 Eskom	Procedure	
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Title: **SHEQ Requirements for the Procurement and Supply Chain Processes in Eskom**

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



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## **1. Introduction**

In terms of Eskom's SHEQ Policy (32-727), management commitment states that no operating condition or urgency of service justifies exposing anyone to negative risks arising out of Eskom's business, causing an incident with health, safety, environmental and quality consequences. The Procurement and Supply Chain Management (P&SCM) is a legislated and highly regulated environment therefore a method to govern the involvement and integration of SHEQ is required to achieve seamless implementation.

This document outlines the process to embed SHEQ requirements in line with the Procurement and Supply Chain Management Procedure (32-1034) latest revision, from the inception to the completion of the procurement and supply chain process to enable the supplier selection, contracting, contract execution, performance monitoring and contract handover to ensure consistency and standardisation across the business during SHEQ involvement as part of the cross functional team for the procurement of goods and services in Eskom.

The functionality requirements shall be applicable to SHEQ based on the complexity, criticality, safety risks, aspects and impacts for the scope of work. The contractual requirements for SHEQ will only be evaluated for potential tenderers that have met the mandatory and functionality threshold.

## **2. Supporting Clauses**

### **2.1 Scope**

#### **2.1.1. Purpose**

To provide guidance to SHEQ professionals performing SHEQ related activities within the Procurement and Supply Chain processes.

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### **2.1.2. Applicability**

This document shall apply throughout Eskom Holdings SOC Ltd divisions, subsidiaries and entities in which Eskom has a controlling interest or influence including contractors performing work on behalf of Eskom.

### **2.1.3 Effective date**

As per date of authorisation.

### **2.1.4 Normative/Informative References**

Parties using this document shall apply the most recent edition of the documents listed in the following paragraphs.

### **2.1.5 Normative**

- [1] 32-1033 Eskom Procurement and Supply Management Policy
- [2] 32-1034 Eskom Procurement and Supply Management Procedure
- [3] 32-727 SHEQ Policy
- [4] 32-726 SHE Requirements for the Eskom Commercial Process
- [5] 32-136 Contractor Health and Safety Requirements
- [6] 240-105658000 Supplier Quality Requirements Specification
- [7] 240-149467278 Supplier Quality Management Operations Procedure

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### **2.1.6 Informative**

- [1] Occupational Health and Safety Act and Regulations No. 85 of 1993
- [2] National Environmental Management Act, No. 107 of 1998
- [3] ISO 9001 Quality Management Systems Requirements
- [4] ISO 9004 Quality Management - Quality of an organization guidance to achieve sustained success
- [5] ISO 10005 Quality Management Systems - Guidelines for Quality Plans
- [6] ISO 31000 Risk Management – Guidelines, provides principles, framework and a process for managing risk
- [7] 36-85 Power Station Owner Manual: Plant Classification
- [8] Mine health and Safety Act No 20 of 1996
- [9] Rail Safety Act of 2006

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## **2.2 Definitions**

**2.2.1 Codes:** A set of rules that specify the minimum acceptable level of quality and safety for manufactured, fabricated or constructed goods, products or services. These may incorporate regulatory requirements and can refer to standards or specifications not specified in the code.

**2.2.2 Complexity:** Plant, equipment, material, processes that have quality characteristics not wholly visible in the end product, good or service thus conformance and/or compliance must be established progressively through precise documentation, measurements, tests, controls applied during purchasing, design manufacturing, assembly, logistics and/or transportation, preservation, performance and functional operation either as an individual or in conjunction with other plant, equipment, material.

**2.2.3 Construction work:** Any work in connection with

- a) The construction, erection, alteration, renovation, repair, demolition or dismantling of or addition to a building or any similar structure; or
- b) the construction, erection, maintenance, demolition or dismantling of any bridge, dam, canal, road, railway, runway, sewer or water reticulation system; or the moving of earth, clearing of land, the making of excavation, piling, or any similar civil engineering structure or type of work.

**2.2.4 Criticality:**

- a) The criticality of a plant, equipment, material and processes is the one in which its failure could injure or harm or adversely affect the organisation to consistently deliver conforming products, goods, services to its customers.
- b) A noncritical plant, equipment, material and processes is the one in which conformity can be determined through applicable controls within the organisation.

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**2.2.5 Cross Functional Team:** A cross-functional team consists of a group of End-Users and subject-matter experts pertaining to the project / commodity / disposal. A cross-functional team is appointed to ensure that implementation of the agreed procurement strategy is commercially, technically, legally, financially sound including SHEQ. Cross-functional teams are generally led by Buyers and / or Commodity Managers.

**2.2.6 Environmental Aspect:** Elements of an organisation's activities or products or services that can interact with the environment.

**2.2.7 Environmental Impact:** Change to the environment, whether adverse or beneficial, wholly or partially resulting from an organisation's environmental aspects.

**2.2.8 Exemption (Waive):** The action of freeing or state of being free from an obligation to conform to set SHEQ requirements.

**2.2.9 Functionality:** The capability and capacity of a tenderer to provide goods or services in accordance with specifications as set out in the enquiry documents. Tenders evaluated on functionality must be carried out in accordance with regulation 5(1) of the PPPFA.

**2.2.10 Noncomplex:** Plant, equipment, material, processes that have quality characteristics for which documentation, measurement, tests, controls of the end item are sufficient to determine conformance and /or compliance to SHEQ requirements.

**2.2.11 Outage Management:** Providing world class services that contribute in maintaining all plant assets to a high standard.

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**2.2.12 OHS Risks:** Any service/project and processes that has the potential to cause serious incidents or catastrophic events when noncompliance with legislation and other OHS requirements exists. This also includes events where noncompliance with legislation can lead to delay or stopping of the project/service.

**2.2.13 Risk assessment:** An overall process of hazard identification, risk analysis, risk evaluation and management of the identified risks.

**2.2.14 Risk-based thinking:** Means considering risk qualitatively, depending on the organization's context, quantitatively by defining the rigour and degree of formality needed to plan, control the processes and activities of the management system.

**2.2.15 Standards:** A document established by consensus to provide rules, limits, dimensions, tolerances or other characteristics for activities or results, for common and repeated use. A standard is aimed at the achievement of the optimum degree of order in a given context. Compliance with a Standard is mandatory in its area of applicability.

**2.2.16 Specifications:** Provide specific requirements for materials, components or services and are often generated by private companies to address additional requirements applicable to a specific product or application. Specifications are often listed in procurement agreements or contract documents as additional requirements above and beyond code or standard requirements.

**2.2.17 PPPFA framework:** Refers to the Preferential Procurement Policy Framework Act (5 of 2000), its regulations, and any other formal and official notifications and guidelines issued by the National Treasury regarding its application.

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**2.2.18 Procurement Practitioner** refers to an employee within Eskom appointed to manage and/or execute a procedure or a process as contained in the approved Procurement Framework (Procurement Procedure, Eskom DOA, or any of the approved PCM's relating to procure-to-pay, etc.)

**2.2.19 Project procurement/ commercial strategy:** The overarching Project Procurement Strategy will provide an overview of how the procurement activities for the entire project will be executed on a high level. The intention is to provide a high level view of what may be required in terms of forecasted timelines and activities required for procurement and to highlight legal and regulatory requirements for the execution of procurement without being able to provide the detail.

**2.2.20 Registered Supplier:** A supplier who has been approved and is registered on National Treasury's Central Supplier Database (CSD)

**2.2.21 SHEQ:** Safety, Health, Environmental and Quality

**2.2.22 SHEQ professional:** The key individual in Eskom charged with SHEQ responsibilities, such as SHEQ managers, officers, advisors, and coordinators (for this purpose, the SHEQ individual allocated to the project/programme/division/operating unit /business unit).

**2.2.23 SHEQ requirement:** Suppliers tendering for contracts with Eskom may be required to provide evidence of their compliance with SHEQ requirements, where applicable this is a requirement specified for a process/product /service for compliance or conformance to regulatory, legislative and Eskom standards.

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**2.2.24 SHEQ requirements for contract award (Contractual Requirements for SHEQ):**

legal and other SHEQ requirements for procuring of goods and /or services to be rendered for/on behalf of Eskom. These are SHEQ documents required from tenderers at the procurement phase (enquiry, evaluation, and negotiation meeting and contract award), only tenderers that met the mandatory and functionality threshold will be evaluated.

**2.2.25 Tender:** It is a written or electronic offer, tender, bid, quotation or proposal made by a supplier, in a prescribed form according to the issued enquiry, for the provision of assets, goods, works or services, and/or disposals (Investment Recoveries).

**2.2.26 Zero Harm:** The prevention of harm to people and the environment brought about through visible and felt leadership, including the implementation of effective controls and practices.

**2.3 Abbreviations**

Abbreviation	Explanation
ASME	American society for Mechanical Engineering
B-BBEE	Broad-based black economic empowerment
CFT	Cross functional Team
CSD	Central Supplier Database
CFT	Cross Functional Team
DEL	Department of employment and labour
DOA	Delegation of Authority
ENA	European National Directives
Gx	Generation Division in Eskom
OHSA	Occupational Health and Safety Act
OHS	Occupational Health and Safety
PCM's	Process Control Manuals
PER	PER – Pressure equipment regulations
PPPFA	Preferential Procurement Policy Framework Act
P&SCM	Procurement and Supply Chain
SQM	Supplier Quality Management
SHEQ	Safety, Health, Environment, and Quality

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## **2.4 Roles and Responsibilities**

The 32-1034 refers the SHEQ Policy and specification creates an obligation on P&SCM to ensure that SHEQ objectives and requirements are included in enquiries for orders and contracts, where applicable. In order to adhere to Eskom's SHEQ Policy and specification, Procurement Practitioners must ensure that the relevant Divisional / Project Safety Risk Manager and Quality Management representative(s) must form part of the CFT and provide the relevant signed-off SHEQ specifications for incorporation as contractual requirements, where applicable.

### **2.4.1 Risks and Sustainability (SHEQ) shall:**

- a) Be responsible for providing the shaping, safeguarding and standardising function for the procurement and supply chain regarding SHEQ.
- a) Ensure and monitor the conformance and/or compliance to internal and external SHEQ regulations, acts, policies, standards, processes, procedures related to the procurement and supply chain management (P&SCM).
- b) Establish documented information requirements applicable for SHEQ in the procurement and supply chain management (P& SCM).
- c) Provide training advisory and support function for SHEQ requirements to facilitate understanding and implementation thereof.
- d) Conduct an oversight role to the line divisions performing the SHEQ function for procurement and supply chain.
- e) To be involved in the pre and post contract award activities (from the initial development of a project procurement/ commercial strategy to the market engagement for supplier selection, contracting, contract execution and supplier SHEQ performance monitoring and contract handover) for the National Contracts procured centrally from head office functions.

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- f) Benchmark on the best practices to ensure continued improvement and innovation.

**2.4.2 Divisional/OU/BU Line Management of the SHEQ (i.e. project, grid, operating unit, business unit, power station etc.) shall:**

- a) Ensure that the SHEQ requirements set out in this document are met.
- b) Be responsible for allocating resources to participate in all phases of the procurement and supply chain processes for their respective division/OU/BU and sites.
- c) Ensure that the SHEQ functionaries allocated to participate in the procurement and supply chain processes are competent and aware of their roles and responsibilities in embedding SHEQ requirements for the purposes of contracting.
- d) Apply discretion when allocating a SHEQ professional to represent the functional area in procurement processes by considering the value and complexity of the scope of work of the procurement and supply chain assignment. A subject matter expert shall be seconded or sourced to assist with certain projects as required.
- e) Ensure adequate representation by the SHEQ functionary for participation in all the relevant, processes where appropriate (meetings/forums/negotiations) and compiling reports that lead to the awarding of a contract.
- f) The SHEQ professional across the business shall adhere to their roles and responsibilities as stated in this document to mitigate any irregularities and misalignment.

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**2.4.3 SHEQ Professionals/Advisors shall:**

- a) Be responsible for conducting the research, preparation and consolidation of the applicable SHEQ requirements, together with the designer/project engineer and contract custodian (end-user) for each market engagement, supplier selection and contracting.
- b) Ensure that the relevant SHEQ procedures and documents used during the procurement processes are always applicable to the project and form part of the tender enquiry package.
- c) Advise the contract custodian/end-user to ensure that the requirements for the material handling and storage (preservation) manuals /procedures to Eskom are included in enquiry /transaction documents.
- d) Determine which services are exempted or waived and advise the buyer/contract custodian accordingly in writing.
- e) Ensure that these requirements are handed over to the procurement and supply chain professional for further action.

**2.4.4 The Procurement Practitioner (i.e. Buyer) shall:**

- a) Ensure that sufficient notification (not less than 5 working days) and preparation times are provided to the relevant SHEQ professional to input SHEQ requirements for the enquiry and the project procurement/ commercial strategy (excluding emergency and urgency procurement).
- b) Ensure that the SHEQ professional /advisor is invited in all relevant/applicable meetings (kick off, strategy, squad check, clarifications and negotiation).

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- c) Shall ensure that the SHEQ requirements and specified documents are provided by the appropriate SHEQ professional/ advisor prior to the release of enquiry documents to the market.

