



ENVIRONMENTAL POLICY


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ABBREVIATIONS, ACRONYMS AND DEFINITIONS

ITEM	DEFINITION
ESMS	Environmental and Social Management System
E&SS	Environmental and Social Sustainability
EWSS	Enterprise-Wide Support Services
EXCO	Executive Committee
ISO	International Organisation for Standardisation
NEMA	National Environmental Management Act 107 of 1998
PMID	Project Management and Implementation Division
PSP	Professional Service Providers
TCTA	Trans-Caledon Tunnel Authority

TERM	MEANING
Aspects:	The interaction between activities and the receiving environment(s) resulting in positive and / or negative changes.
Impacts:	The result or effect of risk. There may be a range of possible impacts associated with risk. The impact of a risk may be positive or negative relative to the entity's strategy or business objectives.
Sustainability:	A concept built on three pillars: economic, environmental and social—also known as profits, planet and people—that aims to meet the needs of the present without compromising the ability of future generations to meet their needs.
Continual improvement:	Actively identifying and making changes that result in better outcomes.
Environment As defined in the National Environmental Management Act 107 of 1998	The surroundings within which humans exist and that are made up of: <ul style="list-style-type: none"> (i) the land, water and atmosphere of the earth. (ii) micro-organisms, plant and animal life; (iii) any part or combination of (i) and (ii) and the inter-relationships among and between them; and (iv) the physical, chemical, aesthetic and cultural properties and conditions of the foregoing that influence human health and well-being.
Environmental and Social Management System	A system of interrelated and interacting actions by TCTA for the management of environmental aspects, fulfilment of compliance obligations and addressing risks and opportunities associated with the achievement of the organisation's operational and strategic objectives.
Environmental Management:	The practice of managing the interactions and impact of human activities on the natural environment, and <i>vice versa</i> .
Threat	Collective terms for risk and uncertainty.
Risks	The uncertainty of an event occurring that could have an impact on the achievement of objectives. Risk is measured in terms of consequences and likelihood.
Opportunities	An action or potential action that creates or alters goals or approaches for creating, preserving, and realising the value.
Transformation	For the purposes of this Policy and the TCTA ESMS Transformation includes matters related to social and socio-economic transformation.

1. POLICY CONTEXT

Sustainability is a global priority, with environmental and social risks and impacts demanding significant attention and transformative action across all sectors. Project financiers and the government have substantive environmental and social sustainability commitments that inform and are directly applicable to the Department of Water and Sanitation (the Department) and TCTA as an agent of the Department. In securing funding for, and implementing bulk raw water infrastructure developments, TCTA must account for the environmental and social aspects, risks and impacts of our operations, providing assurance of compliance with all associated conditions, covenants and agreements.

In line with the National Environmental Management Act 107 of 1998 (NEMA), TCTA views the environment as: *a)* the natural environment, consisting of biotic and abiotic structures and resources, that are consumed, transformed, polluted, and disposed of, and *b)* the social environment, which encompasses directly and indirectly impacted individuals, their communities, social structures and livelihoods. All infrastructure developed and operated is to be effectively integrated into the receiving environment to limit risk but is also directly affected by the state of the environment and its prevailing climatic, economic, and social conditions.

2. PURPOSE

This Environmental policy is the cornerstone of TCTA's approach to the integration of environmental and social sustainability into the organisation's core values, operating principles and business strategies. TCTA's environmental and social objectives, as formalised in this policy, drive improved performance and integrated management of compliance, risks and opportunities towards realisation of the organisation's goals and strategic objectives, thereby contributing to the achievement of a water secure future.

The Environmental Policy demonstrates TCTA's ownership, understanding and leadership commitment to honouring the environmental and social obligations. Accordingly, this Policy encapsulates the principles and procedures for the implementation and continual improvement of an integrated Environmental and Social Management System (ESMS) as defined in the Environmental and Social Sustainability Strategy.

3. SCOPE

This Policy applies to all TCTA operations and encompasses the works associated with the financing, implementation and, where applicable, operation and maintenance of infrastructure projects, as directed by the Minister of Water and Sanitation. The policy is binding on all TCTA resources, and on service providers and suppliers acting on behalf of the organisation.

