

Title: **Code of Ethics, 'The Way'**

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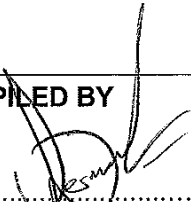
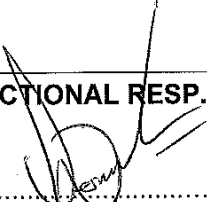
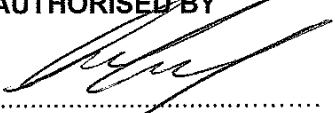
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1 Introduction

This Code of Ethics outlines and provides for the ethical standards and behaviour that is required of all directors and employees of Eskom Holdings Limited.

2 The Way – Living the Eskom values through our Code of Ethics

The Way, Eskom's Code of Ethics, defines the road we need to take as we walk together into the future. It reflects our organisation's commitment to the highest ethical standards and principles in all Eskom business. Our Code not only describes the acceptable behaviour and attitudes that are essential in living the Eskom values of Integrity, Excellence, Customer Satisfaction and Innovation, but it also establishes the foundation for the interaction of Eskom's Board of Directors and employees with colleagues, customers, suppliers, shareholders, the environment, the public and other stakeholders.

Our Code of Ethics will show us the way. The Eskom Way. Clear direction will ensure that we walk the talk.

Eskom commits itself to upholding its values and ethical standards, and demonstrating this commitment to all its stakeholders. Therefore, Eskom's directors and employees are required to apply the Code of Ethics in their day-to-day activities, especially if there are no rules governing decisions.

Adhering to this Code of Ethics is not optional; it is the way we do business at Eskom. This way, we will be role models for each other. And Eskom, in turn, will be a role model amongst its peers.

Our Code of Ethics should be read together with the Supplementary Code information, Eskom policies and legislation. Any contravention of the Code and applicable Eskom directives, policies and standards will result in disciplinary action, which is transparent, just and equal for all.

Should you become aware of any unethical behaviour or non-compliance with this Code, it is your duty to address it and/or report it. Eskom will protect employees, who have reported suspected violations of the Code, against any form of victimisation or occupational detriment, and will make every effort to protect the confidentiality of anyone reporting a breach of the Code.

Together, we will build an ethical Eskom

Integrity Acting the Eskom Way

In Eskom we demonstrate Integrity:

By being respectful;

- We treat our colleagues, customers, suppliers and other stakeholders with respect by being compassionate and by being considerate to their rights, dignity and well-being.
- We appreciate and value the diversity of our workforce and the uniqueness of each employee.
- We respect Eskom and our stakeholders' assets by using them for the purpose that they are intended; and not to gain personally through the abuse of assets and resources.
- We respect the environment which we operate in by continuously looking for ways in which we can improve our impact on the environment.

By being honest and trustworthy;

- We communicate openly and honestly with our colleagues, and ensure that we use the right channels to keep our customers, suppliers, shareholder and other stakeholders informed of matters affecting them.
- We keep our promises and provide accurate information.
- We establish trust among our colleagues, customers, suppliers and other stakeholders through teamwork and open communication.
- We protect confidential information, and only share it with those who are authorised to have access.

By being professional at all times, and loyal to the organisation, our country, and its people;

- We perform our duties with care and dedication, paying attention to detail, delivering what is expected, and giving our best at all times.

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- We take responsibility for our actions by holding ourselves accountable for what we say and do, and we report concerns in the workplace, including violations of the law and policies.
- We show that we care by leading by example and providing each other with direction, support and a workplace which is free of sexual harassment, discrimination and favouritism.
- We support a safe and healthy environment for our internal and external stakeholders, and comply with the safety, health and environmental legislation and Eskom policies.

By being fair and transparent;

- We ensure that our objectivity is not compromised by conflicts of interest and the offering and/or acceptance of inappropriate gifts and entertainment.
- We are proud to put our behaviour under the spotlight for our stakeholders to examine.