#### **2.4.5 The contract custodian (contract executor/end-user) shall:**

- a) Ensure that the SHEQ professional /advisor forms part of the cross-functional team and take part in all relevant meetings.
- b) Ensure that project-specific SHEQ documents are provided by the SHEQ professional/advisor.
- c) Ensure that SHEQ documents shall be provided before and throughout the procurement stages: i.e. scope of work, feasibility study, design, the initial development of a project strategy to the market engagement for supplier selection, contracting, contract handover, performance monitoring, contract execution and contractor demobilisation.
- d) Ensure that material handling and storage (preservation) manuals /procedures are provided to Eskom by the suppliers /contractors during delivery or receipt inspection of the good/products/services.
- e) Ensure that the 37(2) agreement and other relevant SHEQ documents are signed between the contract custodian and the contractor/supplier when signing the contract.
- f) Ensure that (national and divisional contracts) when a supplier mobilises to site the responsible manager based at the Eskom site must take over the responsibility for ensuring that the supplier works according to the approved SHEQ requirements and provides oversight supervision over the contractor for task / activities / work / service being performed.

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g) Ensure that after the initial procurement process has been concluded for national or divisional contracts (registration, tender evaluation and contract award phases), a handover to the SHEQ professional at the site (BU/O) or where the work / service is to be conducted must take place.

h) Ensure that the supplier/contractor adheres to the relevant SHEQ requirements throughout the contract period.

## **2.5 Training, Workshops and Induction**

Risk and Sustainability is responsible for training, conducting workshops and inducting SHEQ professionals, procurement practitioners, contract custodians, project managers and end-users.

The SHEQ professionals are responsible for providing an induction and advising on the SHEQ Requirements for the Procurement and Supply Chain Processes in Eskom for their respective Divisions /BU's/OU's.

## **2.6 Process for Monitoring**

This document shall be reviewed three -yearly, or when the content so requires it or when there is a change in legislation/regulations/standards.

## **2.7 Related/Supporting Documents**

- [1] 32-726 Annexure A: Contract and Contractor OHS Management
- [2] 240-105658000 Supplier Quality Requirements Specification
- [3] 240-149467278 Supplier Quality Management Operations Procedure

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### **3. SHEQ Functionality and Contractual requirements**

#### **3.1 Functionality Requirements:**

- a) The functionality requirements shall be applicable to SHEQ based on the complexity, criticality, safety risks, aspects and impacts of the scope of work.
- b) It is the measurement according to predetermined norms, as set out in the tender documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the technical quality, environmental aspects and impacts, reliability, viability, safety and durability of a product /service including the capacity and ability of a tenderer.
- c) The 32-1034 refers the tender documentation evaluated on functionality must be carried out in accordance with regulation 5(1) of the PPPFA for SHEQ based on the capability and capacity of a tenderer to provide goods or services in accordance with specifications as set out in the enquiry documents.
- d) SHEQ requirements for functionality are part of the mandatory tender evaluation refer to the Appendix A for setting the threshold criteria in applying SHEQ.

#### **3.2 Prerequisites for Quality**

- a) The quality requirements under the functionality are those requirements for complex and/or critical plant, equipment, material, product, processes, methods, operations etc. that cannot be compromised.
- b) Documents that establish engineering or technical requirements for complex and/or critical plant, equipment, material, product, processes, methods, operations etc. require conformance and/or compliance to be determined progressively through precise measurements, tests and controls applied during the purchasing, manufacturing, assembly, and functional operation equipment /material.

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- c) Quality provides for the evidence of conformity to requirements (stated, generally implied or obligatory), i.e. codes, regulatory, statutory compliances, standards, specifications, best practices that are used in all aspects of design, production, construction, fabrication, manufacturing and services, work operations, in-process controls, testing, inspection indicating an ability to deliver and complete within the required time frame for products and services.
- d) Quality Management Systems ensure that the products, goods and services consistently meet applicable engineering design, technical assurance requirements and specifications. These can include the overarching Quality Management System standards such as, but not limited to.
- e) European National Directives (ENA) – ISO Standards and Codes (as per applicable plant/equipment/material/technical discipline (e.g. for Gx: PER – Pressure equipment regulations/240-106628253 Standard for Welding Requirements on Eskom Plant etc.).
- f) American society for Mechanical Engineering (ASME) provides directive codes and articles for regulating work related to design, manufacturing, and installation.
- g) American National Standard Institute (ANSI) provides standards in support of the ASME directives and codes.

### **3.3 Prerequisites for OHS**

- a) Construction work requiring permit: All projects that require permit application to Department of employment and labour, any delays can cause a liability to Eskom and require compliance to the Construction Regulation.
- b) Outage Works: comprise of high risk and critical work that forms part of maintenance, any delays to be avoided and specialised skills required for the project to be identified timeously

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- c) Emergency/ unplanned critical work refers to 32-726: It is an unplanned work that needs to be conducted to avoid project/work delays and require the identification and sourcing of specialised skills.

### **3.4 Prerequisites for Environment**

- a) All projects that require an environmental approval (e.g. an environmental authorisation, water use licence, waste management licence, atmospheric emission licence) require compliance to the legal requirements set out in the applicable conditions of authorisation and to avoid delays.

Note: SHEQ Functionality threshold of 70 % as per the Appendix A below.

### **3.5 Criteria for applying SHEQ as Contractual Requirements**

#### **3.5.1 Pre requisites**

#### **3.5.2 The 32-1034 refers the following:**

- a) Where SHEQ is a legal or contractual requirement for the execution of the ensuing contract, all legal and contractual requirements pertaining to SHEQ must be demonstrated to be in place and legally valid.
- b) Contractual requirements may include but are not limited to a due diligence on the tenderer, financial statements and meeting of SHEQ requirements. The feasibility of including SHEQ and financial analysis as contractual requirements, must be determined during the strategy stage and only included if feasible and really applicable to the type of transaction.
- c) SHEQ criteria (to be stated upfront in enquiry document) if applicable.

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### **3.5.3 Risk and Sustainability refers the following:**

- a) SHEQ requirements are only evaluated for the tenderers that have passed the mandatory and functionality threshold.
- b) The extent of the contractual requirements, required under a contract shall be based upon the classification of the contract item (supply or service) as determined by its technical description, its complexity and the criticality of its application.
- c) The applicable requirements or actions that are required after contract award and during execution of the contract must be made a part of the contract.

### **3.5.4 Process Developing a Project Procurement Strategy /Commercial Strategy**

3.5.4.1 The 32-1034 refers for PPPFA exempted transactions (not DFI transactions) the evaluation criteria must as a minimum, to include technical (including SHEQ and other supplier development and localisation initiatives) requirements.

#### **3.5.4.2 Risk and Sustainability refers to the following:**

3.5.4.2.1 At the development of the procurement/commercial strategy, SHEQ professional will be appointed or allocated to form part of the cross –functional team to determine the applicable SHEQ requirements based on the scope of work, to be included in the tender enquiry.

3.5.4.2.2 SHEQ Requirements will be exempted/ waived for the pre-contract and /or post contract award activities of the purchase of the products, goods and services for the scope of work using a risk-based methodology, determining the risk (both the likelihood and the potential exposure) of non-conformance and for advising the procurement officer ( buyer ) as follows:

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- a) For SHE exempted products and services refer to 32-726.
- b) For Quality exempted products and services refer 240-149467278 Supplier Quality Management Operations Procedure

### **3.5.5 Developing a Project Procurement Strategy /Commercial Strategy**

3.5.5.1 SHEQ professional will influence the initial development of a project procurement/commercial strategy to the market engagement for supplier selection, contracting, contract handover, and performance monitoring and contract execution based on the scope of work.

3.5.5.2 The SHEQ professional shall ensure that the compiled scope specific project/contract requirements as per 240-10568000 Supplier Quality Requirements Specification and 32-726 Contract and Contractor OHS Management are listed in the project procurement/ commercial strategy.

3.5.5.3 The SHEQ professional will sign-off the influenced project procurement/ commercial strategy.

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### **3.5.6 Market and Engagement: Supplier Selection and Contracting**

3.5.6.1 Safety, Health, Environment and Quality (SHEQ) are legal and other requirements to be complied with at all times.

3.5.6.2 SHEQ is composed of Safety, Health, Environment, Quality and shall form part of the cross functional team during the procurement of goods, products and/or services in Eskom.

3.5.6.3 The SHEQ professional shall compile the scope specific project/contract requirements as per 240-10568000 Supplier Quality Requirements Specification and 32-726 Contract and Contractor OHS Management.

3.5.6.4 The SHEQ professional will ensure that the submitted SHEQ requirements to procurement and supply chain are incorporated in the tender enquiry. The initial tender evaluation stage will be conducted by Technical, Commercial and SHEQ (if SHEQ applicable as functionality, Risk and Sustainability may be consulted) and the successful potential tenders may undergo further evaluation. Where applicable SHEQ will form part of the initial tender evaluation including both desktop and on site (supplier/contractor site).

3.5.6.5 SHEQ as contractual requirement will only evaluate the shortlisted suppliers that have passed mandatory and functionality evaluation threshold.

3.5.6.6 On completion of the tender evaluation of shortlisted suppliers, SHEQ will compile an initial tender evaluation report which will highlight compliance/conformance gaps (outstanding documents/information or insufficient evidence of compliance) by the suppliers and recommend or not recommend supplier based on the level of compliance/conformance.

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3.5.6.7 The procurement practitioner will engage the suppliers only once, requesting all the outstanding tender documents to be submitted within a period not exceeding seven working days.