4. **LEGISLATIVE FRAMEWORK**

Environmental and social compliance obligations related to this Policy are based on the Constitution of South Africa, a diverse range of ever evolving legislation, project specific authorisations, permits and licences, adopted best practice standards and internal governance commitments.

Primary legislation (acts, amendment acts and regulation) of significance includes the Environmental Management (NEM) Act 107 of 1989 and series of related framework acts including inter alia NEM Waste Act 59 of 2008, NEM Biodiversity Act 10 of 2004, and NEM Protected Areas Act 57 of 2003. In addition, there is also the National Water Act 36 of 1998, The Mineral and Petroleum Resources Development Act 28 of 2002, Promotion of Administrative Justice Act 3 of 2000, the Protection of Personal Information Act 4 of 2013, the Broad-based Black Economic Empowerment Act 53 of 2003 and the National Heritage Resources Act 25 of 1999. The full suite of applicable national and regional legislation is captured in the TCTA ESMS Legal Register.

Applicable best practice standards adopted directly or via loan covenants include *inter alia* the King Code, International Finance Corporation Performance Standards and Equator Principles.

The cross-cutting nature of environmental and social matters results in a broad range of strategic and operational policies being relevant to the commitments made in this Policy. Those directly developed and implemented in terms of the ESMS includes the Resettlement & Livelihoods Policy, Projects Compensation Policy and the Land and Rights Acquisition Policy. Other topical policies relate to *inter alia* human resources, facilities management, occupational health and safety, procurement, corporate social responsibilities and stakeholder engagement. A key focus of further ESMS development is to build alignment between the efforts and commitments in these diverse facets of TCTA operations.

5. **PROBLEM STATEMENT**

The integration of environmental and social sustainability into the TCTA core values, operating principles and business strategies is critical to the realisation of the organisation's goals and strategic objectives. In financing, implementing and operating and maintaining government bulk raw water projects on behalf of the Department of Water and Sanitation TCTA raises funding through loans from commercial banks and development finance institutions and ensures that all projects are duly authorised and executed in terms of the applicable legislation, inclusive of the constitution of South Africa. The loan covenants and project authorisation conditions contain environmental and social performance and compliance obligations that are binding, with potentially catastrophic consequences for

events of default.

As such, TCTA is required to provide assurance of responsible practice, and compliance with all binding obligations including legislation and adopted practice standards. The complexity of meeting this responsibility is exacerbated by the diverse range of project receiving environments and stakeholders that are impacted and affected by TCTA operations. TCTA therefore continues to formalise and improve its approach to the integrated management of its operations through the expansion of an organisation-wide ESMS. The approach to integrated environmental management reduces risks in line with the organisation's risk appetite and responds to an increasing focus on the need to assure practice and performance while accounting for potentially negative consequences of doing business.

6. POLICY STATEMENT

TCTA is committed to upholding the constitutional right to an environment that is not harmful to health or well-being and is protected for the benefit of present and future generations. In pursuit of this commitment, TCTA acknowledges that all elements of its operations result in impacts, of varying significance, on the receiving environments and their inhabitants. As such, the Environmental and Social Sustainability (E&SS) goal is that environmental and social sustainability aspects, risks and opportunities are accounted for throughout the lifecycle of all TCTA operations. TCTA further promotes operations that support the achievement of positive outcomes for the receiving communities, ecosystems, the water sector and the organisation.

TCTA pursues continual improvement in the realisation of our strategic and operational objectives by:

- (i) Implementing an interdisciplinary approach to the management of environmental and social aspects, that identifies, limits, and, where necessary, mitigates risk while promoting transparency, ethical practice, and learning.
- (ii) Integrating environmental and social requirements and opportunities into all areas of operation, including the raising of project funding, construction and facilities operations and maintenance, to realise positive outcomes whilst avoiding, controlling, limiting and mitigating negative impacts on the environment, stakeholders and the project itself.
- (iii) Growing and continually improving an ESMS that drives alignment between policies, conduct, strategies, and processes whilst building stakeholder consciousness and capacity.
- (iv) Maintaining and assuring compliance with all legal, regulatory obligations, loan covenants, adopted practice standards, and internal policies.

