

SUPPLIER DEVELOPMENT LOCALISATION AND INDUSTRIALISATION TARGETS

1. OBJECTIVE CRITERIA – Local Content and Local-to-site beneficiation

Eskom is using this procurement opportunity to promote socio-economic transformation, empowerment of small enterprises, rural and township enterprises, designated groups and promotion of local industrial development. It is against this background that Eskom reserves the right to award a contract to a supplier that commits to the B-BBEE Retention, Skills Development and Job Creation in favour of beneficiaries residing within the Local Municipality where the service will be consumed as requested below, in line with Section 2 (1) (f) of the Preferential Procurement Policy Framework Act (PPPFA).

1.1. Supplier Development Localisation and Industrialisation Matrix

The SDL&I Matrix is not an evaluation criterion, however Tenderers are under obligation to submit proposals before they are eligible for award in accordance with Section 2 (1) (f) of the PPPFA.

| TABLE 1: SUPPLIER DEVELOPMENT AND LOCALISATION COMPLIANCE MATRIX FOR SUPPLIERS AND CONTRACTORS | | | | |
|------------------------------------------------------------------------------------------------|----------------|------------------|---------------------|------------------------------|
| Criteria | Weight (%) | Total Target (%) | Proposed Target (%) | Total Overall Weighted Score |
| Local Content to South Africa | 50.00% | 100.00% | | |
| Skills Development | 50.00% | | | |
| Total Score | 100.00% | | | |
| Total Supplier Development and Localisation Score | | | | |

1.2. Transformation or B-BBEE Retention Plan

Eskom encourages its suppliers to constantly strive to improve their B-BBEE rating. Whereas Respondents will be allocated points in terms of a preference point system based on its B-BBEE scorecard, Eskom also requests that Respondents submit B-BBEE improvement plan.

Respondents are therefore requested to indicate the extent to which they will maintain (only if the Respondent is a Level 1) or improve their B-BBEE status over the contract period. Respondents are requested to submit their B-BBEE Improvement Plan as an essential document with their bid.

1.3. Skills Development

Considering the overall budget, duration of the contract, opportunities for growth in this industry and the industries annual contribution to skills development levies, the successful supplier is obliged to develop skills through a one year bursary of R45,000.00 per student at a registered and accredited South African university in favour of a student residing within the Local Municipality where the service will be consumed. The number of bursaries will be linked to the value spent against the contract period.

The skills development initiative will not be part of the weighting criteria however as **a condition for contract award**, the successful supplier is obligated to offer a one year bursary valued at R45,000.00 per assigned beneficiary at a registered and accredited South African university, for every R3 million invoiced of the cumulative contract amount.

Training of candidates

The successful supplier will offer a university bursary in favour of a student residing within the Local Municipality where the service will be consumed for every R3 million invoiced of the cumulative contract amount. The skills development commitment shall be carried out within one month of reaching or exceeding the R3 million threshold.

Reporting

At task order stage the winning bidder will be required to submit a training programme to Eskom for approval as part of the implementation schedule, which sets out the following in detail:

- Details of South African university including year of study and full time programme;

1.4. Job creation

To be completed by tenderer

| | |
|--------------------------------------------------------------------------|--|
| Number of jobs to be created as a direct result of this contract | |
| Number of jobs to be retained as a direct result of this contract | |

- Tenderers must indicate the number of jobs to be created and / or retained as a direct result of this contract. These proposals will be made in the table above.
- The expectation will be that the successful supplier will have a core team, which will be made up of specialised skills that may not be sourced in the areas surrounding the site. It

will be required that at least **50%** of all semi-skilled and **100%** of all unskilled labour that will be utilised in executing the works, will be sourced from areas local to the site.

- Local to site for job creation refers to communities residing within the Local Municipality where the service will be consumed.

2. SDL&I Penalty

- a. Eskom will apply a penalty of 2.5% of the contract amount for successful supplier's failure to meet SDL&I obligations.

3. Monitoring and reporting of SDL&I commitments

- a. The successful suppliers shall on a monthly basis submit a report to Eskom in accordance with Data Collection Template on its compliance with the SDL&I obligations described above.
- b. Eskom shall review the monthly report submitted by successful supplier within 60 (sixty) days of receipt of the reports and notify successful supplier in writing if its SDL&I obligations have not been met.
- c. Upon notification by Eskom that successful supplier has not met its SDL&I obligations, the successful suppliers shall be required to implement corrective measures to meet those SDL&I obligations before the commencement of the following month, failing which penalty clause shall be invoked.

Every contract shall be accompanied by the SDL&I implementation schedule which must be completed by the successful supplier and returned to the SDL&I representative for acceptance **before** contract award. This will be used as a reference document for monitoring, measuring and reporting on the supplier's progress in delivering on its stated SDL&I commitments.

Signed _____ Date _____

Name _____ Position _____

Tenderer _____