

Contractors and Suppliers to a Contractor Engagement Session (Part 5 of the Supplier Engagement Session series)

Project Stability Set Up

31 March 2022





Invitation



SA is experiencing a socio-economic landscape that is characterised by high unemployment and poverty
This challenge is resulting to unrealistic expectations when infrastructure projects are executed across the country
Eskom's infrastructure programme has seen numerous acts of instability from the communities it operates from which has put the safety of personnel and equipment at risk



- Misalignment on expectations (Eskom/Contractor/Community)
- Lack of integration on interdependent Stability initiatives and accountability



- Delayed projects completion.
- Failure to complete projects
- Cost Escalations



Business Separation

	Q2	Q3
Engagements	29	42



Financial sustainability

Engagements	3	5
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Infrastructure Development

Engagements	18	33
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Insights

Business separation

- Focuses on the creation of the Independent Transmission System & Market Operator
- Objective is to enable external market competition, growth and energy security.
- Three key success factors towards ITSMO development is staff/labour buy in and effective government alignment & lender consent.
- Our stakeholder efforts in the staff/labour categories point to good progress. The lender programme picked up in Q4. Unfortunately, due to inability to secure Govt alignment timeously, Eskom has not been able to meet the Dec'21 timelines.

Financial Sustainability

- Financial viability of NTCSA in the medium term is secured via parent company guarantee.
- Engagements on Tx financial sustainability were with customers (eg LEC, HCB etc) and Govt.
- As Eskom is exploring solutions to ensure its financial stability and sustainability, and as noted in the South African Government's 2022 budget, Eskom is working with the National Treasury on a sustainable solution to deal with Eskom's debt in a manner that is equitable for all stakeholders.

Infrastructure development

- Infrastructure related engagements across Suppliers, Contractors, Communities were driven by N3 road closure, project execution, servitudes matters, local govt election impact, and contractor employee issues.

Mandate

To facilitate variables that enable the Eskom projects to have an ability to absorb and be resistant to disruptions without hindrances to project outcomes, resulting to project resistance and balance



Vision

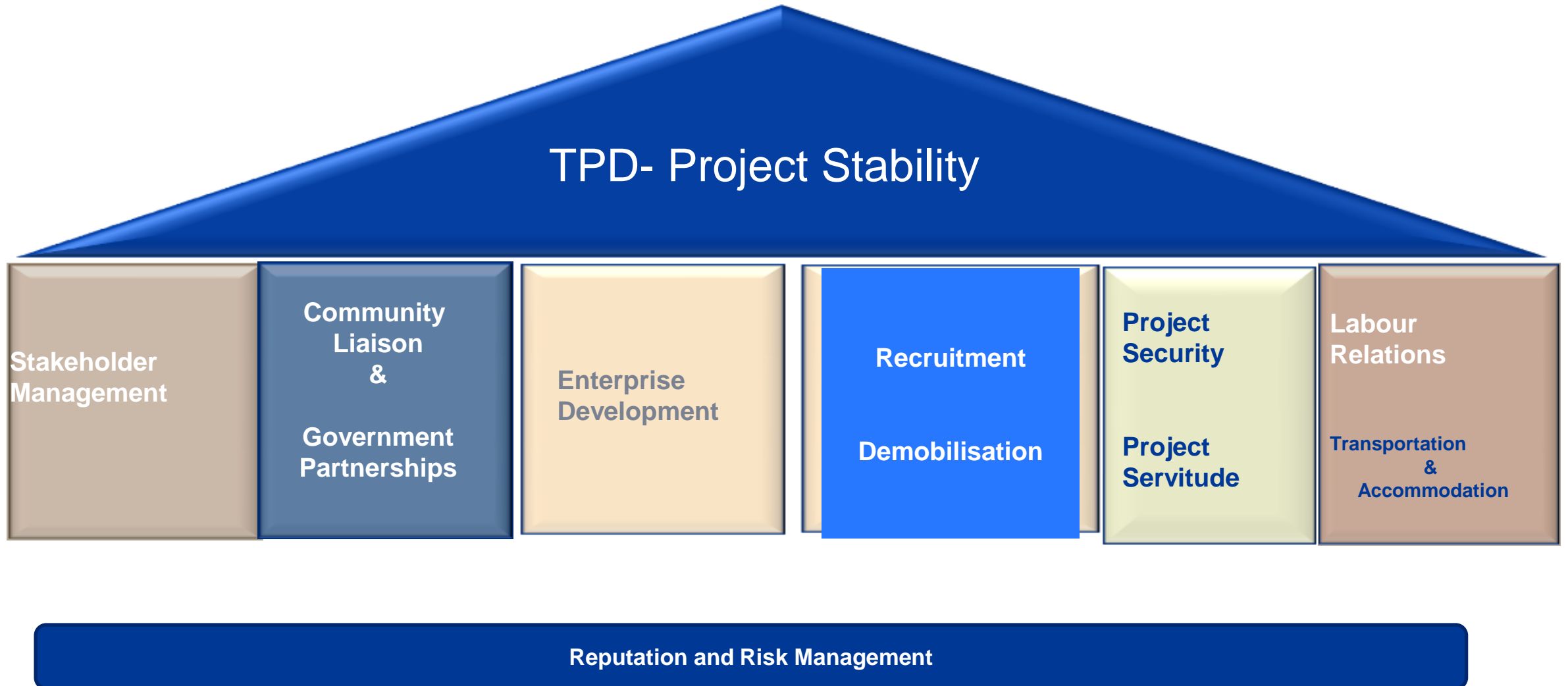
Excellence in the management of Stability issues on the new build and refurbishment projects contributing towards successfully executing and completing the construction projects, meaningfully contributing towards the social upliftment of the communities within the build capacity expansion programme resulting in Eskom earning the trust of Key Stakeholders (Investors, Shareholder, Labour, Business and Community).



