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To: Eskom Officials

From: Ms Jainthree Sankar, Chief Procurement Officer

Date: 28 September 2022

**SUBJECT: GUIDANCE NOTE: IMPLEMENTATION OF SUPPLIER PAYMENT TERM POLICY**

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### **PURPOSE**

1. The Supplier Payment Term Policy, 240-165040111, ("the Policy") is in line with the optimised payment terms initiative of Eskom, and its aim is to explore the extent to which Eskom can benefit financially from either extending the supplier payment terms or offering an early settlement discount.
2. This note is specifically targeted at changes relating to the implementation of the extended payment terms, and further guidance will come on early settlement discounts. The document provides an update on the thresholds on which the 60-day payment term is applicable and provides guidance on compliance reporting and the applicability of the Policy.

### **THRESHOLD**

3. The threshold on which the Policy is applied is R50 000 000.00 (Fifty Million Rand), inclusive of VAT. This means that all contracts exceeding this threshold must be established on the 60-day payment term.

### **APPLICABILITY OF POLICY**

4. The Policy is not applicable to contracts concluded between Eskom and its subsidiaries. However, the Policy is applicable to contracts concluded between subsidiaries and their own suppliers.
5. In instances of modifications to contracts, or renegotiations of existing contracts, the principles of an extended payment term must be applied as a lever.

### **MONITORING OF COMPLIANCE**

6. The Office of the CPO ("oCPO") shall compile a compliance report to the Cost Savings Steering Committee ("Cost Steerco") on a monthly basis. Divisional Procurement Senior Managers shall provide reasons for non-compliance to the oCPO on request and shall present these to the Cost Steerco. This arrangement shall continue until the end of the 2022/23 financial year.

*Reshma Maghoo*

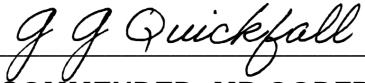
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**COMPILED BY: MS RESHMA MAGHOO**

**CONTRACT ADVISOR**

**DATE: 28/9/2022**

**GUIDANCE NOTE: IMPLEMENTATION OF SUPPLIER PAYMENT TERM POLICY**



**RECOMMENDED: MR GODFREY QUICKFALL**

**SENIOR MANAGER: CONTRACT MANAGEMENT (ACTING)**

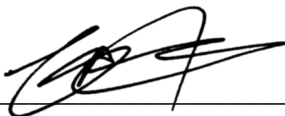
**DATE:** 2022-09-28



**SUPPORTED: MS JAINTHREE SANKAR**

**CHIEF PROCUREMENT OFFICER**

**DATE:** 5 October 2022



**APPROVED: MR CALIB CASSIM**

**CHIEF FINANCIAL OFFICER**

**DATE:** 05 October 2022