Environmental and Social Review Summary

Eskom Capital Investment

This Environmental and Social Review Summary (ESRS) is prepared by MIGA staff and disclosed prior to the date on which MIGA’s Board of Directors considers the proposed issuance of a Contract of Guarantee. Its purpose is to enhance the transparency of MIGA’s activities. This document should not be construed as presuming the outcome of the decision by MIGA’s Board of Directors. Board dates are estimates only.

Any documentation that is attached to this ESRS has been prepared by the project sponsor, and authorization has been given for public release. MIGA has reviewed the attached documentation as provided by the applicant, and considers it of adequate quality to be released to the public, but does not endorse the content.

Country: South Africa
Sector: Energy
Project Enterprise: Eskom Holdings SOC Limited
Environmental Category: A
Date ESRS Disclosed: September 8, 2014
Status: Due Diligence

*ESRS Attachments were updated on October 14, 2015.*

A. Project Description

Eskom Holdings SOC Limited (“Eskom”) of South Africa approached MIGA for a possibility of providing guarantees under the Non-Honoring of Sovereign Financial Obligation (State Owned Enterprises) program in support of Eskom’s international funding program for CAPEX requirements (hereafter referred to as “the Project”). Eskom has requested a MIGA guarantee for approximately US$500m to cover loans from international commercial banks.

Eskom is a public, limited liability electric utility company, wholly owned by the Government of the Republic of South Africa (RSA). Eskom generates approximately 95% of the electricity used in South Africa and approximately 45% of the electricity used in Africa. Eskom has a net maximum self-generated capacity of 41,995 MW. To meet South Africa's rising demand for electricity, in 2005, Eskom embarked on a capacity expansion program (generation and transmission of electricity), which aims to both meet increasing demand and to diversify Eskom's energy sources. MIGA guaranteed investment will be used to support this capacity expansion program.

The individual sub-projects that will ultimately benefit from the investment to be guaranteed by MIGA have not yet been confirmed; however, a preliminary list of CAPEX sub-projects has been reviewed by MIGA, which primarily includes construction and / or upgrade of sub-stations and construction of transmission power lines. Consistent with World Bank operational guidance and MIGA’s Exclusion List, sub-projects financed by MIGA guaranteed funds will not include coal-fired power stations, nuclear power stations and associated transmission infrastructure for power evacuation from these power stations.
Eskom’s capacity expansion program has also been supported by the World Bank (WB) through the *Eskom Investment Support Program (EISP)*, which commenced in 2010. The WB applied Operational Policy (OP) 4.00 *Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects* to the EISP. OP 4.00 can only be applied when the WB deems the borrower’s environmental and social safeguard systems to be equivalent to WB safeguard systems, and their capacity to implement the systems satisfactory. In the case of EISP, the WB determined that the environmental and social management relations and practices were mostly equivalent to WB safeguards; and that any gaps were filled by Eskom’s internal environmental and social safeguard systems. The full ‘Safeguards Diagnostic Review’ for the Project is available on the WB Infoshop.

This ESRS describes Eskom’s corporate level Environmental and Social Management System, and uses three sample sub-projects to demonstrate the implementation of that system and Eskom’s general environmental and social assessment and management practices:

- **Duvha-Leseding 400 kV transmission line** runs 205 km from the Duvha power station to the Leseding sub-station. Construction of the Duvha-Leseding transmission line was completed two years ago. The line is comprised of 487 towers and has a servitude width of 55 m (27.5 m either side of the center line). The line crosses through farms, mining areas and a cultural area.

- **Hendrina-Gumeni 400 kV transmission line** runs 83 km from the Hendrina power station to the Gumeni sub-station. Construction of this line commenced at the end of March 2014. The line will be comprised of 208 towers with a servitude width of 55 m. The line crosses through farms and mining areas.

- **Verwoerdburg 400/132 kV sub-station** is located in Tshwane Municipality. The project, which is currently under construction, involves the expansion and upgrade of the existing Verwoerdburg substation on land immediately adjacent to the existing substation.

The sub-projects were selected to be similar in terms of design and E&S impact to those included on the list of sub-projects potentially benefitting from the MIGA guaranteed investment. The full list of eligible sub-projects is provided in the attached table, and all available EIAs are posted on Eskom’s website (see link in section G below). If Eskom comes to MIGA with additional projects after disclosure, the list will be updated, and re-disclosed.

