

About this report



Eskom's 2011/12 annual report is an integrated report that sets out an in-depth, contextual review of the company's overall performance for the year 1 April 2011 to 31 March 2012. It outlines business operations as they stand now, reviews challenges the company has faced over the past year and how it has overcome them or plans to do so, and presents Eskom's assessment of the period ahead.

Determining materiality in partnership with our stakeholders

This report focuses on qualitative and quantitative issues arising in 2011/12 that are material to Eskom's business operations and strategic objectives. The question of what is "material" has been determined in extensive consultation with the company's stakeholders, while taking into consideration its core objectives and the way in which its value chain operates.

Eskom's stakeholders include employees and unions; the government and Parliament; lenders, analysts and investors; customers and regulators; industry experts, academics and the media; business groups, civil society and non-governmental organisations (NGOs); and suppliers and contractors (see the stakeholder engagement matrix on page 152.)

The report includes information about Eskom's shareholder compact and its summarised financial statements. The statutory annual financial statements and a more detailed divisional performance report, are available online at www.eskom.co.za/IR2012/001.html.

An integrated report

Eskom has combined sustainability and financial reporting for a number of years, but this is the first integrated report that aligns with the principles contained in discussion papers published by the International Integrated Reporting Council and the Integrated Reporting Committee of South Africa. Integrated reporting is a new international initiative that has emerged in response to the shortcomings of traditional reporting, which emphasises financial results without taking account of the broader context in which companies operate, and fails to weave together different reporting strands.

Integrated reporting allows for reporting on financial results, governance, sustainability and other material factors in an interdependent manner. It addresses the challenges that companies face, the advantages they enjoy, the external factors that influence them and the way they in turn influence the external environment.

To support this new approach to reporting, Eskom formed an integrated reporting steering committee¹ to ensure alignment with other reporting processes. This demonstrates that the management of the business and internal reporting is closely aligned to the requirement for the year-end integrated report.

1. The steering committee is a subcommittee of Eskom's executive management committee, and is responsible for the co-ordination of the integrated report for Eskom Holdings SOC Limited.

The integrated reporting pilot programme



Eskom is a member of the International Integrated Reporting Council's pilot programme (<http://www.theiirc.org/>). All annual reports published by the more than 60 programme members worldwide in the period October 2011 to September 2012 (including this report) will be reviewed and analysed for their strengths and weaknesses. Lessons learnt during this cycle will contribute to a global standard for integrated reporting.

Material issues navigation

Eskom's material issues discussed



Leading and partnering to keep the lights on



Reducing our carbon footprint and pursuing low-carbon growth opportunities



Securing future resource requirements, mandate and the required enabling environment



Implementing coal haulage and the road-to-rail migration plan



Pursuing private sector participation



1st building block:
Setting ourselves up for success



2nd building block:
Ensuring our financial sustainability



3rd building block:
Become a high-performance utility

Eskom has applied Global Reporting Initiative (GRI) principles in compiling this report. These principles ensure that the company incorporates the views of its stakeholders, as well as internal planning reporting and risk-management processes.

Eskom has declared a B+ application level in terms of the GRI. Refer to the assurance provider's report on page 157 which confirms this declaration. The list of relevant GRI indicators is available online at: www.eskom.co.za/IR2012/002.html.

KPMG has provided assurance on selected sustainability information in this report (see page 157). Eskom follows a combined assurance approach (refer to page 33 for more details).

Eskom's reports are also prepared with due consideration of the King Report on Corporate Governance (King III). Refer to www.eskom.co.za/IR2012/003.html for more information on King III.

Structure of the report

This new global reporting platform takes cognisance of the need to present information succinctly. Consequently, this report is structured in a concise and accessible manner:

1. **Leadership overview** sets out Eskom's view of the environment in which it operates, the central achievements of the reporting period, priorities for the year ahead, strategic objectives and long-term challenges for the business.