

## List of fact sheets

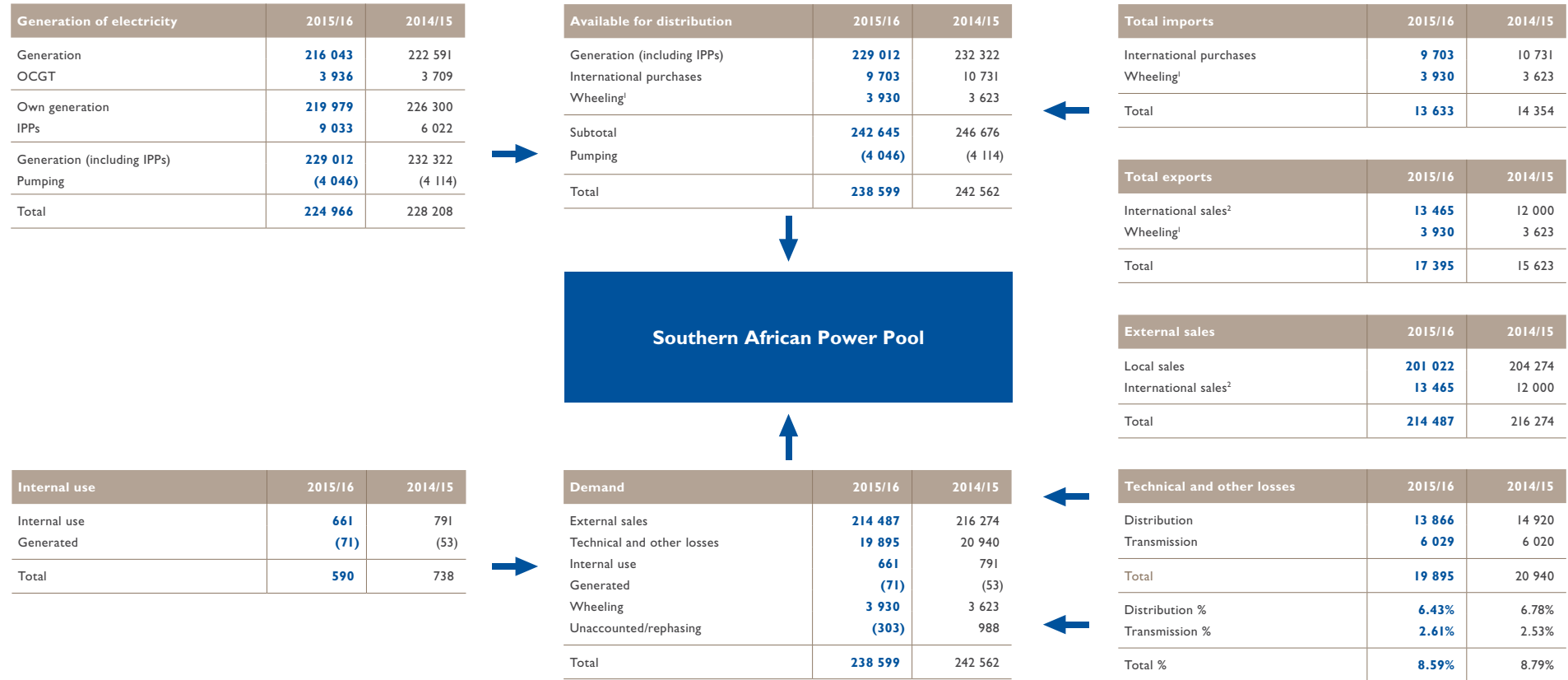
- Eskom's energy flow diagram
- Full list of stakeholder issues mapped to who raised them
- King III checklist noting exceptions or partial application
- Declaration in terms of Section 32 of PAIA



## Eskom's energy flow diagram

The energy wheel shows the volume of electricity that flowed from local and international power stations and independent power producers (IPPs) to Eskom's distribution and export points during the past two years, including the losses incurred in reaching those customers.