**B. Environmental and Social Categorization**

As the exact sub-projects to be financed by the investment guaranteed by MIGA are not yet known, categorization is based on the highest possible E&S Category for likely sub-projects. Based on the list of eligible sub-projects, most are likely to have limited, site specific adverse environmental and social risks and / or impacts that can be readily addressed through mitigation measures. However, there is a chance that some sub-projects may have potential significant adverse risks and impacts that are diverse, irreversible or unprecedented, and as a result, this is a Category A project under MIGA’s Policy on Environmental and Social Sustainability (2013).

The key environmental, social, health and safety risk associated with this proposed guarantee is Eskom’s ongoing environmental and social management capacity, including consideration and management of environmental and social consequences (including cumulative impacts as
appropriate) in planning, design, construction and operation of energy transmission and distribution infrastructure.

The key potential environmental and social issues associated with the sub-projects are likely to include: construction-related impacts (land acquisition and resettlement; occupational health and safety; modification of natural habitat; erosion and sediment transport; waste generation; noise and dust emissions; community health, safety and security risks) and operations related impacts (community health, safety and security risks; occupational health and safety; water and soil contamination). Most impacts will be managed by adhering to generally recognized standard operating procedures, guidelines, and/or design criteria.

C. Applicable Standards

While all Performance Standards are applicable to this investment, based on the preliminary list of eligible sub-projects, the principal Performance Standards to be applied are:

- PS1: Assessment and Management of Environmental and Social Risks and Impacts
- PS2: Labor and Working Conditions
- PS3: Resource Efficiency and Pollution Prevention
- PS4: Community Health, Safety and Security
- PS5: Land Acquisition and Involuntary Resettlement

The process for how Eskom will address PS6 – 8 for each sub-project, if required, is described within the detailed narrative for PS1. The World Bank Group General Environmental Health and Safety Guidelines and Guidelines for Electric Power Transmission and Distribution also apply to this project.

D. Key Documents and Scope of MIGA Review

The following key documents were reviewed by MIGA:

- Safety, Health, Environment and Quality Policy (32-727) (Eskom, February 2014)
- Procedure for the Involuntary Resettlement of Legal and Illegal Occupants on or from Eskom Procured Land (Eskom, version July 2011);
- Stakeholder Relations Management Policy (240-54652166) (Eskom, April 2013);
- Integrated Results Presentation for the year ended 31 March 2013 (Eskom, 2013);
- Integrated Report for the year ended 31 March 2013 (Eskom, 2014);
E&S safeguard documents (e.g. ESIAs, EMPs, land acquisition and resettlement plans) associated with the three sample sub-projects were also reviewed. MIGA E&S specialists undertook a site visit in May 2014, which included meetings at corporate level and site visits to the three sample sub-projects to assess compliance with MIGA’s Performance Standards.

Documents and monitoring reports associated with the Eskom Investment Support Program (“EISP”) were also reviewed during due diligence.

E. Key Issues and Mitigation

PS1: Assessment and Management of Environmental and Social Risks and Impacts

Eskom’s commitment to safety, health, environment and quality management is stated in its Safety, Health, Environment and Quality (SHEQ) Policy. This policy provides a framework for overall SHEQ management for all Eskom activities, including activities of its subsidiaries and contractors. The Social, Ethics and Sustainability Committee of the Board guides corporate strategy on sustainability, occupational health and safety, and environmental matters in line with Eskom’s safety, health and environment policy, the National Environmental Management Act, and the Occupational Health and Safety Act. At Eskom, the term ‘environment’ encompasses both environment (e.g. water, air, biodiversity) and community issues (e.g. property ownership, community health, cultural artifacts, noise) as defined in the National Environmental Management Act of South Africa (Act 107 of 1998).

The SHEQ Policy is communicated directly to employees when they are appointed, and through induction and regular training and awareness events. The Eskom SHEQ Policy is also available to the public on Eskom’s website.

