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|  | <b>Standard</b> | <b>Eskom</b> |
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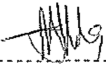
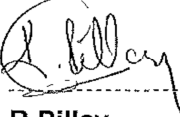
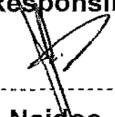

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## **1. Introduction**

Eskom is committed to creating and sustaining a Zero Harm culture and standard of safety, health, and the environment (SHE). To achieve this culture and standard, safety, health, and environmental (SHE) requirements will be integrated in the Eskom commercial processes.

This standard sets the minimum criteria for assessing supplier safety, health, and environmental conformity, based on standards, procedures, policies, and legal compliance obligations with which an Eskom supplier needs to comply.

This standard covers contractor/supplier SHE requirements from point of entry into the organisation until the transaction with the contractor/supplier is concluded.

## **2. Supporting clauses**

### **2.1 Scope**

This standard outlines the key responsibilities of Group Commercial functionaries, contract/project managers (contract custodians), line management, suppliers, and SHE functionaries underlining the minimum SHE requirements that shall be addressed during the following phases, namely:

- a) tender enquiry, evaluation, and contract award,
- b) supplier registration on the Eskom vendor database;
- c) site access/site mobilisation;
- d) monitoring of performance during the contract execution period;
- e) contract completion, close-out, and post-contract review; and
- f) instances where works or services under a contract can be stopped, suspended, or terminated.

Note: It is the responsibility of the respective Eskom agent/end-user to ensure that SHE requirements related to the requested product/service are adequately and appropriately included in all contracts or transactions. These SHE requirements shall be specific and unique to the scope of the product or services being procured.

#### **2.1.1 Purpose**

The purpose of this standard is to ensure standardisation of the SHE requirements within Eskom's commercial processes. In order to achieve this, it is necessary to define the minimum safety, health, and environmental requirements that must be met during the commercial process for all suppliers with whom Eskom engages.

#### **2.1.2 Applicability**

The requirements contained in this document shall apply throughout Eskom Holdings SOC Ltd, its divisions, and subsidiaries.

In cases where contracts are funded by national/international funders, the funder's accompanying supplementary requirements are to be considered, in conjunction with the requirements contained in this standard. In instances where the funders' commercial processes supersede Eskom's

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commercial process, discretion is allowed to ensure that there is suitable SHE compliance. Where the funder's SHE requirements are mandatory and are in conflict with the SHE requirements as set out in this standard, the funder's requirements shall take precedence; however, the responsible SHE functionary shall ensure that Eskom's requirements are aligned, as far as is reasonably possible. Suppliers shall ensure compliance with the relevant SHE statutory requirements in accordance with the South African legal framework.

The requirements of this standard are also applicable to sole source procurement and contract extensions.

Where it is deemed impracticable or unviable to implement and/or comply with the requirements as set out in this standard, an exemption request, together with suggested recommendations, shall be submitted in writing to Sustainability Systems by the contract/project manager and supported by the relevant SHE manager. For the commercial process, which will involve projects or scope of work relating to exempted services as listed in 3.1.1.4, no motivation will be required.

### **2.1.3 Effective date**

This document will be effective from the date of authorisation.

## **2.2 Normative/informative references**

Parties using this document shall apply the most recent edition of the reference documents listed in the following paragraphs.

### **2.2.1 Normative**

- [1] 32-727 Eskom Safety, Health, Environmental and Quality Policy
- [2] 32-1034 Eskom's Procurement and Supply Chain Management Procedure
- [3] 32-196 Eskom Disciplinary Code Standard
- [4] 240-62196227 Eskom Life-saving Rules Standard
- [5] National Environmental Management: Waste Act (Act 59 of 2008)
- [6] Occupational Health and Safety Act (Act 85 of 1993)

### **2.2.2 Informative**

- [1] 32-520 Occupational Health and Safety Risk Assessment Procedure.
- [2] ISO 9001 Quality Management Systems
- [3] 32-196 Eskom Disciplinary Code Standard
- [4] 32- 95 Environmental, Occupational Health, and Safety Incident Management Procedure
- [5] Compensation for Occupational Injuries and Diseases Act (Act 130 of 1993)
- [6] OHSAS 18001 Occupational Health and Safety Management Systems
- [7] ISO 14001 Environmental Management Systems
- [8] Mine Health and Safety Act (Act 29 of 1996)
- [9] The Constitution of the Republic of South Africa (Act 108 of 1996)
- [10] National Environmental Management Act (Act 107 of 1998)
- [11] Environment Conservation Act (Act 73 of 1989)
- [12] National Water Act (Act 36 of 1998)