All figures in GWh, unless otherwise indicated



1. Wheeling is the buying and selling of electricity between Eskom and foreign parties without the power being available to the South African grid.  
 2. International sales includes exports by Distribution International to Lesotho. The actual volumes were 89GWh for both 2015/16 and 2014/15.

## Full list of stakeholder matters

This fact sheet supplements the “Material stakeholder matters” section of the integrated report and represents the full list of material matters raised by stakeholders over the year. The table indicates which matters were raised by which stakeholders. For ease of reference, the matters have been grouped according to our sustainability dimensions.



For a discussion of the matters with higher stakeholder importance and with the highest impact on Eskom, refer to the stakeholder materiality matrix on page 19 of the integrated report

Matters raised by stakeholders	Lenders, analysts and investors	Government, Parliament and regulators	Suppliers and contractors	Employees and organised labour	Civil society and environmental	Organised business and industry	Customers	Media and public
<b>Financial sustainability</b>								
Regulatory environment including: • Electricity price path certainty • Regulatory Clearing Account methodology and the quantum of increase awarded	✓	✓				✓	✓	✓
Financial performance and going concern status, given Government financial support	✓	✓	✓	✓		✓	✓	✓
Liquidity position, and the impact of: • Government support • Cost-efficiency drive • Outstanding municipal and Soweto debt • Spend on liquid fuels due to use of OCGTs	✓	✓	✓	✓		✓	✓	✓
Funding plan and alternatives, together with the impact of a credit ratings downgrade of the South African Government and/or Eskom on the ability to raise funding	✓	✓						✓
<b>Revenue and customer sustainability</b>								
Impact of increased electricity prices on customers and the economy, together with the impact of: • Decline in electricity sales volumes • Operational efficiencies e.g. significant use of diesel for OCGTs • Non-standard tariffs	✓	✓		✓		✓	✓	✓
Arrear customer debt (mainly municipalities and Soweto) and customer disconnections	✓	✓					✓	✓
Impact of energy losses, theft of equipment and illegal connections on supply to customers	✓	✓				✓	✓	✓
Customer dissatisfaction relating to reliability and stability of electricity supply, including: • Impact of load shedding and load curtailment on customers • Disconnection of customers due to non-payment and illegal connections • Replacement of conventional meters by prepaid meters	✓	✓				✓	✓	✓
Probability of a national blackout	✓	✓				✓	✓	✓
<b>Operational sustainability</b>								
Security of supply, and the impact of: • International sales and purchases of electricity • Plant breakdowns and philosophy of doing maintenance without load shedding • Impact of strikes at coal mines • Operational efficiency and the cost of using OCGTs • Limitations from emission licences	✓	✓				✓	✓	✓
Technical performance of Generation plant, including the maintenance backlog	✓	✓	✓	✓				✓
Energy efficiency programmes and incentives	✓	✓			✓	✓	✓	✓
Future decommissioning of existing Generation plant	✓	✓			✓			
Technical performance and maintenance of Distribution and Transmission plant, including Grid Code compliance and the Transmission Development Plan	✓	✓	✓	✓				
Coal sourcing and containing coal costs, together with migrating coal volumes from road to rail	✓	✓	✓		✓		✓	✓

