

1. INTRODUCTION

This document sets out the Scope of Services required for the appointment of an external audit firm for Eskom Holdings SOC Ltd (“the Employer”) for the statutory audit of the consolidated and separate financial statements of Eskom Holdings SOC Ltd and its subsidiaries (the group) as well as separate subsidiary annual financial statements.

1.1 EMPLOYER’S OBJECTIVE

Eskom Holdings SOC Ltd needs to appoint external auditors to perform the statutory audit of the consolidated and separate financial statements of Eskom Holdings SOC Ltd and its subsidiaries (the group) as well as separate subsidiary annual financial statements for the 2026/27 to 2030/31 financial years. The appointment is expected to commence in September 2026, or soon thereafter, after the completion of the 2025/26 financial year audit and the relevant governance processes have been concluded.

The appointment will cover the audit of five financial years (2026/27 to 2030/31) subject to annual:

- concurrence by the Auditor-General of South Africa (AGSA) as required by the Public Audit Act of South Africa, Act No.25 of 2004 (PAA)
- assessment of the suitability, independence and effectiveness of the firm (including collaborative and sub-contractor firms) as required by the Companies Act, 71 of 2008 and the JSE Debt and Specialist Securities (DSS) Listings Requirements as well as guidance in King IV on Corporate Governance
- appointment by the shareholder at the Annual General Meeting (AGM) as required by the Companies Act

It is Eskom’s practice that subsidiary companies are audited by the same set of auditors as the group, where practical. The appointment will therefore cover the consolidated and separate financial statements of Eskom Holdings SOC Ltd and its subsidiaries (the group), as well as separate subsidiary annual financial statements.

The Employer seeks to appoint an audit firm that:

- Is registered with the Independent Regulatory Board for Auditors (IRBA) and accredited by the Johannesburg Stock Exchange (JSE)
- Demonstrates independence and objectivity
- Demonstrates international presence and recognition, particularly relevant to Eskom’s borrowing programme and global stakeholders
- Has sufficient capacity and technical expertise to perform the statutory audit and related audit assignments for the group of companies
- Has extensive experience in auditing large companies and state-owned entities, including audit of Public Finance Management Act (PFMA) requirements
- Has extensive experience in auditing performance and selected sustainability information reported in the Director’s report and Integrated report (relevant audited information included in the Sustainability report)
- Can deliver a high-quality audit service within tight statutory reporting deadlines
- Is proactive in client engagement, audit planning and management in line with agreed deadlines, provides regular status updates, addresses and concludes audit issues

promptly, and maintains consistent, transparent communication across the audit team and with Eskom management

- Provides a cost-efficient and effective statutory audit service
- Ensures efficiency by using appropriate audit management systems and technology, including electronic platforms for information management and tracking

1.2 BACKGROUND

1.2.1 Overview of Eskom

Eskom Holdings SOC Ltd and its subsidiaries is South Africa's primary electricity supplier through the vertically integrated regulated electricity business (Eskom and National Transmission Company South Africa SOC Ltd (NTCSA)) that generates, transmits and distributes electricity to local industrial, mining, commercial, agricultural, redistributor (metropolitan and other municipalities) and residential customers and to international customers in southern Africa. The group also purchases electricity from independent power producers (IPPs) and international suppliers in southern Africa. The primary business focus of the other subsidiaries is to support the electricity business. Refer to Annexure A for further information on subsidiaries.

The energy market in the country is being reformed and restructured. Eskom is undergoing an unbundling/legal separation process as part of the energy sector reform programme to create separate legal entities for its core businesses. The Transmission Division has already been legally separated into the National Transmission Company South Africa (NTCSA), a wholly owned subsidiary of Eskom. The current focus is on preparing for the unbundling of the distribution division. It is anticipated that a new holding company will be established for the Eskom Group with all existing debt and borrowings transferred to the new company. The generation business will remain in the current Eskom Holdings company. Eskom is also in the process of establishing a renewables company to own and operate Eskom's renewable energy generation assets and support South Africa's just energy transition. The Eskom Group annual financial statements, integrated reports, sustainability reports and interim financial statements are available on the Eskom website: www.eskom.co.za for further information.

