
LOAN NUMBER IBRD- 9450

Loan Agreement

(Eskom Just Energy Transition Project)

between

ESKOM HOLDINGS SOC LTD

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between ESKOM HOLDINGS SOC LTD (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of four hundred and thirty-nine million and five hundred thousand Dollars (\$439,500,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are June 1 and December 1 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely, that without the consent of the Bank, the Memorandum or Articles of Association of the Borrower, or the status of its incorporation pursuant to the Companies Act of the Guarantor, have been substantially amended, suspended, abrogated, repealed, or waived, including the formation of subsidiaries, so as to affect materially and adversely the ability of the Borrower to perform any of its obligations arising under or entered into pursuant to this Agreement, or to achieve the objectives of the Project.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Guarantee Agreement, the CCEFCE Financing Agreement, the CCEFCE Guarantee Agreement and the ESMAP Grant Agreement have been executed and delivered and all conditions precedent to their effectiveness or to the right of the Borrower to make withdrawals under them (other than the effectiveness of this Agreement) have been fulfilled.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its Group Chief Executive or Chief Financial Officer.
- 6.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower's address is:

Eskom Holdings SOC Ltd
Megawatt Park, 2 Maxwell Drive
Sunninghill, Sandton
PO Box 6841, Johannesburg 2000
South Africa; and

(b) the Borrower's Electronic Address is:

Telex:	Facsimile:
+27 82 4918529	+27 866 601 088

- 6.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

Telex:

Facsimile:

E-mail:

248423(MCI) or

1-202-477-6391

mmarienelly@worldbank.org

AGREED as of the Signature Date.

ESKOM HOLDINGS SOC LTD

By

Calib Cassim

Authorized Representative

Calib Cassim

Name: _____

Title: Interim Group CEO

Date: 28-Feb-2023

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By

Marie Françoise Marie-Nelly

Authorized Representative

Marie Françoise Marie-Nelly

Name: _____

Title: Country Director

Date: 20-Dec-2022

SCHEDULE 1

Project Description

The objectives of the Project are to (a) decommission the Komati coal-fired power plant (“Komati Power Plant”), (b) repurpose the project area with renewables, and (c) create opportunities for workers and communities during the transition process.

The Project consists of the following parts:

Part A: Komati Decommissioning

1. Providing relevant advisory services for the preparation (including the front-end engineering design, and technical, pre-feasibility and feasibility studies), and supervision of the implementation of the Decommissioning Plan and related Decommissioning activities.
2. Supporting the Decommissioning of the Komati Power Plant, as follows:
 - (a) carrying out planning and preparatory activities related to such Decommissioning including environmental and social studies; and
 - (b) carrying out pre-construction and construction activities related to such Decommissioning, including, *inter alia*:
 - (i) shutting down and disconnecting the said plant from its current system;
 - (ii) conducting demolition and blasting activities in connection with said plant and selected associated facilities and infrastructure;
 - (iii) cleaning up and rehabilitating contaminated areas and removing hazardous waste;
 - (iv) selecting material which can be recycled and resold; and
 - (v) carrying out other Decommissioning activities related to, *inter alia*, the establishment of laydown areas and workers’ camps, or other activities involving site clearance, site establishment, and rehabilitation of road and paved surfaces.

Part B: Komati Repurposing

1. Providing relevant advisory services for the preparation (including the front-end engineering design, and technical, pre-feasibility and feasibility studies), and supervision of the implementation of the Repurposing activities in the Komati Complex Footprint.
2. Supporting the Repurposing of the Komati Complex Footprint as follows:
 - (a) carrying out planning and preparatory activities including environmental and social studies;
 - (b) carrying out pre-construction and construction activities related to such Repurposing in a phased manner as follows:

- (i) repowering the Komati Complex Footprint with approximately 100 MW of solar PV, 150 MW of batteries and 50 MW of wind using infrastructure provided by the Borrower, and converting generator units to synchronous condensers;
 - (ii) following the demolition and rehabilitation of the Komati Power Plant and associated facilities, and also the rehabilitation of the ash dams under Part A of the Project, repower the Komati Power Plant and its ash dams site with approximately 50 MW of solar PV and 20 MW of wind, and convert the generator units to synchronous condensers.
3. Providing relevant advisory services on the use of private sector or public-private partnership financing for future coal plant retirement.