## Full list of stakeholder matters

continued

Matters raised by stakeholders	Lenders, analysts and investors	Government, Parliament and regulators	Suppliers and contractors	Employees and organised labour	Civil society and environmental	Organised business and industry	Customers	Media and public
<b>Sustainable asset creation</b>								
New build project delays and escalating cost to completion, including the impact of: <ul style="list-style-type: none"> <li>Contractor performance and strike action</li> <li>Shortage of critical skills</li> <li>Ancestral graves at Medupi construction site</li> </ul>	✓	✓	✓	✓		✓	✓	✓
Progress on new Generation and Transmission capacity: <ul style="list-style-type: none"> <li>New capacity post Kusile in terms of the Integrated Resource Plan 2010-2030, including new IPP base-load capacity</li> <li>Medupi, Kusile and Ingula Power Station progress</li> <li>Transmission N-1 Grid Code compliance</li> <li>Implementation of the nuclear build programme, as well as the cost and location thereof</li> </ul>	✓	✓	✓	✓		✓	✓	✓
Sale of non-core assets								✓
<b>Environmental sustainability</b>								
Environmental performance, such as contraventions, water use and particulate emissions, compromising our licence to operate	✓	✓			✓			
Energy mix and reducing our carbon footprint by procuring renewable energy, mainly from IPPs, and through retrofits to existing stations	✓	✓			✓	✓	✓	✓
Climate change and the impact of carbon tax	✓	✓			✓	✓	✓	
Water scarcity and future water infrastructure	✓	✓			✓	✓		
Environmental impact of nuclear power generation and nuclear waste management	✓	✓			✓			
<b>Safety and security</b>								
Safety of the workplace, employees, contractors and the public		✓	✓	✓		✓	✓	
Business continuity and disaster management	✓	✓		✓			✓	✓
<b>Building a sustainable skills base</b>								
Shortage of skills and retention of skilled employees, and the impact of vacancies	✓	✓	✓	✓			✓	✓
Employee salaries and benefits	✓			✓				✓
<b>Transformation and social sustainability</b>								
Transformation through employment and procurement equity, as well as supplier development and localisation		✓	✓	✓		✓		
Electrification connection challenges	✓	✓	✓		✓	✓	✓	
Socio-economic contribution and corporate social investment		✓	✓	✓	✓	✓		✓
Transport and availability of coal <ul style="list-style-type: none"> <li>Transport by road and rail,</li> <li>Availability of coal</li> </ul>		✓	✓				✓	
<b>Governance and leadership</b>								
External interference in Eskom's operations	✓	✓		✓	✓	✓	✓	✓
Eskom's business model and structure of the electricity supply industry, including possible private participation in Eskom	✓	✓		✓	✓	✓		✓
Governance concerns around procurement processes, including: <ul style="list-style-type: none"> <li>Koeberg steam generator contract</li> <li>Cancellation of old coal supply agreements (resulting in job losses) and entering into new agreements</li> <li>Fine imposed on a Medupi supplier by a lender</li> </ul>	✓	✓	✓			✓		✓
Changes in and stability of leadership	✓	✓		✓				✓
Access to information					✓	✓		✓
Remuneration of directors and executives	✓	✓		✓		✓		✓

## King Code of Corporate Governance (King III) application register

This fact sheet supplements the “Our governance” section of the integrated report and provides the breakdown of exceptions and alternative practices to the King III principles, as determined by the Governance Assessment Instrument of the Institute of Directors of Southern Africa (IoDSA).

### Disclaimer

The assessment criteria of the web-based tool, the Governance Assessment Instrument (GAI), have been based on the practice recommendations of the King III report. These criteria are intended to assess quantitative aspects of corporate governance only and not qualitative governance. As such, the results are proposed to serve as an indication of the structures, systems and processes in place and are not intended to include an indication of the governance culture of an entity.

The responsibility for the input of data in order to attain a result through the use of this tool is that of the user and the entity in respect of which the user subscription has been granted.

Neither the Global Platform for Intellectual Property (Pty) Ltd (TGPIP), nor the IoDSA, as Licensor of the content of the GAI, makes any warranty or representation as to the accuracy or completeness of either the assessment criteria or the results.

