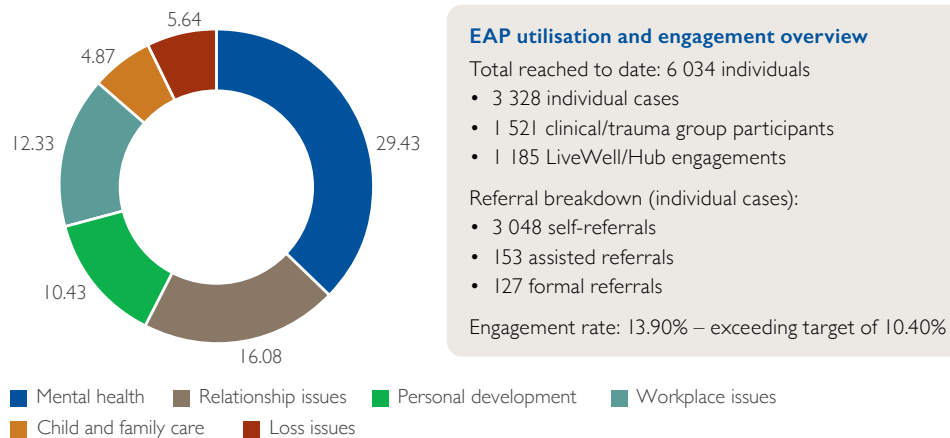
Below is the performance dashboard of our Health and Wellness for FY2025.

### Health and Wellness index – Group level (YTD progress against annual targets)

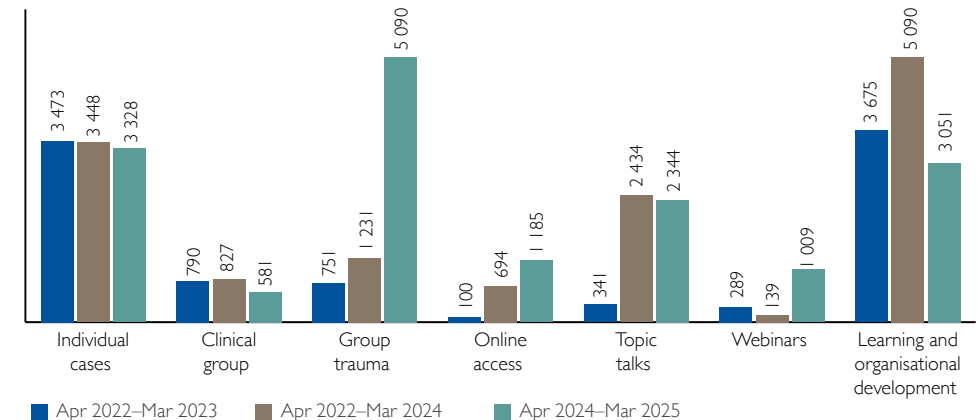


Our EAP continues to track and report on the most commonly presenting six problems. We have representative data over the past three years and have seen mental health concerns consistently remaining the most prevalent issue, accounting for nearly 30%. This highlights the ongoing need for robust mental health support in the organisation.

### Top 6 EAP presenting problems



### Programme engagement rates



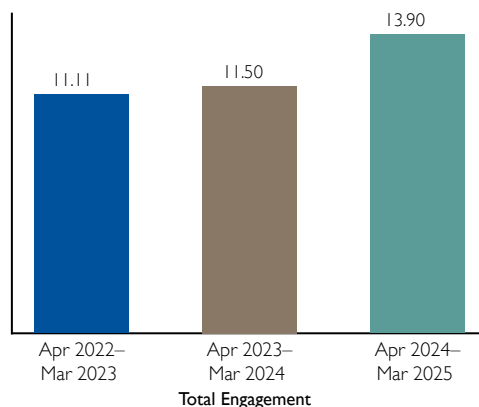
Programme	Description
Individual cases	One-on-one confidential counselling for personal, emotional, or work-related issues.
Clinical group	Therapeutic group sessions for shared challenges and peer support.
Group trauma	Debriefing sessions for teams impacted by critical incidents (e.g., accidents or loss).
Online access	Digital availability of certain resources and sessions (details not specified).
Topic talks	Brief expert-led talks on psychosocial wellness and awareness.
Webinars	Interactive virtual wellness sessions accessible to all employees.
Learning and organisational development	Workshops and training to boost wellness leadership, team skills, and organisational health.

While individual case engagement slightly declined over the three years (from 3 473 to 3 328), and clinical group participation dropped notably in FY2025 (from 827 to 581), other areas showed substantial growth. Group trauma support peaked in FY2024 before slightly decreasing; while learning and organisational development saw strong uptake in FY2024 (5 090 participants), followed by a decline. Online access, topic talks, and webinars showed consistent and significant increases, with webinars rising sharply in FY2025 to 1 009 attendees. This reflects a successful shift toward virtual platforms and broader accessibility. The data suggests a growing preference for digital engagement methods, underscoring the importance of strengthening our online infrastructure, revitalising in-person services, and maintaining regular evaluation to align offerings with evolving employee needs.



## Our Social Footprint *continued*

### Overall engagement rate



The engagement rate of the programme has demonstrated a steady upward trajectory over the three-year period under review. For the period April 2022 to March 2023, the engagement rate stood at 11.11%. This figure increased marginally to 11.40% between April 2023 and March 2024, reflecting a positive shift in participant interaction with the programme offerings. Significantly, the most recent period, April 2024 to March 2025, recorded a notable increase in the engagement rate to 13.90%. This improvement may be attributed to enhanced visibility of the programme, intentional marketing of EAP services using the various platforms (digital) such as webinars and online resources, and the relevance of the content provided.

The health and wellness teams in the organisation continue to promote physical wellness program that includes various sporting, recreational and cultural codes. In this past year we have seen an increase in employee participation and attendance of health events including health and wellness webinars arranged as per the health and wellness calendar.

### ORGANISATIONAL EFFECTIVENESS

We aim to drive Organisational Effectiveness (OE) and a sense of belonging and connectedness to Eskom by fostering a high-performance ethical culture, engaging with employees, and offering a rich Employee Value Proposition (EVP).

### ESKOM ORGANISATIONAL CULTURE AND CHANGE MANAGEMENT

The Eskom 1:1:6:10 Culture Transformation Programme highlights our unified purpose, a shared aspirational culture, six core culture pillars, and ten key culture levers. These pillars accountability,

operational excellence, people prioritization, financial prudence, a values-driven culture, and customer-centricity are reinforced by ten essential levers that shape our organisational culture.