- (v) Engaging stakeholders and project partners, recognising their 'right to know' and respecting their interests in and influences on TCTA's performance, progress, risk and impact (positive and negative) potential.

TCTA service providers, including professional service providers (PSPs), contractors and plant operators, are contractually obligated to uphold the TCTA Policy and Environmental Standards relevant to their delivered services.

7. OBJECTIVES

7.1. Policy Objective

The objective of this Policy is to set out TCTA's position, and commitment to, environmental and social sustainability. It also formalises E&SS objectives. The Policy outlines the procedure for implementing and continually improving the ESMS. The E&SS objectives that follow express the organisation's targeted environmental and social outcomes, which guide the operational objectives.

7.2. Management Objectives

Responsible Corporate Citizenship:

In pursuit of our strategic objectives, TCTA exercises sound corporate citizenship through ethically driven practice and embraces its rights, responsibilities and compliance obligations towards government, society and the environment.

Integrated Environmental Management:

TCTA applies an integrated and collaborative approach to the identification, management and control of the organisation's operations, to limit risk and leverage opportunities in the best interests of stakeholders, the environment and the economy. This value is reflected in the overall performance of the Organisation and its projects.

7.3. SOCIAL SUSTAINABILITY OBJECTIVES

Social Responsibility:

Ethical values guide TCTA in determining what is good and right for the organisation, its stakeholders, and society. These values shape the decisions, conduct, and relationships of TCTA and its representatives, thereby maintaining a social licence to operate that promotes effective consultation, reduces negative impacts, and supports community development projects with lasting positive outcomes.

Livelihoods and Resettlement:

The objectives of the resettlement and livelihood restoration process are to avoid, and where avoidance is not possible, minimise temporary or permanent displacement by exploring alternative project designs. TCTA also aims to reduce the social and economic impacts of resettlement on affected persons through fair compensation and livelihood restoration support. All resettlement activities are undertaken in compliance with South African laws and, where feasible, aligned with international standards. These measures collectively help to establish and maintain the project's social licence to operate

Transformation:

TCTA actively supports the government's transformation agenda and contributes towards inclusive and sustainable economic growth and development with a focus on gender equality, employment equity, skills development and economic empowerment.

7.4. ENVIRONMENTAL SUSTAINABILITY OBJECTIVES

Resource Management:

TCTA aims to manage resource use responsibly by improving efficiency, reducing waste, and limiting long-term impacts on resources including land, water, and related social and ecological systems. This is achieved through effective planning, collaboration, limiting disturbance intensity and duration, and by undertaking fit-for-purpose rehabilitation.

Waste:

Responsible waste management promotes the prevention, reduction, reuse and recycling of waste while ensuring the responsible disposal of remaining waste at fit-for-purpose facilities in line with legislative requirements.

Pollution Management and Prevention:

TCTA is committed to responsible pollution risk management by preventing and reducing pollution from its operations, treating existing sources through acid mine drainage treatment plants, and striving to achieve no material adverse impacts on soil, water, or air quality.

8. POLICY PRINCIPLES

The Environmental Management Policy reflects the principles of sustainability and integrated environmental management and is aligned with the King Code TCTA's environmental approach and ESMS embody and operate on the following core principles:

- (i) **Recognition of the interdependence** of society, the economy and the environment.

- (ii) **Responsible corporate citizenship**, embracing TCTA's rights and responsibilities towards the natural and social environment and is perceived as such by stakeholders.
- (iii) **Ethical, competent and legitimate practice** in environmental and social management.
- (iv) **Appreciation of TCTA's** core purpose, risks, opportunities, strategy, business model, performance and sustainable development contributions as inseparable elements of the organisation's value creation process.
- (v) **Recognition of the value-creation potential** of interdisciplinary collaboration in limiting risk and improving resource utility.
- (vi) **Stakeholder inclusivity** in the planning and execution of works and in the management of risks and impacts.
- (vii) **Assurance** of environmental and social performance through an effective control environment.
- (viii) **Meaningful performance evaluation** enabling improved application of the mitigation hierarchy, management system components and decision-making.
- (ix) **Transparent and meaningful reporting** that provides a fair representation of performance and progress in an integrated manner.

9. POLICY PERFORMANCE INDICATORS

The suitability, adequacy and effectiveness of the ESMS are indicative of the TCTA Environmental Policy Performance. The four-phase ESMS Management Review procedure, culminates in an annual review workshop by the Executive Committee (EXCO), evaluates performance against this policy and the E&SS objectives, significant aspects and the suitability of operational controls, culminating in recommendations for continual improvement.

10. PROCEDURE

Implementation of the Policy and achievement of the E&SS objectives encapsulated therein is operationalised through the development, implementation and continual improvement of a comprehensive TCTA-wide ESMS (Annexure A). The ESMS is designed to respond to the International Standards Organisation (ISO) 14001:2015 Environmental Management Standard and the International Finance Corporation's Environmental and Social Management System Implementation Handbook.

TCTA's environmental practices and processes must be implemented, recorded, monitored, measured, and reported on. Areas of improvement are identified, investigated, and acted on to mitigate risks and remove constraints that impede learning, growth, and improvement.

The overall TCTA ESMS structure is designed to integrate into the organisation's governance and reporting structures, drawing together E&SS contributions from two operational spheres as defined in the E&SS Strategy and as shown in Annexure A. A multidisciplinary ESMS Working Group will oversee and monitor the ESMS operations, recommending measures to establish and maintain high levels of performance and continual improvement.

Meaningful and measurable performance indicators are identified for significant aspects and are monitored and evaluated, using strategically selected simple metrics. Compliance, progress and performance are monitored, evaluated and reported on in relation to TCTA's legal and regulatory obligations, lender obligations, other organisational commitments and internal operational controls.

The monitoring of clear, measurable metrics and evaluation of progress and performance will take the form of practice reviews, inspections, investigations and internal audits. Results assure the suitability of control and mitigation measures and enable informed decision-making for continual improvement. The learning-focused monitoring of change over time identifies patterns and trends that highlight areas for improved performance. Where applicable, corrective actions and improvement measures will be implemented, assessed and reported on.

Quality control mechanisms are applied as required, to ensure good practice and growth. These mechanisms will include, among others, the use of independent Environmental Control Officers, internal and external auditors, and an Environmental Panel of Experts.

Project and programme-specific environmental and social records are maintained to demonstrate progress and performance against specific targets, providing a consolidated overview of TCTA's environmental and social performance. Environmental and social performance reporting forms a basis for the annual ESMS Management Review as undertaken by the EXCO. The results of the ESMS Management Review are presented to the relevant Board Committees and the Board. The review outcomes are applied to improve both practice and the management system, ensuring that it remains adequate, suitable, and effective.

11. POLICY COMMUNICATION

The Policy is disseminated as follows to ensure its effective communication and implementation:

- (i) The approved and signed Policy will be available via SharePoint and the TCTA website, making it available to all employees, funders and the public. A copy of the policy will be provided directly to any interested and affected parties on request.
- (ii) The Policy and any revisions thereto will be presented to all personnel as part of the ESMS Awareness Programme.
- (iii) TCTA's service providers will be briefed on this Policy as relevant to the scope of their services and conditions of appointment to facilitate the intention of building mutual understanding of the environmental and social expectations and accountabilities.

The TCTA Policy Statement, presented in Annexure B, is the approved summary version of this Policy. It enables effective communication of the key elements of this Policy for internal and external communications or publications.

