

MEMORANDUM

To: Power Station General Managers, Risk and Assurance Managers, Project Managers, Procurement Managers and Occupational Hygiene and Safety Managers. Reference: Gx OHS&S_01

From: Generation Office of the Group Executive OHS&S Version: 01

Date: 18 September 2024

SUBJECT: MANDATORY CONTRACTUAL REQUIREMENTS FOR ALL TYPES OF INFORMAL TENDERING

PURPOSE

1. The purpose of this memorandum is to communicate with all Generation (Gx) Stakeholders within the procurement process, that mandatory legislative Occupational Health and Safety (OHS) requirements must be included in the informal tendering Request for Quotes (RFQs), which seek to protect Eskom from potential legal liability upon delivering goods, works and services.

BACKGROUND

2. The Generation Office of the Group Executive (OGE), Safety Department conducted a comprehensive Contractor Baseline Audit across all Generation (Gx) Business Units during the previous financial year (FY23/24).
3. A critical gap has emerged, Safety requirements were not included with the Requests for Quotations (RFQs) across the Gx.
4. This omission puts Eskom at significant legal and operational risk, as the organization is legally obligated to communicate all Health and Safety risks associated with any given scope of work and ensure that the Suppliers / Service Providers are registered with Workman's Compensation and in good standing with the fund.

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WAY FORWARD

5. To deal with the above risk and effectively mitigate it, it is important that mandatory contractual requirements are incorporated into all Request for Quotations (RFQs) ranging from RNil to R1 million, including Local Purchase Orders, Low Value Informal Tendering, and Informal Tendering.
6. The following Occupational Health and Safety (OHS) legal stipulations must be included with each RFQ:
 - 6.1 The Occupational Health and Safety Act Section 37(2) agreement must be duly signed by both the supplier and Employer representatives.
 - 6.2 The supplier must provide a valid letter of good standing. Access to the site for delivery will be denied if this document is not valid, as this guarantees the supplier's compliance with compensation requirements under applicable laws.
 - 6.3 Suppliers working independently and not eligible for registration with the compensation fund must furnish Eskom with a member benefit statement of insurance coverage, including life and disability benefits, with a minimum fund of R500,000.
 - 6.4 The supplier will be required to ensure that the following safety requirements are always complied with while on Eskom site/Eskom property:
 - 6.4.1 Drivers shall be in possession of a valid driver's licence as proof of authorization to drive.
 - 6.4.2 Eskom shall not pay any compensation due to time delay caused by the following but not limited to emergency exercises, work stoppages etc.
 - 6.4.3 No passengers shall be allowed to be transported on the back of LDV.s (bakkies) or Trucks.
 - 6.4.4 Adherence to all Eskom Life-saving rules. (i.e., Rule 3 Buckle up, and 4 Be Sober in cases where the contract relates to delivery of goods)

FINANCIAL IMPLICATIONS

7. There are no direct financial implications arising from the enforcement of this memo; however, indirect financial implications related to the contract may emerge. The rationale for this is elucidated below.
8. Eskom has a legal obligation to notify its Suppliers and Service Providers of the Occupational

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Health and Safety (OHS) legal requirements, enforce such requirement and ensure ultimate compliance.

9. Failure to fulfil this obligation may result in:

9.1 The imposition of penalties by the Department of Employment and Labour to Eskom.

9.2 Civil litigation initiated by the Supplier, Service Provider, or their injured employee to Eskom.

BUDGET IMPLICATIONS

10. None in so far as the direct costs are concerned but as stated above there are indirect financial implication that have a negative impact on the Eskom budget. (i.e., If ever, penalties and / or litigation costs have to be paid by Eskom, this is unforeseen and will have a negative impact on the approved budget).

EFFECTIVE DATE

11. This memorandum shall become effective upon signature by the Group Executive.

QUERIES

12. Should you have any queries with regards to the mandatory OHS contractual requirements, kindly contact OHS, at BU level or at the Office of the GE OHS&S.

Compiled by:



Florence Poee

SENIOR ADVISOR OHS

18 September 2024

MANDATORY CONTRACTUAL REQUIREMENTS FOR ALL TYPES OF INFORMAL TENDERING

Supported by



Mthoko Zondi

MIDDLE MANAGER OCC HYGIENE

Date: 18 September 2024

Supported by



Mari-Lize Compton

SENIOR ADVISOR GX R, G & C

Date: 2024-09-18

Supported by



Thumekile Dlamini

MIDDLE MANAGER GX R,G&C

Date: 18 September 2024

Recommended/~~Not recommended~~



Antonie Mammes

**SENIOR MANAGER GX P&SCM
(ACTING)**

Date: 25/09/2024

Recommended/~~Not recommended~~

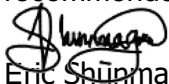


Revive Mkansi

**OCCUPATIONAL HYGIENE, SAFETY
AND SECURITY**

Date: 25/09/2024

Recommended/~~Not recommended~~



Eric Shumagum

**GENERAL MANAGER OFFICE
OF THE GENERATION**
30 September 2024

MANDATORY CONTRACTUAL REQUIREMENTS FOR ALL TYPES OF INFORMAL TENDERING

Date:

Approved/~~Not approved~~



Bheki Nxumalo

GROUP EXECUTIVE GENERATION

Date: 2024-1018