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

## Our Social Footprint *continued*

### ESKOM HUMAN CAPITAL SURVEY

To measure the I:1:6:10 Eskom Culture Transformation Programme, a series of metrics exists, one of them being the Eskom Human Capital (HC), OE Survey and specifically, the Organisational Culture component of that. Our HC OE Survey and other pulse surveys are designed to assess employee views on several key dimensions and inform management on areas of focus.

## THE INTEGRATED ESKOM HUMAN CAPITAL OE SURVEY



**Employee engagement** focuses on the degree of positive or negative emotional attachment a person has to their company, job and colleagues.



**Employee value proposition** refers to a set of associations and offerings provided by the organisation in return for the skills, capabilities and experiences that an employee brings to their organisation.

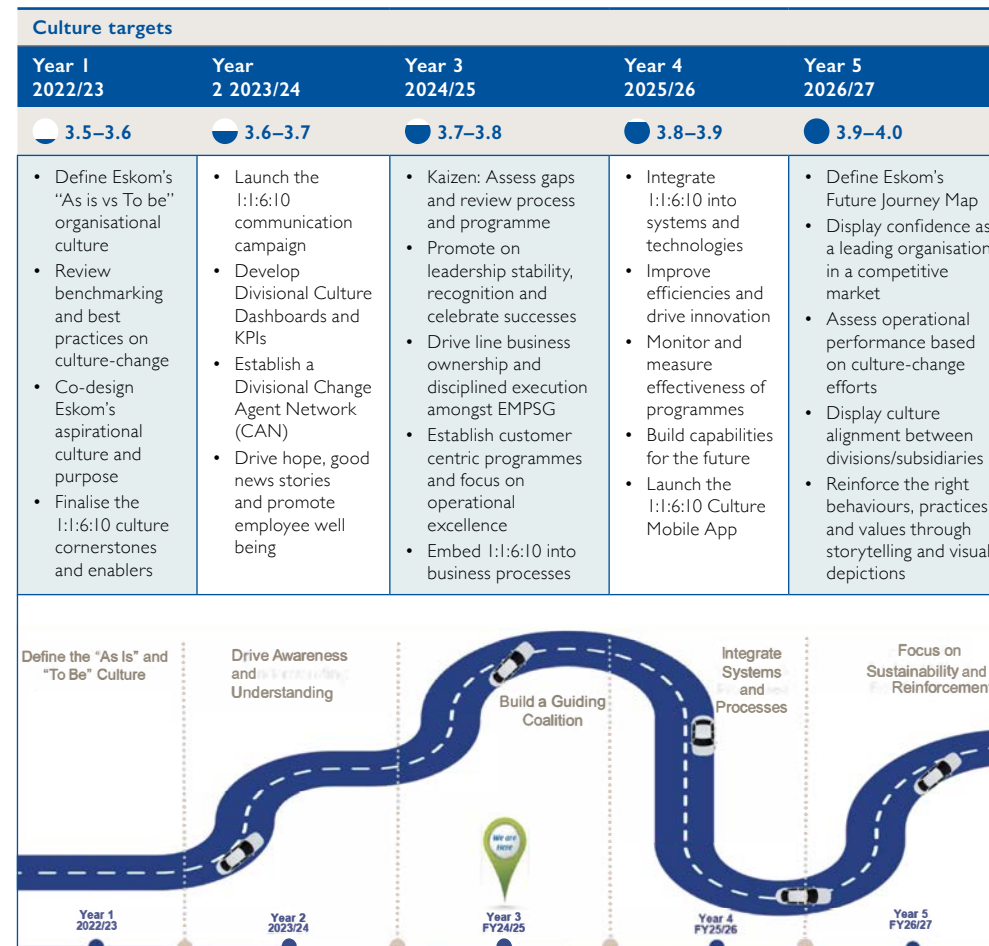


**Culture** is a system of shared assumptions, values and beliefs, which governs and influences how employees behave, speak and perform their duties within the organisation.

Analysis of the Eskom HC OE Survey results has revealed that Eskom employees are observing an incremental shift in the organisation's culture and leadership stability has had a significant influence on this. The participation in this survey saw an unprecedented increase, which serves as a strong indicator of improved employee morale. Over the reporting period, the scores for Employee Engagement, EVP, and Organisational Culture have all shown growth, further reflecting the upward trend in employee morale.



The I:1:6:10 Eskom Culture Journey Map is highlighted on the image below, together with key focus areas and culture index targets that will help the business transition into the next growth phase.



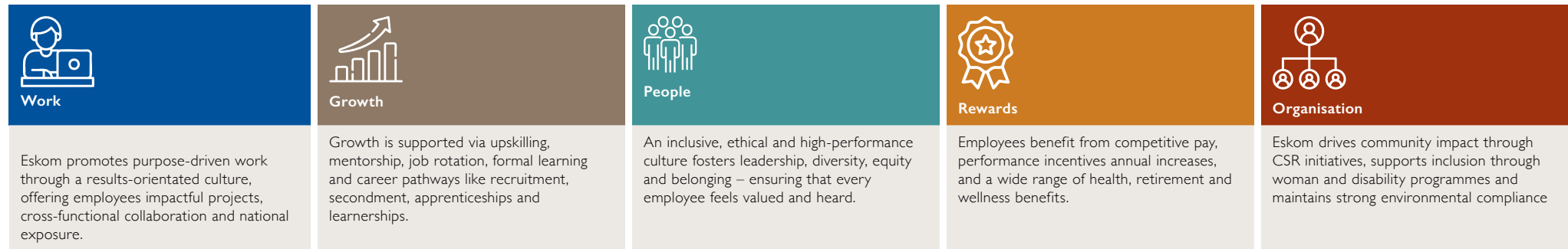


## Our Social Footprint *continued*

### ESKOM EMPLOYEE VALUE PROPOSITION

At the heart of Eskom's sustainability strategy lies a deep commitment to its people. Our EVP reflects its dedication to fostering a workplace that not only attracts top talent but also inspires, nurtures, supports, and retains competent and thriving employees thus improving staff well-being and uplifting the overall morale of the organisation. Eskom's EVP strives to create meaningful experiences for employees at work.

Through a carefully curated experience across five key dimensions as illustrated below, we deliver consistent value to its employees while reinforcing our identity as an employer of choice.



Together, these elements reflect Eskom's ongoing commitment to delivering a holistic and sustainable employee experience, one where individuals feel motivated, valued, and inspired to grow.



To further support Eskom's EVP, we have been recognised as a Top Employer for 2025 by the Top Employers Institute.

This prestigious accolade places us among an elite group of organisations globally acknowledged for their dedication to creating an exceptional workplace, by developing and embedding HR policies and people practices. The Top Employers Institute is the number one global authority on HR strategies and certification. This achievement reinforces Eskom's dedication to employee growth, well-being, and empowerment.

