

A decorative graphic on the left side of the slide, consisting of several overlapping circles of varying sizes. The top circle shows a hand pointing at a screen with icons of people. The middle circle shows a landscape with several high-voltage power line towers. The bottom circle shows a close-up of a green pencil pointing to a line graph on a grid with numerical values like 10,000, 9,500, and 9,000.

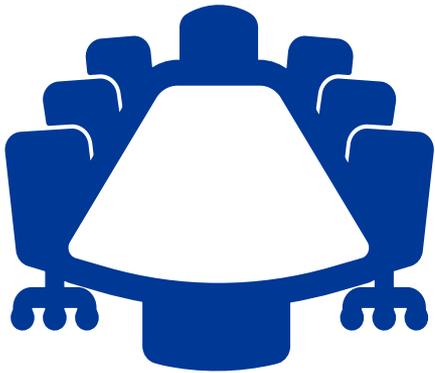
Clarification meeting on NTC Branding Project

Overview

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7 July 2022

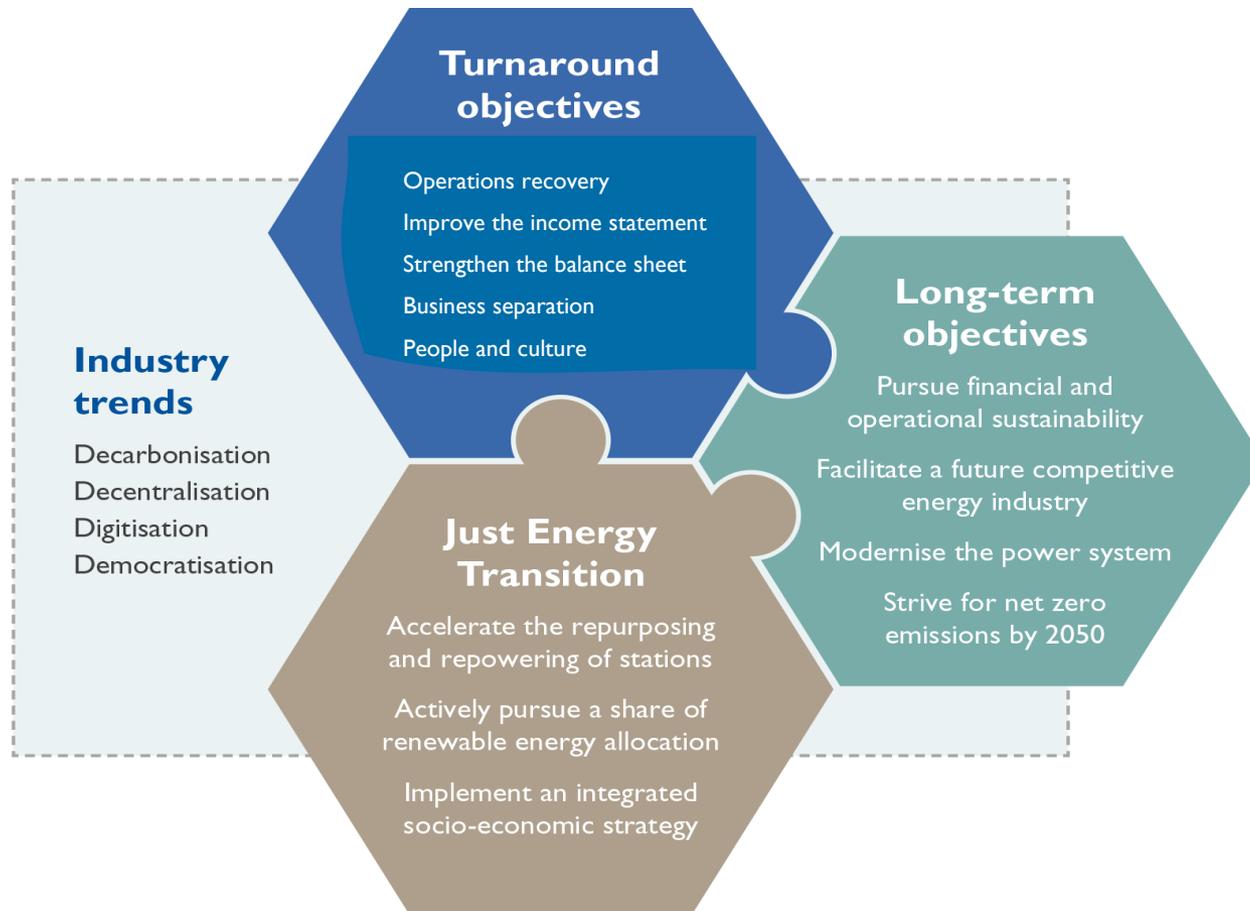
1. Objective
2. High Level Strategy
3. Unbundling
4. Developing the Transmission Company Brand
5. Conclusion





Provide high level overview of the key aspects of the Eskom and specifically Transmission business AND the requirements for the development of the Transmission Brand

2 High Level Strategy-Pursuing a Just Energy Transition enables the business to focus on short-term turnaround objectives while pivoting to a more sustainable future (1/5)



Delivering on the turnaround programme to **address immediate operational and financial challenges** to put the company on a sustainable path, with a focus on aligning our decisions with the **evolution of the industry and the Just Energy Transition** as the key guiding principles

2 Eskom's strategic objectives have been developed to address both immediate and long term requirements for a sustainable future electricity industry (2/5)

Pursue financial and operational sustainability

Fix the current business



Facilitate a competitive future energy industry

Prepare for competition



Modernise our power system

Leverage technology



Strive for net zero emissions by 2050 with an increase in sustainable jobs

Transition responsibly



2 High Level Strategy Transmission Vision & Mission (3/5)

Company Vision

Vision 2035: To be Africa's Most Trusted Independent Transmission System Operator



Our Mission is to provide reliable and efficient transmission network, system operator and energy market services to the South African and designated electricity markets



2 High Level Strategy

In pursuit of our mission, we have 3 strategic objectives (4/5)



Transmission Strategic Objectives



- 1. Reliable and sustainable interconnected power system**
- 2. Inclusive electricity market**
- 3. Financially sustainable business**

Our approach is to inform, influence, seek support, manage risk, enhance reputation, and inspire bias to action



**Tx Employees/
labour**

- Leadership aligned with organized labour
- Appropriate Implementation of Employee Transfer as per LRA
- Execute with clear roles and responsibilities
- Be accountable, taking ownership and timely delivery
- Adopt and adapt to new ways of working
- Align to a high performance culture
- Change behavior to one that drives value and efficiency for all stakeholders



Lenders/ Investors

- Commercial Banks; Development Finance Institutions (DFIs); Export Credit Agreements (ECAs); Bond Holders
- Lender approvals as transfer of assets may trigger event of default
- Borrowing programme
- Investors / IPPs



Government

- Alignment on key priorities of government
- Clarity on future industry structure
- An integrated execution plan
- Approvals on various applications (PFMA, etc. to effect business separation)
- Unblocking on infrastructure project execution matters



**Regulator,
Customers, Communities**

- Electricity Regulator
 - Licences
 - Cost reflective tariff
- Customers
 - Those connected to the Tx grid- Communication and alignment (IPPs, Municipalities, Large Power users, SAPP etc.
- Communities
 - Forging relationships within the local communities in which Tx operates



**Suppliers &
Contractors/ Organised
Business**

- Cession of supplier contracts from Eskom Holdings to TxCo (terms and conditions)
- Construction Industry Capacity currently severely constrained
- Establish a wider supplier market for line construction, substation development and construction, stringing and cabling.
- Partnership with strategic suppliers to improve on project delivery
- Supplier performance reviews
- Savings / efficiencies

3 Unbundling (1/2)

Overview on Eskom Unbundling with specific focus on the Transmission Business

- The unbundling of Eskom business into three separate legal entities is set out in the Department of Public Enterprises' (DPE) "Roadmap for Eskom in a Reformed Electricity Supply Industry (the roadmap)" as an instrument of supporting Government's objectives towards reforming the electricity industry.
- Eskom Holdings unbundling will culminate into three wholly owned subsidiaries (Transmission, Distribution and Generation)
- The roadmap states "the establishment of the Transmission Entity is the keystone in Eskom's reform... its core functions will be to act as unbiased electricity market broker, to promote capital investment within the industry and to catalyse energy efficiency and cost sustainability".
- The aim of unbundling Transmission is to ensure that there is a level playing field in the operation of the grid, and non discriminatory purchase of electricity for the grid between EH and IPPs.
- The Transmission Division will be incorporated as the National Transmission Company South Africa (NTC) as a wholly owned subsidiary under Eskom Holdings.
- Eskom has dependency on national government to achieve key milestones in the unbundling programme. Transmission's timelines depend on issuance of electricity licences by the Electricity Regulator.



Overview on Eskom Unbundling with specific focus on the Transmission Business

Engagements with key stakeholders is a key principle that underpins the legal separation.



Transmission will be the first to be unbundled, and is at an advanced stage

- ✓ All functional separation activities were completed
- ✓ The Transmission entity has been registered: National Transmission Company South Africa (NTC) SOC Ltd.
- ✓ A binding merger agreement has been signed with suspensive conditions to be fulfilled for effective transfer of the business from Eskom to the NTC
- ✓ Creditor engagements for consent are underway and are at a very advanced stage.
- ✓ Licence application for NTC to trade were submitted to NERSA.
- ✓ Upon fulfillment of suspensive conditions, employees will be transferred to the Transmission subsidiary (NTC) on the same conditions of service.

Rationale and required competencies



- **Need for differentiation of NTC iro governance and branding:** to address Eskom's potential conflict of interest in the management of generation of electricity in the country
- **Sourcing a globally-recognised integrated communications agency partner:**
 - to develop a new corporate brand identity for the NTC,
 - establishing an appropriate strategic approach in line with the business operating model,
 - as well as inject new excitement into marketing and communications activities.
- **Services required include:**
 - Definition, Design and Development of a corporate branding logo
 - Development and execution of integrated campaigns, implementation plan and budget
 - Augment and implement internal communications programmes

Scope of services required from agency include:

- a) Assist the *Employer* with the development of the NTC brand philosophy and positioning;
- b) Appoint and contract a reputable law firm with the requisite Intellectual Property law expertise to ensure that all statutory requirements associated with the registration and approval of the logo are met.
- c) Develop brand strategy including but not limited to: brand proposition, key messages, & stakeholder/target market matrix
- d) Translation of the brand to differentiate NTC as a subsidiary of Eskom both internally in Eskom and to the wider market and the public;
- e) Development of an integrated communication strategy and implementation plan;
- f) Development of a brand manifesto; and Launch of an integrated campaign targeting internal and external audiences;
- g) Development of Media, Public relations and Digital strategy and implementation plan (Stakeholder engagement strategy)
- h) A thorough employee engagement programme to entrench the brand and create an understanding of how it impacts what each employee does

Key considerations

- The company should conduct an environmental scan to ensure the final logo does not receive objections when registering the trademark.
- Scoping and research: Brand Audit, in-depth interviews, desktop research and synthesis and recommendation.
- Compliance to Eskom internal policies and procedures on logo design and the applicable SA legislation around:
 - Copyright Issues
 - Ownership Issues
 - Logo Designing – Policies
 - Logo designing laws and legal formalities (relevant acts)



- The unbundling of Eskom business is an instrument of supporting Government's objectives towards reforming the electricity industry.
- Transmission's unbundling timelines are constrained
- We seek to partner with a suitably qualified agency who will be required to immediately and swiftly commence with required deliverables.





Q&A

This presentation has been prepared by Eskom Holdings SOC Ltd (“Eskom”) in connection with the unbundling of the Transmission division.

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