



ANNEXURE K

SUPPLIER DEVELOPMENT, LOCALISATION AND INDUSTRIALISATION (SDL&I) TARGETS

Table of Contents

1. Objective Criteria	2
1.1 Supplier Development & Localisation Matrix.....	2
1.2 Transformation – B-BBEE Retention or Improvement Plan	2
1.3 Skills Development.....	3
1.4 Job Creation.....	4
1.5 Socio-Economic Development.....	4
2. Monitoring and Reporting of SDL&I Commitments	4
3. SDL&I Penalty	4
4. Acceptance.....	5



1. Objective Criteria

Specific Goals — Implementing the programmes of the Reconstruction and Development Programme (RDP)

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, therefore, that Eskom reserves the right to award the contract to a supplier that commits to Transformation - B-BBEE Improvement or Retention Plan, Enterprise and Supplier Development (Empowerment Related Expenditure), Skills Development, Job Creation and Socio-Economic Development.

Legislative requirements, principles, measures and prescriptions associated with the Public Procurement Act No 28 of 2024 including the associated Regulations for its implementation will be cascaded down to the contract arising out of this transaction within three months of the publishing of the relevant government gazette by the relevant Minister. Legislative requirements are mandatory to all contracted suppliers. Respondents are encouraged to familiarise themselves with the Public Procurement Act No 28 of 2024.

1.1 Supplier Development & Localisation Matrix

The SDL&I Matrix is not an evaluation criterion; however the tenderer is under obligation to submit proposals before it is eligible for award in accordance with Section 2 (1) (f) of the Preferential Procurement Policy Framework Act (PPPFA). SDL&I will be treated as an objective criterion for this transaction.

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%		
Sub-Contracting	30.00%			
Skills Development	20.00%			
Total Score	100.00%			
	Total Supplier Development and Localisation Score			

1.2 Transformation – B-BBEE Retention or Improvement Plan

Transformation remains an area of focus, where Eskom continuously strives to align itself with national transformation imperatives to unlock growth, drive industrialisation, create employment and contribute to skills development.



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 specific goals, Eskom also requests that Respondents submit a B-BBEE improvement or retention 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.

Respondents with a B-BBEE recognition status of Level 5 to Level 8, or who are non-compliant, shall migrate to and achieve, as a non-negotiable milestone, Level 4 by the end of the first year of the contract and thereafter improve by at least one B-BBEE level each year from the second year of the contract. Eskom will impose a 2.5% penalty on invoiced amount in instances where the prescribed milestones are not met.

Respondents are to note that a drop in the tenderer's B-BBEE recognition status post the contract award will automatically attract a 2.5% penalty on the annual invoiced amount. This is an additional control measure to the above prescriptions.

Annual Improvement Milestones

Current B-BBEE Position	Annual Milestone Obligation	Non-Compliance Consequence
Level 1	Maintain Level 1 throughout. Annual re-verification certificate required.	Drop from Level 1 attracts 2.5% penalty on annual invoiced amount.
Level 2–4	Maintain current level minimum. Submit B-BBEE Improvement Plan with bid. Annual re-verification required.	Drop of 1 level: 2.5% penalty. Drop of 2+ levels: retention of payment and contract review.
Level 5–8 or Non-Compliant	Non-negotiable milestone: achieve Level 4 by end of Year 1. Improve at least one level per year from Year 2.	Failure to meet annual milestone: graduated penalties per Section 8, escalating to contract suspension.

1.4 Skills Development

Considering the overall budget, duration of the contract, opportunities for growth in this industry and the industry's annual contribution to skills development levies, the tenderer is obliged to develop skills through a bursary valued at R80 000.00 per Eskom assigned beneficiary at a registered and accredited South African university of Eskom's choice, for every R4.8 million invoiced of the cumulative contract amount.

The skills development commitment shall be carried out within one month of reaching or exceeding the R4.8 million threshold. The skills development commitment (i.e. a bursary



valued at R80 000.00 for every R4.8 million invoiced) will be paid into a bank account of the institution identified by Eskom.

Eskom will impose a 2.5% penalty on invoiced amount for non-compliance **and** in addition place the contract on hold until the tenderer is compliant.

1.5 Job Creation

To be completed by the 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	

- The tenderer must indicate in the table above the number of jobs to be created and/or retained as a direct result of this contract.
- The expectation will be that the tenderer has 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 within the Local Municipality where the service will be consumed.

1.6 Socio-Economic Development

The tenderer shall spend 1% of the invoiced amount to fund the Corporate Social Investment initiative(s) aimed at empowering black communities as identified by Eskom. The CSI commitment (i.e. 1% of every invoiced amount) will be ceded to a special account as prescribed by Eskom for consolidation with contributions from other suppliers.

2. Monitoring and Reporting of SDL&I Commitments

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

3. SDL&I Penalty

- a. At the end of each quarter, Eskom will apply a penalty of 2.5% of the invoiced amount excluding VAT for the tenderer's failure to meet SDL&I obligations during that period.

Every contract shall be accompanied by the SDL&I implementation schedule which must be completed by the tenderer 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 the successful supplier's stated SDL&I commitments.

4. Acceptance

Signed by a duly authorised representative of the Respondent in acceptance of the SDL&I targets set out in this Annexure.

Signed		Date	
Name		Position	
Company Name			