**1. SD&L contractual requirements**

Supplier Development and Localisation (SD&L) has a mandate to achieve maximum and sustainable local development impact through leveraging Eskom’s procurement spend in a manner that allows flexibility within the business in order to contribute towards addressing the socio-economic ills like unemployment, poverty and economic growth, through government local development initiatives and policies.

Eskom’s aspiration is for the tenderers to meet the Supplier Development, Localisation and Industrialization (SDL&I) requirements. The tenderers will be requested as part of their tender submission to make proposals to Eskom based on the SDL&I requirements. The following requirements are contractual requirements and will be negotiated before contract award with successful tenderer:

1.1 Job Opportunities

Tenderer to indicate number of Jobs to be created and/or retained from this contract: this will be based on the amount of work that will be given to the supplier.

|  |  |
| --- | --- |
| **Number of Jobs to be created** | **Number of Jobs to be retained**  |
|  |  |

1.2 Skills Development

Skills Development

Eskom reserves the right to negotiate with the tenderer on Eskom’s requirements. The outcome of the negotiations will be a contractual obligation. If negotiations are not required, the tenderer’s SDL&I undertaking will become a contractual condition.

Skills development is designed to benefit the currently unemployed graduates from school: further education and training campuses and universities.

The composition of these candidates must be representative of the population demographics of South Africa. Note that these targets for skills development candidates categorically exclude Eskom employees and registered learners.

This is how it will be applied:

* Successful tenderer will be obligated to **skill one** candidate for every **R5 Million** spend cumulatively through purchase orders/instructions awarded to the supplier; The supplier will be required to implement this requirement a month after the threshold is reached.
* This obligation will be for the duration of the contract however, supplier needs to demonstrate positive progress on monthly basis.
* Candidates shall be sourced from previously disadvantage groups in South Africa, particularly at the site where the services will be taking place.

**Tenderers are required to propose against the following training initiatives:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Skills type** | **Intake** | **Outcome** | **Eskom allocation target** | **Tenderer proposal** |
| **Logistics** | Matric | Logistics Officer | 14% |  |
| **Chemical Engineering** | Matric | Chemical Engineer | 63% |  |
| **Storing Handling** | Matric | Store Personnel | 23% |  |

**Note**: The supplier will be required to take candidate that matriculated and who’s unemployed, enroll them to do a national diploma in logistics/chemical engineering for at least 3 years then give them work experience for 12 months thereafter. As for storage handling the supplier will take unemployed matriculated candidate and enroll then into material handling or storage course then give the 6 month working experience.

**2 Reporting and Monitoring**

* The suppliers shall on a monthly/quarterly basis submit a report to Eskom in accordance with Data Collection Template on their compliance with the SDL&I obligations described above.
* Eskom shall review the SDL&I reports submitted by the suppliers within 30 days of receipt of the reports and notify the suppliers in writing if their SDL&I obligations have not been met.
* Upon notification by Eskom that the suppliers have not met their SDL&I obligations, the suppliers shall be required to implement corrective measures to meet those SDL&I obligations before the commencement of the following report, failing which Retention clauses shall be invoked.
* Every contract shall be accompanied by the SDL&I Implementation Schedule which must be completed by the suppliers and returned to SDL&I representative for acceptance 14 days after contract award. This will be used as a reference document for monitoring, measuring and reporting on the supplier’s progress in delivering on their stated SDL&I commitments
* These requirements will be implemented once the threshold of R5 Million and more is reached.

 **2. SDL&I Penalty**

* Suppliers will be required to report progress towards achieving SDL&I’s contractual obligations on a quarterly basis regardless of the duration of the task order.
* Eskom will apply 2.5% retention on every invoice (excluding VAT) after all cumulative task orders awarded to the supplier that have reached a total of R5 million as security for the fulfilment of the SDL&I obligations. Failure to comply with the contracted SDL&I obligations will enforce the application of the 2.5% penalty at the end of the contract.
* For every SDL&I commitment met in terms of the contract, the supplier shall apply for the release of the retention in the next payment certificate after the application and once the Eskom contract manager and the SDL&I compliance and monitoring team are satisfied that the obligations have been met.

**Declaration:**

Based on the terms laid out above, we ……………….………………………………… (Company Name)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ACCEPT |  |  | REJECT |  |

Name: Date: