

ESKOM HOLDINGS SOC LTD

JSE CODE: BIESKM

DATE: 28 January 2019

REPORTABLE IRREGULARITIES – 30 SEPTEMBER 2018.

Eskom Holdings SOC Ltd reported the following reportable irregularities in the interim financial statements for six month period ended 30 September 2018:

- There were allegations that an early retirement agreement between Eskom and the former group chief executive (GCE) (B Molefe) was irregular.
- A parliamentary inquiry was held into perceived maladministration, governance and procurement issues at Eskom. Certain representations made by previous and current directors and officials indicated that there could have been a breach of fiduciary duties in terms of the requirements of the Companies Act.
- Eskom procured the services of McKinsey through its sole source supplier process and as a result a competitive bidding process was not followed. In addition, the subcontracting of Trillian Management Consultancy (Trillian) by McKinsey did not follow the procurement process.
- Certain services provided by Cliffe Dekker Hofmeyr to the former company secretary (CS) (S Daniels) were questionable in terms of Eskom rules.
- Minutes of the board and its sub-committees were not timeously approved.
- Eskom did not timeously update directors' records with the Companies and Intellectual Property Commission (CIPC).
- There were allegations that the former CFO (A Singh) and former interim GCE (S Maritz) breached their fiduciary duties by contractually and financially binding Eskom to a facilitation fee with Huarong Asset Financing.
- The former chief procurement officer (CPO) (E Mabelane), former GE: Group Capital (A Masango), former acting GE: group capital (P Govender) and former CS (S Daniels) approved payments to Trillian without the existence of a contract thereby breaching their fiduciary duties.
- There were allegations that the former CPO (J Pillay) and other senior officials in procurement were involved in acts of misconduct involving EOH Holdings Ltd (EOH).
- There were allegations that Eskom incorrectly procured services from Bizz Tracers (Pty) Ltd through the sole source supplier process.
- Subsequent to 31 March 2018, further suppliers were identified where services were incorrectly procured through the sole source supplier process.

- It is alleged that the former CS (S Daniels) and the former interim GCE (MM Koko) distributed confidential Eskom documentation to a third party.
- A member of the board and Audit and Risk committee (J Sebulela) did not declare a conflict of interest and did not recuse himself on deliberations involving the supplier (EOH).
- Legal fees were paid on behalf of certain former board members who were not directly related to their roles as directors of Eskom.

Eskom Holdings SOC Ltd
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