3.5.6.8 When the procurement practitioner receives the submitted tender documents within the stipulated timelines, SHEQ will re-evaluate the submitted tender documents, compile and re-submit a final tender evaluation report. However, the insufficient evidence of compliance /gaps will be addressed with the preferred supplier at the negotiation meeting as part of the contract conditions. The close out timelines of the compliance/conformance/gaps will be determined by the SHEQ professional.

3.5.6.9 For National contracts that are non-panel contracts the suppliers that did not submit the requested SHEQ documents within the specified time will be regarded as non-responsive, whereas the suppliers that responded will be re-evaluated. Should the submitted SHEQ documents not conform /meet the compliance standard; the gaps will be addressed with the preferred bidder/tenderer during the negotiation meeting. After negotiations, the supplier will have to submit the site specific SHEQ file for evaluation and must address the gap identified at tender evaluation.

3.5.6.10 For panel contracts the suppliers that did not respond within the e suppliers that did not submit the requested SHEQ documents specified time will be regarded as non-responsive, whereas the suppliers that responded will be re-evaluated. Should the submitted documents not satisfy the requirements; the gaps will be addressed with the successful or preferred bidders/tenderers during the negotiation meeting. The reviewed SHEQ returnable will be submitted and the final SHEQ report will be submitted to the buyer. The site or scope specific SHEQ file requirements will be required by the BU/OU when issuing the task order.

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**Note:** For SHEQ as a contractual requirement, each supplier will only be evaluated twice before the final report is submitted to the procurement practitioner. To avoid the delays and the effective use of SHEQ resources no supplier/contractor tender documents shall be evaluated more than two times prior to contract award. However the SHEQ file must be approved prior to commencement of work.

However, should any further tender evaluations be required the Procurement Manager will submit a motivation and supporting documentation for the request to the relevant Safety, Health, Environment, Quality (SHEQ ) Senior Manager for approval.

### **3.5.7 Site mobilisation/Access to site**

3.5.7.1 Evaluate the SHEQ file; if satisfied, provide the letter of acceptance. Should the supplier not meet minimum SHEQ requirements at this stage, the SHEQ professional will give the supplier another chance to address the shortcomings within a period not exceeding 7 working days or as agreed by the cross functional team in consultation with the SHEQ Professional.

**Note:** SHEQ file/document to be evaluated prior to site mobilisation or task order allocation in order to assess the compliance/conformance status of the supplier. No work shall commence before the SHEQ file/document has been accepted by the allocated SHEQ functionary.

SHEQ requirements, after contract award, shall be enforceable on the successful supplier as per the SHEQ specification/SHEQ file/documentation requirements.

SHEQ documents or actions that are required after contract award i.e. during the execution of the contract must be included as contractual obligations. The time frame for submission will be negotiated as determined by the cross-functional team appointed by Procurement and Supply Chain Management. The decision will be risk - based on the value, duration, complexity, environmental aspects and impacts and the criticality of the scope of working conditions of any applicable environmental approvals.

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### **3.5.8 SHEQ Documents for the Market and Engagement: Supplier Selection and Contracting**

3.5.8.1 SHE as per 32-726 may include the following but not limited to:

- 1) Project specific SHE specification/OHS requirements including the project baseline risk assessment or hazard list
- 2) Annexure B: Acknowledgement of Eskom OHS Rules form
- 3) 32-136 Contractor Health and Safety Requirements
- 4) OHS tender evaluation criteria

3.5.8.2 Project specific Environmental specification, which may include:

- 1) Applicable conditions of environmental approvals
- 2) Environmental Management Programme Report
- 3) Environmental Aspects and Impacts related to project
- 4) Environmental tender evaluation criteria

3.5.8.3 Quality Management

- 1) 240 -10568000 Supplier Quality Specification
- 2) 240-149467278 Supplier Quality Management (SQM) Operations Procedure
- 3) Form A – to be completed and signed

### **3.5.9 Supplier Relationship Management**

These are processes that SHEQ performs with the various departments such as Supplier Development and Localisation (SD&L), Vendor Management Shared Services, Material Handling and Storage, Manage Supplier Relations and Performance, Perform Supplier Monitoring and Reporting etc.

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**3.5.10 The 32-1034 refers to the following:**

- 3.5.10.1 To facilitate supplier SHEQ compliance all new and existing suppliers must comply with Safety, Health, Environmental and Quality requirements
- 3.5.10.2 SDL&L may further embark on an initiative (e.g. SHEQ workshops, etc.) to ensure the readiness of identified suppliers to participate in future procurement opportunities.
- 3.5.10.3 For the supplier administration and management of the registration of local and foreign suppliers SHE and Quality reports generated during the tender evaluation (if applicable) are required for the SHEQ supplier registration review conducted using vendor data management portal.
- 3.5.10.4 For due diligence (i.e. Supplier Name Changes, Mergers, Acquisitions, and Cessions) the SHEQ department must ensure that the changed entity can still fulfil the requirements as set out in the contract document.

