

ADDENDUM TO SDL&I ANNEXURE K

TENDER NUMBER E0126BMSERI

This Addendum supplements the original SDL&I Annexure K - **Supplier Development Localization and Industrialization Undertaking for:**

Provision of Maintenance Services at various Power Stations on “as and when required” basis over two (2) years.

1.3 Subcontracting and Enterprise & Supplier Development (ESD)

In order to increase the number of designated groups in this sector, the successful supplier shall sub-contract a minimum of 30% of the contract to:

- an EME or QSE which is at least 51% owned by black people living in rural or underdeveloped areas or townships.

Eskom Rotek Industries (ERI) will make available a list of suppliers registered on a database approved by National Treasury to provide the goods and services in respect of the applicable designated group per the subcontracting commitment from which successful suppliers will select the subcontracting beneficiaries.

The successful supplier is responsible for all due diligence on its subcontractors. The successful supplier is not allowed to conclude a subcontracting arrangement(s) or agreement(s) with its subsidiary or businesses related to it as part of the minimum 30% subcontracting commitment. The successful supplier may only conclude a subcontracting agreement in line with the minimum 30% subcontracting commitment after obtaining relevant approval from ERI.

Every subcontracting linked to the commitment above, shall be accompanied by the Enterprise and Supplier Development (ESD) plan aligned to the relevant code of the Department of Trade Industry and Competition’s Codes of Good Practice as amended and must answer the following two key questions:

- i. What is being done to enhance the financial capacity of beneficiary? and
- ii. What is being done to improve the operational capacity of beneficiary

Subcontracting will be limited to designated groups located within the province(s) where the service will be consumed.

1.3.1. Pre-requisites for an Enterprise Development Plan:

ERI concluded the Enterprise Development (ED) agreements with various designated groups interested in accessing developmental opportunities through procurement within the maintenance works and related services sector at various sites. The successful supplier shall develop the assigned ED beneficiaries on behalf of ERI. The successful supplier may not own a stake or shares (strictly 0% shareholding) in the assigned ERI ED beneficiary, either directly or through a flow through or modified principles calculation. The ERI assigned ED beneficiary that qualifies for development shall:

- i. Be a legal entity registered with National Treasury's Central Supplier Database;
- ii. Reside or located within ERI's areas of operation classified as Local to Site; and
- iii. Wholly Black Owned, controlled and managed, classified as an Exempted Micro-Enterprise (EME)

1.3.2. Requirements for the ED program:

The successful supplier will conduct a needs analysis on the assigned ERI ED beneficiary to identify developmental areas. This will be followed by the formulation of a development program with milestones aimed at eliminating identified gaps. The successful supplier will then develop a schedule of activities to address the identified developmental areas.

The successful supplier will also allocate resources for development of the ERI ED beneficiary and assign an ED champion. The ED champion will be suitably qualified and experienced to monitor progress and complete portfolio of proof for activities for submission to ERI within agreed timelines. The successful supplier shall comply with at least five requirements from the list below:

1. Management and labour skills transfer;
2. Shorter payment terms less than 14 days;
3. Guarantee(s) provided on behalf of a beneficiary entity;
4. Interest-free loan with no security requirements;
5. Establishment of administrative systems;
6. Establishment of cost controls systems;
7. Planning, tendering and programming skills transfer;
8. Business skills transfer with emphasis on entrepreneurial and negotiation skills;
9. Technical skills transfer with emphasis on innovation;
10. Legal compliance;

11. Procurement skills transfer;
12. Establish credit rating/ history;
13. Establish financial loan capacity/ history;
14. Contractual knowledge transfer

1.3.3. Process of monitoring and reporting related to the ESD program:

The ERI assigned representative shall:

- Ensure that all the pre-requisites for an ED relationship have been met over the agreed timelines of the contract in order to recognize the ED Program;
- Ensure that the ED Program complies with the requirements; and

Interview and inspect any relevant documentation including premises for the ED beneficiary and selected staff to verify ED Program compliance to contractual SDL&I commitments.