### ESKOM EMPLOYEE ENGAGEMENT PROGRAMME

Our employee engagement focuses on rebuilding relationships with employees and helping them feel more connected to the business and to one another. This contributes to building a high performance and ethical culture through creating a sense of connection and belonging.

We deliver employee engagement in Eskom through multiple platforms including effective employee and leadership engagements and site visits, inclusive of diverse employees across all task grade levels and business areas. These engagements aim to share key messaging, facilitate dialogue, promote recognition, and celebrate success across the organisation.

We deliver employee engagement through multiple platforms, which include:

- **Leadership and employee interactions:** Effective engagements that connect leaders with employees.
- **Site visits:** On-the-ground engagement across various locations and operations.
- **Inclusivity across all levels:** Involving employees from all task grades and diverse business areas.

During these engagements, we focus on achieving a number of objectives including:

- **Share key messaging:** Communicate important updates and organisational priorities.
- **Facilitate dialogue:** Encourage open conversations and feedback.
- **Promote recognition:** Highlight and celebrate employee contributions.
- **Celebrate success:** Acknowledge achievements across the organisation.

During the reporting period, over 20 people centred engagement sessions were held, led by our Group Chief Executive. The Guardian and other engagement publications continue to leverage positive engagement outcomes and reach as many employees as possible.



## Our Social Footprint *continued*

### OCCUPATIONAL HEALTH AND SAFETY

Occupational Health and Safety (OHS) is crucial to business operations, ensuring the well-being of all individuals, boosting productivity, and enhancing employee morale through the implementation of comprehensive OHS measures outlined in our OHS Strategy.

<p><b>6th life-saving rule</b></p>	<p><b>Occupational hygiene</b></p>	<p><b>Contractor safety</b></p>	<p><b>Asbestos survey</b></p>	<p><b>Person job specification</b></p>	<p><b>Benchmark with SARS</b></p>
<p>The initiation of the 6th Life-saving Rule (related to live-line work) has been a success, showcasing a productive alliance between management and labour to avert injuries and loss of life in the live-line work environment.</p>	<p>SANAS completed Eskom's occupational hygiene surveillance assessment with no non-conformances. The system was adequate, technical competence confirmed, and two applicants recommended as Technical Signatories.</p>	<p>To improve contract and contractor safety management industry-wide, Eskom collaborated with Eswatini Electrical Company in a benchmarking initiative, offering insights into contract management for occupational health and safety.</p>	<p>Company-wide asbestos survey provided insights into current status, legal compliance, and progress toward Eskom's 2033 phase-out target, helping track implementation across relevant divisions.</p>	<p>The OHS team hosted PJS Revision 12 workshops, sharing recordings, logs, presentations, and templates to support smooth implementation across Eskom following sessions on 11 and 12 February 2025.</p>	<p>In the context of benchmarking, R&amp;S OHS engaged with SARS to discuss the Incident Management Process implemented in SAP EH&amp;S. During this interaction, SARS provided insights into their methodology for documenting the inspections that are conducted</p>

We held our first-round table session with the main topic being "Communication: The Cornerstone." The session underscored the importance of effectively communicating safety procedures and protocols to promote positive behaviours and a secure work environment, while fostering a Zero Harm culture. The inaugural session's positive outcome clearly accentuates the importance of communication within our organisational context. This proactive initiative has the potential to correct deviations and prevent unsafe practices and conditions.



Separate documents were developed for the Appointment of Substance Abuse Testers and the Appointment of Substance Abuse Screeners as well as a practice note to formalise this improvement in order to clarify the requirements in the Management of Substance Abuse in the Workplace Procedure specifically concerning individuals required to conduct screening and/or testing as part of their Eskom duties, we had to review this procedure.

We have recognised the importance of raising awareness and identifying psychosocial hazards in the workplace. These hazards are likely to negatively impact employees, resulting in staff turnover, physical symptoms (e.g., fatigue), and emotional symptoms (e.g., burnout). Bringing attention to this issue will help managers understand the importance of creating a supportive and positive work environment, which can boost employee satisfaction, engagement, and productivity whilst promoting Sinobuntu.

We were a key contributor to a national initiative that aimed to enhance conveyor belt safety across industries. This was a collaborative effort, with Eskom working alongside industry leaders such as the Conveyor Manufacturer Association (CMA) of South Africa, Grinding Media of South Africa, and Scaw Metals, in partnership with the Department of

Employment and Labour, to create a Code of Practice for Conveyor Systems.

In our unwavering commitment to social responsibility, Eskom prioritises the health and safety of the public. As part of our continuous efforts to improve on this, a self-assessment was conducted for public safety. This ongoing assessment focused on analysing the effectiveness and efficiency of the National Public Safety Work Group, which meets quarterly, demonstrating Eskom's long-term commitment to public safety.

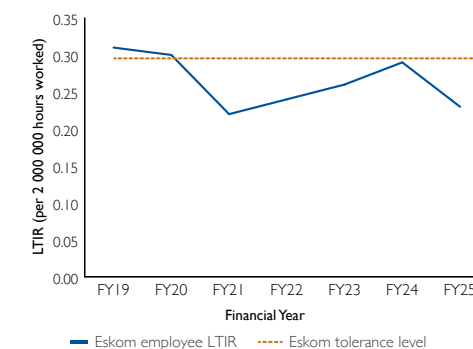
We have also launched our new safety campaign "See Act Immediately". This initiative is about boosting safety performance and inspiring positive behavioural change. The aim is to create a positive and proactive culture of occupational health and safety within the organisation.

A major milestone was reached with the full implementation of the Ergonomics Compliance Assessment. This organisation-wide initiative is designed to safeguard the health and safety of individuals vulnerable to ergonomics-related risks in the workplace. It is focused on assessing compliance with the Ergonomics Regulations of 2019 and pinpointing specific operational requirements.

A successful General Machinery Regulations (GMR)2 conference was hosted by Eskom with the primary goal of enhancing understanding of the responsibilities of our GMR appointees. Various critical topics were covered concluding with a roundtable discussion on operational issues. The GMR2 conference is planned to be held annually to ensure continual improvement.

A key highlight in our occupation health and safety management is that our employee LTIR remains within the tolerable levels as set in our shareholder compact. We have achieved progress in improving our employee LTIR, nonetheless, the occurrence of fatalities remains a serious concern.

#### Employee LTIR for FY2019 – FY2025

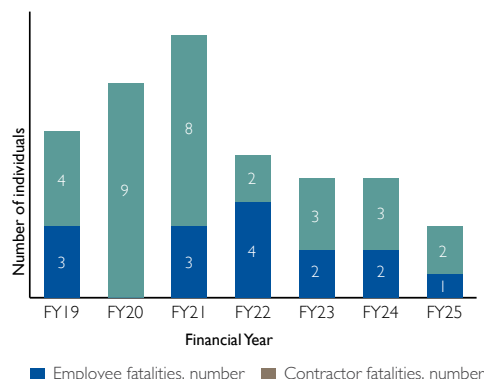




## Our Social Footprint *continued*

Protecting the safety of both our employees and the public is our utmost priority. Although certain areas have shown clear progress in their safety practices, the persistence of workplace fatalities remains profoundly troubling and wholly intolerable. Since FY2021 the total number of fatalities has been decreasing as a testament to the many safety initiatives and awareness sessions we have continually implemented. We remain committed to intensifying our efforts to enhance safety protocols, cultivate a vigilant workplace culture, and ensure that every team member returns safely to their loved ones.

### Fatalities for FY2019 – FY2025



### Health and Safety Highlights for FY2025



#### Strengthening communication and safety culture

- Hosted a roundtable on "Communication: The Cornerstone".
- Reinforced Zero Harm through clear safety protocols.
- Positive results encourage proactive risk prevention.



#### National collaboration

- Conveyor Belt Safety
- Partnered with CMA, Grinding Media, Scaw Metals, and Dept. of Labour.
- Contributed to a Code of Practice for safer conveyor operations.



#### Ergonomics compliance

- Nationwide assessments aligned with 2019 Ergonomics Regulations.
- Focus on mitigating ergonomic risks for employees.



#### Substance abuse management

- Formalised appointment process for Substance Abuse Testers and Screeners.
- Updated procedures with a new practice note to clarify roles and standardize processes



#### Public safety commitment

- Completed self-assessment for the National Public Safety Work Group.
- Reinforced long-term public health and safety priorities.



#### GMR2 conference

- Strengthened understanding among General Machinery Regulation appointees.
- Annual sessions planned for continual improvement.



#### Psychosocial hazard management

- Identified risks such as burnout and fatigue.
- Promoted supportive, engaging work environments in line with Sinobuntu principles.



#### New campaign – See – Act immediately

- Encourages proactive safety behaviours.
- Aims to drive cultural change and improved performance.



#### LTIR

- LTIR within shareholder compact limits.
- Fatalities remain a priority concern despite progress.








## Our Social Footprint *continued*

### OUR COMMUNITIES

We cultivate mutually beneficial partnerships with our workers, suppliers, and host communities, equipping them with skills and opportunities through our value chain. To empower communities and promote equitable economic growth, our activities are concentrated on tackling unemployment, improving education, and developing enabling infrastructure. We collaborate with our contractors to deliver creative Corporate Social Investment (CSI) and Socio-economic Development activities that drive positive social change and the development of the local community. This helps us to establish strong relationships with our stakeholders.

Our community development programmes cover five focus areas.

Focus area	Objective
 <b>Skills and Capability Building</b>	Increase the number and skill level of South African workers in energy-related sectors, focusing on supplier and enterprise skills.
 <b>Enterprise Development</b>	Grow enterprises owned by designated groups to become suppliers in the energy sector.
 <b>Supplier Development</b>	Support supplier growth through contracts or subcontracts, especially for development programme graduates.
 <b>Localisation and Industrialisation</b>	Expand local manufacturing to drive economic growth, reduce inequality, and improve procurement performance.
 <b>Corporate Social Investment</b>	Uplift communities with school upgrades, healthcare access, electricity improvements, and community-focused interventions.



### ELECTRIFICATION

The electrification program is a vital social initiative focused on expanding electricity access to communities that have historically been unserved or underserved, especially in rural areas. By providing reliable power, the program supports a range of socio-economic improvements, including better living conditions, enhanced access to education and healthcare, and increased opportunities for economic growth through small businesses and agricultural development.

South Africa aims for universal electricity access by connecting 97% of households to the grid, with 3% remote and rural areas to be served via off-grid microgrids. Reaching these regions poses challenges due to high costs, tough terrain, and sparse populations, yet remains vital to national development and improving citizens' quality of life.

To tackle the issues related to rural electrification, our plans involve the installation of 50 microgrid units annually for the next five years. These microgrids will utilize renewable energy technologies, particularly solar photovoltaic systems, to bring electricity to areas that have not previously had access. The focus will be on providing these units to hospitals, clinics, schools,

and essential service centres located in 'at-risk' communities. Additionally, a regulatory framework for microgrids is currently being formulated in partnership with NERSA and other relevant stakeholders, aimed at creating guidelines and standards for the effective implementation of microgrid technology.

To date, over 94% of South Africans have access to electricity, which surpasses the NDP target of 90% by 2030. We have also implemented 114 800 new electrification connections in FY2024 and 83 031 in FY2025.

### ESKOM DEVELOPMENT FOUNDATION IMPACT

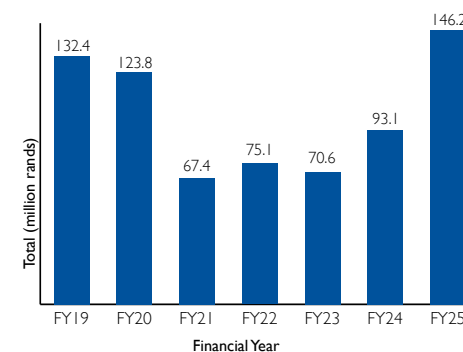
The ESDEF, one of our wholly owned subsidiaries, is responsible for executing Eskom's CSI strategy to achieve critical developmental goals and improve the quality of life within the communities where we operate. Our CSI strategy aims to create an enabling environment that maximises the impact of our socio-economic contributions through six key levers. CSI initiatives are focused on education, health, the environment, enterprise development, food security, rural communities, infrastructure development and socio-economic upliftment.

## Our Social Footprint *continued*



CSI is a cornerstone of our commitment to uplifting the communities we serve. We believe that giving back is not only a responsibility but a vital part of building a sustainable and inclusive future. Our CSI initiatives aim to make meaningful contributions in areas such as education, health, youth development, and socio-economic upliftment.

### CSI Spend for FY2019 – FY2025



Our CSI spend in FY2019 was R132.4 million, reflecting a strong baseline investment in community development, we saw a decrease in spend during the COVID years due to restricted access to communities, we are progressively increasing our investment into CSI projects. The sustained increase highlights our commitment to giving back to the communities in which we operate, reflecting our broader dedication to social development, sustainability, and positive long-term impact.

