

SCHEDULE S (SUPPLIER DEVELOPMENT, LOCALISATION, AND INDUSTRIALISATION) (“SDL&I”)

CONTENTS

1. DEFINITIONS..... 1

2. SUPPLIER SDL&I OBLIGATIONS 3

3. MONITORING AND REPORTING..... 3

4. SDL&I CREDIT AND PERFORMANCE SECURITY..... 4

5. ESKOM REVIEW AND CORRECTIVE ACTION..... 5

6. RECORDS AND AUDIT..... 5

1. DEFINITIONS

- 1.1. **B-BBEE level to be maintained/migrated:** Black Economic Empowerment Procurement recognition score level determined by the Black Economic Empowerment codes of good practice.
- 1.2. **Black Owned (BO):** Subcontracting / Expenditure Procurement of goods and services from [51%+] Black Owned (BO) suppliers.
- 1.3. **Black People with Disability (BPwD):** Subcontracting / Expenditure Procurement of goods and services from companies owned by Black People with Disability (BPwD).
- 1.4. **Black Women Owned (BWO):** Subcontracting / Expenditure Procurement of goods and services Black Women Owned (BWO) suppliers.
- 1.5. **Black Youth Owned (BYO):** Subcontracting / Expenditure Procurement of goods and services from Black Youth Owned (BYO) suppliers.
- 1.6. **Compliance Report means** the bi-annual report submitted by the Supplier to Eskom in the prescribed Appendix S-2 format, detailing the Supplier's achievement of SDL&I obligations and targets,
- 1.7. **Exempted Micro Enterprise (EME):** Subcontracting / Expenditure Procurement of goods and services Exempted Micro Enterprises
- 1.8. **Enterprise & Supplier Development:** provision of support to new and existing small black owned enterprises, to facilitate accelerated development, business sustainability, and operational independence.
- 1.9. **Incubation commitments:** the process an organization supports the establishment and/or growth of another small/medium start-up company.
- 1.10. **Indirect Procurement Spend / Other:** Indirect Procurement Spend is the expenditure on goods and services that support the Supplier's day-to-day operations but are not directly used in producing its core product and services.
- 1.11. **Industrialisation:** Utilisation of Eskom and Suppliers spend to foster the establishment of new competitive industries in the energy sector.
- 1.12. **Job Creation and Retention:** Creation of new employment opportunities and retention of existing jobs directly attributable to the performance of the Agreement.
- 1.13. **Local Content:** committed rand value that will be spent in South Africa, as a percentage of the total contract value, awarded to a contractor.
- 1.14. **Localisation:** Procurement and sourcing of goods and services from South African-based suppliers.
- 1.15. **Local-To-Site (L2S):** Subcontracting / Expenditure Procurement of goods and services from companies Local-To-Site (L2S).
- 1.16. **NIPP:** is the National Industrial Participation Programme that seeks to leverage economic benefits and support the development of South African industry by effectively using the instrument of government procurement. Participation in the NIPP programme is mandatory for all suppliers of government and parastatal purchases or lease contracts with an imported content equal to or exceeding USD 5 million.

- 1.17. **OTHER suppliers (OS):** Subcontracting / Expenditure Procurement of goods and services from OTHER suppliers (OS) local suppliers that do not fall into the group/category of designated suppliers.
- 1.18. **Performance Table:** is a table containing at a minimum the following:
 - 1.18.1. the criteria, subjects, or issues to be addressed;
 - 1.18.2. weight per criterion;
 - 1.18.3. obligations (linked to the rules for measuring these);
 - 1.18.4. units of measurement (percentage or number);
 - 1.18.5. dates when performance is to be measured;
 - 1.18.6. Supplier performance aggregate score target;
 - 1.18.7. percentage (2.5%) monthly Charge SDL&I Credit by the Supplier if performance does not meet target; and
 - 1.18.8. reporting frequency (bi-annual, when target is achieved, upon completion or delivery of the Services).
- 1.19. **Qualifying Small Enterprise (QSE):** Subcontracting / Expenditure Procurement of goods and services Qualifying Small Enterprise
- 1.20. **Skills Development:** Increasing the skill base of South African workers in areas relevant to the energy sector and where there is a national scarcity of skills.
- 1.21. **Small Business Enterprises (SBE):** Subcontracting / Expenditure Procurement of goods and services from Small Business Enterprises (SBE) [QSE/EME/SMME].
- 1.22. **Supplier Development:** Providing a platform for SA-based suppliers to develop into national and international suppliers.
- 1.23. **Total Supplier Performance Aggregate Score** means the Supplier's overall weighted SDL&I performance score, calculated by aggregating the weighted scores achieved across all approved SDL&I criteria in the Performance Table, and used to determine whether the Supplier has met the required performance threshold for compliance, corrective action, or application of the SDL&I Credit.