### Eskom Holdings SOC Ltd

Registration number: 2002/015527/30

Main category	Sub-category	King III principle	King III practice	Applied/Partially applied/Not applied	Commentary
Chapter 1: Ethical leadership and corporate citizenship	Responsible leadership	The Board ensures that the company ethics are managed effectively	The board ensures that ethical risks and opportunities are assessed (i.e. identified and evaluated in terms of probability and impact) and that an ethics risk and opportunity profile is compiled	Partially applied	The Board will consider the outcome of the Eskom Fraud Risk Assessment to enhance the assessment of ethical risks and opportunities
Chapter 2: Boards and directors	Role and function of Board	The Board has elected a chairman of the board who is an independent non-executive director. The CEO of the company does not also fulfil the role of chairman of the Board	The nominations committee oversees a formal succession plan for the board, CEO and certain senior executive appointments	Partially applied	The shareholder attends to succession planning for non-executive directors. The People & Governance Committee oversees succession planning for the Group Chief Executive and senior executives
	Role and function of Board	The Board has elected a chairman of the board who is an independent non-executive director. The CEO of the company does not also fulfil the role of chairman of the Board	There is succession planning in place for the chairman	Partially applied	The Chairman is appointed by the shareholder. The shareholder considers the succession of the Chairman
	Role and function of Board	The Board has appointed the Chief Executive Officer and has established a framework for the delegation of authority	The CEO is not a member of the remuneration committee	Partially applied	The remuneration role is included in the People & Governance Committee. The Group Chief Executive is an ex officio member of the People & Governance Committee, but recuses himself when his remuneration is discussed, or if there is an actual, perceived or potential conflict of interest
	Role and function of Board	The Board has appointed the Chief Executive Officer and has established a framework for the delegation of authority	The CEO is not a member of the nomination committee	Partially applied	The nomination role is included in the People & Governance Committee. The Group Chief Executive is an ex officio member of the People & Governance Committee, but recuses himself when Board nominations are discussed, or if there is an actual, perceived or potential conflict of interest. He contributes to the nomination and appointment of senior executives
	Composition of Board	The Board comprises a balance of power, with a majority of non-executive directors. The majority of non-executive directors are independent	The nominations committee makes recommendations for appointment as director based on all of the following: <ul style="list-style-type: none"> <li>• knowledge and experience gap on the board;</li> <li>• integrity of the candidate; and</li> <li>• skills and capacity of the candidate</li> </ul>	Partially applied	The Board makes recommendations to the shareholder on the skills gap. Knowledge, experience, integrity and capacity of potential directors is determined by the shareholder
	Composition of Board	The Board comprises a balance of power, with a majority of non-executive directors. The majority of non-executive directors are independent	The classification of directors as independent or otherwise in the integrated report is disclosed on the basis of a yearly assessment of the independence of the non-executive directors	Not applied	The independence of the non-executive directors will be assessed annually as part of the annual Board performance and disclosed accordingly
	Composition of Board	The Board comprises a balance of power, with a majority of non-executive directors. The majority of non-executive directors are independent	Non-executive directors that are classified as "independent" by the entity are subjected to an annual evaluation of their independence by the chairman and the board	Not applied	The independence of the non-executive directors will be assessed annually as part of the annual Board performance
	Board appointment process	Directors are appointed through a formal process	Procedures for appointments to the board are all of the following: <ul style="list-style-type: none"> <li>• formally set out in a policy;</li> <li>• transparent; and</li> <li>• a matter for the board as a whole (although the board may be assisted by the nomination committee) or the Minister, as applicable</li> </ul>	Partially applied	The procedure for the appointment of non-executive directors is determined by the shareholder, through the Department of Public Enterprises (DPE), and implemented by DPE. The transparency thereof could be improved. The procedure for the appointment of executive directors is determined by the shareholder and implemented by Eskom, in accordance with our recruitment policy
	Board appointment process	Directors are appointed through a formal process	Before candidates are nominated for board appointments, there are procedures in place to investigate the candidates' backgrounds or legal exclusions from membership inspected and applied	Partially applied	Non-executive directors are appointed by the shareholder. The vetting process could be improved. The recruitment process for executive directors, conducted by Eskom, includes a background check