Stability Guideline

To forge strategic partnerships and establish an Effective Stakeholder management programme that inculcates, trust with different role players aimed at Designing and implementing an Effective and Holistic Risk Management Strategy to manage the Stability Risks on the project.

The establishment and maintenance of a Labour Relations Framework containing pertinent labour relations aspects that the contractors are required to establish and implement to regulate and facilitate fair and sound labour relations practices on the project.



Common Challenges & Work-stoppage issues

Contractor Generated issues

Employment opportunities, recruitment process, job grades, refusal to partial/scope based site demobilization as project continues and is approaching completion

Payment rates from multiple contractors on site, local employees dictating to the projects on benefits; working time,

skills development initiatives and employment retention

Contractor financial non viability, contractor non-compliance whilst demanding subcontracting opportunities, sourcing according to local to site definition

External Stakeholder issues

Demands for Local employment beyond what the project can accommodate with project disruption whilst negotiations take place with local leadership, Unreasonable SMME opportunities,

Increasing CSI requests
Delays in the implementation of approved CSI projects

Increasing Pressure groups, Splinter groups each with the same demands, Fulfilling the expectations of various Business Forums in the province, employee transportation demand by local taxi associations

Project high jacking by Construction mafia, Community unrest

Project Stability Risks

Lack of labour peace, stakeholder misalignment, SMME participation, Construction Mafia, Servitude access, Community disruption

PROJECTS STABILITY IMPROVEMENTS BUSINESS MODEL

Project Security

- Strategy of deterrence, detection and response
- A hybrid model of an in-house, contracted security work force & partnership with SAPS
- Conclusive Security risk assessment with continuous environmental scanning (Physical guarding, tactical response and threat management)
- Local Security Management System (LSMS) develop local solutions
- Security awareness inculcating a pro-security culture

Stakeholder Management

- Establishment of Strategic partnerships to drive the project agenda
- Stable labour relationships
- Stakeholder Collaboration & relationship building for risk management
- Manage industrial action and community unrest
- Stakeholder Collaboration
- Environmental scanning, intelligence gathering & analysis
- Strategic Campsite Site location,
- Social facilitation for buy-in,
- Manage political interference
- Lobby leaders & Communities
- Special interest groups

Socio Economic Intervention

- Community partnership by leveraging on project benefits of socio-economic contribution of job creation and local SMME development
- Inclusion and development of local SMME's.
- Communication of available subcontracting opportunities and compliance
- Approach that encourages procurement according to local to site definition.
- Workshop on Expression of Interest and how to do business with Eskom/Contractor to be conducted
- Use visible & agreed communication tools

Support of operational requirements

- Establish & Alignment of participative structures to influence positive attitude and lobby for project activity support
- Avoidance of employees and infrastructure vulnerability

Responsive to project stoppages

- Approach on emergency preparedness
- Establishment of response team
- Timeous tracking & resolution of prevailing issues

NAME OF PROJECT:

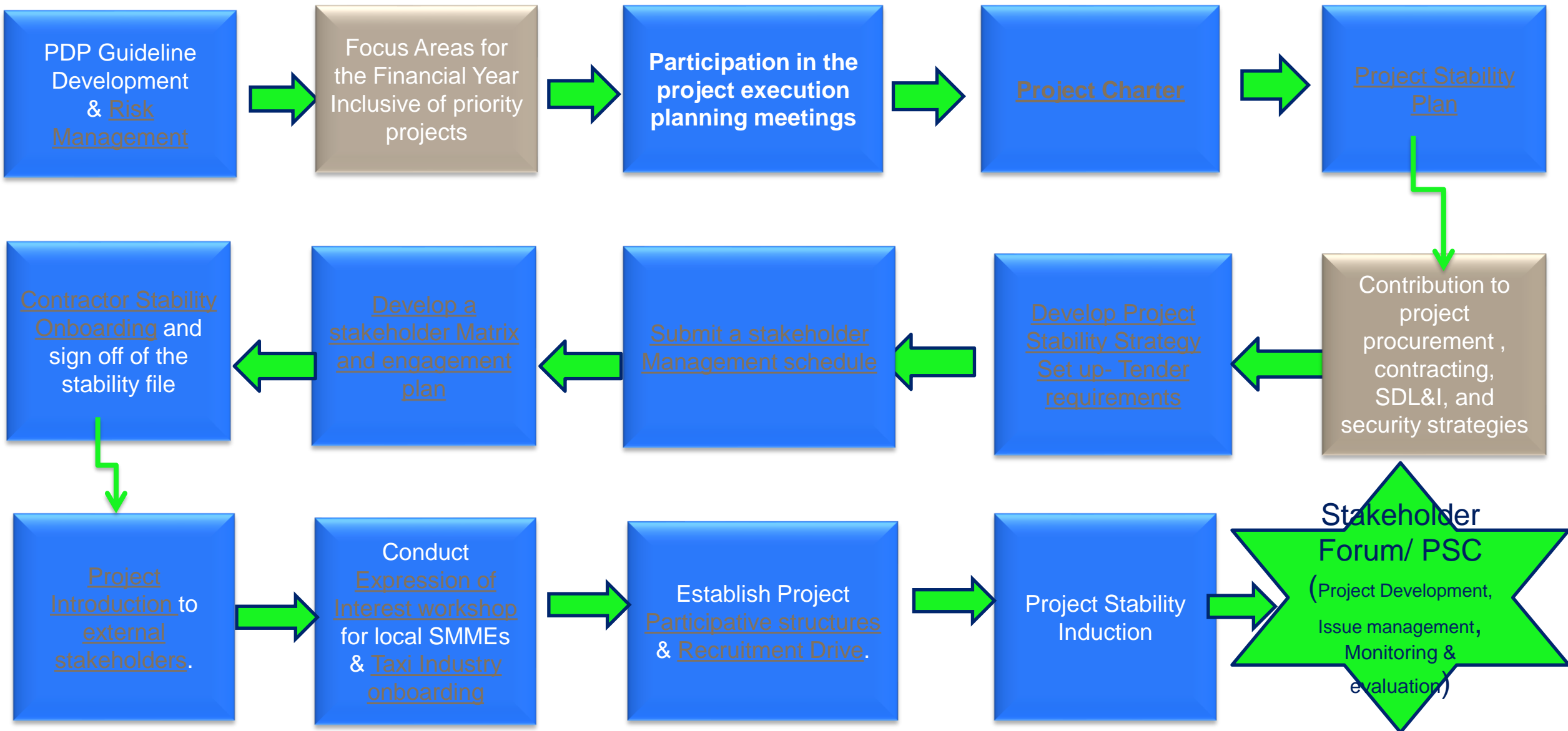
Transmission Project Delivery

NAME OF ACCOUNTABLE PERSON/S:

N Mafumbatha

FOCUS AREA	PLANS/STEPS TO ACHIEVE	Status
<ul style="list-style-type: none"> Setting up of project stability execution system for new and existing TPD Projects that enables in a stable operational environment through. 	<ol style="list-style-type: none"> Development of project stability strategy for TPD projects, that outlines project stability processes, and initiatives that enable a conducive environment for project execution Establishment of and participation in the project participative structures according the TPD Stability guideline Execution of the strategy on approval 	<ol style="list-style-type: none"> <u>That project stability is informed of new projects to be executed</u> Monthly Management Reporting at TPD Management Meetings <u>Engagements with Supplier engagement forums</u> <u>Monthly TPD Stakeholder Report for Tx EXCO and Board</u>
<ul style="list-style-type: none"> Facilitate resolution of incidents that result to project instability impacting Eskom Operations 	<ul style="list-style-type: none"> Responsive to & Tracking of issue raised by stakeholders and incident management to avoid project work stoppages Activation of emergency response teams to mitigate prevailing issues and project stoppage as guided by the PDP Stability guideline 	<ul style="list-style-type: none"> Issue and incident log <u>Emergency Preparedness Workflow</u>
<ul style="list-style-type: none"> To provide strategic direction & guidance for the project stability risk management,. 	<ul style="list-style-type: none"> Facilitate collaboration of strategic stakeholders for the successful implementation of the project Contribute to security strategy for new green fields and brownfields projects Facilitate appointment /allocation of stability personnel to ensure execution Inclusion of project stability on Project induction. Monitoring of project HR issues that include, employee contracts, pay issues and skills development initiatives 	<ul style="list-style-type: none"> <u>Developed of stakeholder advisor & CLO Profile</u> <u>Developed employment Adverts and interview questionnaire</u> <u>Employee policy and procedure</u>
<ul style="list-style-type: none"> Facilitate Inclusion of project stability requirements in new project execution contracts. 	<ul style="list-style-type: none"> Contribution to the project contracting strategy, procurement strategy and execution strategy 	<ul style="list-style-type: none"> <u>Stability Strategy Tender Requirements</u>

Project Stability System

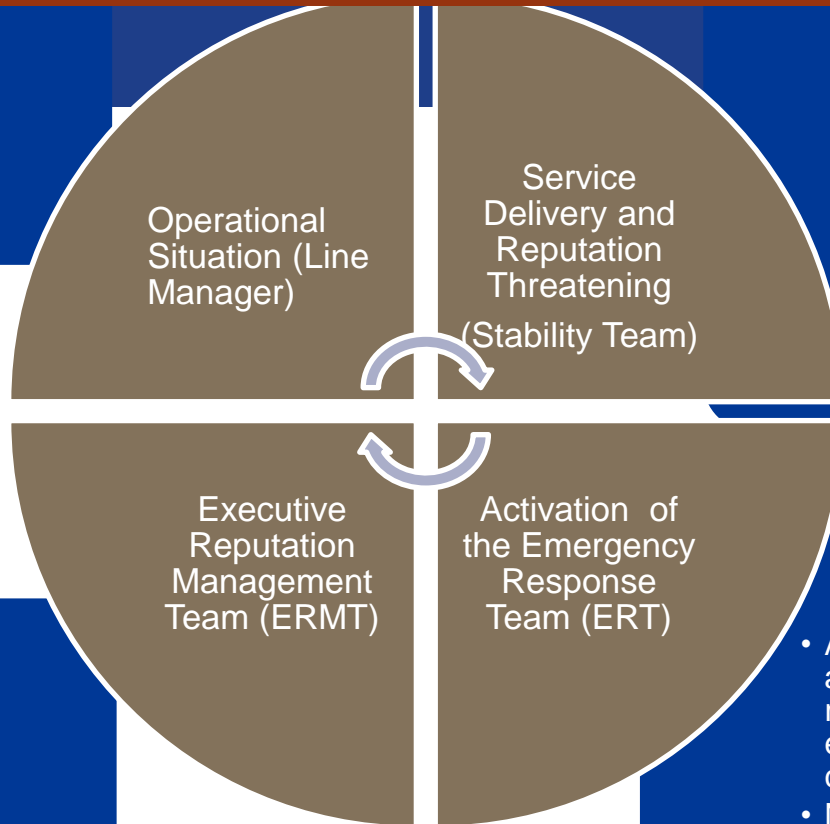


Project Stability Set up

Stability Requirements	Contractor Employment System	Conditions of service	Employee Management
Stakeholder management guideline & Community Liaison protocol	Employers Policies or Procedures for employee	Contractor Resource Plan	Contractor Industrial Relations Policies, Procedures and Standards
Methodology for issue and incident management	A guideline on recruitment & demobilisation	A clear indication on which bargaining council(s) will have jurisdiction over the contractor and its subcontractors	Required stability personnel appointment
Project Communication Protocol	Termination of Contract and Removal from Site,	Employment alignments process of employee rates with subcontractor's within the same site	Contractor Induction Programme which includes project stability
Media Management, Spokesperson guideline,	Use of Temporary Employment Services	Pro Forma of Limited Duration Contract	Engagement Forum the Contract Plans to implement
Project Branding Protocols that include project Signage, Uniform and Vehicles	Industrial Action Management Procedure	Inclusion of suitably licensed transportation to and from the Project Site employees, incorporating localisation and empowerment of local transport associations/industry	Employees issue management process

Emergency Preparedness Protocol

- Operational Situations, not threatening service deliverables, nor threaten organisational reputation.



Identified threat could not be resolved by Line Manager, escalated to the Stability Manager. it is either resolved or escalated. If resolved, the situation, then goes back to a normal operation status.

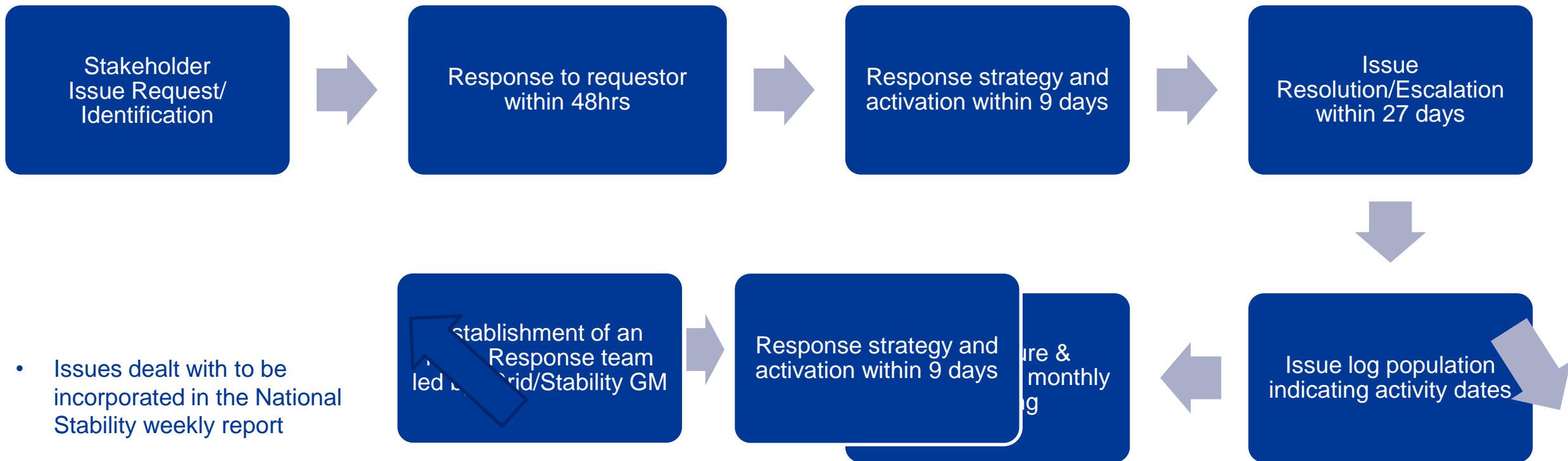
Situation and Reputation Management Sub process

- There are activities that may result into situations or scenarios that may require interventions that requires different approaches and different teams per different levels to facilitate management of these situations.
- When these arise project operations maybe disturbed.
- This necessitates an establishment of a response strategy by a response team as mandated by the Grid Manager/Stability Manager within 2 hours of an occurrence

- Analyses plan of action recommendations, takes action.