Environmental and Social Assessment:

Eskom’s practices with regard to Environmental and Social Impact Assessment are undertaken in support of its SHEQ Policy and to ensure compliance with South African environmental legislation and in particular the National Environmental Management Act, which sets out the requirement for environmental authorizations for listed or specified activities. The guiding environmental permitting legislation is set out in published Environmental Impact Assessment (EIA) Regulation (2010). Eskom has a corporate Environmental Management Department with a “Centre of Excellence” for EIAs and Strategic Environmental Assessment that sets overall strategy and approach, as well as quality assurance for Eskom. Each line division (Group Capital, Generation, Transmission and Distribution) is individually responsible for carrying out the EIA process, producing Environmental Impact Reports (EIRs) (as required by the EIA Regulations, 2010), obtaining environmental authorizations and implementing the conditions of the environmental authorizations issued by the national Department of Environmental Affairs (DEA) and the environmental and social management and monitoring activities associated with its line of business. Eskom’s process of identifying and assessing environmental and social risks and impacts starts at the early stage of project design and identification, and environmental and social considerations are integrated throughout the decision-making process. Eskom publicly discloses all project EIAs on their website.
Comprehensive EIAs were undertaken for the three sample projects reviewed by MIGA. The EIAs included a full assessment of the potential environmental and social impacts of each Project and provided management and mitigation measures as set out in the conditional of the environmental authorizations and the associated environmental management plan (EMP). The EIAs also provided a summary of public participation undertaken during the EIA process including the issues raised by the interested and affected parties and the responses to these issues.

**Management Program and Monitoring:**

Eskom has a comprehensive, integrated approach to the management of environmental, health and safety issues. Eskom employs a center-led approach to environmental management, with ‘Centers of Excellence’ driving overall management in specific areas: air quality; water management; waste management and biodiversity; reporting, assurance and systems; and Strategic Environmental Assessment (SEA) / EIA. With respect to environmental management, Eskom’s Centre-led Environmental Management department, Group Capital, Generation and Transmission Divisions have been certified to the ISO 14001 environmental management system standard.

The environmental and social components of Eskom’s SHEQ Policy are further articulated in its various environmental procedures, which includes several subsidiary sections: Environmental Management System (EMS) procedure and work instructions; Waste Management standard; Land and Biodiversity Management policy and standard; position on Electro and Magnetic Fields; Due Diligence procedure; and Reporting. Additional policies guide its approach to Air Quality Management; Water Management; and Climate Change. Individual issue-specific policies (e.g. water management and air quality) are supported by strategies, process control manuals, procedures, standards, directives and work instructions, as appropriate.

EMP are developed as part of the EIA and become a condition of environmental authorizations issued by the national DEA. In addition EMPs are development as party of the applicable environmental management system. EMPs are in place for Eskom projects and activities including: air quality; water quality; land management (including protected species, invasive plants, herbicide usage, access roads, and animal safety); community issues (including property ownership, waste disposal, emergency response, culture and lifestyles, procurement of agricultural products, cultural artifacts, and noise reduction); and the establishment of a community grievance procedure through which all complaints shall be reported, recorded, and investigated. The Eskom procurement and supply management procedure require SHE criteria for high risk SHE category projects and contractors are required to have SHE plans. Eskom monitors contractor performance, and only contractors that meet required SHE threshold criteria are engaged.

The EMS (and supporting documents) and Eskom’s EIA processes and practices provide a framework for the assessment and management of PS3 – 8. The EIAs, EMPs and land acquisition reports for the three sample sub-projects provided satisfactory consideration of PS3 – 8 aspects. Site visits indicated that environmental and social management measures were being effectively implemented on-the-ground, and Eskom (including subsidiaries and contractors) had acceptable compliance monitoring and reporting mechanisms in place.

PS1 – 5, which will likely apply to all sub-projects, are discussed in detail in this section and the sections below. PS6 – 8 will be addressed if they arise in individual sub-projects. In addition to the
EMS and Eskom’s EIA processes, the management frameworks within Eskom that will guide assessment and management of PS 6 – 8 include:

- **PS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources:**
  - Land and Biodiversity Policy and standard are in place and applied in Eskom
  - Wildlife: Land and Biodiversity Procedure: Management of Wild Life Interaction is being drafted in support of the and policy and procedure and based on practices within Eskom
  - Eskom manages and controls any significant threats to biodiversity resulting from its power stations and power lines through partnerships with civil society (e.g. Endangered Wildlife Trust) to ensure best practice and specialist input, including projects in areas of non-critical natural habitats.