12. ROLES AND RESPONSIBILITIES

ROLE	RESPONSIBILITY
Board	The TCTA Board is responsible for ensuring the establishment of an ESMS for the management of environmental impacts associated with TCTA projects and activities. This is in line with the requirements of the King Code. The Board will approve the structure and function of the ESMS, provide oversight and demonstrate support for its implementation. The outcomes and recommendations of the Annual Management Review to the Board will be considered and adopted as deemed appropriate.
EXCO	EXCO monitors the implementation of this policy and shall conduct an annual management review to identify and make recommendations on areas for improvement. EXCO shall include environmental commitments and adapt the environmental strategy to determine the efficacy and to make recommendations for improvement, including the setting of additional and revision of existing organisational objectives, indicators and targets.
Executive Managers	<ul style="list-style-type: none"> • The Executive Manager leading the Project Management and Implementation Division (PMID) is responsible for the overall coordination of ESMS implementation, as the Environmental Team is located within PMID. • Executive Management of PMID, Project Finance, Enterprise-Wide Support Services (EWSS) and the Strategy Division, and Human Resources and Organisational Development Division (HR&OD), within their respective divisional functions and jurisdictions, are responsible for the development, implementation, administration and review of the relevant facets of the ESMS. • The executive managers of PMID and Project Finance are responsible for the projects' sphere of the ESMS. • The EWSS Executive Manager is responsible for the relevant elements of the corporate sphere of the ESMS related to the operation and maintenance of the office facility and associated services. • The Chief Strategy Officer ensures that matters of environmental and social sustainability, communication and stakeholder engagement are

	<p>incorporated into TCTA strategic planning in support of the implementation of the ESMS.</p> <ul style="list-style-type: none"> • The Chief Financial Officer promotes responsible spending and procurement that contribute to the realisation of TCTA's social and environmental objectives in alignment with the organisation's commitment to socio-economic transformation and continual improvement towards sustainable development. • The HR&OD Executive Manager is responsible for social sustainability aspects related to human capital, organisational culture and change management.
ROLE	RESPONSIBILITY
Senior Managers	The TCTA Senior Manager: Environment & Social is to ensure the development, implementation and maintenance of the ESMS.
Environmental Manager	Is responsible for the conceptualisation and development of the TCTA-wide ESMS, the implementation, support and monitoring thereof and for exercising environmental quality assurance and management reporting.
Compliance function / Combined Assurance Function	Compliance with this policy is monitored and audited in alignment with the Combined Assurance Charter.
Policy Committee	The policy committee is to consider the content and impact of this policy on other organisational policies.
ESMS Working Group	The ESMS Working Group will participate in and monitor ESMS implementation, identifying and implementing measures to establish and maintain high levels of performance and continual improvement.
Employees	The National Environmental Management Act (Act 107 of 1998) states that all persons have a 'Duty of Care'. As such, each TCTA employee is responsible for upholding commitments and principles made in this Policy and for working towards the realisation of the objectives contained herein.