## King Code of Corporate Governance (King III) application register

continued

Main category	Sub-category	King III principle	King III practice	Applied/Partially applied/Not applied	Commentary
Chapter 2: Boards and directors (continued)	Board appointment process	Directors are appointed through a formal process	Non-executive directors agree all of the following in their letters of appointment: <ul style="list-style-type: none"> <li>the directors' code of conduct;</li> <li>the duties that are expected from each director;</li> <li>the remuneration for holding office as director; and</li> <li>the terms of directors' and officers' liability insurance</li> </ul>	Partially applied	The shareholder appoints the director and issues the letter of appointment, which highlights the director's duties. The Code of Ethics, Board charter and insurance policy, as well as the determination of remuneration, are provided after the letter of appointment has been issued and Eskom has been informed of the appointment
	Board appointment process	Directors are appointed through a formal process	The nominations committee identifies and participates in selecting board members	Partially applied	The shareholder identifies, selects and appoints non-executive directors. The People & Governance Committee assists with the identification and selection of executive directors
	Board appointment process	Directors are appointed through a formal process	The nominations committee ensures that new directors have not been declared delinquent or are not serving probation in terms of Section 162 of the Companies Act, 2008	Partially applied	Non-executive directors are vetted and appointed by the shareholder. The People & Governance Committee oversees the vetting of executive directors (including the terms of Section 162 of the Companies Act)
	Board appointment process	Directors are appointed through a formal process	The integrated report classifies directors as executive, non-executive or independent and provides information about individual directors that shareholders may need to make their own assessments in regard to all of the following: <ul style="list-style-type: none"> <li>independence;</li> <li>education, qualification and experience;</li> <li>length of service and age;</li> <li>significant other directorships;</li> <li>political connections; and</li> <li>other relevant information</li> </ul>	Partially applied	Whilst the integrated report includes the criteria mentioned, it excludes political connections
	Board appointment process	Directors are appointed through a formal process	The nominations committee establishes procedures for appointments to the board and ensures that these are properly carried out	Partially applied	Non-executive directors are appointed by the shareholder. The People & Governance Committee ensures that procedures for the appointment of executive directors are in place
	Director development	The induction of and ongoing training, as well as the development of directors are conducted through a formal process	The board ensures that inexperienced directors are developed through mentorship programmes	Not applied	There is no formal mentorship programme in place, but the balance of experienced and less experienced members on the Board assists in the informal transfer of skills. The intention is to formalise the process
	Performance assessment	The evaluation of the Board, its committees and individual directors is performed every year	The nomination for reappointment of a director only occurs after an evaluation of the performance of the director	Not applied	The reappointment of directors is at the discretion of the shareholder
	Performance assessment	The evaluation of the Board, its committees and individual directors is performed every year	The nominations committee comprises the board chairman and non-executive directors	Partially applied	The nomination role is included in the People & Governance Committee. The Group Chief Executive is an ex officio member of the People & Governance Committee, but recuses himself when matters affecting him are considered
	Board committees	The Board delegates certain functions to well-structured committees without abdicating from its own responsibilities	All members of the remuneration committee are non-executive directors and a majority of the members is independent	Not applied	The remuneration role is included in the People & Governance Committee. The Group Chief Executive is an ex officio member of the People & Governance Committee, but recuses himself when his remuneration is discussed, or if there is an actual, perceived or potential conflict of interest
	Group boards	A governance framework has been agreed upon between the group and its subsidiary Boards	The holding entity Board consults with the chairman of the Board of the subsidiary entity or division and its nomination committee prior to nominating a representative director (Only applicable to entities within a group)	Not applied	
Remuneration of directors and senior executives	The company remunerates its directors and executives fairly	Remuneration policies and practices are in place that adequately address all of the following: <ul style="list-style-type: none"> <li>base pay and bonuses;</li> <li>termination of employee contracts; and</li> <li>severance and retirement benefits; and</li> <li>long-term incentive schemes</li> </ul>	Partially applied	A remuneration practice is in place. The Eskom remuneration policy will be finalised once the DPE Remuneration Standards are approved by Parliament	