Part C: Opportunities for Workers and Communities

1. Providing transition support to Komati Power Plant's permanent workers, suppliers and contract workers by:
 - (a) supporting the workforce transition of employees by: (i) (A) transferring workers to other Borrower-owned power stations, (B) reskilling and upskilling workers for deployment to repurposed renewables plants, or (C) implementing secondments to other critical Borrower projects and/or operations; and (ii) collecting sex-disaggregated data and analyses, and carrying out assessments to ensure that gender-specific aspects are considered;
 - (b) supporting suppliers and contract workers by: (i) assessing potential contracts, supply requirements and workforce needs for Parts A and B of the Project; (ii) developing business plans for the localization of priority commodities; and (iii) providing trainings and technical assistance for supplier development and entrepreneurial activities;
 - (c) supporting a training facility in Komati ("Komati Training Facility") to facilitate the reskilling and upskilling of workers, local community members, and other selected beneficiaries, through a training program applicable to the renewable energy sector with special consideration to the specific challenges faced by women, youth and other marginalized groups; and
 - (d) supporting linkages and partnerships with existing social protection programs to support workers and those that will be indirectly affected by the Decommissioning of the Komati Power Plant.
2. Supporting community development and economic diversification by:
 - (a) piloting and/or scaling-up innovative initiatives including establishing a commercial agrivoltaics plant and a microgrid assembly and manufacturing facility and other innovative initiatives located within the Komati Complex Footprint;

- (b) providing small-scale investments in commercially viable local area development activities aligned with community needs with a focus on environmental and land degradation, safeguarding ecosystems and water reserves, protecting livelihoods, and ensuring equitable and inclusive benefits;
 - (c) strengthening the livelihoods of affected communities by supporting small, micro, and medium-sized enterprises (SMMEs) including: (i) carrying out a supplier development program focused on developing and supporting the capacity of local suppliers and contractors to participate in the procurement value chain for Parts A and B of the Project; and (ii) carrying out a local enterprise development program to contribute to economic diversification and long-term sustainability of the local economy, including incubation services, business development services and capacity development activities specifically targeting women- and youth-owned enterprises;
 - (d) reskilling and upskilling community members to enhance their employability in the new and alternative development opportunities in the Komati area by developing training modules most relevant to the planned investments in the Komati area in partnership with technical training institutes and technical vocational and education and training colleges and the private sector; and
 - (e) supporting community support programs involving direct investments for improved support systems and greater community cohesion.
3. Strengthening the Borrower's engagement with various stakeholders, enabling communities to participate in transition planning and decision making by supporting the establishment and implementation of: (a) a stakeholder engagement platform to establish a deliberative process for effective communication and decision-making between the Borrower and the wider community on its coal transition strategy based on lessons learned from the Project and other related initiatives; (b) a Project community forum to establish a two-way communication channel to share relevant communication and get regular feedback from the workers, local communities and other Project stakeholders, specifically on the Project; and (c) a Project grievance redress mechanism to provide an accessible means for Project affected persons and other interested parties to raise concerns and seek redress their grievances.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall implement the Project through the office of the Borrower's Group Chief Executive ("Office of the GCE") which shall be responsible for the overall Project implementation, coordination, monitoring and reporting. The Office of the CEO shall: (a) report to the Borrower's Group Chief Executive; and (b) comprise the following key staff: (i) a Project manager; (ii) a procurement expert; (iii) a financial management expert; (iv) an environmental and social expert; and (v) an engineering and technical expert.
2. The Borrower through the Office of the GCE shall ensure that: (a) Parts A and B of the Project shall be implemented by the Clean Energy Unit ("CEU") with functions, composition and resources acceptable to the Bank and headed by a Decommissioning and Repurposing task team leader; and (b) Part C of the Project shall be implemented by the Just Energy Transition Office ("JETO") with functions, composition and resources acceptable to the Bank and headed by a task team leader.
3. By no later than ninety (90) days after the Effective Date, the Borrower shall hire and maintain at all times during Project implementation, under terms of reference acceptable to the Bank: (a) an owner engineer responsible for supporting the CEU in connection with Part A.1 of the Project; and (b) an owner engineer responsible for supporting the CEU in connection with Part B.1 of the Project.
4. The Borrower shall ensure that the collection, use and processing (including transfers to third parties) of any Personal Data under this Project shall be done in accordance with applicable national law and good international practice, ensuring legitimate, appropriate, and proportionate treatment of such data.