**3.5.10.5 Risk and Sustainability refers the following:**

- 3.5.10.5.1 SHEQ professionals to participate and support in SD & L initiatives.
- 3.5.10.5.2 Supplier registration reviews for SHEQ are conducted as centralised function by Risk and Sustainability.
- 3.5.10.5.3 For due diligence SHEQ will conduct a desktop evaluation and/or site supplier site capability and capacity assessment to verify the processes for the products and services contracted and due diligence SHEQ report to be generated and submitted to Procurement and Supply Chain /the initiator.

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### **3.6 Material Handling and Storage Equipment**

#### **3.6.1 The 32-1034 refers:**

3.6.1.1 Items that need special storage conditions with respect to SHEQ requirements should be identified by the Materials Management Manager and End-user, and such special conditions must be provided and maintained by stores management.

#### **3.6.2 Risk and Sustainability refers to the following:**

3.6.2.1 Material handling and storage (preservation) manuals /procedures shall be provided to Eskom by the suppliers /contractors during delivery or receipt inspection of the good/products/services.

3.6.2.2 The above requirements shall be stated in the enquiry /transaction documents, this is the responsibility of the contract custodian/end-user.

3.6.2.3 SHEQ professional will advise the cross functional team to ensure the above is included in the enquiry/transaction documents.

### **3.7 Manage Supplier Relations**

#### **3.7.1 The 32-1034 refers:**

3.7.1.1 Management of Internal Suppliers: Where an Internal Supplier continuously renders inadequate or sub-standard quality work, the normal contract management process must be followed with respect to rectification and remedies for breach.

#### **3.7.2 Risk and Sustainability refers to the following:**

3.7.2.1 The above process will followed when SHEQ conformance and non-compliance continuously occur/issues are raised

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### **3.8 Manage Supplier Performance:**

#### **3.8.1 The 32-1034 refers:**

3.8.1.1 As a huge number of suppliers are required to fulfil business needs, a relationship is built with suppliers and their performance monitored and measured. Non-performing suppliers are dealt with through appropriate ways by either providing a chance for further development or severing the relationship with the supplier.

#### **3.8.2 Risk and Sustainability refers:**

3.8.2.1 SHEQ will form part of engagements with suppliers.

### **3.9 Perform Supplier Monitoring and Reporting:**

#### **3.9.1 The 32-1034 refers:**

3.9.1.1 Supplier progress: Information is gathered, prepared, analysed, trends identified and investigated after which it is formalised into a report and communicated to various stakeholders.

3.9.1.2 Determine Supplier Performance Criteria: Determine the supplier performance criteria by combining the standard supplier performance criteria and contract-specific criteria. This includes determining the performance evaluation frequency, creating of performance evaluation questions, groups and questionnaires.

3.9.1.3 Administer Non-Performing Suppliers: Corrective action plans are put in place to support enhancing suppliers' performance and possibilities of supplier development is determined.

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3.9.1.4 Monitor Supplier Performance: This includes requesting performance evaluation inputs from the CFT the supplier is part of scorecards generated from performance evaluation inputs and provide insight into various aspects of the suppliers' performance. Meetings are held with suppliers to discuss their performance and action plans for improvement of performance are developed if required.

### **3.9.2 The Risk and Sustainability refers:**

3.9.2.1 For the above requirements SHEQ professional will form part of the supplier monitoring and reporting process by participating and providing evidence in line with 32-726 OHS Contractor Management and 240-149467278 Supplier Quality Management (SQM) Operations Procedure