## King Code of Corporate Governance (King III) application register

continued

Main category	Sub-category	King III principle	King III practice	Applied/Partially applied/Not applied	Commentary
<b>Chapter 2: Boards and directors (continued)</b>	Remuneration of directors and senior executives	The company remunerates its directors and executives fairly	Remuneration policies and practices are both: <ul style="list-style-type: none"> <li>aligned with entity strategy; and</li> <li>linked to individual performance</li> </ul>	Partially applied	The remuneration practice and draft Eskom remuneration policy are aligned with both the Corporate Plan and the shareholder compact. These are linked to the individuals' compacts
	Remuneration of directors and senior executives	The company remunerates its directors and executives fairly	Non-executive directors' fees comprise both a base fee and an attendance fee per meeting	Partially applied	The DPE Remuneration Standards is being finalised to accommodate this. The draft Eskom remuneration policy is aligned to these standards
	Remuneration of directors and senior executives	The company has disclosed the remuneration of each individual director and prescribed officer	The remuneration report discloses both the nature and period of restraint provided for in executive service contracts	Partially applied	Restraint agreements are not applicable
	Remuneration of directors and senior executives	The shareholders have approved the company's remuneration policy	The shareholder passes a non-binding advisory vote on the entity's remuneration policy every year or if not a company, it is approved by the Minister	Partially applied	The shareholder approves the remuneration of Board and Exco members at the AGM. The draft Eskom remuneration policy will be submitted to the Minister after approval of the DPE Remuneration Standards by Parliament
<b>Chapter 3: Audit committees</b>	Audit committee	The Board has ensured that the company has an effective and independent audit committee	The nominations committee presents the shareholder or the board with suitable candidates for election as audit committee members	Partially applied	The Board recommends audit committee members to the shareholder for approval
	Internal assurance provider	The audit committee is satisfied with the expertise, resources and experience of the company's finance function	The audit committee does both the following: <ul style="list-style-type: none"> <li>considers and satisfies itself of the suitability of the expertise and experience of the financial director every year; and</li> <li>reviews the finance function every year</li> </ul>	Partially applied	The finance function is reviewed through the process of internal and external audit. The Group Chief Financial Officer's performance is reviewed by the Group Chief Executive and the People & Governance Committee
<b>Chapter 4: Governance of risk</b>	Board responsibility for risk governance	The Board has determined the levels of risk tolerance	The board sets the levels of risk tolerance every year	Partially applied	Eskom's risk appetite and tolerance approach, methodology and parameters need improvement. Eskom's risk appetite and tolerance framework was first approved by the Audit & Risk Committee on 9 May 2014. It is currently under review by Exco and Board, and will be approved on or before 31 July 2016
	Board responsibility for risk governance	The Board has determined the levels of risk tolerance	The board monitors that risks are taken within the entity's tolerance and appetite levels	Partially applied	Eskom's risk appetite and tolerance approach, methodology and parameters need improvement. Eskom's risk appetite and tolerance framework was first approved by the Audit & Risk Committee on 9 May 2014. It is currently under review by Exco and Board, and will be approved on or before 31 July 2016
	Board responsibility for risk governance	The Board has determined the levels of risk tolerance	The entity discloses in the integrated report details of where the limits of risk appetite (willingness to tolerate risk) exceed, or deviate materially from, the limits of the company's risk tolerance (ability to tolerate risks). (Only applicable in the event that the company's risk appetite exceeded its risk tolerance levels)	Not applied	Eskom's risk appetite and tolerance approach, methodology and parameters need improvement. Eskom's risk appetite and tolerance framework is currently under review by Exco and Board, and will be approved on or before 31 July 2016. Once approved and implemented, specific assessments will need to be made so that disclosure can be made in future reports
	Risk assessment	The Board has ensured that risk assessments are performed on a continual basis	Risks are prioritised and ranked in order to focus responses and interventions to those risks outside the Board's tolerance limits	Partially applied	Application of Eskom's risk appetite and tolerance model needs improvement. This model is currently under review by Exco and Board and will be approved on or before 31 July 2016
	Risk assessment	The Board has ensured that risk assessments are performed on a continual basis	The board ensures that key risks are quantified where practicable	Partially applied	The majority of quantification relates to risks associated with finance, supply and projects. To support effective application of appetite, tolerance and potential exposure, quantification of risks in all other areas are being attempted as far as possible
	Risk disclosure	The Board has ensured that there are processes in place which enable complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	The board discloses in the integrated report its views on the effectiveness of the entity's risk management processes	Partially applied	The integrated report summarises the risk management process, but does not specifically address the view of the Board on its effectiveness. Whilst it can be assumed from the approval of the quarterly Risk & Resilience reports that the Board is satisfied, this matter is not specifically covered in the integrated report