B. Specific Implementation Arrangements under Part C of the Project

1. In implementing Part C of the Project, the Borrower shall by no later than ninety (90) days after the Effective Date:
 - (a) hire and maintain at all times during Project implementation, under terms of reference acceptable to the Bank, service provider(s) (the "Service Provider") responsible for supporting JETO in carrying out and managing the activities under Part C of the Project;
 - (b) enter into an agreement with the Service Provider(s) ("Service Provider Agreement") on terms and conditions satisfactory to the Bank including: (i) supporting the Borrower to coordinate and develop partnerships with other relevant stakeholders and institutions in accordance with the implementation

agreements provided in Section I.B.3 of this Schedule; and (ii) developing procedures for implementing activities under Part C of the Project satisfactory to the Bank including the criteria for selecting beneficiaries and procedures for engagement and decision-making.

2. For purposes of supporting the implementation of Part C.1.(c) of the Project, the Borrower shall enter into and thereafter maintain for a duration of 24 months from the establishment of the Komati Training Facility, an implementation agreement with the South African Renewable Energy Technology Centre (SARETEC), under terms and conditions satisfactory to the Bank, including, *inter alia*: (a) the scope of the involvement of SARETEC in the Komati Training Facility; (b) the roles and responsibilities of the Borrower and SARETEC with respect to the Komati Training Facility; (c) the coordination mechanisms between the Borrower, the Service Provider and SARETEC for purposes of achieving the objectives of the Komati Training Facility; and (d) the admission criteria, fee structure, scholarship, subsidy schemes and any other requirements for enrollment and attendance to the Komati Training Facility.
3. For purposes of supporting the implementation of Part C.2 of the Project, the Borrower, shall enter into and thereafter maintain at all times during the implementation of the Project, an implementation agreement with each Selected Partner under terms and conditions satisfactory to the Bank, including, *inter alia*: (a) the scope of the involvement of the Selected Partner(s) in any of selected activities under Part C.2 of the Project; (b) the roles and responsibilities of the Borrower and the Selected Partner(s) with respect to any of the selected activities under Part C.2 of the Project; and (c) the coordination mechanisms between the Borrower, the Selected Partner(s), and the Service Provider for purposes of achieving the objectives of any of the selected activities under Part C.2 of the Project.

C. Environmental and Social Standards

1. The Borrower shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Borrower shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

3. Without limitation upon the provisions of paragraph 2 above, if sixty (60) days prior to the Closing Date, the Bank determines that there are measures and actions specified in the ESCP which will not be completed by the Closing Date, the Borrower shall: (a) not later than thirty (30) days before the Closing Date, prepare and present to the Bank, an action plan satisfactory to the Bank on the outstanding measures and actions, including a timetable and budget allocation for such measures and actions (which action plan shall be deemed to be considered an amendment of the ESCP); and (b) thereafter, carry out said action plan in accordance with its terms and in a manner acceptable to the Bank.
4. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
5. The Borrower shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
6. The Borrower shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
7. The Borrower shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to:
 - (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and
 - (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.
8. The Borrower shall ensure that in the event of involuntary resettlement under Parts A and B of the Project, a Resettlement Action Plan shall be prepared and implemented in accordance with the ESCP prior to any displacement or relocation of any Affected Persons.

