

SUPPLIER DEVELOPMENT AND LOCALISATION TARGETS**1. MANDATORY SUBCONTRACTING**

1.1. Undertaking to sub-contract at least 30% of the Contract amount to one or more suppliers from the following categories:

- an EME or QSE which is at least 51% owned by black people living in rural or underdeveloped areas or townships.

Eskom Rotek Industries (ERI) will make available a list of suppliers registered on a database approved by National Treasury to provide the goods and services in respect of the applicable designated group per the subcontracting commitment from which successful suppliers will select the subcontracting beneficiaries.

Respondents are responsible for all due diligence on the subcontractors. Respondents are barred from entering into subcontracting arrangement or agreement with their subsidiary or businesses related to it. The successful Respondent awarded the contract may only enter into a subcontracting arrangement prior to ERI's approval

Tenderers decision on subcontracting condition in favour of designated groups, tenderer to indicate its choice by ticking or marking with an X on the relevant box below:

Table 1: Acceptance of subcontracting condition

AGREE		DISAGREE	
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Tenderers not meeting the mandatory subcontracting above will be deemed unacceptable and therefore disqualified

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

ERI 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 ERI reserves the right to award the contract to a supplier that commits to Transformation - B-BBEE Improvement or Retention Plan, contribution to Enterprise Development (ED), Skills Development, Job Creation and Socio-Economic Development in favour of beneficiaries residing within the Local Municipalities where the service will be consumed.

2.1. Supplier Development & Localisation Matrix

The SDL&I Matrix is not an evaluation criterion; however, the successful supplier 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).

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	30.00%	100.00%		
Procurement from EME 1	35.00%	30.00%		
Skills Development	35.00%			
Total Score	100.00%			
Total Supplier Development and Localisation Score				

2.2. Transformation – BBEE Retention or Improvement Plan

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

ERI 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, ERI 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.

3.3 Enterprise and Supplier Development (ESD) Plan

Eskom concluded Enterprise Development (ED) agreements with various designated groups interested in accessing procurement opportunities within the scaffolding services at various locations. In order to increase the number of designated groups in this sector, the successful supplier shall subcontract at least 30% of the contract to relevant designated group in line with its mandatory subcontracting commitment above. Tenderers must indicate and submit the ESD Plan aligned to

Annexure L of the tender document. Tenderer's ESD plan must be aligned to the DTI Codes of Good Practice's ESD element and must answer the following two key questions:

- i. What is being done to enhance the financial capacity of beneficiary? and
- ii. What is being done to improve the operational capacity of beneficiary

Subcontracting will be limited to designated group qualifying as Exempted Micro Enterprises and located within the local municipality where the service will be consumed. Local to site areas are defined per Table 2. Priority will be given to beneficiaries under Level 1 per Business Unit below.

Table 2: Local to site classification

Business Unit	Level 1	Level 2	Level 3
Kusile GCD	Nkangala DM and BHS	Nkangala DM and BHS	Mpumalanga and BHS
Kusile Gx	Balmoral, Ogies, Phola and BHS	Emalahleni LM and Victor Khanye LM	Mpumalanga
Kendal	Ogies, Phola, Wilge and Delmas	Emalahleni LM and Victor Khanye LM	Mpumalanga
Kriel	Kriel, Rietspruit and Leandra	Emalahleni LM, Bethal, Leandra	Mpumalanga
Matla	Kriel and Leandra	Emalahleni LM, Bethal, Leandra	Mpumalanga
Tutuka	Lekwa LM	Gert Sibande DM	Mpumalanga
Grootvlei	Dipaleseng LC, Villiers	Gert Sibande DM, Villiers	Mpumalanga and Villiers
Duvha	eMalahleni	Nkangala DM	Mpumalanga
Komati	Middelburg, Koorfontein, Blinkpan, Bank Colliery, Brey farm	Emalahleni, Middelburg	Mpumalanga
Hendrina	Pullenshope, Hendrina, Kwazamokuhle, Middelburg	Nkangala DM	Mpumalanga
Arnot	Kwazamokuhle, Belfast, Middelburg, Rietkuil, Machadadorp	Nkangala DM	Mpumalanga
Camden	Msukaligwa LM	Gert Sibande DM	Mpumalanga
Majuba	Dr Pixley Ka Isaka Seme LM	Gert Sibande DM	Mpumalanga
Dx MOU - Emalahleni Zone	Sector areas	Nkangala DM	Mpumalanga
Dx MOU - Ermelo Zone	Sector areas	Gert Sibande DM	Mpumalanga
Dx MOU - Mbombela Zone	Sector areas	Ehlanzeni DM	Mpumalanga

2.3. 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 offer valued at R70 000.00 per student at a registered and accredited South African university.

The skills development initiative will not be part of the weighting criteria however as a condition for contract award, the successful supplier shall offer a one-year bursary valued at R70 000 per student to an assigned beneficiary at a registered and accredited South African university, for every R4.8 million invoiced of the cumulative contract amount.

Training of candidates

The successful supplier shall offer a one-year university bursary in favor of a student within the Local Municipality where the service will be consumed for every R4.8 million invoiced of the cumulative contract amount.

ERI will make available a list of university students from which the successful supplier will select the skills development candidates. The skills development commitment shall be carried out within one month of reaching or exceeding the R4.8 million threshold. Where the skills development commitment is not carried out within the prescribed deadline (i.e., one month of reaching or exceeding the R4.8 million threshold) – the successful supplier shall within two months of missing the deadline, pay ERI the amount equivalent to the outstanding skills development commitment.

Reporting

At task order stage successful supplier will be required to submit a plan to ERI 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 program.

2.4. 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 successful supplier 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 successful supplier 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 Local Municipality where the service will be consumed

3. Socio Economic Development

The successful supplier shall spend 1% of the contract amount, to fund the Corporate Social Investment initiative(s) aimed at empowering black communities residing within the 40-kilometre radius of the allocated site.

4. Monitoring and reporting of SDL&I commitments

- a. The successful supplier shall on a quarterly basis submit a report to ERI in accordance with the SDL&I Data Collection Template on its compliance with the SDL&I obligations.
- b. ERI shall review the quarterly report submitted by the successful supplier within 60 (sixty) days of receipt of the reports and notify the successful supplier in writing if its SDL&I obligations have not been met.
- c. Upon notification by ERI that the successful supplier has not met its SDL&I obligations, the successful supplier 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.

5. SDL&I Penalty

- a. At the end of each quarter, ERI will apply a penalty of 2.5% of the invoiced amount excluding VAT for the successful supplier'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 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 the successful supplier stated SDL&I commitments.



Supplier Development Localisation and Industrialisation Undertaking

Scaffolding

Signed _____ Date _____

Name _____ Position _____

Company
Name _____