- **PS7 Indigenous Peoples**
  - The Procedure for the Involuntary Resettlement of Legal and Illegal Occupants on or from Eskom Procured Land recognizes the rights of tribal land holders, and Eskom has specific measures for providing compensation for tribal lands.

- **PS8 Cultural Heritage**
  - Eskom’s EIAs are undertaken to ensure compliance with both the EIA regulations of South Africa as well as the South African Heritage Resources Act. Specialist studies for the assessment and management of cultural heritage and archaeological resources are undertaken as part of EIAs.

**Organizational Capacity and Training:**

The Board Social, Ethics and Sustainability Subcommittee and the Eskom Executive Committee are supported by the Environmental Steering Committee, which includes environmental managers and representatives from the centre-led environmental department and “centres of excellence”, generation, transmission, distribution, group capital, primary energy, audit, legal and research units. The Environmental Steering Committee is supported by the Environmental Management Committee (Mancom) and the Environmental Incident Committee. The Environmental Mancom is further supported by thematic working groups, such as the air quality strategy working group, water steering committee, EIA working group, etc.

Eskom has approximately 150 environmental and social specialists across its four line divisions, service functions and strategic functions. Specialists have the appropriate qualifications and experience to be able to effectively meet the requirements of their job. Training and skills development is also available, as Eskom offers a number of training programs and learning opportunities for staff at all levels. Eskom also offers bursaries, in-service training and scholarships to university students undertaking studies in relevant fields.

The results of the site visit, review of documents and meetings with environment and social staff, indicate that Eskom has the technical capability, depth of staff and experience to be able to adequately manage environmental and social aspects of the projects.

**Monitoring and Reporting:**
Eskom has six environmental objectives and linked to these are key performance indicators. Reporting of environmental performance is undertaken throughout Eskom and reporting to Eskom’s Executive management committee (Exco) and the Board Social, Ethics and Sustainability Committee on environmental performance takes place.

At the Project-level, environmental compliance monitoring is the responsibility of environmental officers reporting to the Site Manager and/or Project Manager at each site. In addition, the DEA monitors Eskom’s environmental and social compliance at all sites through the compliance reporting by the appointed Environmental Compliance Officer (ECO) and the Department’s regular enforcement activities.

Eskom implements a comprehensive environmental assurance program, which is comprised of three levels of assurance (auditing): self-assessment and self-audits, internal reviews and audits and external independent audits and those through its Assurance and Forensic Department. Regular environmental reviews and audits are undertaken and the results reported to the relevant management committees.

Eskom reports annually in terms of an integrated (environmental, financial social and technical) report, against its shareholder compact’s 35 indicators; including financial, environmental, technical, and socio-economic aspects (Eskom integrated report 2014).

**PS2: Labor and Working Conditions**

The Eskom group employs approximately 46,900 employees within its divisions and subsidiary companies. Recruitment, retention and staff development are overseen by the Human Resources Department, which reports directly to the CE. Eskom tracks and reports on racial equity, gender equity and disability percentage in its total workforce. In the year ending March 31, 2014, Eskom reported that 59.3% of senior management and 70.6% of professionals and middle management were black, and 28.8% of senior management and 34.9% of professionals and middle management were female.

Eskom has a Supplier Development and Localization (SD&L) program where opportunities for the use of local capacity through enterprise development, local supplier development, and industrialisation, skills development and/or employment and job creation can be identified and leveraged within the supply chain. Eskom also focuses on skills development for its employees.

“Zero harm” (related to Occupational health and safety (OHS) and environment) is a core value at Eskom. Management is accountable for health and safety, and each individual employee is responsible for managing their own health and safety. Eskom has established a culture of zero harm, which includes striving to ensure zero harm befalls its employees, contractors and the public as well as the concept of zero environmental incidents. OHS targets include zero fatalities and zero injuries. Eskom has five (5) Life-Saving Rules that are communicated to and apply to all employees, contractors and visitors.1

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1. Open, isolate, test, earth, bond and/or insulate before touch; 2. Hook up at heights; 3. Buckle up; 4. Be sober; and 5. Permit to work.
A health and safety induction is held for all employees, contractors and visitors to a site. All staff and visitors are provided with appropriate Personal Protective Equipment (PPE). Contractors are contractually obligated to provide their staff with appropriate PPE. First aid kits and fire extinguishers are to be available at all sites. Eskom focuses on safety training and awareness, skills, competency, supervision and operational discipline. Eskom has a procedure in place to promptly investigate all incidents (including safety and environmental incidents), and feed lessons learned back into improving safety and environmental practices across the organization.