2. SUPPLIER SDL&I OBLIGATIONS

- 2.1. From the effective date, the supplier shall comply with the SDL&I obligations set out in this schedule and Appendix S-1. Such obligations shall remain enforceable throughout the term of the agreement.
- 2.2. The supplier shall provide a performance table within 60 (sixty) days from the effective date for Eskom's review and acceptance.

3. MONITORING AND REPORTING

- 3.1. The Supplier shall submit bi-annually SDL&I Compliance Report to SDLIMonitoring@eskom.co.za, in the prescribed Appendix S-2 format, detailing performance against the approved SDL&I targets as set out in the agreed Performance Table.
- 3.2. Eskom may request supporting documents in writing, subject to Schedule P (Operator Agreement), including but not limited to:
 - 3.2.1. Local Content: copies of invoices, proof of payment; copies of B-BBEE certificates; details of sub-contractors/suppliers i.e. registration doc, signed contracts, etc.
 - 3.2.2. Subcontracting: copies of invoices, proof of payment; copies of B-BBEE certificates.
 - 3.2.3. Skills Development/transfer: Details of the learners; Copies of Learners ID; Training Provider; Copies of certificates; Attendance registers. The Supplier will submit a letter of competence/proof of attendance/service contract/certificate of compliance as proof that a candidate has been appointed for work experience. The supplier will be required to implement this requirement within a month after the threshold is reached.
 - 3.2.4. Job Creation/retention: copies of signed contract of employment; ID copies of employees.

3.3. Consent from the Data Subject consenting to the processing of their Personal information.

3.4. Eskom shall use the Performance Table below as the methodology for conducting the Supplier's SDL&I performance review, including the calculation of the Weighted Score and the Total Supplier Performance Aggregate Score, where the Weighted Score is calculated as follows: $\text{Weighted Score} = (\text{Achieved} \div \text{Target}) \times \text{Criterion Weight}$.

Table 1: Performance Table:

Criteria	Weight (%)	Measurement	Target	Achieved	Weighted Score
Local Content	TBC %	TBC %			
Local to site	TBC %	TBC %			
Procurement: BWO	TBC %	TBC %			
Procurement: BYO	TBC %	TBC %			
Procurement: BPwD	TBC %	TBC %			
Procurement: BO	TBC %	TBC %			
Skills	TBC %	TBC %			
Total Score	100.00%	Total Supplier Performance Aggregate Score			80.00%

4. SDL&I CREDIT AND PERFORMANCE SECURITY

4.1. Where the Supplier fails to achieve a Total Supplier Performance Aggregate Score of at least 80% against its approved SDL&I obligations, as measured against the Performance Table, or fails to submit a Compliance Report on a bi-annual basis, Eskom may invoke the SDL&I Credit provision. In such event, an “**SDL&I Credit**” equal to 2.5% of the Monthly Charges shall apply for each month of non-compliance until compliance is restored.

- 4.2. Any SDL&I Credit applied through retention shall be retained by Eskom as security for performance and shall be released to the Supplier upon Eskom's written confirmation that all SDL&I obligations have been fully met.
- 4.3. Upon Eskom's invocation of the SDL&I Credit, the Supplier shall, where applicable, reflect the SDL&I Credit on each subsequent monthly Invoice as a separate and clearly identifiable line item for transparency and reconciliation purposes.

5. ESKOM REVIEW AND CORRECTIVE ACTION

Eskom shall review each submitted Compliance Report and provide written feedback within 90 (Ninety) calendar days of receipt, including any findings or requests for additional information. Where Eskom identifies non-compliance or under-performance, the Supplier shall implement corrective measures within 30 (thirty) calendar days of written notification and provide evidence of implementation. Corrective measures shall be completed prior to submission of the next Compliance Report.

6. RECORDS AND AUDIT

The Supplier shall retain all records supporting SDL&I claims and shall make such records available for audit, verification, and inspection by Eskom upon reasonable written notice.

APPENDIX S1 SDL&I OBLIGATIONS

(Drafting note: The agreed SDL&I obligations are to be inserted here.)

APPENDIX S-2 SDL&I COMPLIANCE REPORT

(Drafting Note: The SDL&I Compliance report to be inserted here)