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- [13] National Environmental Management: Waste Act (Act 59 of 2008)
- [14] National Environmental Management: Air Quality Act (Act 39 of 2004)
- [15] National Forests Act (Act 84 of 1998)
- [16] National Environmental Management: Biodiversity Act (Act 10 of 2004)
- [17] National Environmental Management: Protected Areas Act (Act 57 of 2003)
- [18] National Heritage Resources Act (Act 25 of 1999)
- [19] National Veld and Forest Fire Act (Act 101 of 1998)
- [20] Conservation of Agricultural Resources Act (Act 43 of 1983)
- [21] 32-136 Eskom Contractor Health and Safety Requirements Standard
- [22] 240-81146134 Implementing SHEQ as Objective Criteria Position Paper

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**2.3 Definitions**

| <b>Definition</b>                                    | <b>Explanation</b>   |
|--|--|
| <b>Agent (commercial)</b>                            | This means the individual who is responsible for the overall management of the contract and has signed the contractual document.   |
| <b>Business unit</b>                                 | Means a division, site, grid, operational unit, or project within, for, or on behalf of, Eskom Holdings SOC Ltd.   |
| <b>Contract custodian</b>                            | The person defined in a contract as the Eskom representative, for example the project manager/end-user, that is, the person responsible for managing the contract and ensuring that the works or services are executed in terms of the contract.   |
| <b>Competent person</b>                              | A person who, in respect to the work that has to be done, has the required training, knowledge, and experience, and, where applicable, qualification relevant to that work or task, provided that where appropriate qualifications and training are registered in terms of the provisions of the National Qualifications Framework Act No. 67 of 2008, those qualifications and training must be regarded as the required qualifications and training, and is familiar with the Act and applicable regulations made under the Act. |
| <b>Contractor</b>                                    | A contractor is a current or potential supplier, vendor, consultant, or service provider. A contractor/supplier may be a natural or legal person.  |
| <b>Environment</b>                                   | Means the surroundings within which humans exist.  |
| <b>Objective criteria</b>                            | Another aspect of the PPPFA Framework that encompasses SHE evaluations after functionality evaluations. Application of objective criteria may be a reason why the highest ranked tender is NOT selected for contract award.  |
| <b>Safety, health and environmental intervention</b> | An act, event, initiative or campaign that is intended to alter the current levels of SHE awareness, knowledge and/or performance in the organisation, a specific division, operating unit or business unit.   |
| <b>SHE functionary</b>                               | The key individual in Eskom charged with SHE responsibilities, such as SHE managers, officers, advisors, and coordinators (for this purpose, the SHE individual allocated to the project/programme). A SHE functionary should not be confused with a health and safety representative, as defined in sections 17 and 18 of the OHS Act.  |
| <b>SHE functional head</b>                           | The manager in Eskom charged with SHE responsibilities in a division/operating unit/business unit.   |
| <b>Site</b>  | An Eskom department, a specific project site, or the site where a supplier provides a service to Eskom, directly or indirectly.  |
| <b>Tender</b>  | A tender refers to an open or closed competitive request for quotations/prices against a clearly defined scope/specification.  |

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| Definition                | Explanation  |
|---------------------------|--|
| <b>Agent (commercial)</b> | This means the individual who is responsible for the overall management of the contract and has signed the contractual document. |
| <b>Transaction</b>        | Exchange of goods or services or money between a buyer and a seller.   |

## 2.4 Abbreviations

| Abbreviation   | Explanation   |
|----------------|---|
| <b>BRA</b>     | Baseline risk assessment  |
| <b>COIDA</b>   | Compensation for Occupational Injuries and Diseases Act (Act 130 of 1993) |
| <b>DOL</b>     | Department of Labour  |
| <b>DMR</b>     | Department of Mineral Resources   |
| <b>DE</b>      | Divisional Executive  |
| <b>EMP</b>     | Environmental management programme  |
| <b>ESR</b>     | Environmental status rating   |
| <b>ISO</b>     | International Standards Organisation                                      |
| <b>PPPFA</b>   | Preferential Procurement Policy Framework Act (Act 5 of 2000)             |
| <b>SACPCMP</b> | South African Council for Project and Construction Management Professions |
| <b>SHE</b>     | Safety, Health, and the Environment                                       |

## 2.5 Roles and responsibilities

### 2.5.1 Commercial functionaries shall:

2.5.1.1 ensure that sufficient notification and preparation times are provided for the relevant SHE functionary for the preparation of the relevant and specific SHE requirements for the enquiry;

2.5.1.2 ensure that the SHE requirements and specification documents are provided by the allocated SHE functionary and the contract custodian prior to the release of tender enquiry;

2.5.1.3 ensure that a SHE functionary participates in, and provides input into, relevant meetings or forums, processes, and reports that lead to the awarding of a contract (for example, supplier evaluations, squad check meetings, contracting strategies, negotiations, clarification meetings, tender evaluations, evaluation report compilation, contract awarding, and briefing meetings); and

2.5.1.4 ensure that the records pertaining to supplier SHE non-conformances during contract execution, post-contract reviews, supplier suspensions, and contract terminations are received from the contract custodian and that, where applicable, Commercial shall keep a record of such information to make it easily accessible to the relevant stakeholders for future reference, especially

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when determining the allocation of future works or services.