By being disciplined;

- We comply with legislation, our organisation's Code of Ethics, policies and procedures, and where applicable, the codes and professional standards of specific professions.
- We apply rules consistently throughout the organisation, taking appropriate action to correct behavioural deviations, and enforcing disciplinary action when appropriate.

Excellence Working the Eskom Way

In Eskom we demonstrate Excellence:

By being committed to employee satisfaction;

- We are committed to maintain a working environment we can be proud of.
- We support a work-life balance.
- We give recognition to, and celebrate outstanding performance.

By being committed to effective, ethical supplier relationships;

- We are committed to procurement practices that are fair, equitable, transparent, competitive, and cost-effective.
- We deal with suppliers who are committed to high ethical standards in their business dealings.

Customer Satisfaction Caring the Eskom Way

In Eskom we demonstrate Customer Satisfaction by:

- Being passionate and committed to service delivery of the highest standard for both our internal and external customers.
- Understanding our internal and external customers' needs and expectations, and striving to offer timely, reliable and quality service.
- Encouraging customer feedback, both positive and negative, to improve our service.

Innovation Thinking the Eskom Way

In Eskom we demonstrate Innovation by being committed to continuous improvement;

- We are continuously thinking of, and implementing new, ethical ways. Ways that will improve processes, our impact on the environment, and service delivery, to satisfy our internal and external customer needs.
- We are continuously striving to find creative, ethical solutions when dealing with business challenges.
- We openly communicate our goals and successes in order to attract new ideas and talented individuals.

Finding your way

Ethics Office advice line: +27 11 800 3187/3189
E-mail: ethics@eskom.co.za
Fax: 086 663 4120
Ethics website FAQs (Eskom Intranet)
Eskom confidential whistle blowing/hot line: 0800 11 27 22

3 Supporting Clauses

Index of Supporting Clauses

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3.1 Scope

3.1.1 Purpose

The Code of Ethics explains what behaviour is acceptable within Eskom, and highlights how the Eskom values should be lived within the workplace.

3.1.2 Applicability

This Code of Ethics shall apply throughout Eskom Holdings Limited, which includes its Board of Directors, employees within its Divisions, temporary employees, contract employees and anyone acting on behalf of Eskom.

3.2 Normative/Informative References

Parties using this Code of Ethics shall apply the most recent edition of the documents listed below

3.2.1 Normative

- 3.2.1.1 Ethics climate survey report (2005/2006)
- 3.2.1.2 Disciplinary Code

3.2.2 Informative

- 3.2.2.1 Supplementary Code information
- 3.2.2.2 The Constitution of South Africa
- 3.2.2.3 Basic Conditions of Employment Act
- 3.2.2.4 Disciplinary Procedure
- 3.2.2.5 Grievance Procedure
- 3.2.2.5 Labour Relations Act
- 3.2.2.6 Employment Equity Act
- 3.2.2.7 Eskom's Conditions of Service
- 3.2.2.8 Eskom's Conflict of Interest Policy
- 3.2.2.9 Eskom's Protected Disclosures Policy
- 3.2.2.10 The King Report on Corporate Governance