D. Annual Work Plan and Budget

1. The Borrower shall, not later than ninety (90) days after the Effective Date, (and thereafter by April 30 of each subsequent Fiscal Year) prepare and furnish to the Bank, a work plan and budget containing all activities proposed for implementation in the following calendar year including: (a) a detailed timetable for the sequencing and implementation of said activities; (b) the types of expenditures required for such activities, including a proposed financing plan; and (c) a budget establishing the proposed amounts and sources of financing.
2. The Borrower shall afford the Bank a reasonable opportunity to exchange views with the Borrower on such proposed work plan and budget by providing a draft annual work plan and budget not later than March 31 of each Fiscal Year and thereafter ensure that the Project is implemented with due diligence in accordance with such work plan and budget as shall have been approved by the Bank (“Annual Work Plan and Budget”).
3. The Borrower shall not make or allow to be made any change to the approved Annual Work Plan and Budget without prior approval in writing by the Bank.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower shall furnish to the Bank each Project Report not later than forty five (45) days after the end of each calendar semester, covering the calendar semester. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Bank, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Borrower shall ensure that such information, report or document does not include Personal Data.

Section III. Withdrawal of Loan Proceeds

A. General.

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures ; and (b) pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, and Operating Costs under Parts A, and B (except for Parts A.1, A.2(b), B.1, B.2(b), and B.3) of the Project	2,000,000	100%
(2) Goods, works, non-consulting services, consulting services, and Operating Costs under Part A.2(b) of the Project	29,000,000	100%
(3) Goods, works, non-consulting services, consulting services, and Operating Costs under Part B.2(b) of the Project	386,601,250	100%
(4) Goods, works, non-consulting services, consulting services, and Operating Costs under Part C (except for Parts C.1(c) and C.2.(a)) of the Project	10,800,000	100%
(5) Goods, works, non-consulting services, consulting services, and Operating Costs under Parts C.1(c) and C.2.(a) of the Project	10,000,000	100%
(6) Front-end Fee	1,098,750	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(7) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 4.05 (c) of the General Conditions
TOTAL AMOUNT	439,500,000	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed \$87,900,000 may be made for payments made

prior to this date but on or after March 1, 2022, for Eligible Expenditures under all Categories, to be applied on a *pro rata* basis; or

- (b) under Category (2) unless and until, the Borrower has under Part A of the Project prepared, disclosed, consulted on, and adopted: (i) an Environmental and Social Impact Assessment (ESIA) and corresponding Environmental and Social Management Plan (ESMP), and, upon completion of the ESIA, in case of involuntary resettlement, a Resettlement Action Plan; and (ii) a Waste Management Plan (WMP); all in a manner satisfactory to the Bank and in accordance with the Environmental and Social Commitment Plan; or
- (c) under Category (3) unless and until, the Borrower has under Part B of the Project, prepared, disclosed, consulted on, and adopted: (i) an ESIA and corresponding ESMP for the solar photovoltaic, battery energy storage system and condensers, and, upon completion of the ESIA, in case of involuntary resettlement, a Resettlement Action Plan; (ii) an ESIA and corresponding ESMP for the wind repurposing, and, upon completion of the ESIA, in case of involuntary resettlement, a Resettlement Action Plan; and (iii) a WMP; all in a manner satisfactory to the Bank and in accordance with the Environmental and Social Commitment Plan; or
- (d) under Category (4) unless and until, the Borrower has prepared, disclosed, consulted on, and adopted an Environmental and Social Management Framework, satisfactory to the Bank, in accordance with the Environmental and Social Commitment Plan.