### **2.5.2 Contract custodian (contract executor)**

The contract custodian must ensure that the contract specifies how SHE will be managed and reported on beyond the language that “the contractor will meet all statutory requirements and standards with respect to SHE”. SHE requirements have a direct bearing on the cost of the work, and should be specified in a detailed way. As a minimum, the scope of work should include requirements for a “SHE plan”, including such information as safety inspections, enforcement, safety staffing, permits required, pre-employment testing, substance abuse testing, safety meetings, personal protective equipment required, induction/orientation training, documentation of critical professional skills, necessary SHE training, record keeping, incident investigation procedures, and monthly reporting of statistics to the project/contract manager.

#### **The contract custodian is accountable for:**

2.5.2.1 ensuring that the supplier adheres to the relevant contract SHE requirements;

2.5.2.2 ensuring that a project-specific SHE specification, together with the specific project baseline risk assessment and other relevant procedures and documents, are prepared, in conjunction with the SHE functionary, and provided with the tender enquiry package;

2.5.2.3 ensuring that the necessary details/issues pertaining to contractor non-conformances on contractual SHE obligations during contract execution, safety interventions, post-contract review, and supplier reconsideration are adequately addressed, recorded, and submitted to the Group Commercial Department for recording and to support future reference;

2.5.2.4 where it is impracticable to implement and/or comply with the requirements as set out in this standard, compiling a motivation outlining the scenario, the reasons why the requirement(s) is/are impracticable to comply with, and suggesting recommendations for risk mitigation and submitting them in writing to the Sustainability Systems Contractor Management responsible manager;

2.5.2.5 ensuring that there is a mechanism to monitor SHE compliance during contract execution;

2.5.2.6 ensuring that a post-contract review is conducted with the relevant information and that the results of such assessment are recorded, documented, and kept;

2.5.2.7 ensuring that SHE costing is done as per the project scope and that it forms part of the bill of quantity in the contract;

2.5.2.8 ensuring that after the initial procurement process has concluded for national or divisional contracts (registration, tender evaluation and contract award phases), there is handover of responsibility and accountability to the site personnel at the “site where the work / service is to be conducted”;

2.5.2.9 ensuring that (national and divisional contracts) when a supplier mobilises to site, the responsible manager based at the Eskom site must take over the responsibility for ensuring that the supplier works according to the approved SHE plan and provides oversight supervision over the contractor for task / activities / work / service being performed.

Note: For every site that work is being performed by the contractor a 37(2) agreement must be

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signed by the site contract custodian and the contractor.

### **2.5.3 Line managers who have SHE functionaries reporting directly to them**

2.5.3.1 Line managers with SHE functionaries reporting directly to them are responsible for allocating SHE functionaries to participate in all phases of the commercial process.

2.5.3.2 They must ensure that the SHE functionaries are aware of their responsibilities in participating in the commercial process and ensure that all parties are familiar with the inclusion of SHE in the contract documents.

#### **2.5.3.3 Allocation of SHE functionary**

##### **a) National and divisional contract**

- The responsible division that initiated the project/contract to be established must provide or allocate a SHE functionary for the project.
- During contract award, Commercial must ensure that the contract custodian (project manager/end-user) signs a 37(2) agreement with the appointed supplier(s).
- After contract award, the SHE functionary responsible for the tender process must hand over to the local/site SHE functionary of that division/BU/OU.
- The division/BU/OU which requested the work to be done and the division/BU/OU which will be overseeing the execution of the work may have a service-level agreement in areas where a local SHE functionary is not available to ensure compliance during the project execution stage.
- Where possible, SHE subject matter experts may be requested to be part of the team that develops the contract strategy and SHE requirements.

Eskom site management is responsible for directly supervising and managing such contracts and ensuring that SHE is complied with. This will require that operational control be managed and enforced at the operational level, and not by an oversight or indirect supervisory function.

##### **b) Localised contract (OU/BU)**

- The SHE manager must allocate a SHE functionary for the project/contract/transaction.

2.5.3.4 The SHE manager of each business unit is responsible for the identification and selection of competent staff members who shall ensure that the requirements set out in this standard are met.

2.5.3.5 The SHE manager of each business unit (for example project, grid, operating unit, region, power station) shall apply discretion when allocating a SHE resource to represent the functional area in commercial issues by considering the seniority level of the SHE resource against the value and complexity of the scope of work of the commercial task. Subject matter experts shall be seconded or sourced to assist with certain projects.