## King Code of Corporate Governance (King III) application register

continued

Main category	Sub-category	King III principle	King III practice	Applied/Partially applied/Not applied	Commentary
Chapter 6: Compliance with laws, rules, codes and standards	Compliance with laws, rules, codes and standards	The Board should delegate to management the implementation of an effective compliance framework and processes	Management has established the appropriate structures to educate, train, communicate about, and measure compliance	Partially applied	A set of formalised guiding documents has been implemented to guide the requirements associated with compliance management. Employees are trained on specific compliance requirements on an ad hoc basis. Training on compliance methodology and key generic processes is provided to the compliance community through a CISA-accredited programme. High-level KPI measurement is currently being implemented, with specific focus on environment and safety. In certain areas, resource constraints have an impact on effective training and communication
	Compliance with laws, rules, codes and standards	The Board should delegate to management the implementation of an effective compliance framework and processes	The compliance function has adequate resources to fulfil its duties	Partially applied	Resources are constrained, and available capacity as well as competence need to be augmented. KPMG was recently commissioned to review internal controls, including the adequacy of the compliance function. Once completed, their report will be submitted to top management for consideration
Chapter 8: Governing stakeholder relationships	Governing stakeholder relationships	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	The integrated report includes reasons for refusals of requests for information that were lodged with the entity in terms of the Promotion of Access to Information Act, 2000. (Only applicable in the event of any such refusals during the reporting period)	Partially applied	The nature and volume of PAIA requests and the percentage of refusals and their complexity prevents comprehensive disclosure in the integrated report



## Compliance with Promotion of Access to Information Act, 2000

This fact sheet contains our declaration in terms of Section 32 of the Promotion of Access to Information Act, 2 of 2000 (PAIA) for 2015/16.

The statistics required by South African Human Rights Commission are as follows:

	2015/16
a. The number of requests for access received	50
b. The number of requests for access granted in full	8
c. The number of requests for access refused in full	7
d. The number of requests for access refused partially	16
e. The number of requests for access in process	12
f. The number of internal appeals lodged	4
g. The number of internal appeals in process	3
h. The number of cases in which access was given as a result of internal appeal	2
i. The number of internal appeals lodged on the grounds that a request was regarded as having been refused in terms of Section 27	-
j. The number of applications ending up in court	-
k. The number of cases in which extension of 30 days were requested	23

In addition to these formal requests, we also dealt with informal requests lodged via the PAIA Portal, not in terms of the Act.

Our PAIA manual is available on [www.eskom.co.za/OurCompany/PAIA/Pages/Promotion\\_Of\\_Access\\_To\\_Information.aspx](http://www.eskom.co.za/OurCompany/PAIA/Pages/Promotion_Of_Access_To_Information.aspx)



Eddie Laubscher  
National Deputy Information Officer

Eskom Holdings SOC Ltd  
31 May 2016