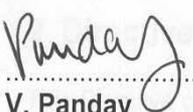
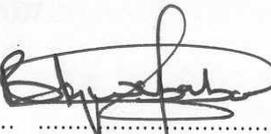


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1 Introduction

Eskom’s formal Black Economic Empowerment (BEE) programme was first initiated in 1995 with the publication of its policy regarding procurement from Black Suppliers (ESKADAAT6). ESKADAAT6 has set the standard for BEE programmes within Eskom and across South Africa as a whole.

There have been a number of internal and external drivers for a change in Eskom’s BEE Strategy, with the principal internal driver being the achievement of a balance between Eskom’s BEE initiatives and its desired developmental outcome, and the objectives of the State as Eskom’s only shareholder.

The principal external driver for change has been the gazetting of The Codes of Good Practice (the “Codes”) under Section 9(1) of the Broad-Based Black Economic Empowerment Act, 53 Of 2003, (the “Act”), and its application as from 09 February 2007.

2 Directive Statement

This Directive creates the platform for the implementation of Eskom’s Black Economic Empowerment (BEE) Strategy (the “Strategy”), as approved by its Board of Directors in December 2006.

The focal point of Eskom’s BEE Strategy is the sustainable development and empowerment of local Black businesses, while continuing to uphold Eskom’s core values. This forms a part of Eskom’s broader Procurement and Supply Chain Management (P&SCM) Strategy. It aims to promote entrepreneurship in Black communities and to give Black businesses access to opportunities in the mainstream “first” economy. It will do this by empowering and developing these businesses into sustainable Suppliers of reliable, cost effective products and services, not only for the benefit of Eskom, but for the benefit of the economy as a whole.

Based on the Strategy, the focus of this Directive will be preferential procurement with Black businesses thereby exploiting opportunities for Black Supplier development especially within manufacturing, maintenance, mining and professional services particularly during the capital expansion phase of Eskom’s business; the leveraging of procurement spend in order to influence the transformation of existing Black businesses; the preferential inclusion of Black businesses when disposing of and leasing assets; and, increased efforts to buy locally within South African markets thereby creating further opportunities for BEE.

3 Supporting Clauses

Index of Supporting Clauses

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3.1 Scope

3.1.1 Purpose

The purpose of this Directive is to instil uniformity across Eskom in the implementation and application of Eskom’s BEE Strategy, and to ensure compliance with all applicable legislation, and in particular with the Codes.

This Directive will furthermore provide guidelines regarding the implementation of the Codes within Eskom and the requirements for BEE reporting within Eskom and to its shareholder.

3.1.2 Applicability

This Directive shall apply throughout Eskom Holdings Limited, its divisions, wholly-owned subsidiaries and entities wherein Eskom has a controlling interest (collectively referred to as "Eskom").

3.1.3 The Codes

With the Broad-Based Black Economic Empowerment ("B-BBEE") Codes of Good Practice (the "Codes") coming into operation, there is a need to amend Eskom's current BEE and procurement policies in order to align with the legislative requirements of the Codes.

One of the fundamental principles of the Codes is that every state-owned entity must take into account and apply the Codes *"as far as is reasonably possible"*. The Codes are required to be interpreted in a manner which is consistent with the objectives of the Act and the government's overall B-BBEE strategy. On this basis, Eskom will, as a minimum, apply the Codes in a manner which is consistent with the intentions thereof, but will ensure that application of the Codes are in line with its own BEE strategy and that economic reality takes precedence over legal form.

Specific requirements and guidelines with regard to the application of the Codes within Eskom are contained in the Eskom Standard, 32- 417, *Application of the Broad-Based Black Economic Codes of Good Practice within Eskom*.

3.2 Normative/Informative References

Parties using this Directive shall apply the most recent edition of the documents listed below.

3.2.1 Normative

- Black Economic Empowerment Strategy for Eskom Holdings Limited, December 2006 (the "Strategy")
- The Codes of Good Practice under Section 9(1) of the Broad-Based Black Economic Empowerment Act, 53 of 2003 (the "Codes")
- The Eskom Standard, 32- 417, Application of the Broad-Based Black Economic Codes of Good Practice within Eskom ("Standard 32- 417")

3.2.2 Informative

- Eskom's Procurement and Supply Chain Management Policy (32-187)
- Eskom's Procurement and Supply Chain Management Procedure (32-188)

3.3 Definitions

Any term or phrase assigned a specific meaning in the Codes and used in this Directive, has the same meaning as assigned in the Codes unless otherwise stated herein or within Standard 32- 417. Terms or phrases as defined in the Codes are contained in Appendix 1 of Standard 32- 417.

Specific terms and phrases as set out in this Directive are as follows:

Accredited Verification Agency: A verification agency that has been accredited by the South African National Accreditation System (SANAS) in terms of the Codes.

