

Corruption Watch (RF) NPC
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12 May 2017

Mr Ben Ngubane
Chairperson of the Board
Eskom

C/o Khulani Qoma
Board Spokesperson
Eskom
Per email: mediadesk@eskom.co.za

And to: Lynne Brown
Minister of Public Enterprises

C/o Ms Kim Davids
Personal Assistant to the Minister

Per email: kim.davids@dpe.gov.za

Dear Mr Ngubane

Corruption Watch Enquiry: Reinstatement of Mr Brian Molefe as Eskom CEO.

1. We refer to the above matter.
2. We confirm that the spokesperson for Eskom has indicated that Mr Brian Molefe will be returning to Eskom on Monday, 15 May 2017. We understand that the Board of Eskom rescinded an earlier decision to accept Mr Molefe's application for early retirement, after Minister Lynne Brown rejected the terms of the retirement package initially agreed between the Board and Mr Molefe. We confirm that we are concerned about the decision of the Board of Eskom and the impact of this decision on accountability and good governance at the power utility.

Background

3. In accordance with a statement issued on 11 November 2016, Mr Molefe conveyed reasons for his resignation. He indicated that he was concerned about the impact of the findings of the Public Protector in the *State of Capture* Report and the harm which was done to Eskom as a result of the Public Protector's findings. He stated that "*I have, in the interests of good corporate governance, decided to leave my employ at Eskom from 1 January 2017*" and further that "*I go now, because it is in the interests of Eskom and the public it serves, that I do so.*"
4. We understand that the Board of Eskom had proposed a R30-million pension payout to Mr Molefe and that Minister Brown rejected the proposal, saying that there was no legal rationale for the payout and that it could not be substantiated as a performance bonus since Mr Molefe had already been paid a performance bonus.
5. The spokesperson for the board has now confirmed that in light of the minister's rejection of the pension payout, the Board of Eskom has rescinded Mr Molefe's application for early retirement and that he will return to work on 15 May 2017.

Enquiry

6. We confirm that our understanding has been that Mr Molefe resigned from his position and not that he had applied for early retirement. We are uncertain about the reasons for Mr Molefe's departure from Eskom and the Board's reasons for rescinding his alleged application for an early retirement package.
7. We therefore request a copy of Mr Molefe's application for an early retirement package and all correspondence and documentation relating to Mr Molefe's departure from Eskom as well as all correspondence and documentation relating to the Board's decision to rescind his application for early retirement. In particular, we request minutes of Board meetings at which the rescission of the early retirement package was discussed and approved.

8. Finally, we are concerned about accountability and good governance at Eskom. Mr Molefe's departure was accepted by the Board of Eskom because it was in the best interests of the company. Please indicate why it is now, only months later, appropriate for Mr Molefe to return to his position and whether it is in the best interests of Eskom that he do so.

9. Please provide us with an urgent response and by no later than close of business on Monday, 15 May 2017.

Yours faithfully

David Lewis
Executive Director
Corruption Watch
[Unsigned due to electronic transmission]