

# The SAWEA Commitment to South Africa

Including Supporting Statements from the six SAWEA Working Groups

As adopted at the 2018 AGM



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SAWEA members who support the commitment statement:

3 Energy Renewable

ABO Wind

African Clean Energy Developments

Acciona

AIIM

Arcus

Aurora

Building Energy

Cennergi

Conco

CSIR

Dorper

EDF

Enel

Enercon

EnergyTeam

Enertag

G7

Globeleq

Goldwind

Hulisani

Juwi

Kouga

LifeCo

Mainstream

Mottmac

Mulilo

Nordex

Obelisk

Redcap

Sagit

SARETC

Siemens

Sofisa and Phillips

TuvNord

Vestas

Windlab

WKN-Windcurrent

# Our Commitment to South Africa

*As members of the South African Wind Energy Association (SAWEA) we commit to the South African public that, in all that we do, we will seek to contribute to improving the quality of life of all, especially those who have been systematically disadvantaged and those whom our industry touches directly through its operational practice.*

- 1 We believe in and stand for a South Africa that is experienced as a true home for all who live here, that enables all to develop themselves into productive and contented people and is good at meeting collective physical, emotional and spiritual needs without prejudicing others' ability to do so, including future generations.
- 2 We recognise that this is an ambitious societal goal and that the wind industry is a relatively small part of South Africa's economy and society. But we believe that, particularly because of the inherently long-term nature of our business and our power supply chain value proposition, we have the potential to make a meaningful contribution to achieving this goal, particularly – but not exclusively - in those areas of the country where we have an active physical presence.
- 3 We are committed to serving the country's inevitable energy transition away from fossil fuels. As our industry grows we will need to develop multiple skills and an extensive supply chain, first here in South Africa and then into the rest of Africa. As such we see our industry as **transformative** in the economic and social potential that it is able to catalyse in both South Africa and the rest of the continent.
- 4 At the same time, having the advantage of being a relatively new industry and with strong guidance from government, we can continue to create an industry that is **transformed** from the outset. We are committed to steadily and measurably realising transformation across the industry.



# Supporting Statements from the six SAWEA Working Groups

## Wind for Communities

We, the **Members of the Wind 4 Communities Working Group** will support the SAWEA Commitment to South Africa through demonstrable accountability and sustainably transformative projects.

These projects will be identified through collaborative regional and national programmes focused on the Youth Employment Services (YES) theme under the elements of socio-economic and enterprise development, with a priority focus on women, people with disabilities and education enhancement.

We do so willingly in an effort to particularly empower young people living in the geographical areas that our industry impacts, in the belief that this will in turn benefit all of South Africa.

## Manufacturers and Local Content

In the quest to boost local manufacturing, South Africa's government has implemented a localisation policy. This requires the wind industry, like others, to develop local value chains and procure a certain share of its components locally.

**SAWEA Manufacturers and Local Content Working Group members** define local content as the economic contribution made to the countries in which we operate through our supply chain partners' investments in local goods and services, employment and training, social and community development initiatives and local industrial capability development programs.

**In this context, the Manufacturers and Local Content working group supports the SAWEA commitment to South Africa as follows:**

- ▶ To achieve the targets stipulated in the local content requirements of the REIPPPP.
- ▶ To support local value chain development by providing technical and market support to local manufacturers of components.
- ▶ To build sustainable, competitive suppliers, in particular supporting the development of black industrialists.
- ▶ To support training and skills development initiatives that will develop a pipeline of skilled local technicians.
- ▶ To employ and train local people wherever possible.
- ▶ To uphold gender equality principles in our members' organisations, particularly in leadership roles.

## Environmental

**The Environmental Working Group (EWG)** supports the SAWEA Commitment to South Africa as a means towards achieving a just energy transition and sustainable society for all South Africans.

The wind industry, by virtue of replacing fossil fuel generation, contributes directly and significantly to South Africa meeting its greenhouse gas reduction targets under the Paris Accord. This in turn helps reduce the risk of global warming, with its dangerous impacts on all South African communities.

The EWG commits to ensuring that SAWEA members will manage the local, national and global impacts of their wind energy projects with care and creativity, so as to maximise social and economic returns to the local communities in which they operate whilst minimising environmental impacts and, beyond that, contributing actively to the region's long-term resilience. As we achieve this we hope to offer a model to other countries of how to achieve socio-economic redress and development locally, assist the energy transition nationally and make good financial returns, all without degrading the natural environment.



## Technical

**The members of the Technical Working Group (TWG)** undertake to support the SAWEA Commitment to South Africa.

Due to the 20 year or longer operational life of wind energy facilities and the lengthy period of development and construction work beforehand, we understand the strong contribution that our industry can make towards both the energy transition and economic transformation of South Africa, which are intrinsically linked.

For this contribution to be realised, we intend to achieve the highest levels of excellence in two areas where we are most directly able to affect outcomes at the national scale:

- ▶ By ensuring that we and all SAWEA members observe technical best practice – in design, development, construction, operation, maintenance and decommissioning of plant and machinery. By doing so we will be giving our plant and machinery the best chance of serving the South African public's need for affordable, reliable and clean electricity for the longest possible time.
- ▶ By ensuring that, as we go about our technical work, we actively embrace our industry's goals of developing a fully diverse, highly skilled workforce that is content at work, able to develop personally within the industry and thus able to help the industry grow into the rest of Africa and beyond.

We will seek to enrol our OEMs, contractors, developers, operators and consultants into the above intentions so that the industry moves in this direction as one body.

## Policy and Markets

**SAWEA's Policy and Markets Working Group (PWG)** recognises the importance of transformation across the entire spectrum of the wind energy industry and commits to playing an active role in promoting it through policy and regulatory avenues. In keeping with the SAWEA commitment to South Africa, the PWG will actively engage with all stakeholders to identify the core elements of an enabling policy and regulatory environment for a genuinely transformative industry. Some elements we foresee are:

- ▶ Policies and regulations that create an open wind energy market with a high degree of certainty and continuity over several decades and in which transformation is consistently supported.
- ▶ Industry-wide management and employment best practices that ensure transformation in the workplace and lead to a fully diverse and highly skilled wind energy workforce of the future.
- ▶ Policy that promotes extensive localisation, implemented in close partnership with the DTI, SARETEC, organised labour and both major and emerging industrialist players.
- ▶ Effective policies and legislation that ensure all wind energy projects support the long-term development of their local communities.

## Assets

**As Owners and Operators of wind farms** we fully support the SAWEA Commitment to South Africa. We recognise our ability and responsibility to play a key role in contributing towards the socio-economic equality of South Africa and the communities within which we conduct our business.

As Companies with a green footprint across South Africa, but more importantly as Neighbours, we commit to doing all we can to empower our local communities and the individuals we touch within them. We will achieve this primarily by:

- ▶ Giving priority to the employment and development of local skills;
- ▶ Supporting local businesses in our procurement decisions; and
- ▶ Implementing impactful local socio-economic development programmes.



## The Means Available to Us

### ► We will achieve our commitment through these five main avenues:

- a Management and Employment** – through sound employment policies and practice, creating a safe, ethical and enabling workplace culture and environment, developing industry-relevant skills and creating opportunities for youth and women in particular to enter and thrive in our industry. Our aim over time is to transform and indigenize leadership at all levels in the South African RE sector.
- b The Industry's Value Chain** – through the way we set up and manage our procurement systems, how we treat our suppliers and service providers in our Industry's value chain and how we help emerging enterprises – especially those in adjacent rural areas - to become high-performing businesses.
- c Local Community Development** – through our contractual and voluntary contributions to local social and economic development and the way we manage our local environmental impact. Our intention is long-term, strategic, communally-beneficial impact.
- d Access to Finance** – through our efforts to enable relevant emerging entrepreneurs to access their own finance and play a growing independent part in our industry's high-performance value chain.
- e Ownership** – we undertake to collaborate with government and other stakeholders in making the policy framework, as it evolves, enable the best possible outcomes in terms of ownership, all in support of the growth of a successful, transformed and transformative national renewables industry.

## Ethical Standard

In addition, we commit to operating as an industry with consistently high integrity and excellent governance. We are proud of the scarcity of corruption in our industry to-date and intend to sustain this status quo.

## Holding us to Account

We wish to be held accountable for our performance against these Commitments, both by each other within the industry and by South Africans more generally. To that end we will, during the first half of 2019, devise a set of targets, along with a transparent and consulted reporting schedule which we will adopt and implement.

## The Case for Making a Commitment

In 1994 South Africa was set on a pathway to rectify its extreme socio-economic disparities and empower all its people to lead a life of dignity and possibility. That project continues to require the active involvement of the private sector.

Utility-scale renewable energy is still very new in this country, stimulated and regulated by government through the REIPPP but designed, financed and owned by combinations of the private sector and community trusts. Being new, its true strategic value to our economy and to the communities where renewable power plants operate around the country is currently poorly understood by some important stakeholders and the public at large. Furthermore, by disrupting the traditional power generation landscape it has in certain cases aroused hostility.