As part of its annual integrated reporting, Eskom reports aggregated statistics on employee and contractor fatalities, employee lost time incident (LTI) rate and the causes of fatalities. In the year ending March 31, 2014, across the entire organization, including all construction and operational projects and maintenance teams, Eskom had 5 employee fatalities and 18 contractor fatalities. The primary causes of fatalities were vehicle accidents and “struck by an object”. The three sub-projects reviewed all reported low incidence of injuries and LTIs:

- Duvha-Leseding – 2 LTIs for the entire duration of the construction;
- Hendrina-Gumeni – In early May 2014, the project had zero LTIs since the beginning of construction in March 2014;
- Verwoerdburg Substation – Since the beginning of the Project, there have been no LTIs. At the end of March 2014, the project celebrated 500 days since inception without LTI.

Eskom’s commitment to health and safety was evident at all three sub-projects visited. Staff had appropriate PPE and visitors were provided with PPE. Site induction training was provided upon arrival at site. First aid kits and fire extinguishers were available and clearly marked. Appropriate safety signage was evident, and all sites had posters with Eskom’s 5 Life-Saving Rules and other information highlighting safety risks specific to the particular site.

PS3: Resource Efficiency and Pollution Prevention

The primary pollution issues associated with the type of sub-projects included on the eligible list include: pollution associated with construction (i.e. erosion and sediment transport, construction waste / spoil, potential leaks or spills of hydrocarbons, air emissions from heavy vehicle and equipment use and noise) and pollution associated with maintenance and decommissioning (e.g. herbicide use and PCBs associated with old transformers).

Water management: The overall framework for water management is set by Eskom’s Water Management Strategy and Water Management Policy, which is supported by Process Control Manuals (PCM) (e.g. PCM for Water Consumption), standards (e.g. Ground Water Management Standard), directives (e.g. Water Accounting Framework) and work instructions (e.g. Water Target Determination and Measurements for Performance Management). As per conditions of environmental authorizations and water use licenses and Eskom’s environmental management systems requirements EMPs are prepared for the construction phase, which include measures that prevent, minimize and mitigate areas such as bird interactions with power lines, erosion and sediment transport. The EMPs also provide measures for appropriate storage and handling of hydrocarbon to prevent leaks and spills. Eskom reports annually on water consumption and actively works to reduce water use and consumption at its projects. As per South African Legislation, Eskom
is also required to obtain a ‘Water Use License’ when it impacts a water course or constructing in or near wetlands.

The EIAs and EMPs for the three sub-projects identified appropriate measures for water management. Implementation of these measures was evident at the three sites – for example, hazardous materials were appropriately stored to prevent leaks and spills and, where necessary, appropriate site drainage was installed.

**Waste management:** Eskom has general Waste Management Standard and PCMs for PCB destruction and asbestos disposal. Measures for the management of spoil from construction activities are outlined in the construction EMP. All hazardous waste (including PCBs, asbestos and waste oil) are disposed of by certified waste contractors according to South African legislation and safe disposal certificates obtained. Waste management practices at the three sites visited appeared to be compliant with Eskom’s management policies and the requirements of PS3.

**Herbicide Use:** Eskom has a standard on vegetation management for Eskom land, servitudes and rights of way. While it is generally not Eskom’s practice to use herbicides for eradication of vegetation; in some circumstances, herbicides are used to stop the regrowth of specific vegetation to maintain servitudes. Eskom’s contract specification for vegetation management outlines the circumstances under which herbicides may be used, and provides measures for safe and effective use. The measures in the specification are based on the conditions of the *Fertilizers, Farm Feed, Agricultural Remedies and Stock Remedies Act of 1947* (Act 36 of 1947), under which herbicides may only be applied by a registered pest control operator. Further, in construction and maintenance contracts, Eskom states that contractors can only apply herbicides with the explicit authority of Eskom.