2. The Closing Date is December 29, 2028.

C. Ineligible Expenditures

The following shall not be Eligible Expenditures and the Borrower shall ensure that the following expenditures are financed exclusively out of the Borrower's own resources, as the case may be, and not out of the proceeds of the Loan, namely: (a) all land acquisition required for the Project; (b) any compensation, resettlement and rehabilitation payment to Affected Persons in accordance with the provisions of the ESCP and the environmental and social instruments referred to therein; and (c) Voluntary Separation Packages.

D. Specific Financial Undertakings

- 1. The Borrower shall prepare and deliver to the Bank not later than April 30, 2023, and thereafter not later than April 30 in each successive Fiscal Year up to and including the Closing Date, interim unaudited financial forecasts for the Borrower, in form and substance satisfactory to the Bank, covering the immediately following Fiscal Year, which forecasts shall include calculations of the Borrower's EBITDA Margin (as such term is defined below in this Section D) or such other indicator as otherwise agreed with the Bank in writing, as at the end of the next two six month periods within the relevant Fiscal Year.

2. Financial Action Plan

- (i) Up to and including the Closing Date, if at any time any of the Borrower's interim unaudited financial forecasts referred to above in paragraph D.(1) of this Section III establish that the Borrower's EBITDA Margin (or such other indicator as otherwise agreed with the Bank in writing) will be such so as to affect materially and adversely the ability of the Borrower to perform any of its obligations arising under or entered into pursuant to this Agreement, or to achieve the objectives of the Project;

then the Borrower:

- (A) will prepare a Financial Action Plan, acceptable to the Bank, which the Borrower will deliver to the Bank not later than 120 days following the end of the Borrower's immediately preceding Fiscal Year, and will also prepare an interim unaudited financial forecast for the Borrower, in form and substance satisfactory to the Bank, covering the immediately following five Fiscal Years, which forecast shall include calculations of the Borrower's EBITDA Margin (or such other indicator as otherwise agreed with the Bank in writing) as at the end of each six month period during the said five Fiscal Years, and which forecast will be delivered by the Borrower to the Bank concurrently with the delivery of the Financial Action Plan; and
- (B) will thereafter prepare and deliver to the Bank, on a semi-annual Fiscal Year basis, interim unaudited financial forecasts for the Borrower, in form and substance satisfactory to the Bank, covering the immediately following five Fiscal Years, including calculations of the Borrower's EBITDA Margin (or such other indicator as otherwise agreed with the Bank in writing) as at the end of each six-month period during the said five Fiscal Years.
- (ii) If, during the period when a Financial Action Plan is in effect, an interim unaudited financial forecast delivered by the Borrower to the Bank in accordance with paragraph D.(1) of this Section III reflects a Borrower's EBITDA Margin (or such other indicator as otherwise agreed with the Bank in writing) satisfactory to the Bank for the purposes of this Project, in each case as at the end of each Fiscal Year, then, but subject nevertheless to the provisions of sub-paragraph D.(2)(iii) below of this Section III, the provisions of paragraph D.(1) of this Section III shall resume.
- (iii) For the purposes of sub-paragraph D.(2)(ii) above of this Section III, the provisions of paragraph D.(1) of this Section III shall resume on condition that the audited Financial Statements of the Borrower delivered to the Bank pursuant to the Disbursement and Financial Information Letter certify that the Borrower's EBITDA Margin (or such other indicator as otherwise agreed with the Bank in writing) was satisfactory to the Bank for the purposes of this Project at the end of each six month period within the relevant Fiscal Year.

- (iv) The Borrower shall use its reasonable best endeavors to take the actions set forth in the Financial Action Plan to improve its financial condition, it being understood that any inability or failure of the Borrower to carry out the Financial Action Plan or meet its objectives for reasons not reasonably within its control shall not constitute a breach or a default of the Borrower's obligations hereunder.

