

	<b>Supplier Development and Localisation HP Pipes SD&amp;L Undertaking Annexure I</b>	<b>Unique Identifier</b>	<b>240-56738500</b>
		<b>Revision</b>	<b>Rev. 0</b>
		<b>Revision Date</b>	<b>September 2015</b>
		<b>Group Commercial Division</b>	

## 1. SD&L contractual requirements

SD&L has a mandate to achieve maximum and sustainable local development impact through leveraging Eskom's procurement spend in a manner that allows flexibility within the business in order to contribute towards addressing the socio-economic ills like unemployment, poverty and economic growth, through government local development initiatives and policies.

Eskom's aspiration for the tenderers to meet the following SDL&I requirements, However suppliers will be requested as part of their submission to make proposals to Eskom based on the following SDL&I requirements. The following requirements are a contractual requirement which means they can be negotiated before contract award with successful tenderer:

## 2. National Industrial Participation Programme (NIPP)

NIPP is a programme that seeks to leverage economic benefits and support the development of South African industry by effectively utilizing the instrument of government procurement. The NIPP programme is mandatory on all government and parastatal purchases or lease contracts (goods and services) with an imported content equal to or exceeding US\$5 million.

The programme is targeted at the South African and foreign industries, enterprises, and suppliers of goods and services to government / parastatals, where the imported content of such goods and services equals to or exceeds US\$5 million. The first customer of NIPP is the South African industry that benefits through the NIPP business plans which, when implemented generate new or additional business activities through one or more of the following: investment, export opportunities, job creation, increased local sales, SMME and BEE promotion, R & D and technology transfer.

Companies with a NIPP obligation are required to sign this obligation agreement with The Department of Trade, Industry and Competition (the dtic) before the contract with Eskom Holdings SOC Ltd, as a purchasing entity, is signed. The obligation agreement governs the relationship between the dtic and supplier. It defines the NIPP obligation value/s, requirements to fulfil the NIPP obligation, performance milestones, performance monitoring processes and the NIPP credit allocation criteria

**All tenders with an import content that is equal to or exceeds the threshold of US\$5 million, compels the winning bidder to negotiate and enter into a NIPP obligation agreement with the dtic before signing the contract with Eskom."**

### Note:

**In case NIPP is applicable, SDL&I requirements will be waived except for B-BBEE Compliance.**

	<b>Supplier Development and Localisation HP Pipes SD&amp;L Undertaking Annexure I</b>	<b>Unique Identifier</b>	<b>240-56738500</b>
		<b>Revision</b>	<b>Rev. 0</b>
		<b>Revision Date</b>	<b>September 2015</b>
		<b>Group Commercial Division</b>	

### **3 Skills Development**

Tenderers are required to submit proposals for the skills types / occupations and the number of candidates to be developed. These skill types must be relevant to the HP pipe manufacturing industry. The candidates shall be currently unemployed graduates from school and technical, vocational, education and training (TVET) campuses. The threshold will be as follows to ensure successful implementation of this initiative:

- ✓ Successful tenderer will be obligated to **skill one** candidate for every **R7 Million** spend cumulatively through purchase orders/instructions awarded to the supplier; The supplier will be required to implement this requirement a month after the threshold is reached.
- ✓ This obligation will be for the duration of the contract however supplier needs to demonstrate positive progress on monthly basis.

Type of skill / Occupations	Number of candidates

The process of developing these skills shall involve the participation by tenderers directly and also through their supply network. In certain cases, the SETAs accredited training providers can be approached to participate in developing critical and scarce skills.

Tenderers shall recruit candidates for skills development from Free State, Limpopo and Mpumalanga provinces, and their composition must reflect the population demographics of South Africa.

Note that these targets for skills development candidates categorically exclude Eskom employees and registered learners. The tenderers are required to take full responsibility for the total cost of developing the requisite skills, and Eskom shall not make any financial contribution towards the fulfilment of this obligation. Tenderers also are advised to approach their relevant SETAs to access grants, subsidies and incentives as well as South African Revenue Services for tax rebates that are earmarked for skills development initiatives.

**4. Jobs:** The supplier is required to submit proposals for the type and number of jobs that will be created and retained as a direct result of this contract modification.

Number of Jobs to be created	Number of Jobs to be retained

	<b>Supplier Development and Localisation HP Pipes SD&amp;L Undertaking Annexure I</b>	<b>Unique Identifier</b>	<b>240-56738500</b>
		<b>Revision</b>	<b>Rev. 0</b>
		<b>Revision Date</b>	<b>September 2015</b>
		<b>Group Commercial Division</b>	

## 5. Enterprise Development

Eskom's Target	Tenderer Proposal
<p>The successful supplier should propose to Eskom how small South African companies that are 100% EME Black Youth or Black Women owned will participate in the value chain of supplying these products. Thereafter, appoint local company(s), develop incubation programme to train that company(s) and this can be done through external services providers. It also a requirement to utilize that company once the programme is successful, where feasible. Eskom target is <b>5%</b> for this requirement</p>	

## 6. Reporting and Monitoring

- The suppliers shall on a monthly/quarterly basis submit a report to Eskom in accordance with Data Collection Template on their compliance with the SDL&I obligations described above.
- Eskom shall review the SDL&I reports submitted by the suppliers within 60 (sixty) days of receipt of the reports and notify the suppliers in writing if their SDL&I obligations have not been met.
- Upon notification by Eskom that the suppliers have not met their SDL&I obligations, the suppliers shall be required to implement corrective measures to meet those SDL&I obligations before the commencement of the following report, failing which Retention clauses shall be invoked.
- Every contract shall be accompanied by the SDL&I Implementation Schedule which must be completed by the suppliers and returned to SDL&I representative for acceptance 30 days after contract award.

## 7. SDL&I Penalty

- ✓ Suppliers will be required to report progress towards achieving SDL&I's contractual obligations on a quarterly basis regardless of the duration of the task order.
- ✓ As security Eskom will apply 2.5% retention on future invoices (excluding VAT) after all cumulative task orders awarded to a service provider who reached a stipulated threshold of R7 million and failed to comply with fulfilment of the SDL&I obligations

	<b>Supplier Development and Localisation HP Pipes SD&amp;L Undertaking Annexure I</b>	<b>Unique Identifier</b>	<b>240-56738500</b>
		<b>Revision</b>	<b>Rev. 0</b>
		<b>Revision Date</b>	<b>September 2015</b>
		<b>Group Commercial Division</b>	

- ✓ For every SDL&I commitment met in terms of the contract, the supplier shall apply for the release of the retention in the next payment certificate after the application and once the Eskom contract manager and the SDL&I compliance and monitoring team are satisfied that the obligations have been met.

**Declaration:**

Based on the terms laid out above, we ..... (Company Name)

ACCEPT

NEGOTIATE

Name:

Date: