

## Independent assurance report to Eskom Holdings Limited

Eskom Holdings Limited (Eskom) engaged KPMG Services (Pty) Limited to provide independent assurance over selected key sustainability performance information presented in the “business and sustainability performance review” section of the 2007/08 annual report (the report).

This report is made solely to Eskom in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Eskom those matters we have been engaged to state in this report and for no other purpose. We do not accept or assume responsibility to anyone other than Eskom, for our work, for this report, or for the conclusions we have reached.

The objective of our independent assurance engagement and the applicable levels of assurance expressed regarding the selected 2007/08 business and sustainability performance information are detailed in the unqualified and qualified conclusion paragraphs on page 96.

The internally developed Eskom reporting standards, which are available on request from Eskom, and the Global Reporting Initiative G3 guidelines, were used as criteria for the assurance over the selected business and sustainability performance information.

Our engagement relates only to the selected 2007/08 business and sustainability performance information in the report and does not extend to any prior year performance information and disclosures or assertions relating to future performance plans/strategies in the report or on the Eskom website. Further any reference to other external audits of business and sustainability-related policies, standards and procedures contained in the report has no bearing on KPMG’s independent assurance engagement.

### Responsibilities of directors

The directors of Eskom are responsible for the preparation and presentation of the report and the information and assertions contained within it, for determining the group’s objectives in respect of the business and sustainability performance, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported business and sustainability performance information is derived.

### Responsibility of the independent assurance provider

Our responsibility is to express our conclusions to Eskom based on our work performed. We conducted our work in accordance with the International Standard on Assurance Engagements 3000: *Assurance Engagements other than Audits or Reviews of Historical Information*. This standard requires, *inter alia*, that the assurance provider complies with the appropriate requirements of the International Federation of Accountants (IFAC) *Code of Ethics for Professional Accountants* such that their independence is not compromised and the assurance team members collectively possesses the necessary professional competencies.

## *We will continue international and local recruitment drives.*

### Summary of work performed

Our procedures were designed to gather sufficient appropriate evidence to provide reasonable and/or limited assurance on the selected 2007/08 business and sustainability performance information included in the scope of our engagement. Our procedures depend on our judgement, including our assessment of the risk of material misstatements of the information included in the scope of our engagement and our assessment of the internal controls relevant to the company's preparation and presentation of the selected 2007/08 business and sustainability performance information in the report.

Our work performed included:

- interviews with management and senior executives at corporate and management at site level to assess the application of the GRI G3 principles and to obtain an understanding of the general control environment
- testing of process and systems and review of documentation in place at corporate, head office and at site to generate, collate, aggregate, monitor and report the business and sustainability performance indicators for the year
- visits to four sites including Koeberg (nuclear power station), Arnot (coal-fired power station), Duvha (coal-fired power station) and the Southern distribution region
- desk top reviews including analytical reviews of other material sites

We believe that the evidence obtained from our work performed provides an appropriate basis for our conclusions. Where limited assurance is expressed, less assurance is obtained from our procedures than in a reasonable assurance engagement.



*The Eskom Energy and Sustainability Programme, a partnership with Wessa, drives exciting schools projects.*

### Unqualified conclusions

Based on our work performed, in our opinion:

1. We obtained reasonable assurance that the total number of employee and total number of contractor fatalities, is fairly stated in all material respects in accordance with the internally developed Eskom reporting standards (refer page 90);
2. Nothing has come to our attention that causes us to believe that the reported performance information is not fairly stated in all material respects, in accordance with the internally developed Eskom reporting standards: (limited assurance) for the following performance indicators;

	Page
→ total black economic empowerment expenditure company and group	40
→ demand-side management savings	50
→ unit capability factor; unplanned grid separations	53
→ number of system minutes lost, number of major incidents	55
→ system average interruption frequency index, system average interruption duration index	57
→ coal purchased	59
→ net specific water consumption	60
→ capital expenditure on new build	64
→ relative particulate emissions, emissions of carbon dioxide and sulphur dioxide	75
→ volume of low level radioactive waste, volume of intermediate level radioactive waste	80
→ employment equity including: race; gender; disabilities	88

3. Nothing has come to our attention that causes us to believe that the qualitative disclosures relating to the continuity of supply (pages 46 to 57) and climate change (pages 70 to 74) are not fairly stated in all material respects (limited assurance).
4. Nothing has come to our attention that causes us to believe that management's assertions relating to the application of the Global Reporting Initiative G3 principles for sustainability reporting are not fairly stated in all material respects (page x (ten of the small pages) (limited assurance)).

### Qualified conclusions/disclaimer of opinion

*Lost time incident rate (LTIR) including occupational diseases (page 90) and total number of environmental legal contraventions (page 77).*

With respect to the lost time injury rate (LTIR) and the total number of environmental legal contraventions, our review identified process and control weaknesses that prevent complete, consistent and accurate reporting of the performance data in accordance with the internally developed Eskom reporting guidance, as discussed in the report on pages 91 and 79 respectively. As a result, based on our work performed, we are unable to form a conclusion on the LTIR and total number of environmental legal contraventions data reported.

*Eskom has demonstrated that sustainable development is key to its business.*

### Commentary

Without affecting our conclusions presented above, we draw attention to the following:

1. Eskom has successfully applied the Global Reporting Initiative G3 principles (materiality, stakeholder inclusiveness, sustainability context, completeness, balance, comparability, accuracy and timeliness) to identify, manage and report its key sustainability risks and opportunities. Although in the current year the report does not indicate a G3 application level, Eskom has developed a road map to ensure alignment with best practice in sustainability reporting. In the coming year a more comprehensive stakeholder engagement process should be put in place to ensure all significant risks and opportunities are captured.
2. The findings from our review have been communicated to management and the audit committee. Eskom has demonstrated that sustainable development is key to its business and has already commenced on resolving issues. Reporting definitions and standards should be reviewed and clarified where necessary to allow for consistent reporting throughout the organisation.

KPMG Services (Pty) Limited



Per PD Naidoo

Director

Johannesburg

25 June 2008



*High-voltage power lines are strung in the Free State.*