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3.3 Definitions

- 3.3.1 Public domain:** Published in any public forum without constraints (Either enforced by law, or discretionary)
- 3.3.2 Code of Ethics:** A Code of Ethics is similar to an agreement on the standards for behaviour, which should be applied in the workplace. A Code of Ethics highlights the ethical values, such as respect, honesty, compassion, etc. that explains what behaviour is good and right in the workplace. It sets the standard of behaviour within the organisation, and guides employees in making ethical decisions. 'The Way', Eskom's Code of Ethics, is a tool that assists employees in living the Eskom Values in an ethical way.
- 3.3.3 Director(s):** A director as referred to in this document, means a member of the Eskom Holdings Board of Directors.
- 3.3.4 Employees:** Also referred to as staff members. These include individuals employed by Eskom Holdings Limited on a permanent basis, contract labour, temporary employees, part-time employees, casual employees, occasional employees, learners and others acting for Eskom. The Code of Ethics and Supplementary Code information also applies to those employees of subsidiary companies that have adopted Eskom Holdings Ltd's Code of Ethics, 'The Way'.
- 3.3.5 Ethics:** Ethics refers to the process of distinguishing between what is right and wrong in my interaction with others, so that I can do what is right. Doing what is right, is also interpreted as doing what is good, or ensuring that I do no harm.
- 3.3.6 Favouritism:** Favouritism refers to the practice of showing favour to, or giving preference to some person or group, to the detriment or expense of another person or group that is entitled to equal treatment or opportunity. This action normally entails discriminating against another person or group. Within Eskom, each person should be valued as an individual and as an important member of the team, and therefore favouritism will not be condoned.
- 3.3.7 Nepotism:** Nepotism is a specific form of favouritism. It entails showing favour or preference towards relatives based upon that relationship, rather than on an objective evaluation of ability or suitability. For example, offering employment to a relative, despite the fact that there are others who are better qualified and willing to perform the job, would be considered a form of nepotism, which is not allowed in Eskom.
- 3.3.8 Professionalism:** In Eskom, directors and employees demonstrate professionalism by paying attention to detail, demonstrating expertise in their fields, behaving above reproach, and giving their best to Eskom at all times.
- 3.3.9 Relative:** A relative in this context is someone who is related through blood, marriage or adoption.
- 3.3.10 Respect:** Respect is demonstrated when you show consideration for, or appreciate someone or something. For example, appreciating your colleagues and staff members; or being considerate towards your customers' needs and expectations. When you show respect, you treat others in the same manner in which you want them to treat you. You treat others' assets in the same way in which you expect others to treat your personal assets.
- 3.3.11 Stakeholders:** Broadly defined, stakeholders refer to any group, individual, or thing (e.g. environment) that can affect, or is affected by, the achievement of the organisation's objectives. Eskom's stakeholders include its shareholder, its Board of Directors, its employees, its customers, its suppliers, the public, the environment and the communities in which it operates.
- 3.3.12 Supplementary Code information:** This document provides additional information about Eskom's Code of Ethics, its core values and the ethical behaviour that is expected from all directors and employees. The Supplementary code information is published onto the ethics website (Eskom Intranet), and is regularly updated.
- 3.3.13 Suppliers:** A supplier means any person or entity that does business with *Eskom* or tenders to do business with Eskom, such as consultants, contractors, sub-contractors, and providers of goods and services.

3.3.14 Values: Values refer to core beliefs, which define what one believes in and what is important. Values influence behaviour and motivate decisions. Values do not only apply to individuals but also to organisations. Eskom's core values are integrity, excellence, customer satisfaction and innovation. These values describe what is important to the organisation, what it stands for and what it believes in.

- **Integrity – Acting the Eskom way**
To constantly act in a respectful, professional manner that promotes trust, loyalty, transparency, and discipline, and a commitment to honesty and fairness at all times.
- **Excellence – Working the Eskom way**
To continuously strive to be the best through exceptional performance, employee satisfaction, and through effective, ethical supplier relationships.
- **Customer Satisfaction – Caring the Eskom way**
To be passionate and committed to service delivery of the highest standards that exceeds our internal and external customers' expectations.
- **Innovation – Thinking the Eskom way**
To foster an environment that nurtures innovative people that are committed to continuous improvement through creative, ethical solutions.

