

6 February 2020

Mr G Hill-Lewis, MP
DA: Shadow Minister of Finance
PO Box 15
Cape Town
8000

Your Reference:

VUYANI HAKO

☎(012) 763-2385

✉ Vuyani.Hako@pic.gov.za

By e-mail: geordinh@gmail.com

Dear Honourable Mr Hill-Lewis

COSATU PROPOSAL TO USE PIC FUNDS FOR ESKOM

Thank you for your correspondence of 31 January 2020 regarding Eskom and the debt on its balance sheet.

Like yourself, the Public Investment Corporation (PIC) has noted several recent news articles, asserting that the Congress of South African Trade Unions (COSATU), has tabled proposals to its alliance partner(s) concerning Eskom's debt.

The PIC has not been privy to any document from COSATU that proposes a recovery, restructuring or refinancing of Eskom's existing debt. Also, there has been no engagement with COSATU on this aspect.

The PIC is a longstanding holder of Eskom bonds, as provided for by the investment mandates of the PIC's clients. Eskom has to date, honoured all its obligations whenever either interest or principal debts became due.

Investment decisions by the PIC must be consistent with the mandates of its clients. These mandates are drafted taking into account asset and liability studies and are approved by the Financial Sector Conduct Authority.

Any approach to the PIC about the possibility of investing in, or swapping investment instruments, must take into account the prescripts of these investment mandates, it must be supported by a credible business case and it must be geared towards delivering sustainable returns for the PIC's client(s).

The interim PIC Board is committed to instill a culture of accountability and proper governance to all investment decisions and processes of the PIC. The PIC Management unequivocally supports this commitment.

Yours sincerely



VUYANI HAKO
ACTING CHIEF EXECUTIVE OFFICER