In FY2025, the Foundation rolled out targeted communication campaigns to amplify the impact of CSI initiatives across the group, leading to a notable improvement in related outcomes. Education continued to be the primary focus area, with R38.2 million allocated to educational initiatives. A key priority of the CSI strategy is to build a future-ready skills pipeline for both Eskom and South Africa, with investments spanning the full educational spectrum, from early childhood development to tertiary education and a strong emphasis on Science, Technology, Engineering, Mathematics, and Innovation (STEMI) fields.

ESDEF successfully implemented several high-impact community CSI projects. Notable achievements included the completion of a multi-purpose community centre in Empangeni, KwaZulu-Natal, and the delivery of disaster-relief support to flood-affected communities. This relief effort involved distributing essential supplies and constructing 26 mobile classrooms to support five schools in the region.





## Our Social Footprint *continued*

During the year, we also concluded strategic partnerships with organisations that share our CSI ambitions, including Transnet, the National Development Agency (NDA) and the Small Enterprise Development and Finance Agency (SEDFA), to better leverage resources and funding and maximise our collective impact going forward.

Together with the Mpumalanga Department of Economic Development and Tourism, we held a two-day Business Connect gathering with SMMEs from across the province of Mpumalanga at the Municipal Banquet Hall from 05-06 March 2025. Throngs of delegates from the Mpumalanga business community and various exhibitors attended the event and were taken through processes of conducting business with Eskom and the available business opportunities in an endeavour to strengthen engagements with SMMEs and foster sustainable economic development.

An array of speakers shared perspectives on key topics amongst others; Solutions to reducing South Africa's energy challenges, SMME skills development and capacitation, the Eskom Roadmap, JET, the nuclear strategy, Mpumalanga's approach on SMME development, Building sustainable incubation programme, Transmission Development Plan and Air Quality Offsets. Delegates were afforded an opportunity to robustly engage with presentations made over the two-day period.

Looking ahead, future initiatives will include support for community electrification programmes, development of SMMEs, incubation and localisation in support of Broad-Based Black Economic Empowerment (B-BBEE), as well as opportunities inked to Eskom's JET.



### SOCIO-ECONOMIC DEVELOPMENT

We make an indirect contribution to the economy by procuring goods and services from a wide range of economic sectors, which in turn stimulate activity across their respective value chains. Our procurement strategy is intentionally designed to drive sustainable local development by aligning with national transformation priorities. Through this approach, we aim to unlock economic growth, promote localisation and industrialisation, generate employment opportunities, and support skills development throughout South Africa.

We are committed to developing local suppliers in alignment with South Africa's transformation objectives, with a strong focus on key local supply sectors relevant to our industry. Our dedication to advancing local supplier development is in line with South Africa's transformation goals, with a particular emphasis on critical local supply sectors relevant to our operations. Our initiatives complement government-driven local development efforts by fostering the growth of domestic industries and strengthening local manufacturing and production, as outlined in the Shareholder Compact and Eskom's Transformation Plan. We place a strong priority on local employment and contracting for projects, helping to meet community employment needs, enhance local skills and employability, increase income for local businesses, and ultimately stimulate economic activity in surrounding areas.

Our substantial coal offtake plays a significant role in driving economic activity and job creation across the value chain. Through our supplier development, localisation and industrialisation programme, we support economic development and supplier transformation to help build a sustainable economy and advance the goals of the National Development Plan (NDP).

Eskom was issued a new B-BBEE certificate in February 2025, achieving a B-BBEE status of level 3 and exceeding the shareholder compact target of level 4 for the 2025 financial year. This year, saw us achieve our highest performance to date in the skills development category, driven in part by our continued support for Government's YES programme.

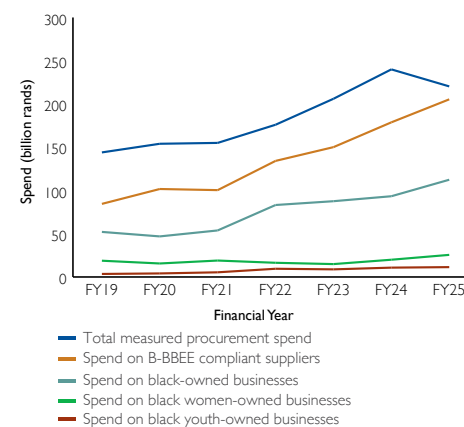
Our positive procurement equity performance was recognised, although opportunities remain to improve procurement spend with certain designated groups.

Regrettably, the management control category was negatively affected by the lack of female executives in top management at the time that the B-BBEE verification was conducted, although this has since been addressed.

Procurement spend with B-BBEE compliant suppliers has improved, successfully meeting the shareholder compact target of 80% for the year. We achieved only the procurement equity target for black youth-owned spend for the year. Targets across other categories were not met due to previously compliant suppliers electing not to renew their B-BBEE certificates.

We continue to monitor supplier compliance and request suppliers to maintain valid B-BBEE certification to reduce the extent of spend with non-compliant suppliers.

### Procurement Spend for FY2019 – FY2025



Between FY2019 and FY2024, there has been an increase in Total Measured Procurement Spend (TMPS) spent from 144 billion to 240.4 billion. However, there was a decline in FY2025 (R220.3 billion). Spend on B-BBEE compliant suppliers and black-owned business has increased over the seven-year period. FY2025 resulted in the highest spend on black youth-owned businesses and black female-owned businesses to date.

During the year, we awarded 1 786 contracts worth R338.6 billion at company level, achieving 93.79% local content (2024: 1 309 contracts, with 90.72% local content). Of these, 362 contracts were related to designated sectors, resulting in 85.83% local content spend in designated sectors (2024: 203 contracts, with 60.34% local content for designated sectors).

### ENTERPRISE AND SUPPLIER DEVELOPMENT

Our contribution to supplier development amounted to R12.3 billion, exceeding the target of R6 billion (2024: R8.3 billion), largely due to subcontracting through coal contracts. We invested R7 million in enterprise development, exceeding our target of R5 million (2024: R6.1 million). Various initiatives were conducted to support SMMEs, including training on business skills, tender requirements and other key topics. Over 1 120 SMMEs benefited from development opportunities through these initiatives.

Over the next three years, we aim to invest a total of R27 billion in supplier development, mainly due to procurement spend with developing suppliers, and R230 million in enterprise development programmes



## Our Social Footprint *continued*

### CASE STUDY

#### EMPOWERING LOCAL ENTREPRENEURS – THE MOBILE AND APPLIANCE REPAIR CART INITIATIVE

In response to youth unemployment and the need for inclusive economic growth, Eskom, in partnership with Vodacom, initiated the Youth Enterprise and Skills Development Program. This collaboration harnessed mobile business infrastructure, digital tools, and training to empower young people and stimulate enterprise in communities surrounding Eskom's power stations (Kendal, Lethabo, Majuba, Matimba, and Matla).

