

ANNEXURE A

SCOPE OF WORK

APPOINTMENT OF A PANEL OF SERVICE PROVIDERS TO PROVIDE REMUNERATION AND REWARDS CONSULTANCY SERVICES OVER A PERIOD OF 36 MONTHS.

1. INTRODUCTION

The Central Energy Fund, CEF (SOC) Ltd, ("CEF") is involved in the search for appropriate energy solutions to meet the energy needs of South Africa, The Southern African Development Community (SADC) and the sub-Saharan African region, focusing on clean energy options as well as fossil fuels as per the mandate from the Department of Energy. It also manages the operation and development of the oil and gas assets of the South African government including strategic crude oil assets and management. CEF controls entities with commercial and developmental roles, housed in eight operating subsidiaries.

2. BACKGROUND

CEF needs to appoint a panel of qualified service providers who will provide ongoing market intelligence on Remuneration and Rewards trends within the country and industries from which CEF sources or loses its talent. The service providers must be able to provide data that will enable the organisation to achieve its CEF Remuneration Philosophy, which is focused on ensuring that our talent is remunerated in a fair, transparent, equitable manner based on latest competitive market remuneration data of cash and non-cash rewards.

CEF and some of its subsidiaries have to date developed Group Remuneration Policy and Strategy which seeks to ensure pay equity among employees while recognising that fair pay differentiation for scarce skills have to be implemented to retain some talent. To achieve this, the Group must implement consistent career framework with clear functional areas, job families, grading methodologies to which salary scales informed by the latest Salary Market Survey can be linked to. As a retention strategy the organisation intends to implement competitive short term/ Long Term and Rewards and Recognition Incentive programs:

3. TOTAL REWARDS SALARY BENCHMARK SURVEYS AND PAY POSITIONING ANALYSIS

Conduct an annual salary benchmark survey using national and extractive industry data for general employee population and Execeleval for executives and scarce skills roles. The data must be based on the latest survey concluded within each year and it include the forecasted salary movements.

- Salary and role positioning analysis – provide comparative ratio analysis (indicating positioning against the market).
- Executive Salary benchmarking (Exceval) Executive benchmark data must be extracted/compared to similar size organisations to CEF. The Executive Salary benchmark must take the following business parameters into account:
 - ☒ Company Size
 - ☒ Industry
 - ☒ Company structure,
 - ☒ Revenue
 - ☒ Employee Number
- All other employees general market salary surveys that are based on both the energy/extractive industry and on national data.
- Provide annual report about market practice/movement on competitive employee incentive schemes that will assist CEF SOC to offer competitive rewards offer:
 - ☒ short term incentive;
 - ☒ long term incentives;
 - ☒ recognition and rewards incentive (monetary and non-monetary).

4. JOB PROFILING AND JOB EVALUATION

The selected service providers will also provide guidance in terms of the career framework, job families, grading methodologies which will facilitate the comparison of market data to how CEF Group is paying its employees (Pay Practices vs. Market).

- Job profiling: The service providers will be required to assist with conducting job profiling on an adhoc basis especially for executive roles and technical roles;
- Job Evaluation / Grading via a web based/ online system using Paterson/Peromnes/ Task grading methodologies. The offered methodology must consider and assign weightings or points to the following 8 factors:
 - ☒ Problem Solving;
 - ☒ Consequences of error judgement;
 - ☒ Pressure of work;
 - ☒ Knowledge;
 - ☒ Job impact;
 - ☒ Comprehension;
 - ☒ Educational qualifications;
 - ☒ Subsequent training and experience.

5. CONDUCT A COMPREHENSIVE AND SCIENTIFIC ANALYSIS ON THE EQUAL PAY FOR EQUAL WORK.

The service providers will be required to conduct an analysis of all the CEF roles as to check roles deemed to be similar and have similar worth across different jobs families in the same grade and make recommendations. Work of equal value is explained as the same work as another employee, if:

- ☒ Work is identical;
- ☒ Work is interchangeable;
- ☒ Work is substantially the same or sufficiently similar to be reasonably;
- ☒ considered as similar; or
- ☒ Work is of the same value of another employee in a different job.

6. ADHOC SURVEYS

Ad hoc benchmarks inclusive but not limited to the following:

- Graduates and engineers-in-training starting salaries benchmarks;
- Geographical cost of living analysis (metropolitan cities and remote locations);
- Relocation practices benchmarks;
- Long service awards benchmarks as well as other benefits related benchmarks;
- Benefits especially looking at what benefits are best suited in the "New World or Work" and Generational mixed employee population.

Bursary scheme structures to attract and retain the best talent competitively and cost effectively.

7. REPORTING

The Consultant shall report to the CEF's HR Business Partner or her nominated representative for an agreed service following a procurement Request for Quotation (RFQ) process.

8. DELIVERABLES

8.1 The successful panellists once appointed for a specific remuneration project will be expected to advise CEF Group on the following :

- 8.1.1. Job profiling – provide draft job description within 3 days of concluding an interview with the CEF line manager;
- 8.1.2. Job Evaluation – train the CEF Job Evaluation Committee and issue a grading report within 3 working days of concluding a job evaluation interview with CEF line manager;
- 8.1.3. Provide advice and review the career framework, Functional Group

and Job Families;

- 8.1.4. Market benchmarks Survey (Total Guaranteed Package and incentives): Conduct annual salary surveys with organisation against a relevant comparator groups and issue detailed reports;
- 8.1.5. Long-term incentive and Rewards & Recognition Design and implementation;
- 8.1.6. Executive Salary benchmarking and general market salary surveys that are based on both the energy/extractive industry and on national data;
- 8.1.7. Equal pay Audit: Conduct a comprehensive and scientific analysis and audit within CEF SOC. (outline a scope and project plan including but not limited to:
 - ☒ Collecting the Relevant Data (Remuneration policies, payroll report and job descriptions;
 - ☒ determine which roles perform "Comparable" work, then
 - ☒ identify gaps;
 - ☒ write a report with recommendation on corrective actions to taken to remediate pay disparities;
- 8.1.8. Ad hoc benchmarks inclusive but not limited to the following:
 - ☒ Graduates and engineers-in-training starting salaries benchmarks, long service, acting allowance, pay position.