1.2.2 Involvement of the Office of the Auditor-General of South Africa

The AGSA is providing an oversight role in Eskom's external audit. The risk and responsibility for the audit will remain with the lead engagement auditor and will not be impacted by the involvement of the AGSA, even though the AGSA could provide advice and perform additional quality review work. The appointed audit firm will therefore retain overall responsibility for the audit and for signing the audit opinions in collaboration with the mid-tier firm where relevant. The areas of the AGSA involvement and the extent thereof will be agreed annually upfront between the AGSA and the appointed audit firm.

The relationship between the appointed audit firm and the AGSA is dealt with in the PAA and PAA Regulations on Audits by Auditors in Private Practice issued on 1 April 2019.

Current areas of involvement include:

- contributing to the planning and risk assessment processes for significant audit areas
- participation in key client engagements
- planning, execution, evaluation, and reporting on supply chain management and compliance
- focused follow-up on high-risk divisions

- reviewing management and audit reports

1.2.3 Non-audit services

The appointed audit firm (including collaborative and sub-contractor firms) will not be permitted to provide non-audit services during the tenure of the appointment. In the unlikely event that non-audit services are necessary, it will have to be approved upfront by the Eskom Holdings SOC Ltd Audit Committee (as well as the subsidiary audit committee if relevant).

The appointed firm (including collaborative and sub-contractor firms) will be expected to conclude and exit all existing non-audit services in an agreed and transparent manner as approved by the Eskom Holdings SOC Ltd Audit Committee.

1.2.4 Combined assurance

Eskom applies a combined assurance model to strengthen audit reliance and oversight. Details and results of internal assurance activities will be made available to the appointed firm to inform their risk-based audit approach.

2. SCOPE OF SERVICES

The scope of work is based on the current Eskom structure and environment. There could be changes because of factors such as unbundling, developments in the energy market, regulatory and legislative changes, etc during the period of the appointment that is expected to be part of the scope of work.

2.1 STATUTORY AUDIT – ANNUAL FINANCIAL STATEMENTS OF ESKOM HOLDINGS SOC LTD

Perform the statutory audit of the consolidated and separate financial statements of Eskom Holdings SOC Ltd, including:

- **Consolidated and separate financial statements:**

Express an opinion on whether the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and their financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act).
- **Annual performance report:**

Report on the usefulness and reliability of the reported performance against predetermined objectives for selected key performance areas presented in the shareholder compact performance section of the director's report, in accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof.
- **Compliance with legislation:**

Report on compliance with applicable legislation relating to financial matters, financial management and other related matters, in accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof.

2.2 STATUTORY AUDIT – ANNUAL FINANCIAL STATEMENTS OF SUBSIDIARIES

Perform the statutory audit of the annual financial statements of the Eskom subsidiaries, including:

- **Financial statements:**
Express an opinion on whether the financial statements of each subsidiary present fairly, in all material respects, the financial position, its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act of South Africa).
- **Annual performance report:**
Report on the usefulness and reliability of the reported performance against predetermined objectives for selected key performance areas presented in the shareholder compact performance section of the director's report, in accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof.
- **Compliance with legislation:**
Report on compliance with applicable legislation relating to financial matters, financial management and other related matters, in accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof.

2.3 AGREED-UPON PROCEDURES

Perform agreed-upon procedures in accordance with the International Standards on Auditing (ISA), specifically relating to the statutory audit work performed, including but are not limited to the following:

- **National Treasury consolidation pack:**
Review the annual National Treasury template prepared in accordance with the PFMA.
- **NERSA regulatory financial reports:**
Review the annual regulatory financial report (RFR) per entity/licence as required by NERSA.
- **Funding requirements:**
Perform procedures in relation to funding activities, including comfort letters for international and domestic bond issuances, confirmation over commercial paper programmes, due diligence procedures relating to funding activities. (For the purposes of this tender, assume one international bond issue per year.)
- **Loan covenants and relevant statutory and reporting related requirements:**
Perform procedures to confirm compliance with loan covenants, statutory returns, regulatory reporting and other reporting related requirements. Assume the following for the purposes of this tender:
 - Five agreed upon procedures annually with limited effort for confirmation of information and balances reviewed during the audit, casting and cross casting of management schedules and re-performing of relevant management calculations.

- Five agreed upon procedures annually with some effort that involves sample testing and confirmation of supporting documentation, casting and cross casting of management schedules and re-performing of relevant management calculations.

Summarised requirements have been provided for the purpose of this tender. The detail procedures will be agreed on with the successful firm.