Programme objectives:

- Equip local youth with technical and business skills.
- Foster sustainable small business ownership using mobile units.
- Support B-BBEE by contracting local EMEs (Exempted Micro Enterprises).
- Encourage inclusive participation across race, gender, age, and ability.

#### Key highlights:

**106** local youth benefited through training and enterprise support

**7** youth received fully equipped mobile technical repair carts.

**37** local youth received food selling carts



#### Eskom CAS tender

#### Vodacom SD&L obligation dashboard subcontracting

Eskom contract value **R547m**

Total target **30%**

Number of subcontractors **7 EMEs**

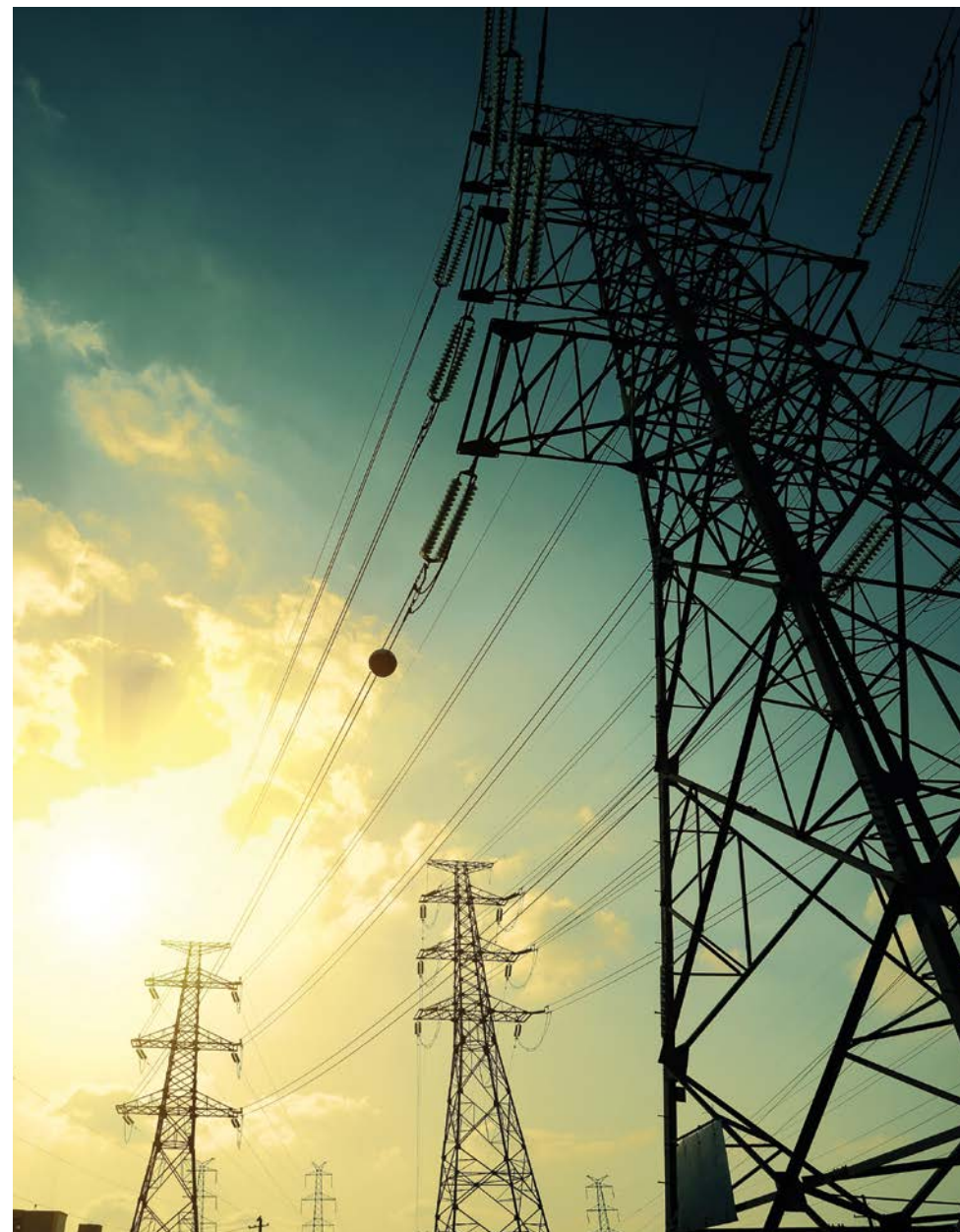
Vodacom subcontractor payments

**R264 452 182.25**

A total of 7 EMEs were contracted to supply, equip, or support programme delivery. Ownership demographics: **6 black owned, 1 black woman-owned, 1 black youth-owned and 1 black disabled-owned.**



This initiative demonstrates how aligned corporate partnerships can deliver measurable community impact. Through localised empowerment, digital enablement, and enterprise support, the Eskom-Vodacom Youth Enterprise Programme is contributing meaningfully to South Africa's inclusive growth and youth development goals.

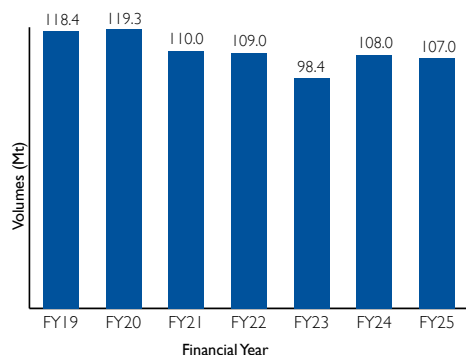


## Our Social Footprint *continued*

### COAL SALES – CONTRIBUTION TO SOCIO-ECONOMIC DEVELOPMENT

Eskom continues to be the one of the largest purchasers of coal in South Africa, we consistently purchase over 100Mt of coal on an annual basis with only a slight decrease observed in FY2023. In the 2025 financial year, around 107 million tons of coal were procured and delivered to the power plants. Of this, 39% was acquired through short and medium-term contracts, 36% through long-term cost-plus agreements, and 25% through fixed-price contracts. We're driving transformation in the mining industry by sourcing coal from companies that adhere to the 26% mining charter criteria.

#### Coal Purchased (volumes) for FY2019 – FY2025



Our coal supply chain supports transport services, which stimulates the logistics and automotive sector. Economic opportunities, employment skills development and CSI programmes are generated along the value chain further stimulating the economy.

Our coal strategy focuses on reducing coal costs and improving coal contract management. Until 2050, our power plants will need from 650 million tons to 750 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.