13. MONITORING AND REVIEW

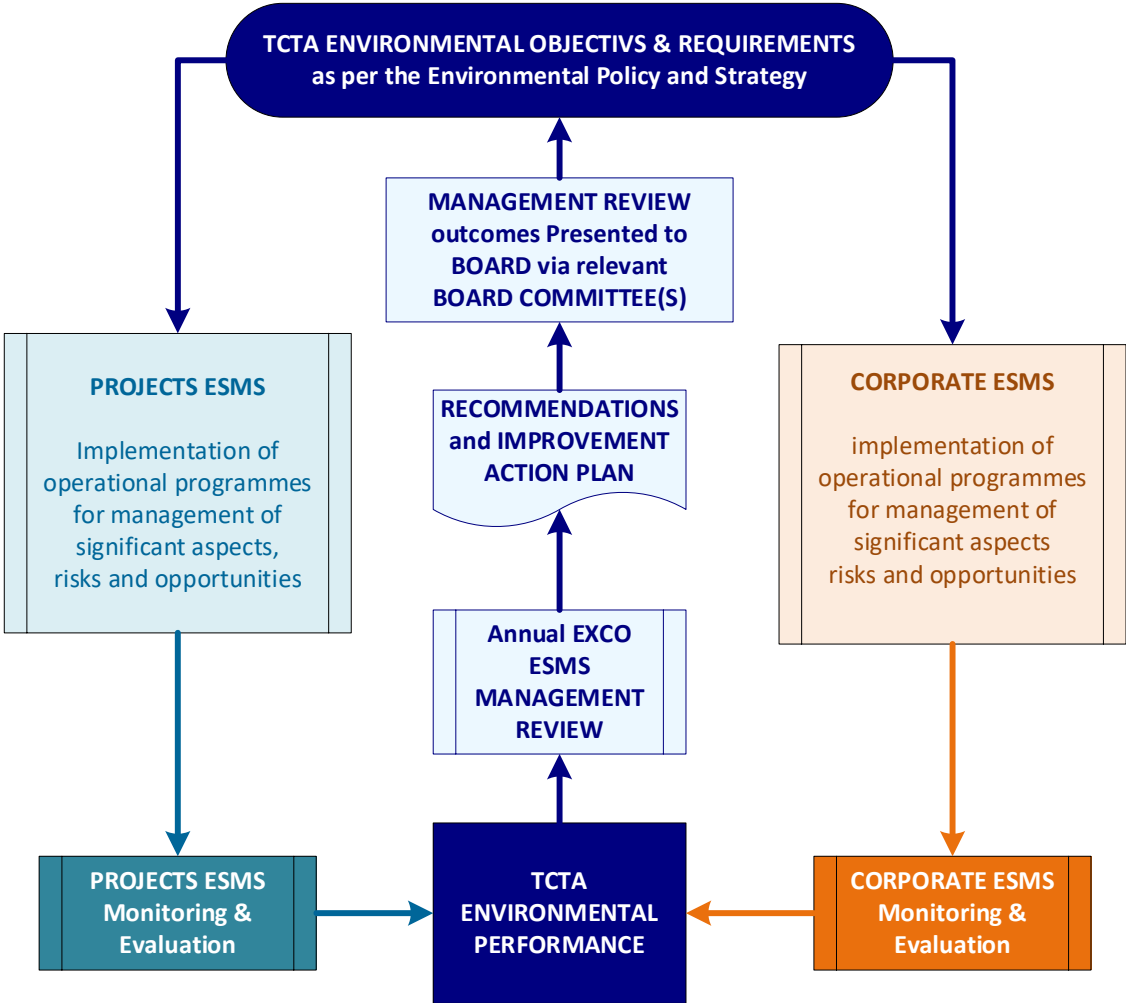
This Policy will be considered during the annual ESMS management review process to ensure that it remains in line with the organisational goals, commitments and needs. Interim revisions of this Policy will be done if the annual management review identifies the need for this. A comprehensive policy revision will be conducted at least every three years. Revisions will ensure that the needs and interests of TCTA, its leadership, key stakeholders and other interested and affected parties are accounted for.

14. Annexures

Annexure A: Environmental & Social Management System Structure

Annexure B: Environmental Policy Statement

Annexure A: Environmental and Social Management System Structure



ANNEXURE B: ENVIRONMENTAL POLICY STATEMENT

TCTA is committed to upholding the constitutional right to an environment that is not harmful to health or well-being and is protected for the benefit of present and future generations.

In pursuit of this commitment, TCTA acknowledges that all elements of its operations result in impacts, of varying significance, on the receiving environments and their inhabitants. As such, the Environmental and Social Sustainability (E&SS) goal is that environmental and social sustainability aspects, risks and opportunities are accounted for throughout the lifecycle of all TCTA operations.

TCTA environmental and social sustainability objectives place specific focus on responsible corporate citizenship, integrated management, waste and pollution avoidance and management, resource use efficiency, social responsibility, livelihoods, resettlement and socio-economic transformation. These apply to all TCTA operations in support of the achievement of positive outcomes for the receiving communities, ecosystems, the water sector and the organisation. TCTA pursues continual improvement in the realisation of our strategic and operational objectives by:

- (i) Implementing an interdisciplinary approach to the management of environmental and social aspects, that identifies, limits, and, where necessary, mitigates risk while promoting transparency, ethical practice, and learning.
- (ii) Integrating environmental and social requirements and opportunities into all areas of operation, including the raising of project funding, construction and facilities operations and maintenance, to realise positive outcomes whilst avoiding, controlling, limiting and mitigating negative impacts on the environment, stakeholders and the project itself.
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- (v) Engaging stakeholders and project partners, recognising their 'right to know' and respecting their interests in and influences on TCTA's performance, progress, risk and impact (positive and negative) potential.

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