2.4 REVIEW – INTERIM FINANCIAL STATEMENTS OF THE ESKOM GROUP

Review the condensed consolidated interim financial statements of the Eskom Group, in accordance with the International Standard on Review Engagements, and express a review conclusion as to whether the interim financial statements present fairly the financial position of the group and the financial performance and cash flows in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act).

2.5 SUSTAINABILITY ASSURANCE REPORT ON SELECTED KEY PERFORMANCE INDICATORS

Express an opinion on whether the selected key performance indicators (KPIs) are prepared, in all material respects, in accordance with the Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. The review should consider the developments in the IFRS Sustainability Disclosure standards and Environmental, Social and Governance (ESG) requirements.

The detailed scope will be confirmed annually with the appointed firm.

The current scope per the 2025 Integrated Report will serve as a basis for the tender.

3. RELATED REQUIREMENTS AND DELIVERABLES

3.1 PROGRAMME PLANNING

The appointed audit firm should develop a comprehensive audit project plan in consultation with Eskom management with clearly defined scope, responsibilities and deliverables for both auditors and Eskom management, with deadlines that allow for early identification and resolution of issues.

The audit project plan should cover amongst other a process for the timely escalation and resolution of audit challenges, delays and findings with accountability assigned to both auditors and management.

Requests, deliverables, findings and resolutions should be tracked on an agreed electronic platform to provide transparency, avoid duplication and ensure a centralised audit record.

3.2 ENGAGEMENT, REPORTING AND COMMUNICATION

The appointed audit firm should implement a structured and transparent engagement approach that ensures proactive communication, timely issue resolution and effective oversight across Group, divisional, and subsidiary levels.

Mechanisms for regular status updates, including weekly dashboards and exception reporting should be put in place to ensure risks and challenges are highlighted and addressed without delay.

Key requirements include:

- **Regular progress meetings:**
Structured meetings with relevant stakeholders to address outstanding matters and support efficient audit execution. These meetings should track audit progress, highlight emerging risks, facilitate timely issue resolution and ensure the audit progresses efficiently.
- **Issue escalation and resolution:**
Implement a transparent escalation process for overdue items.
- **Consistent communication:**
Aligned communication across all levels of the audit teams as well as Eskom management to ensure consistency and no disconnect between audit and management and between audit teams.

3.3 TRAVEL AND SUBSISTENCE

Travel and subsistence related expenses should be reasonable, verifiable and in line with Eskom policies and procedures.

4. DELIVERABLES

4.1 SCHEDULE OF DELIVERABLES

The deliverables for the external audit engagement are aligned to the scope of services and will be finalised in the detailed audit project plan. The table below sets out the high-level deliverables and indicative timelines.

Deliverable	Milestone	Date
Statutory audit – Eskom Group and Company	Consolidated and separate financial statements - IFRS Accounting Standards and financial audit	
	Financial controls review and hard close	01 Feb - 31 Mar
	Draft annual financial statements	31 May
	Yearend audit clearance	26 Jun
	Final approval of annual financial statements and signed audit opinion	24 Aug
	Media release	26 Aug
	Shareholder AGM	After 28 Aug
	Taxation	
	Review and hard close	01 Feb – 31 Mar

Deliverable	Milestone	Date
	Audit of yearend tax numbers and disclosures	20 Apr – 30 Jul
	Annual performance report - Audit of pre-determined objectives (AOPO)	
	AOPO pre yearend audit	01 Feb - 31 Mar
	AOPO yearend audit	21 Apr – 15 Jul
	Compliance with legislation	
	PFMA and applicable legislation (9 months population)	01 Feb - 31 Mar
	PFMA and applicable legislation yearend audit	15 Apr - 15 Jul
Statutory audit – Subsidiaries	Annual financial statements - IFRS Accounting Standards and financial audit	
	Financial controls review and hard close	01 Feb - 31 Mar
	Draft annual financial statements	31 May
	Yearend audit clearance	26 Jun
	Final approval of annual financial statements and signed audit opinion	17 Aug
	Taxation	
	Review and hard close	01 Feb – 31 Mar
	Audit of yearend tax numbers and disclosures	20 Apr – 30 Jul
	Annual performance report - Audit of pre-determined objectives (AOPO)	
	AOPO pre yearend audit	01 Feb - 31 Mar
	AOPO yearend audit	21 Apr - 15 Jul
	Compliance with legislation	
	PFMA and applicable legislation pre yearend (9 months population)	01 Feb - 31 Mar
	PFMA and applicable legislation yearend audit	15 Apr - 15 Jul
Agreed-upon procedures	Relevant reports	31 Jan - 27 Sept
Interim financial statements – Eskom Group	Interim review clearance	12 Nov
	Final interim financial statements and final review opinion	28 Nov
	Media release	28 Nov
Sustainability assurance on selected key performance indicators	Sustainability pre yearend audit	01 Feb – 31 Mar
	Sustainability yearend audit	21 Apr - 30 Jul
	Final opinion – aligned to AFS finalisation	24 Aug