We actively support the development of junior miners in our coal supply chain through a standardized procurement process. All suppliers undergo the same due diligence before contracting, ensuring consistency, fairness, and reliability. We have in some instances experienced criminal activity which affects our operations and reliability of supply. Our coal fleet has been facing challenges of increased deterioration of the plant assets damage due to inconsistent coal quality delivered from coal suppliers. The coal quality issues largely occur when coal purchased from mines is stolen and swapped out for inferior coal during transit.

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. We have engaged the services of the relevant law enforcement agencies and competent private security outfits to deal with coal security matters.

### ELECTRICITY SALES AND REVENUE

We saw a growth in revenue primarily driven by a 12.74% tariff increase and a 3.5% rise in sales volumes (6.4TWh) and the improved operational stability and energy availability, largely due to enhanced generation plant performance and a reduction in loadshedding also had a significant contribution. This operational reliability supports broader socio-economic resilience.

Notably, increased sales in the international, distributor, and commercial segments emphasise our role in regional energy security, particularly through emergency and adaptable non-firm sales during periods of hydropower shortfalls caused by reduced rainfall. The establishment of firm power supply agreements with Botswana, Namibia, and Zambia further reinforces regional cooperation and energy sustainability.

Conversely, the decline in sales to the industrial and mining sectors highlights the impact of economic pressures and a shift toward decentralized, renewable energy solutions. The growing adoption of embedded self-generation, particularly solar, reflects a positive trend toward cleaner, more sustainable energy practices, though it also presents challenges to traditional sales models. Additionally, the exclusion of R11.9 billion in unrecognized revenue, due to collectability concerns, raises important considerations around our financial sustainability and the need for strengthened credit risk management in support of long-term viability. It is critical going into the future that we reinforce our human resource capabilities in managing this relatively new dimension of our business.

### MANAGING MUNICIPAL DEBT

Municipalities account for about 42% 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, arrear municipal debt continues to escalate. By year end, outstanding municipal debt had grown to R94.6 billion, up from R74.4 billion in 2024, with projections indicating a potential increase to about R329 billion by 2030, 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.



# Research and Development

## R&D focus areas



Resolving  
Operational  
& Technical  
Challenges

- Emissions, frequency controls, technical and non-technical losses



Research to  
Fast-track  
JET

- Microgrids, repowering/ repurposing, smart electricity, e-mobility and digital revolution



Futuristic  
Research and  
Product  
Development

- Green hydrogen, ash roads, digital transformation



Specialised  
Testing

- Provision of specialised testing and analytical services including sustainable energy research solutions



Digitalisation

- Use of Artificial Intelligence (AI) and application in Operation and Maintenance (O&M)

Our research and development is conducted by our Research, Testing and Development (RT&D) business unit with the key responsibility of supporting Eskom's sustainability, balancing financial, social and environmental factors while strengthening the internal competencies and ensuring Eskom remains at the forefront of energy technology advancements. The research agenda is shaped primarily by the needs of our core business, the line divisions, and subsidiaries with emphasis on applied research that delivers hands-on, operational solutions directly aligned with Eskom's strategic objectives. At the same time, we invest largely in examining emerging technologies

and innovation to ensure that Eskom remains both competitive and sustainable.

Our RT&D strategy is shaped by multiple drivers and is aligned with the organisation's long-term roadmaps. In response to recent structural reforms of Eskom's turnaround plan targeting enhanced technical performance across generating, transmitting, and distributing businesses, improved financial health, and a repositioning as a clean-energy leader, RT&D is strategically structured and integrated with the new operating model to effectively support these business imperatives. The RT&D business is therefore made up of these three focus areas.

In building a culture where innovation is part of our everyday thinking, we recognise the important role of innovation and creativity in building a sustainable business and a better future. We operate in one of the most long-term, dynamic, complex industries. Daily, we are tasked with ensuring that South Africa has access to safe, reliable electricity while navigating ageing infrastructure, growing demand, and the shift to a more sustainable energy future. To meet these challenges head on, fresh thinking and innovation becomes critical. Innovation is not just about big breakthroughs, sometimes, it is about improving how we do the everyday things: faster, safer, smarter.

From streamlining engineering processes, to improving asset performance and designing better maintenance solutions, these are the ideas that can transform how we work and how we serve the country. For Eskom, that is where intellectual property management is critical. When we protect our ideas, we create space for them to grow into real solutions, and we ensure that we can lead with confidence, creativity, and purpose.

At the centre of this effort is our RT&D focussing on various innovations. This includes, new materials, digital diagnostics, smart infrastructure, or future-focused technologies, that help us evolve and stay relevant in a fast-changing world. But RT&D cannot do this alone. Innovation lives everywhere in our

organisation, across power stations, substations, control rooms, workshops, and offices. We have brought several innovative ideas to life.

One notable innovation is the **Powerline Inspection Robot**, a ground-breaking development that began as a master's project and is now on track to change how we manage and maintain our national powerlines. Originally developed by Mr Trevor Lorimer and former University of Kwa-Zulu Natal (UKZN) Professor Edward Boje, the robot was designed to make powerline inspections faster, safer, and more efficient. Today, Lorimer heads Powerline Robotics as Managing Director, guiding a vision that started in the lecture hall and is now gaining momentum on the world stage.



Research

Operational, applied, strategic, basic research, pilots and demonstrations and research work funded through the National Energy Regulator of South Africa (NERSA) allocation.



Specialised Consulting

Focussing on high-impact technical challenges as prescribed in the service level agreements with the line divisions, Eskom subsidiaries and Eskom Rotek Industries,



Specialised Testing and  
Analytical Services

Routine and specialised laboratory testing and analytical services for the line division



## Research and Development *continued*

Backed by Eskom's RT&D team, the Technology Innovation Agency (TIA), and KwaZulu-Natal's Department of Economic Development, Tourism and Environmental Affairs (EDTEA) Technology Transfer Fund, the robot has already caught the eye of Tokyo Electric Power Company (TEPCO), proving that homegrown ideas can make a global impact.

Now patented in both South Africa and the United States, and brought to market through UKZN's InQubate, this robot represents more than just innovation, it's a reminder of what's possible when collaboration, curiosity, and commitment come together.

As South Africa accelerates its transition to cleaner mobility, a major hurdle stands in the way: building a reliable, accessible, and grid-friendly electric vehicle (EV) charging infrastructure. Eskom, with its pioneering spirit and visionary leadership, is turning this challenge into an exciting opportunity – through **Containerised microgrids** that could very well become the foundation of the country's EV revolution.