It is therefore in our interests to take a proactive stance, fully acknowledge the logic behind the national requirement for socio-economic transformation and take responsibility for making clear how the Industry can and will contribute actively to the country's potential for achieving it.

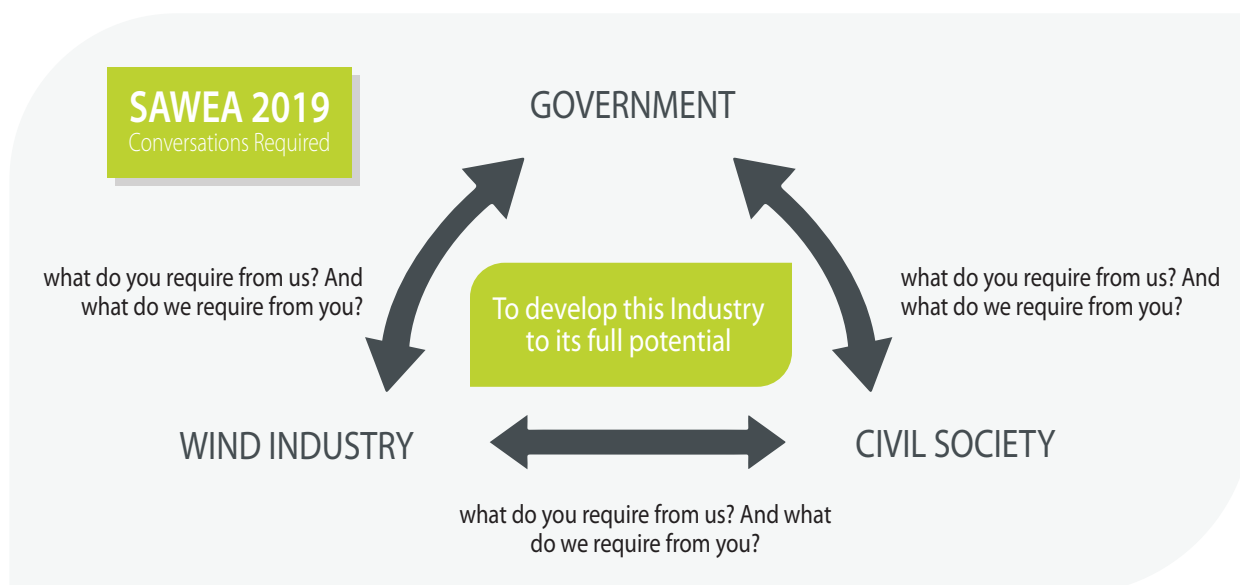
### In pursuit of that transformative future our industry brings several strengths:

- 1 Most of our businesses represent long-term investments in the physical, social, environmental and economic fabric of this country.
- 2 We represent the future – the unstoppable energy transition toward a dominant share for renewable energy, with the benefits of global innovation. We also make a major contribution to climate change mitigation.
- 3 Renewable power plants tend to be in areas of low economic development, so our local impacts can be life-changing.
- 4 We bring scale. Though starting from a zero base the collective RE Industry social expenditure in these rural areas over the coming 20 years is estimated at many tens of billions of Rands. The Wind Industry contributes over 50% of the total RE value in this regard.
- 5 We have begun to transition from being a series of individual projects that have grown out of the REIPPP, to becoming a fully-fledged industry, with high levels of domestic skills, manufacturing and asset accumulation, all of which we will then able to export internationally. To date our industry has distinguished itself by acting responsibly and ethically; this will remain a central part of our culture.
- 6 We know we have the capacity as an industry to deliver South Africa's most cost-effective electricity and we are committed to doing so on a sustainable basis, while meeting fully our socio-economic and enterprise development commitments.

## The Work to be Undertaken in 2019

For our shared intentions to turn into reality and our accountability to the South African public to mean something, we will do these two things simultaneously during 2019:

- 1 Design and draft a set of targets linked to baseline data and relating to the implementation of our Commitment (as referred to above), which we will discuss within the Industry, taking care to achieve provincial relevance, before adopting and applying them to our member companies' operations.
- 2 Build a solid relationship with our main social partners, namely government and local communities. Our intention is to be a trustworthy social partner and we recognise this requires a process of thoughtful, patient engagement. The following diagram suggests what might be the basis for building this lasting relationship. A starting assumption is that both government and local communities can identify with the idea that a growing, stable Wind and RE industry is a good thing.






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