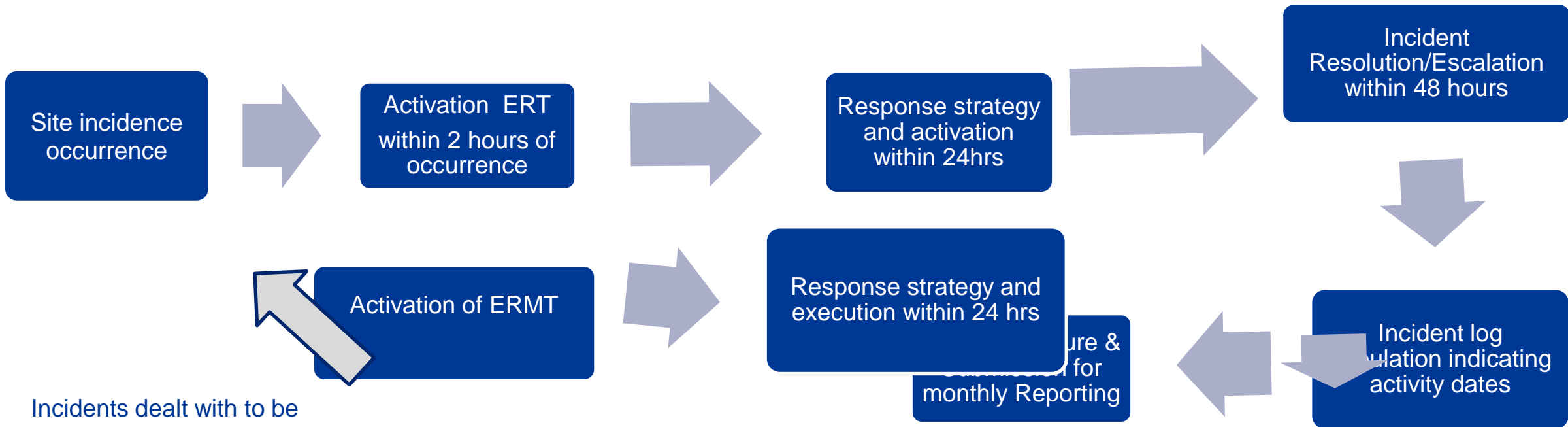
- Analysis, plan of action recommendation , execution and close.
- Non closure leads to escalation.

Occurrence	Accountability
Operational Situation (These may include a scheduled engagement for an inquiry about a particular activity on the project)	Line Manager
Service Delivery and Reputation Threatening	Site Stability Team (Site Manager, Eskom Security Officer, SAPS Station commander, environmental officer, Project Stability Advisor, Community Liaison Officer)
The matter remains unresolved by the 1 st line of engagement	Project Reputation Management Team (ERT) (Project Manager, Stakeholder Advisor, Security Manager, SAPS Cluster Commander CLO, Environmental Officer)
The matter moves beyond the project, has significant financial impact	Executive Reputation Management Team (ERMT) Grid manager, Stability Manager, Programme Manager, Stakeholder Manager, Project Manager, Security Manager, SAPS Provincial Commissioner



- Issues dealt with to be incorporated in the National Stability weekly report
- Issues tabled in integration meetings for collaboration and resolution.

Incident Management Work Flow



- Incidents dealt with to be incorporated in the National Stability weekly report
- Incidents to tabled in integration meetings for collaboration and resolution.

Incident developments to include:

- Alert to Grid Manager, Project Stability GM, TPD GM, TX & Group Capital GE
- Development of the Incident Briefing Note
- Preparation of Media Holding Statement



Thank you