In 2023 alone, South Africa saw over 1 200 new electric vehicles hit the road, and that number is only expected to grow. But for EVs to truly become mainstream, fast, reliable, and renewable, charging solutions are essential. With only about 443 public charging stations across the country, the threat of range anxiety and infrastructure gaps remains a key barrier to widespread adoption.



Eskom's containerised microgrids are revolutionising the way we think about energy. These "energy in a box" solutions come with a renewable energy source (solar or wind), battery storage smart inverter, and a self-healing control system capable of balancing real-time supply and demand. Originally designed for rural electrification, these plug-and-play power hubs are now primed to provide EV charging in urban hotspots and along national highways, without overloading the national grid.

Eskom's microgrids can be either grid-tied for load balancing or operate completely off-grid. This flexibility makes them ideal for remote areas, busy highways, or underserved urban locations. With charging units ranging from 60kW to 180kW, each microgrid can deliver nearly 1 300km of EV range per deployment. This means: four vehicles can be fully charged from 0–100% or eight vehicles can be charged to 50%, using a 45kWh battery system.

These microgrid-based charging stations do more than just provide convenience, they are powered by renewable energy, which helps reduce the carbon footprint of EVs while easing the pressure on Eskom's ageing power infrastructure. It is a complete solution that benefits clean transport, grid resilience, and environmental sustainability. Smart control systems manage supply and demand in real-time and even repair themselves using embedded algorithms. Whether deployed in bustling cities, on long-distance routes like the N12, or in rural regions, Eskom's microgrids are redefining what is possible for EV infrastructure. They are not just charging stations, they are powerful symbols of innovation, ensuring energy equity, mobility, and sustainability.

With containerised microgrids, Eskom is doing more than just powering homes, we are energising highways, communities, and a cleaner journey towards a decarbonised transportation future.



Eskom's unveiling of Africa's largest **Battery Energy Storage System (BESS)** at the Hex site in Worcester, Western Cape, stands as a beacon of innovation and a testament to the transformative power of intellectual property in addressing critical energy challenges. The Hex BESS, with its 100MWh storage capacity, can power a town the size of Mossel Bay or Howick for approximately five hours. This initiative is part of Eskom's broader BESS programme, which includes the installation of approximately 833MWh additional storage capacity across eight Eskom Distribution substation sites in KwaZulu-Natal, Eastern Cape, Western Cape, and Northern Cape, complemented by about 2MW of solar photovoltaic (PV) capacity.

The collaborative efforts between Eskom, Hyosung Heavy Industries, and various funders highlight the importance of partnerships in driving innovation. Battery Energy Storage has an important role in ensuring that power supply is available when needed, as well as improving power quality, especially with the addition of variable renewable energy to the grid.

The Hex BESS project serves as an inspiring example of how intellectual property can be leveraged to create impactful, scalable solutions. It encourages innovators worldwide to pursue advancements that not only address current challenges but also pave the way for a sustainable and resilient future.

This pioneering project not only addresses South Africa's immediate electricity needs but also exemplifies the role of intellectual property in fostering sustainable solutions. By integrating large-scale utility batteries and solar PV capacity, Eskom is diversifying the energy mix and enhancing grid stability, aligning with the nation's commitment to a just energy transition.





# Supplementary Information

## ABBREVIATIONS

B-BBEE	Broad-Based Black Economic Empowerment
BESS	Battery Energy Storage System
CDP	Carbon Disclosure Project
CMG	Containerised Microgrids
CO <sub>2</sub> e	Carbon Dioxide and Carbon Dioxide equivalent
COP	Conference of Parties
CSI	Corporate Social Investment
CSIR	Council for Scientific and Industrial Research
CSR	Corporate Social Responsibility
DEE	Department of Electricity and Energy
DFFE	Department of Forestry, Fisheries, and the Environment
DPE	Department of Public Enterprises
Dx	Distribution – one of Eskom's three operational divisions
EAP	Employee Assistance Programme
EMS	Environmental Management System
ERP	Emission Reduction Plan
ESG	Environmental, Social, and Governance
ERCC	Emergency Response Command Centre
ERI	Eskom Rotek Industries
EVP	Employee value proposition
EWT	Endangered Wildlife Trust
Exco	Executive Management Committee
FBS	Failure of Business Systems
FGD	Flue Gas Desulphurisation
GCE	Group Chief Executive
GEAPP	Global Energy Alliance for People and Planet
GHG	Greenhouse gas
GIS	Group Investigations and Security
GRI	Global Reporting Initiative

Gx	Generation – one of Eskom's three operational divisions
INEP	Integrated National Electrification Programme
IPCC	Intergovernmental Panel on Climate Change
IFRS	International Financial Reporting Standards
IPP	Independent power producer/s
IRP	Integrated Resource Plan
IR	Integrated Risk
IT	Information Technology
ISSB	International Sustainability Standards Board
JET	Just Energy Transition
King IV™	King IV Report on Corporate Governance for South Africa, 2016
KPA	Key Performance Area
KPI	Key performance indicator
LTIR	Lost-time injury rate (employee)
LCF	Loss control Function
MES	Minimum Emission Standards
Nat JOINTS	National Joint operational and Intelligence Structure
NAQO	National Air Quality Officer
NDC	Nationally Determined Contribution
NDP	National Development Plan
NDMC	National Disaster Management Centre
NECOM	National Energy Crisis committee
NERSA	National Energy Regulator of South Africa
NGO	Non-governmental Organisation
NT	National Treasury
NTCSA	National Transmission Company of South Africa
NO <sub>2</sub>	Nitrogen Dioxide
NO <sub>x</sub>	Oxides of Nitrogen
OCGT	Open Cycle Gas Turbine

OE	Organisational Effectiveness
OECD	Organisation for Economic Co-operation and Development
OH-AIA	Occupational Health Approved Inspection Authority
OHS	Occupational Health and Safety
P&SCM	Procurement and Supply Chain Management
PCB	Polychlorinated Biphenyl
PDMAF	Provincial Disaster Management Advisory Forum
PFMA	Public Finance Management Act
PV	Photovoltaic
RCP	Representative Concentration Pathway
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
SDGs	United Nations' Sustainable Development Goals
SED	Socio-economic development
SES	Social, Ethics and Sustainability Committee
SMART	Specific, Measurable, Achievable, Relevant, and Time-bound
SMME	Small, Medium and Micro Enterprise
SOC	State-owned company
SO <sub>x</sub>	Oxides of Sulphur
TDP	Transmission Development Plan
TMPS	Total Measured Procurement Spend
Tx	Transmission – one of Eskom's three operational divisions (As of 1 July 2024, the National Transmission Company South Africa (NTCSA))
UNGC	United Nations Global Compact

# 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](mailto:sustainability.report@eskom.co.za)

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