3.4 Abbreviations

3.4.1 CE: Chief Executive

3.4.2 MD: Managing Director

3.4.3 EDC: Eskom Documentation Centre

3.4.4 BU : Business Unit

3.5 Roles and Responsibilities

MANAGERIAL RESPONSIBILITIES:

In addition to their general rights and responsibilities as employees of Eskom, managers and supervisors have additional responsibilities resulting from their seniority and the nature of their managerial/supervisory duties:

1. Managers and supervisors are required to:
 - a) make a personal commitment to act in accordance with the Code of Ethics, communicate this commitment to staff members, and lead by example;
 - b) guide staff members to behave in accordance with the Code of Ethics;
 - c) identify ethics risks in your business activities, and establish ways to mitigate these risks, and to address potential contraventions of the Code of Ethics;
 - d) take appropriate action to correct behavioural deviations, and
 - e) enforce disciplinary action when appropriate.
2. Managers and supervisors are required to ensure that their staff members, including temporary employees and contract workers in the department:
 - a) are in possession of the Code of Ethics brochure, '*The Way – Living the Eskom Values through our Code of Ethics*' and/or the Code Quick reference guide '*How to find the Way*';

- b) are sensitised to the Code, Supplementary Code information and ethics-related policies, through staff dialogue sessions facilitated by managers and supervisors. Employees need to know how to apply the Code of Ethics and ethical standards in their specific work environments. (*Presentation material is available from the ethics website*).
3. Managers and supervisors are accountable for ensuring that all new employees and temporary or contract workers attend their Division's induction programme, as well as formal ethics training workshops.
 4. Managers and supervisors are accountable for ensuring that all employees, including temporary and contract workers, attend a formal ethics workshop at least every two years.
 5. Managers and supervisors are required to give their staff members opportunities to discuss ethics issues and concerns both formally (e.g. staff meetings) and informally (one-to-one meetings). It is recommended that 'ethics' is a standing agenda item for staff meetings, so as to encourage ethics dialogue.
 6. Managers and supervisors are required to assist staff members in
 - a) addressing ethics issues and concerns, and/or
 - b) reporting unethical behaviour and violations of the law and policies, so that incidences can be investigated and appropriate action be taken.
 7. Managers and supervisors may not, under any circumstances, victimize staff members who report unethical behaviour, and/or violations of the law and policies.

OTHER ROLE PLAYERS' RESPONSIBILITIES:

1. Human Resource practitioners are required to ensure that new employees receive the Code of Ethics brochure (formal one-pager available from the Ethics Office and ethics website) as part of the sign-on documentation that is given to them on the first day of employment. New employees must also be registered to attend an induction programme within one month of joining Eskom.
2. All individuals acting for Eskom must be made aware of, and are expected to adhere to, Eskom's standards of conduct. Therefore, Procurement and Supply chain departments are required to ensure that suppliers (*as defined in this document*) receive the Code of Ethics brochure (*formal one-pager available from the ethics website*) as part of the contract documentation received from Eskom. The Supplementary Code information should be made available on request (*document available from the ethics website*).
3. The Code of Ethics and Supplementary Code information will be available to customers and other organisations on request. These requests must be referred to the Ethics Office.
4. The Ethics Office will develop ethics training material and presentations, which will be published onto the Ethics website (*Eskom intranet*). Managers, supervisors, communication practitioners, trainers and ethics co-ordinators are required to access this information in order to ensure ongoing ethics awareness and training within their respective working environments.
5. Apart from employee commitment to ethical behaviour, and the role that managers and supervisors play in instilling an ethical culture through ethics awareness, communication, training and disciplinary action for non-compliance, the functions mentioned below are responsible for further entrenching an ethical culture within the organisation.

Corporate Audit by providing an assurance function that the respective Divisions are complying with legislation, policies and procedures of the organisation, and that the organisational values and Code of Ethics are lived within the workplace. Corporate Audit also serves an oversight function by monitoring ethics training and awareness.

Forensic Services by investigating and reporting on ethics matters referred to them by the Ethics Office, and ensuring that disciplinary action is instituted against employees where evidence of non-compliance exists. Forensic Services is also accountable for the confidential, externally managed, toll-free whistle blowing/hot line (0800-11-27-22), the investigation of incidents reported to them through various channels, and for maintaining accurate statistics on crime and irregularities within the organisation, and reporting these to EXCO and the Eskom Board.

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Employee Relations by ensuring that grievances (*Grievance Procedure 32-195*) are effectively addressed, and disciplinary action is taken against employees in terms of Eskom's Disciplinary Code (*32-196*) and Procedure (*32-197*).

EMPLOYEE RESPONSIBILITIES:

Eskom is committed to the highest ethical standards and principles in all Eskom business, and requires the same from Eskom employees (*as defined*) in fulfilling their Eskom responsibilities. Compliance with Eskom's Code of Ethics, Supplementary Code information and ethics-related policies is therefore required of all Eskom Holdings Limited employees, which include contract labour, temporary employees, part-time employees, casual employees, occasional employees, learners and others acting for Eskom.

1. Ensure that you are familiar with Eskom's Code of Ethics, Supplementary Code information and ethics-related policies, and that you receive proper training on these.
2. Use the Code of Ethics to guide your decisions, especially when you are in doubt, or if there are no rules or policies that address the specific situation.
3. If you have questions or concerns, ask for advice. (*Refer 'Finding your way*)
4. Request detailed information from managers, supervisors and policy custodians regarding policies and procedures affecting your work, and ensure that you understand and comply with these.
5. Use the appropriate channels to report unethical behaviour, crime, irregularities and grievances. Eskom will protect employees, who have reported suspected illegal activities and violations of the Code, against any form of victimisation or occupational detriment, and will make every effort to protect the confidentiality of anyone reporting a breach. (*Refer to the Whistle blowing Policy 32-250*)

3.6 Process for monitoring

The Code of Ethics falls under the responsibility of the Ethics Office in the Corporate Governance Department. The Ethics Office's role is to manage and review the Code of Ethics, and to assist the organisation with the effective implementation thereof.

The Divisional Managing Directors are accountable for compliance with the Code of Ethics within their respective Divisions.

3.7 Related Documents

The Code of Ethics, *The Way*, must be read together with the Supplementary Code information document, available from the ethics website.

The Code of Ethics, *The Way*, supersedes the *Business Conduct Policy and Guidelines, ESKPBAAN4*

4 Authorisation

This document has been seen and accepted by:

| Name | Designation |
|----------------|--|
| | The Eskom Board of Directors under the chairmanship of Mr Vali Moosa |
| PJ Maroga | Chief Executive |
| E Johnson | Chief Officer (Networks & Customer Service) |
| BA Dames | Chief Officer (Generation) |
| B Nqwababa | Finance Director |
| ME Letlape | Managing Director (Human Resources Division) |
| MM Ntsokolo | Managing Director (Transmission Division) |
| JA Dladla | Managing Director (Special Project 2010) |
| Dr SJ Lennon | Managing Director (Corporate Services Division) |
| A Noah | Managing Director (Distribution Division) |
| B Conradie | Acting managing Director (Enterprises Division) |
| K Lakmeerharan | Acting Managing Director (System Operations & Planning Division) |
| T Govender | Managing Director (Generation Division) |
| C Schutte | Acting Managing Director (Primary Energy Division) |

5 Revisions

| Date | Rev. | Remarks |
|---------------------------------|-------------|---|
| Two year process (2006-2008) | 0 | The 12 year-old Business Conduct Policy was revised, and replaced by a Code of Ethics. The new Code is centred on the Eskom values, which did not feature in the Business Conduct Policy. |

6 Development team

This Code of Ethics was developed by the Ethics Office, with inputs from the following key role-players:

- Eskom Board of directors;
- Eskom executive committee members;
- Eskom employees through the ethics climate survey (2005/2006);
- Eskom customers and suppliers through the ethics climate survey (2005/2006)
- Managerial employees' input into the draft Code of Ethics;
- Organised Labour through the Central Consultative Forum; and
- Ethics co-ordinators within the respective Divisions.