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2.5.3.6 The SHE manager shall ensure adequate representation by a SHE functionary for participation in, and input into, the relevant meetings/forums, processes, and reports that lead to the awarding of a contract. The SHE functionary is responsible for coordinating the research, preparation, and consolidation of the applicable SHE requirements, together with the designer/project engineer and contract custodian for each tender enquiry, and shall ensure that these requirements are handed over to the Commercial functionary for further action.

2.5.3.7 The SHE functionary has to ensure that requirements listed in Annexure C1/C2/C3/C4/C5 (evaluation criteria) are always relevant and specific to the project that shall be used during the tender evaluation stage. A project-specific SHE specification, baseline risk assessment (included as an annexure in the SHE specification), Annexure B32-136 (Contractor Health and Safety Requirements Standard), Contractor SHE requirements and the evaluation criteria shall be provided and form part of the tender enquiry package.

2.5.3.8 The SHE functionary must determine whether the work falls within the definition of “construction work”. If the work falls within “construction work”, he/she must ensure alignment of the SHE requirements such that compliance with the Construction Regulations 2014 is achieved.

2.5.3.9 The SHE functionary is responsible for ensuring the utilisation and support of the mechanism for monitoring SHE performance and compliance during contract execution.

2.5.3.10 The SHE functionary is responsible for providing detailed information pertaining to supplier non-conformances and safety interventions for post-contract SHE review and provides reports for the contract custodian to submit to Group Commercial to determine allocation of future works or services.

2.5.3.11 For projects or services with a SHE focus, the SHE functionary shall identify specific technical SHE requirements that will be included in the technical evaluation criteria for the project, that is, SHE audits/auditors, SHE consulting, SHE panels, emergency response, etc.

## **2.5.4 Tender Committee**

2.5.4.1 It is the responsibility of the Tender Committee to ensure that SHE requirements have been catered for with every transaction unless the services/products being procured are exempted from such.

## **2.5.5 Supplier/contractor/service provider**

2.5.5.1 The supplier has to ensure that he/she registers as a vendor with Eskom when requested.

2.5.5.2 It is the responsibility of the supplier to provide valid and authentic documentation for assessment.

2.5.5.3 The supplier may seek guidance, clarity and advice from Eskom in order to comply with the requirements of this standard (excluding the tender phase).

2.5.5.4 The supplier must comply with, and adhere to, SHE legislation and Eskom SHE requirements at all times when conducting work for or on behalf of Eskom or any of its subsidiaries.

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2.5.5.5 The supplier, as a legal entity, must be conversant with SHE legal obligations related to the works tendered for.

2.5.5.6 Each site or premises of Eskom and its subsidiaries has/have different SHE site-specific requirements, and it is the responsibility of the supplier to ensure that those requirements are met before work can commence. Approval from one site/premises does not automatically provide authorisation to execute work at another site that is outside the jurisdiction of the authorising SHE personnel, even if the scope is of a similar nature.

## **2.6 Process for monitoring**

The implementation of this standard will be monitored as part of contract reviews, inspections and/or audits undertaken.

## **2.7 Related/supporting documents**

- [1] [240-77433139 Annexure A: Supplier risk category](#)
- [2] [240-77471499 Annexure B: Acknowledgement form for Eskom's SHE rules and requirements](#)
- [3] [240-77471651 Annexure C1: Supplier OHS tender evaluation template \(high and medium risk\)](#)
- [4] [240-77471969 Annexure C2: Supplier OHS tender evaluation template \(medium risk\)](#)
- [5] [240-106084657 Annexure C3: Supplier OHS tender evaluation template \(low risk\)](#)
- [6] [240-106084699 Annexure C4: Supplier OHS tender evaluation template \(construction work\)](#)
- [7] [240-108987034 Annexure C5: Environmental tender evaluation template](#)
- [8] [240-77472561 Annexure D: Contract SHE performance evaluation template](#)
- [9] [240-108987034 Annexure E SHE commercial process checklist](#)

## **3. Document content**

### **3.1 The contractor SHE management model**

Eskom has adopted a five-phase SHE contractor management model to effectively manage contracts, contractors and suppliers. See Figure 1.1 on page 18.

#### **3.1.1 Phase 1: Tender phase**

##### **3.1.1.1 Designing**

For any product or service that includes compiling the design of a building, equipment, modification of existing plant, etc., the Eskom contract custodian, with the assistance of the SHE functionary, has to provide the designer with a SHE specification specific to the project to ensure integration of SHE requirements in the design. The appointed designer shall not commence with the design if the SHE specification has not been provided.

The designer, contract custodian, and responsible SHE functionary have to conduct a site visit before commencing with the design or before any project SHE specification can be developed. (This phase may not be applicable to all projects/transactions.)