Eskom is targeting to achieve an earlier completion date in the future of its yearend reporting process (from September to August to July).

5. APPENDIX A

ESKOM DIVISIONS AND SUBSIDIARIES

The Eskom Group comprises of Eskom Holdings SOC Ltd, its operating divisions and subsidiaries. The structure of the Group is evolving as part of the ongoing restructuring process aimed at enabling a more competitive and sustainable electricity supply industry. The information below reflects the current structure, while recognising that changes may occur during the term of the audit appointment.

Divisions of Eskom Holdings SOC Ltd

Division	Main business activities
Generation	<p>Consists of generation and primary energy functions that respectively:</p> <ul style="list-style-type: none">• procure primary energy• manage capacity and generates electricity for sale to transmission <p>It is expected that Generation will be legally separated into a wholly owned subsidiary of Eskom Holdings SOC Ltd. Assume for the purposes of this tender that legal separation will be completed by 31 March 2030 (It is expected that a new holding company will be established for the Eskom Group with all existing debt and borrowings transferred to the new company. The generation business will remain in the current Eskom Holdings company).</p>
Distribution	<p>Consists of five operating clusters across nine provinces who provides, operates and maintains the distribution network for distributing electricity and the sale of electricity to local large (including municipalities) and small power users (including prepaid residential customers).</p> <p>It is expected that Distribution will be legally separated into a wholly owned subsidiary of Eskom Holdings SOC Ltd. Assume for the purposes of this tender that legal separation will be completed by 31 March 2031.</p>
Group Capital	<p>Plans, develop, execute and monitor generation-related capital projects (possibility that it could also include other non-generation related projects in future).</p>
Treasury	<p>Responsible for group funding, liquidity, financial risk management and relationship management with domestic and international capital markets which is critical for the borrowing programme and debt management of the Group (It is expected that all debt and borrowings will move to the new holdings company. Refer to Generation division above).</p>

Division	Main business activities
Other corporate functions	<p>Provides group-wide support services and enables governance, oversight and shared services across the Eskom Group. It includes Corporate Affairs, Regulation and Legal, Finance, Human Resources, Risk and Compliance, Internal Audit, Security and Investigations, Group IT and other corporate functions.</p> <p>The subsidiaries also have certain corporate functions, including finance and procurement. Certain functions such as Treasury and Tax are centralised at a group level to ensure consistency, compliance, and strategic oversight across the organisation.</p>

Subsidiaries of Eskom Holdings SOC Ltd

Subsidiary	Main business	Status	Shareholding
National Transmission Company South Africa SOC Ltd	<p>Consists of transmission network, international customers and electricity trading functions that respectively:</p> <ul style="list-style-type: none"> • operates and maintains the transmission network for transmitting electricity through the transmission network and manages real time supply and demand by the system operator • purchase and sale bulk electricity with international customers through the international trader • operates the electricity trading system through the transmission central purchasing agent including purchase of electricity from generation and IPPs and sale of electricity to distribution across six transmission grids <p>Assume for the purposes of this tender that NTCSA will remain part of the Eskom Group and that TSO (Transmission System Operator) is targeted to go live on 1 April 2029.</p>	Active	Eskom Holdings (Directly held)
National Electricity Distribution Company of South Africa SOC Ltd	<p>Distribution of electricity. Established for the unbundling of the Distribution division. Assume for the purposes of this tender that the company will become operational from 1 April 2030.</p>	Not trading	Eskom Holdings (Directly held)

Subsidiary	Main business	Status	Shareholding
Eskom Enterprises SOC Ltd	Non-regulated electricity supply industry activities in South Africa and electricity supply and related services outside South Africa (Currently mainly the investment company for the Eskom Enterprises Group)	Active	Eskom Holdings (Directly held)
Eskom Rotek Industries SOC Ltd	Provides maintenance and engineering support services to Eskom, including turbomachinery, transformers, switchgear, heavy machining, water schemes, and property management. Operates through five units: Logistics Services, Bulk Material Services, Construction Services, Turbo Generator Services, and Transformer & Switchgear Services.	Active	Eskom Enterprises (Indirectly held)
Golang Coal SOC Ltd	Holds a 46% interest in South Dunes Coal Terminal.	Active	Eskom Enterprises (Indirectly held)
South Dunes Coal Terminal Company SOC Ltd	Holds a 4.83% share in Richards Bay Coal Terminal, entitling shareholders to export coal.	Active	Eskom Enterprises (Indirectly held)
Pebble Bed Modular Reactor SOC Ltd and subsidiaries	In a state of "care and maintenance" to preserve the created intellectual property. PBMR has three subsidiaries, required per the license agreements, which are currently dormant. Discussions are underway to transfer PBMR to Necsa. Assume PBMR remains in Eskom Group for the duration of this contract.	Not trading	Eskom Enterprises (Indirectly held)
Eskom Development Foundation NPC	Responsible for the co-ordination and execution of Eskom's corporate social responsibility (CSR) objectives and is solely funded by Eskom.	Active	Eskom Holdings (Directly held)
Eskom Finance Company SOC Ltd	Provides home loans to Eskom employees. The loan book of Eskom Finance Company SOC Ltd and the interest in Nqaba Finance 1 (RF) Ltd (indirectly held subsidiary) are in the process of being disposed. Assume for the	Active	Eskom Holdings (Directly held)

Subsidiary	Main business	Status	Shareholding
	purposes of this tender that the entities have been disposed.		
Escap SOC Ltd	Provides short-term insurance primarily to the Eskom Group.	Active	Eskom Holdings (Directly held)

Eskom is in the process of establishing a separate subsidiary to own and operate Eskom's renewable energy generation assets. Assume the company will be operational from 1 April 2027 for the purposes of this tender.

Other dormant subsidiaries that are not material to the scope of this tender have been excluded from this appendix. Details of Eskom's investments in subsidiaries are disclosed in Note 12 of the 31 March 2025 Annual Financial Statements.

Summarised subsidiary and divisional information for the year ended 31 March 2025

The table below provides a summarised breakdown of the subsidiary and divisional financial information for the year ended 31 March 2025 (sourced from Eskom internal reports).

Entity	Total Assets Rm	Total Liabilities Rm	External Revenue Rm	Inter-segment revenue Rm	Profit/(loss) before tax Rm	Tax Rm	Profit/(loss) for the year Rm
Generation	523 416	82 833	-	206 202	1 030	-	1 030
Group Capital	59 836	7 362	-	915	(5 658)	-	(5 658)
Distribution Group	143 596	89 135	319 701	(280 788)	(5 271)	-	(5 271)
Treasury	118 569	456 933	-	-	(723)	-	(723)
Corporate entities (excl Treasury)	31 007	12 739	-	(73)	(1 484)	(213)	(1 697)
Interdivisional eliminations	(900)	(900)	-	-	-	-	-
Eskom Company	875 522	648 104	319 701	(73 598)	(12 103)	(213)	(12 316)
Subsidiaries							
NTCSA	137 871	94 617	21 202	73 687 ¹	32 972	(5 761)	27 211
Eskom Enterprises	402	90	-	-	39	(18)	21
Eskom Rotek Industries	5 965	4 230	11 521	-	(1 472)	(66)	(1 538)
ESDEF	112	112	-	-	4	-	4
EFC	8 137	6 105	911	-	228	(55)	173
Escap	31 819	13 022	5 909	-	3 809	(1 012)	2 797
Other subsidiaries	16	12	-	-	-	-	-
Eskom Group Eliminations	(148 013)	(132 803)	(18 349)	57	392	(698)	(306)
Eskom Group	911 831	633 489	340 895	-	23 869	(7 822)	16 047

1. The inter-segment revenue for NTCSA is reported as net revenue. Related party electricity sales and network services gross billings amount to R299 595 million, which is offset by agent costs amounting to R250 468 million.



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