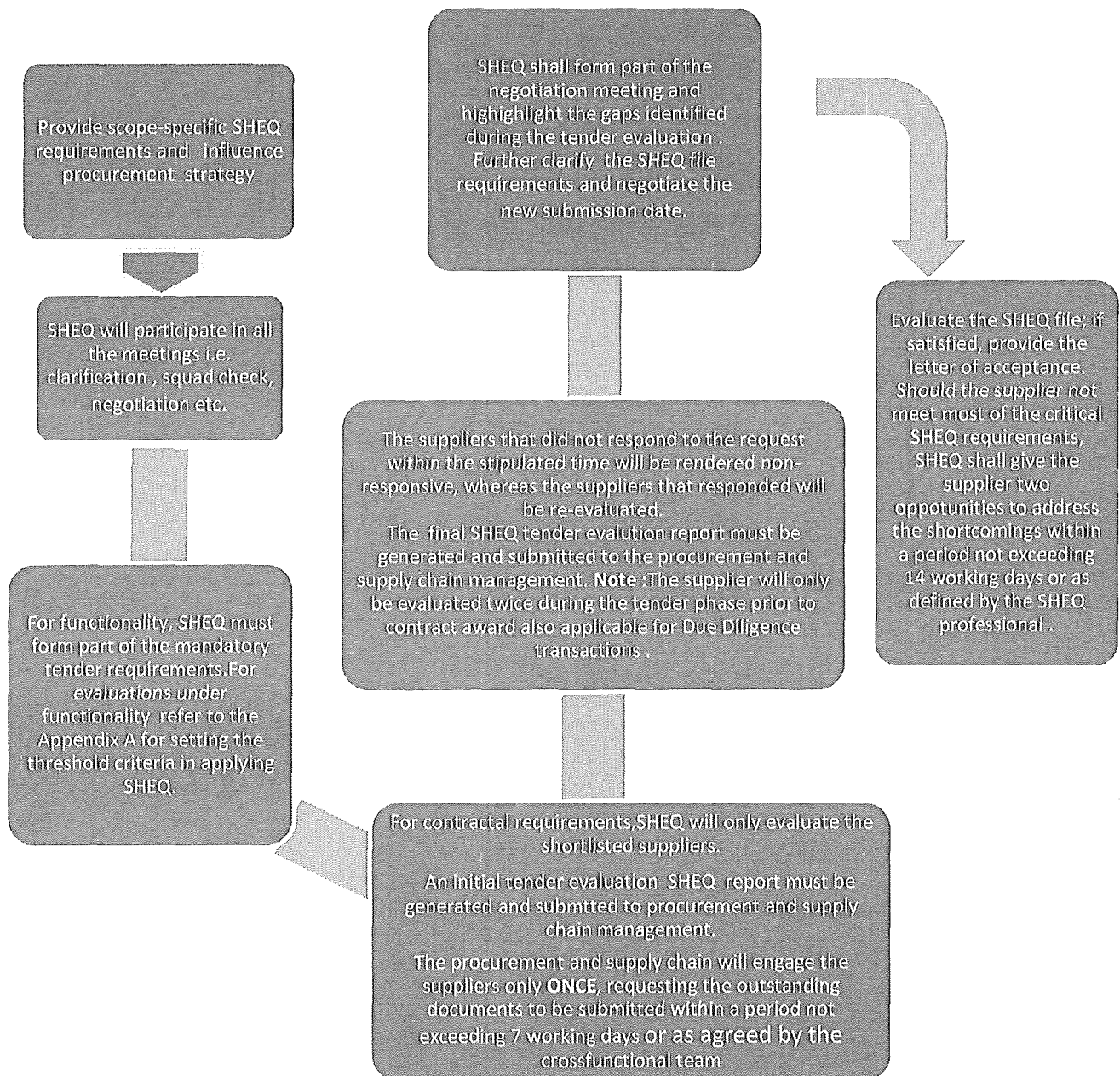
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### 3.10 Process Flow

The process flow below shall be followed in implementing SHEQ in the Procurement and Supply Chain processes.



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#### **4. Acceptance**

This document has been seen and accepted by:

<b>Name</b>	<b>Designation</b>
Miranda Moahlodi	Senior Manager Safety and Risk Management
Deidre Herbst	Senior Manager Environmental Management

#### **5. Revisions**

<b>Date</b>	<b>Rev.</b>	<b>Compiler</b>	<b>Remarks</b>
July 2020	Rev 2	P. Dondashe	To align with the 32-1034 Eskom Procurement and Supply Chain Management Procedure Rev 4
February 2016	Rev 1	FM Pooe	Instruction for Implementing the Published Position Paper (P005 of 2015)

#### **6. Development Team**

The following people were involved in the development of this document:

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#### **7. Acknowledgements**

None

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## **Appendix A**

- The table below provides guidance in implementing functionality criteria for SHEQ scoring / threshold per functional area to proceed to the next step
- The total percentage allocated per functional area of (SHEQ) will be set at 100% and the minimum threshold is 70%
- Potential tenders who do not meet the minimum threshold(s) will not be evaluated further.

**Table 1: Evaluation Criteria on Functionality**

<b>Functionality Criteria</b>	<b>Tenderers will be expected to score at least the minimum threshold per functional area to proceed to the next step</b>	<b>Total percentage allocated per functional area</b>
Safety & Health	70%	100%
Environment	70%	100%
Quality	70%	100%
<b>Minimum Threshold</b>		<b>70%</b>

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