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### **3.1.1.2 Tender enquiry, evaluation, and award**

3.1.1.2.1 SHE requirements shall form part of the tender enquiry. The SHE requirements shall be aligned with the supplier risk category. The tender enquiry shall be accompanied by a project-specific SHE specification, baseline risk assessment (included as an annexure in the SHE specification), Annexure B 32-136 (Contractor Health and Safety Requirements Standard) and the evaluation criteria.

Note: Not all scope of work will require the environmental aspect in the tender phase.

3.1.1.2.2 SHE tender returnables must be clear and explicit to suppliers. The Eskom SHE functionary has to identify and list all the applicable SHE requirements in relation to the scope of work.

3.1.1.2.3 Where applicable, the tenderers or potential suppliers may be expected to conduct a site visit of the area where the work will be executed before tendering under the supervision of the Eskom contract custodian and the Commercial functionary.

3.1.1.2.4 Further guidance and support with regard to SHE matters will be provided at the clarification meeting. SHE shall be a standard item on the agenda for the clarification meeting.

### **3.1.1.3 SHE application, evaluation and reports**

- a) For SHE tender evaluations, the Commercial functionary shall ensure that all SHE evaluations are carried out by the allocated SHE functionary. A SHE evaluation report shall be compiled by the responsible SHE functionary and submitted to Commercial.
- b) Preferably, the same SHE functionary should be involved in a project. If a different SHE professional has to be used, a proper handover has to be done by the two SHE functionaries.
- c) SHE requirements shall fall under the objective criterion. However, the supplier(s) shall comply with all SHE requirements as per the evaluation criteria before contract award. Only suppliers who have passed the functionality evaluation will, subsequently, be evaluated. After the first SHE tender evaluation, supplier(s) shall be given seven working days to submit outstanding documents. Failure to do so means that the supplier shall be regarded as non-responsive.
- d) The SHE requirements and applicability will, ultimately, be determined by the responsible SHE functionary for all scope of works/transactions.
- e) For tender prequalification purpose, SHE costing is not applicable to the evaluation criterion.

### **3.1.1.4 Exempted service**

**Due to the risk nature of these products or services provided to Eskom, the following, but not limited to these service providers or services or scopes of work, are exempted from the SHE prerequisites for the tendering process. Thus, SHE will not form part of the tender evaluation criteria. However, SHE inputs on the design and product specification should not be excluded from the tendering process.**

- a) Manufacturing and supply (where the scope of work excludes delivery by the supplier to any of the Eskom premises or sites)

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- b) Service, where the conditions of the service provided are not provided at any of the Eskom premises or sites (for example, consulting, motor claim insurance, IT online service, manufacturing, etc.)
- c) Government entities or agencies
- d) Independent electricity generators, electricity distributors and demand response suppliers for rebate
- e) Professional registration bodies
- f) Non-profit organisations (for funding purposes)

#### **3.1.1.5 Contract awarding**

- a) When the supplier is awarded a contract, an OHS Act section 37(2) agreement shall be concluded and signed between the supplier and the contract custodian/end-user, together with the contractual documents. All findings/observations in the SHE tender evaluation report and SHE file requirements must be addressed with the supplier at the negotiation meeting.
- b) For contracts where the scope of work is classified as construction work and requires a construction work permit in accordance with the Construction Regulations 2014, a minimum of 30 days must be allocated to allow application to the DOL for the permit to be processed. Thus, work shall only commence after obtaining the corresponding construction work permit from the DOL.
- c) For national contracts that have been evaluated centrally, divisional/OU/BU SHE functionaries shall provide their corresponding SHE requirements to the supplier. The supplier shall as a result ensure compliance with each OU's/BU's SHE requirements, regardless of being approved at Head Office.

**Note:** Due to the centralised nature of certain procurement activities such as national contracts, the Commercial SHE functionaries are responsible for Phase 1 (tender phase) and thereafter must hand over the process to the BU/OU SHE functionaries. The contract custodian, together with OU/BU SHE functionaries, must ensure that SHE requirements are adhered to by the supplier.

#### **3.1.2 Phase 2: Supplier registration**

3.1.2.1 Commercial Department shall ensure that when a supplier is being registered on the Eskom vendor database, such supplier has been subjected to a SHE tender evaluation.

3.1.2.2 The supplier shall meet the minimum Eskom SHE requirements prior to approval and registration. See Annexure A for minimum requirements and conditions applicable to vendor registration.

3.1.2.3 All SHE requirements applicable to South African-based companies are also equivalently applicable to international suppliers, depending on the supplier risk category. Where applicable, an equivalent requirement or document written in English may be submitted.