**PS4: Community Health, Safety and Security**

The community health, safety and security risks associated with the potential sub-projects include increased traffic accidents during construction; and during operations and maintenance, electrocution from downed lines, health impacts associated with electromagnetic radiation and risks posed by security arrangements.

During construction, when required, Eskom and / or their contractors develop and implement a traffic management plan to minimize risks to public safety. Consistent with national legislation, Eskom obtains a permit from the Minister of Transport prior to transporting any excessive loads.

Eskom provides electricity safety awareness training in schools and provides safety information on their website to minimize the risk of electrocution. Lines are also properly installed and grounded, and the condition of lines is regularly checked. South Africa Occupational Health and Safety Act (Act No. 85 of 1993) and its Regulations specify design standards and servitude width for transmission lines to minimize community exposure. The public is also able to report safety concerns (EMFs, downed lines, etc.) via Eskom’s customer service center (which can be reached by phone, email or text message).
Eskom has a centre-led security function and team, which provides security for key assets (in terms of the National Key Points Act 102 of 1980), and also utilizes security contractors at construction sites and other assets, as required. Eskom only engages security contractors that are registered in terms of Act 56 of 2001, Private Security Industry Regulation Act. Threat assessments are undertaken for each site, and should the assessment identify that Eskom employees require armed support while performing Eskom duties, such support will only be provided by Eskom security employees or security contractors who are authorized to possess company firearms for Eskom business purposes. Eskom has Security Protocols and Standard Operating Procedures, which include guidelines on firearm use consistent with the requirements of the Firearms Control Act (Act 60 of 2000). These protocols and procedures are implemented by both the internal security team and contractors. Criminal background checks are undertaken on all security staff and contractors who are issued a firearm. Any security guard issued a firearm must have undergone training and passed a firearms test in terms of section 21 of the Firearms Control Act No 60 of 2000 and be certified according to the requirements of the same act. Eskom undertakes a thorough investigation any time a firearm is used.

**PS5: Land Acquisition and Involuntary Resettlement**

Land acquisition for the sub-projects will largely be limited to acquisition of servitudes for transmission lines, though some land acquisition may be required for the construction and / or upgrade of substations.

The framework for land acquisition and involuntary resettlement is provided in the *Procedure for the Involuntary Resettlement of Legal and Illegal Occupants on or from Eskom Procured Land* (July 2011). This procedure is broadly consistent with the objectives and principles of PS5, especially in the context of transparency in consultations with directly affected people, fairness of compensation, the widely known availability of grievance and appeal mechanisms, and, particularly for the poor, a requirement for significant improvement in living quarters and opportunities for betterment in livelihood (economic rehabilitation). The Eskom procedure for involuntary resettlement recognizes the rights of lease holders, illegal occupants and customary land owners.

Where resettlement and land acquisition is required, Eskom is the direct implementing agent for the resettlement process and takes full responsibility for the land acquisition and resettlement process. Eskom’s general principle for resettlement is to ensure that resettled parties are better off than prior to resettlement. While Eskom may apply for expropriation in terms of the Electricity Regulation Act, 4 of 2006, Eskom actively seeks to avoid expropriation wherever possible and aims for negotiated solutions with affected parties.

Where physical resettlement is required, a Resettlement Action Plan is prepared, the contents of which are consistent with the requirements of PS5. In cases where only access to servitudes is required, Eskom engages independent consultants to undertake a social assessment, as part of the EIA process. The social assessment identifies all landowners and “Interested and Affected Parties”. A register of landowners is compiled, which includes name of the land owner, contact information, coordinates and description of the land that is affected and any comments, complaints or directions provided to Eskom by the land owner. The register is regularly updated throughout the life of the Project.
There are detailed procedures for land valuation where land is valued by certified land valuation experts. Eskom pays “Replacement Value”, including actual financial loss, taxes, etc. Cash or in kind compensation are options proposed to project affected land owners. Owners/users are also allowed to salvage and keep construction material after their property is demolished. Eskom also provides transportation for relocation of personal belongings and house material.

At the two of the three sample sub-projects, land registries were available showing all landowners affected by the projects (note: no registry was available for the Verwoerdburg sub-station, as there no individual landowners were affected – the land for the extension of the sub-station is partially owned by Eskom and partially owned by the City of Tshwane). Meetings with landowners indicated that Eskom had negotiated servitude access in a manner consistent with their policy. The registries indicated that Eskom continues to actively maintain a relationship with landowners.

F. Environmental Permitting Process and Community Engagement

In South Africa, the National Environmental Management Act, Act No. 107 of 1998 sets out the requirement for environmental authorizations for listed or specified activities. The guiding environmental permitting legislation is set out in published Environmental Impact Assessment (EIA) Regulation (2010). The EIA Regulation mandates a process, which includes screening, scoping, public participation, environmental reports, review, decision and process to appeal decision. The EIA Regulation further provides guidance on the level of assessment required for different types of project. Low impact projects require only a basic assessment, while more complex projects require a full EIA. A third level of assessment is required for any projects in sensitive environments.

In the case of Eskom, as a State Owned Company, environmental authorizations are given by the National DEA. Authorizations include conditions of approval for construction and operation, and the DEA monitoring compliance against these conditions. In most cases, the environmental authorization requires the appointment of an Environmental Compliance Officer (ECO) for the duration of the construction phase of the project to report to the DEA on compliance.

Other environmental permits that may be required, depending on the project, include heritage, water use licenses, waste licenses and licenses for infrastructure affecting natural forests, protected trees or State forests.

EIAs were prepared by independent registered Environmental Assessment Practitioners, and environmental authorizations received from the National DEA, for all three sub-projects reviewed.

Extensive public consultation and disclosure is required as part of the EIA process, and the results of public participation are reported in the EIA, including an issues trail setting out the responses to issues raised during public participation. Eskom implements a pro-active public participation process with ‘Interested and Affected Parties’ (I&AP) throughout the EIA process and after. The Eskom Stakeholder Relations Management Policy (Eskom, April 2013) provides the overall framework for stakeholder engagement at Eskom. Eskom also holds regular ‘NGO forums’. Project-specific grievance redress processes are put in place for projects. Eskom also has a customer service division that maintains contact with key customers and affected people, and a customer service phone number, email and SMS line that the public can use to report grievances.
In terms of the South African Preferential Procurement Policy Framework Act, 5 of 2000 and Regulations, Eskom has a Supplier Development and Localization program where opportunities for the use of local capacity through enterprise development, local supplier development, and industrialization, skills development and/or employment and job creation can be identified and leveraged within the supply chain. The Eskom Development Foundation NPC (Foundation) is responsible for the coordination and execution of Eskom's corporate social investment (CSI) strategy in support of Eskom's business imperatives, which supports socio-economic development programs by targeting primarily communities where Eskom implements its capital expansion or new build program. Eskom also extends its contribution to government priorities for skills development, job creation and poverty alleviation.

G. Availability of Documentation

- **Safety, Health, Environment and Quality Policy** (Eskom, February, 2014);
- **Procedure for the Involuntary Resettlement of Legal and Illegal Occupants on or from Eskom Procured Land** (Eskom, version July 2011);
- **List of Eligible Sub-Projects** (October 14, 2015);
- **Basic Assessment Report, Simmerpan Strengthening** (Basic Assessment Report_Simmerpan Strengthening.pdf);
- **Final Environmental Management Plan – Simmerpan Strengthening** (Final EMP_Simmerpan.pdf);
- **Kappa Omega Environmental Management Plan** (Kappa Omega Operation EMPr (June 2013).pdf);
- **Final Internal EMP – Dedisa** (Final Internal EMP for Dedisa.pdf);
- **Final Internal EMP – Poseidon** (Final Internal EMP for Poseidon 01-10-2012.pdf);
- **Final Internal EMP – Grassridge** (Final Internal EMP for Grassridge 01-10-2012.pdf);
- **Final Internal EMP – Delphi** (Final Internal EMP for Delphi 01-10-2012.pdf)
- **ESIAs and EMPs** (as available):

The above listed documentation is available electronically as PDF attachments to this ESRS at [www.miga.org](http://www.miga.org). It is also available for viewing at the following locations:

- http://www.eskom.co.za