3. Definitions

For the purposes of sub-paragraphs (1), and (2) immediately above:

- (i) The term "EBITDA Margin" means the ratio obtained by dividing for the relevant Calculation Period:
 - (ii.1) the aggregate of (A) Net Income, and (B) depreciation, taxes, amortization, and interest expenses
 - by
 - (ii.2) aggregate revenues from the sale of electricity.
- (ii) The term "Net Income" means the income of the Borrower after accounting for all operating and non-operating income and expenses, reserves, income taxes, and extraordinary items for the reporting period.
- (iii) The term "Calculation Period" means the Borrower's Fiscal Year.
- (iv) The term "Financial Action Plan" means a document satisfactory to the Bank, and approved by an authorized representative of the Borrower, providing the reasons for the Borrower's current financial situation as at the time when such document is issued, and setting forth actions and a timeline for implementation of such actions to be undertaken by the Borrower to achieve an EBITDA Margin (or such other indicator as otherwise agreed with the Bank in writing) satisfactory to the Bank for the purposes of the Project.

SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

Level Principal Repayments

Principal Payment Date	Installment Share
On each December 1 and June 1 Beginning December 1, 2027 through December 1, 2041	3.33%
On June 1, 2042	3.43%

APPENDIX

Definitions

1. “Affected Persons” means the persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impact on the livelihoods of such persons.
2. “Annual Work Plan and Budget” means the annual work plan and budget to be prepared by the Borrower including a program of activities and budget proposed for the Project during the following fiscal year, as described in Section I.D of Schedule 2 to this Agreement.
3. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
4. “Articles of Association” means the Borrower’s Articles of Association which were submitted to and adopted by Special Resolution No.1 passed by the member of the company on March 3, 2003, and registered with the Registrar of Companies of the Guarantor on March 24, 2003, the Borrower being registered with said Registrar as Eskom Holdings SOC Ltd, company No. 2002/015527/30, as amended in 2003, 2005 and 2009.
5. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
6. “CCEFCF Financing Agreement” means the financing agreement for the Project between the Borrower and the Bank acting as administrator of the Canada Clean Energy and Forest Climate Facility Single-Donor Trust Fund, dated the same date as this Agreement, as such financing agreement may be amended from time to time. “CCEFCF Financing Agreement” includes all appendices, schedules and agreements supplemental to the CCEFCF Financing Agreement.
7. “CCEFCF Guarantee Agreement” means the guarantee agreement for the Project between the Guarantor and the Bank acting as administrator of the Canada Clean Energy and Forest Climate Facility Single-Donor Trust Fund, as such guarantee agreement may be amended from time to time. “CCEFCF Guarantee Agreement” includes all appendices, schedules and agreements supplemental to the CCEFCF Guarantee Agreement.
8. “Clean Energy Unit” or “CEU” means the unit responsible for implementing Parts A and B of the Project in accordance with Section I.A.2 of Schedule 2 to this Agreement.
9. “Companies Act” means the Guarantor’s Companies Act No. 71 of 2008.

10. “Decommissioning” means the whole process of permanently shutting down the Komati Power Plant, carrying out demolition activities and site rehabilitation within the Komati Complex Footprint.
11. “Decommissioning Plan” means the plan satisfactory to the Bank to implement the Decommissioning activities under Part A of the Project.
12. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated October 4, 2022, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
13. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
14. “Environmental and Social Impact Assessment” or “ESIA” means the environmental and social impact assessments for the Project that the Borrower shall prepare, disclose, consult on, and adopt in accordance with the ESCP.
15. “Environmental and Social Management Plan” or “ESMP” means the environmental and social commitment plans for the Project that the Borrower shall prepare, disclose, consult on, and adopt in accordance with the ESCP.
16. “ESMAP Grant Agreement” means the grant agreement for the Project between the Borrower and the Bank acting as administrator of the Energy Sector Management Assistance Program, of the same date as this Agreement, as such agreement may be amended from time to time. “ESMAP Grant Agreement” includes all appendices, schedules and agreements supplemental to the ESMAP Grant Agreement.
17. “Fiscal Year” means the Borrower’s fiscal year commencing April 1 and ending March 31 of the following year.

18. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, December 21, 2020, April 1, 2021, and January 1, 2022).
19. “Guarantor” means the Republic of South Africa, pursuant to the Guarantee Agreement and the CCEFCF Guarantee Agreement (as herein defined).
20. “Guarantee Agreement” means the guarantee agreement, between the Bank and the Guarantor, in respect of the Loan, as such guarantee agreement may be amended from time to time, and such term includes all appendices, schedules and agreements supplemental to the Guarantee Agreement.
21. “Just Energy Transition Office” or “JETO” means the office responsible for implementing Part C of the Project in accordance with Section I.A.2 of Schedule 2 to this Agreement.
22. “Komati Complex Footprint” means the land area of 687 hectares comprising the Komati Power Plant and outer areas surrounding the plant, and owned by the Borrower in accordance with Titled Deeds T24999 of 1975 and T334766 of 2007.
23. “Komati Power Plant” means the power station situated about 37 km from Middelburg in the Mpumalanga Province of South Africa, including a total of nine units (five 100 MW units (Units 1 to 5) and four 125 MW units (Units 6 to 9)), with a total installed capacity of 1000 MW.
24. “Komati Training Facility” means the training facility to be supported under Part C.1(c) of the Project.
25. “Memorandum of Association” means the Borrower’s Memorandum of Association of a company having a share capital not adopting Schedule 1 of the Companies Act, and which was submitted to and adopted by Special Resolution No.1 passed by the member of the company on March 3, 2003, and registered with the Registrar of Companies of the Guarantor on March 24, 2003, the Borrower being registered with said Registrar as Eskom Holdings SOC Ltd, company No. 2002/015527/30, as amended in 2003, 2005 and 2009.
26. “MVAR” means megavolt amperes reactive.
27. “MW” means megawatts.
28. “Office of the GCE” means the Borrower’s office of the Group Chief Executive, which is responsible for implementation of the Project in accordance with Section I.A.1 of Schedule 2 to this Agreement.
29. “Operating Costs” means the reasonable incremental expenses incurred by the Borrower on account of Project implementation based on the relevant Annual Work Plan and Budget, including costs related to audits, office equipment and supplies, vehicle operation and maintenance, shipping costs, office rentals, communication and insurance costs, office administration costs, bank charges, utilities, transport costs, travel, per diem and

supervision costs, and salaries of contracted employees, but excluding salaries of officials of the Borrower.

30. “Personal Data” means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.
31. “Procurement Regulations” means, for purposes of paragraph 84 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
32. “PV” means photovoltaic.
33. “Repurposing” means for the purposes of Part B of the Project, the repowering of the Komati Complex Footprint with selected renewable energy activities.
34. “Selected Partner” means the partner to be selected for purposes of implementing Part C.2 of the Project, and “Selected Partners” means one or more Selected Partner.
35. “Service Provider” means the organization(s) to be selected and hired by the Borrower to support the implementation of the activities under Part C of this Project in accordance Section I.B.1 of Schedule 2 to this Agreement; and “Service Providers” means one or more Service Provider.
36. “Service Provider Agreement” means the agreement(s) to be entered into between the Service Provider(s) and the Borrower and referred to in Section I.B.1(b) of Schedule 2 to this Agreement.
37. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
38. “SMMs” means small, micro, and medium-sized enterprises.
39. “South African Renewable Energy Technology Centre” or “SARETEC” means the national renewable energy technology centre established at the Cape Peninsula University of Technology – Bellville campus, Cape Town, South Africa.
40. “Voluntary Separation Packages” means the option provided by the Borrower to the workers currently employed by the Borrower, consisting of a severance payment to be financed by the Borrower.
41. “Waste Management Plan” or “WMP” means the waste management plans for the Project that the Borrower shall prepare, adopt and implement in accordance with the ESCP.