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**3.1.2.4 Exempted suppliers (both national and international) for suppliers SHE assessments for database registration purpose. The following suppliers/scope of work will not be required to submit the SHE prerequisite for registration purposes:**

- a) Where maintenance of Eskom's assets or any service is performed/provided externally off/beyond Eskom premises/site, for example maintenance of vehicles at motor vehicle manufacturer/supplier/repairer premises
- b) Suppliers who mechanically repair Eskom vehicles; however, a detailed SHE inspection will be conducted on the premises by an Eskom fleet representative
- c) Independent electricity generators, electricity distributors and demand response suppliers for rebate
- d) Venue, seminars, conferences and accommodation services, where a contract does not exist between Eskom and the supplier
- e) Municipalities from which Eskom acquires utility services, e.g. water, sanitation, etc.
- f) Purchasing of consumables from established retailers (e.g. Woolworths, Makro, Shoprite, Game, clothing trading outlets)
- g) Agents: suppliers acting on behalf of Eskom to source out a certain commodity or product
- h) Property leasing: suppliers who lease building(s) to Eskom
- i) Recruitment agencies and temporary employment services/labour brokers
- j) Professional registration bodies and accreditation authorities
- k) Suppliers providing online services from their premises (IT licensing, insurance, etc.)
- l) Non-profit organisations (for funding purposes)

**3.1.3 Phase 3: Site mobilisation/access to site**

**3.1.3.1 Prerequisites for commencement of works or services following contract award**

- a) The Commercial functionary shall ensure that the site SHE functionaries are given notice of the contract award so as to ensure that the SHE file evaluation is done before the supplier can mobilise to site and commence with work.
- b) For a national contract, Commercial / corporate SHE functionaries will hand over the project to the relevant OU/BU SHE functionary.

Note: Work should only commence after the SHE file has been accepted and approved by the SHE functionary and contract custodian.

**3.1.4 Phase 4: Contract/service execution and continual monitoring**

**3.1.4.1 Continual SHE performance monitoring**

- a) SHE functionaries shall conduct inspections, audits, and blitzes to monitor SHE compliance and adherence by the contractor.
- b) The contract custodian shall ensure that monitoring mechanisms (such as audits and reviews) are instituted, with the support of SHE functionaries, to ensure compliance with SHE legislative and Eskom requirements.

**3.1.4.2 Management of contractors**

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- a) The contract custodian shall ensure that the main/principal contractor is notified that he/she is accountable for the management of his/her contractors/suppliers and also to ensure that his/her contractors/suppliers comply with the applicable legal and Eskom requirements (applicable during contract execution of works and services in terms of the contract).
- b) The contract custodian, together with the commercial functionary, has to ensure that all the non-conformances or non-compliances of the suppliers are dealt with by means of approved Eskom contractor management processes, e.g. Supplier Reconsideration Standing Committee.

#### **3.1.4.3 Enforcement of compliance and monitoring during contract execution**

SHE functionaries shall ensure that there is a mechanism to monitor SHE performance and the supplier's compliance at predetermined intervals during contract execution and that these reports are provided to the contract custodian, as well as the commercial functionary, during the execution of the contract and for the post-contract review process.

#### **3.1.4.4 Work stoppage/safety interventions/suspension of works and services under a contract**

Authorised individuals may report an activity, unsafe act, or unsafe condition that poses a threat to the health and safety of persons or create a risk of degradation to the environment. This includes any unauthorised work or commencement of an activity without the required environmental approval or service performed by, or legally or contractually non-compliant acts or omissions by, the contractor or such contractor's contractors. The BU/OU/project should devise a process for reporting unsafe work or conditions.

The temporary stoppage of an activity/activities or task(s) may be due to SHE concerns, including the following circumstances:

- a) Ad hoc safety intervention by Eskom management: all work of a similar nature may be stopped due to the occurrence of a serious incident, and the relevant supplier will be required to comply with, and/or verify, the conditions stipulated in the safety intervention instruction pack.
- b) Ad hoc safety intervention by any person, especially SHE functionaries, may be due to unsafe work or unsafe behaviour by the contractor. The conditions that gave rise to the work stoppage will determine the corrective measures to be taken urgently to protect the health and safety of employees and protect the environment and plant or equipment, etc.

#### **3.1.4.5 Supplier status reconsideration**

The supplier having built up a history of poor performance with Eskom in relation to matters or aspects of compliance with safety, health and/or environmental regulations, policies and/or procedures will initiate the deregistration investigation.

In the event of any one of the following incidents occurring, an investigation may be initiated:

- a) When a supplier has one or more work-related fatalities within a financial year or the period of the project for contracts of less than one year
- b) When a supplier experiences three or more lost-time incidents in the same financial year
- c) When a supplier has three major SHE non-conformances raised in the same financial year

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- d) When a supplier has had two or more contraventions of environmental legislation, including non-compliance with a condition contained in an environmental approval
- e) When the contractor has been issued with a compliance notice issued by a government department, for example, the Department of Labour, Department of Environmental Affairs, Department of Water and Sanitation, etc.
- f) When violation of any of the Eskom Life-saving Rules occurs
- g) When fraudulent SHE-related documents are submitted by a supplier

**NOTE: No Eskom employee or representative is allowed to merely terminate or suspend a contract at any given point in time unless formal approved processes have been observed. The contractor must be subjected to prescribed official contractor reconsideration processes.**

#### **3.1.4.6 Contract completion/handover**

It is the responsibility of the project manager to ensure that the final SHE inspection carried out, with the assistance of the SHE functionaries, is done before the contract end date is reached.

The contractor's SHE file or copy thereof shall be handed over to the contract custodian on completion of the project.

For in-house projects where an Eskom department or division manages a project at another division's premise/site, the project handover shall include the SHE file, which shall be handed over to the client or client's agent (site owner/asset owner).

#### **3.1.5 Phase 5: Post-contract review**

3.1.5.1 After a contract has ceased or ended, the supplier must be evaluated on SHE performance over the duration of the project by the contract custodian, with the support of the SHE functionary.

3.1.5.2 The contract custodian has to inform the supplier about the SHE KPIs before work can commence, and Annexure D can be used as a guideline. The SHE functionary has to be involved in order to assist the contract custodian with setting the SHE KPIs and shall prepare the SHE component in preparation for the review process, that is, audit reports and the SHE compact/contract, inspections, minutes, presentations, etc.

3.1.5.3 The Commercial functionary shall ensure that post-contract reviews are incorporated in the commercial process, so as to review the supplier SHE performance during the execution of the contract and ensure that the assessment results are made accessible and available to relevant stakeholders for future reference.

3.1.5.4 The output of the post-contract assessment shall be submitted to Commercial (supplier management) for record-keeping purposes.

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**4. Acceptance**

This document has been seen and accepted by:

| <b>Name</b> | <b>Designation</b>  |
|-------------|---|
| K Pather    | General Manager – Sustainability Systems                      |
| J Naidoo    | Senior Manager Contractor Management and Capacity Enhancement |
| R Pillay    | Construction OHS Manager                                      |
| W Madonsela | Chief Advisor Legal   |

**5. Revisions**

| <b>Date</b> | <b>Rev.</b> | <b>Compiler</b>  | <b>Remarks</b>  |
|-------------|-------------|------------------|---|
| August 2016 | 2           | D Maunatlala     | A review was conducted to align the standard with the new commercial process in Eskom.  |
| June 2014   | 1           | D Maunatlala     | A review was conducted to realign the standard with the PPPF Act (Act 5 of 2000).   |
| June 2011   | 0           | Development team | This standard addresses minimum safety, health, and environmental requirements that must be integrated in the Eskom commercial process. |

**6. Development team**

The following people were involved in the development of this document:

- Diane Maunatlala
- Grietjie Doubell
- Meisie Sindane
- Kgaugelo Sedibeng
- Mikateko Chauke
- Florence Pooe

**7. Acknowledgements**

- Robin Pillay
- Mikateko Chauke

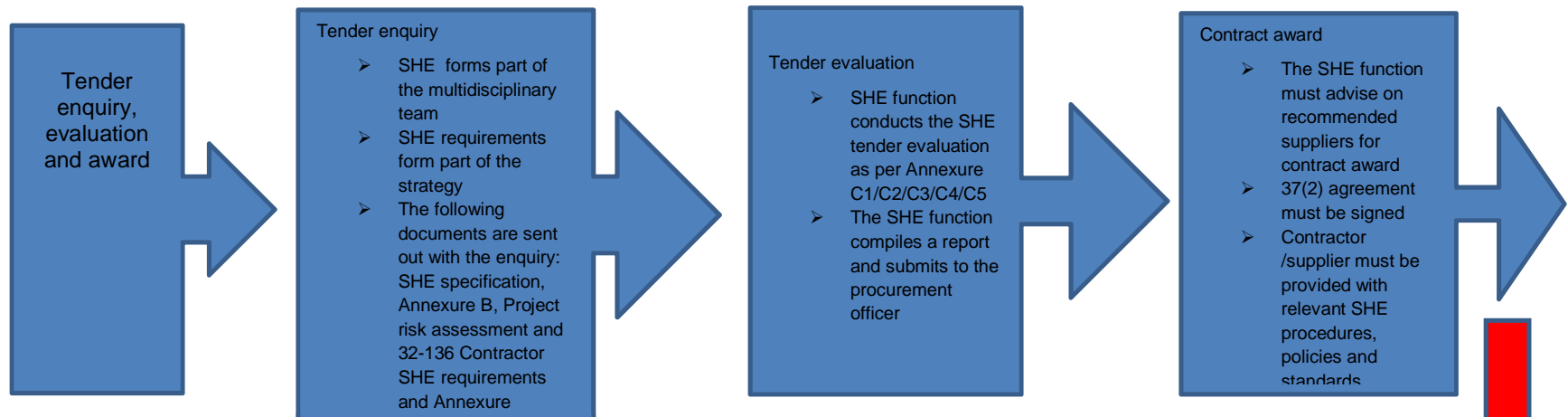
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**Figure. 1.1 Contractor SHE management model flow diagrams**

**Phase 1**



**Phase 2**

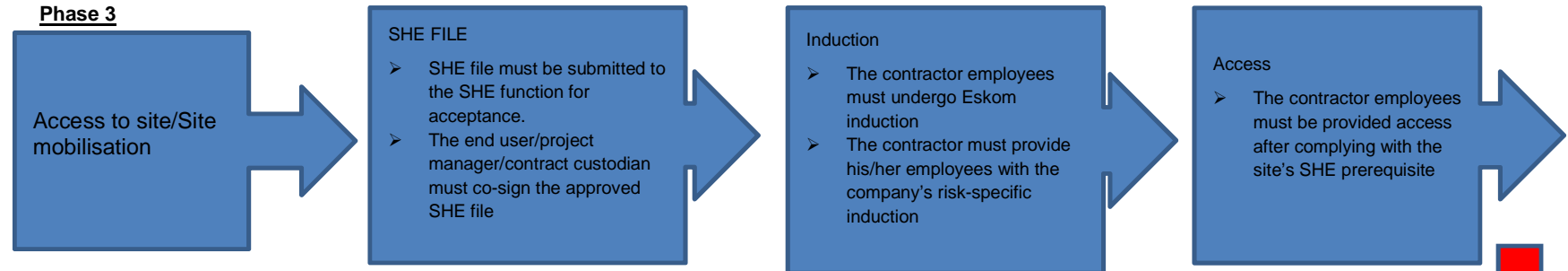


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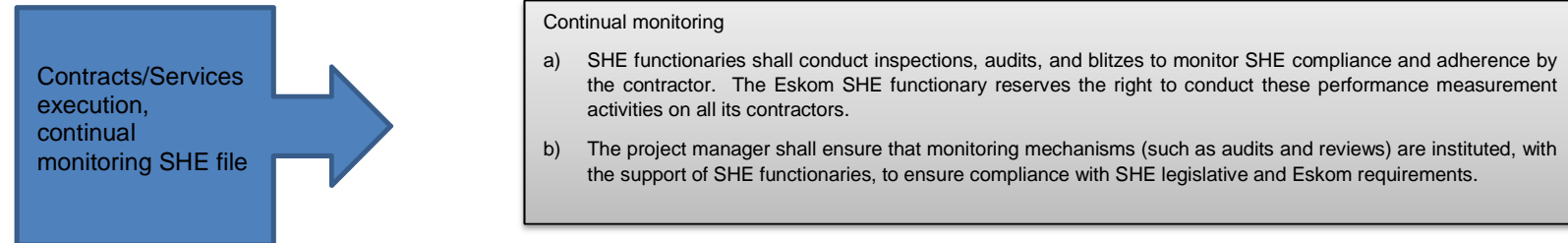
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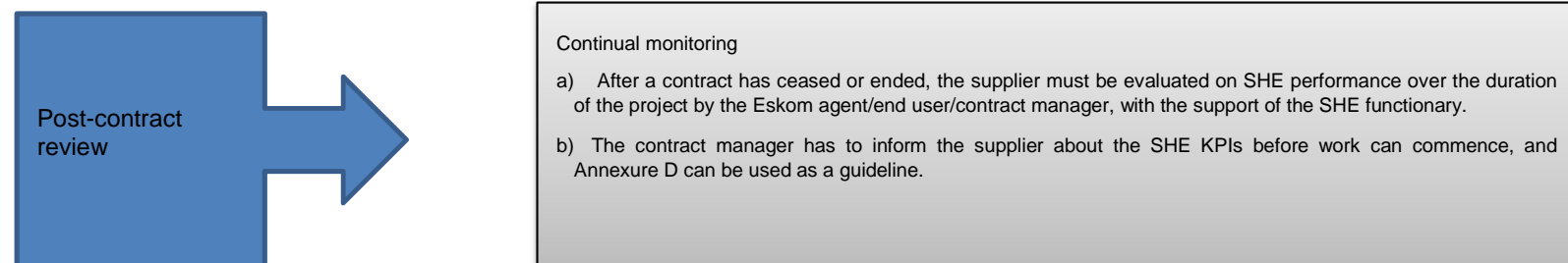
**Phase 3**



**Phase 4**



**Phase 5**



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