B-BBEE Status: Refers to an entity's level of contribution to BEE (e.g. "Level Four Contributor").

BEE Advisor: Individuals that form part of the BEE function within P&SCM and who report directly to the BEE Programme Manager.

BEE Programme Manager: The head of the BEE function who is responsible for the implementation and management of BEE within Eskom and who reports directly to the GM: P&SCM.

Black: "Black people" are defined as African, Coloured or Indian persons who are natural persons and:

- are citizens of the Republic of South Africa by birth or descent; or
- are citizens of the Republic of South Africa by naturalization before the commencement date of the Constitution of the Republic of South Africa Act of 1993; or
- Became citizens of the Republic of South Africa after the commencement date of the Constitution of the Republic of South Africa Act of 1993, but for the Apartheid policy that had been in place prior to that date, would have been entitled to acquire citizenship by naturalization, prior to that date.

Black Women Owned (BWO): An EME or QSE that is 50% or more owned and effectively managed by Black women.

Buyer: Employees appointed by Eskom in writing as accredited buyers, after conforming to Eskom's prescribed requirements.

Disabled Persons: Persons with a long term or recurring physical or mental impairment that substantially limits their entry into, or advancement in employment.

Large Black Suppliers (LBS): An LME that is a minimum of a "Level Four Contributor" to BEE.

Large Black Women Owned: An LME that is 50% or more owned and effectively managed by Black women.

Small Black Enterprise (SBE): An EME or QSE that is 50% or more owned and effectively managed by Black persons.

Supplier: Any person or entity that does business with Eskom or tenders to do business with Eskom and includes consultants, contractors and providers of goods and services.

Verification Agency: A verification agency that has been accredited by the Association of BEE Verification Agencies (ABVA).

Verification Certificate: The certificate **and accompanying documentary proof** obtained from an Accredited Verification Agency or a Verification Agency (as defined herein) confirming the B-BBEE Status of a Supplier.

3.4 Abbreviations

- **ABVA:** The Association of BEE Verification Agencies
- **ASGISA:** Accelerated and Shared Growth Initiative for South Africa
- **B-BBEE:** Broad-Based Black Economic Empowerment
- **BEE:** Black Economic Empowerment
- **BWO:** Black Women Owned
- **EME:** Exempted Micro Enterprise

- EXCO: Executive Committee
- **GM:** General Manager
- **IT:** Information Technology
- **KPI:** Key Performance Indicator
- **LBS:** Large Black Supplier
- **LME:** Large Measured Entity
- MRO: Maintenance, Repairs, Operations
- **OTH:** Other
- **P&SCM:** Procurement & Supply Chain Management
- **QSE:** Qualifying Small Enterprise
- **SANAS:** South African National Accreditation System
- **SBE:** Small Black Enterprise

3.5 Roles and Responsibilities

3.5.1 Key Role Players

- **Eskom's Board of Directors ("Board")**

Board has granted its approval of Eskom's BEE Strategy, and will continue to provide the strategic direction for the implementation of BEE within Eskom. Regular feedback will be given by both EXCO and Line Management to the Board on the progress made regarding the implementation of the Strategy and actual results achieved against specified BEE goals and targets.

- **Executive Committee ("EXCO")**

- The Committee: EXCO has been mandated by Board to render its approval of Eskom's policies and directives. EXCO endorses and recommends proposed strategies to Board.
- Individual Members: Divisional Managing Directors, Senior General Managers and General Managers are responsible for the setting of divisional and departmental BEE spend and developmental targets. They are furthermore responsible for ensuring that their respective divisions are equipped with adequate human, financial and other resources across all areas of activity for the proper implementation of Eskom's BEE Strategy as set out herein. Divisional Managing Directors must ensure that the meeting of all BEE-related goals and targets are included in the performance compacts of all personnel involved in the implementation and carrying out of Eskom's BEE Strategy.

- **Line Management**

Line Management are responsible for the actual implementation of BEE within their respective divisions. Line Management are required to scrutinise BEE reports for both positive and negative trends against BEE goals and targets, and to ensure that proper investigations are carried out and appropriate mechanisms are put in to place where specified goals and targets are not being achieved.

- **Procurement & Supply Chain Management (P&SCM)**

The implementation of BEE across Eskom will be guided by the following centralised functions within Corporate P&SCM.

- BEE: The BEE function will be headed by the BEE Programme Manager who will be responsible for the overall implementation of Eskom's BEE Strategy, and in particular for the management of BEE Advisors; management and control of the vendor management system; setting up of reporting mechanisms; Supplier relationship management; implementation of BEE policies, directives, guidelines and procedures; advice, guidance and mentoring on various aspects of BEE; and to ensure that Eskom is in compliance with all applicable legislation affecting the implementation of BEE within Eskom.

While the role of the BEE Advisor will no longer be that of an assessor, the BEE Advisor will serve as Eskom's "watchdog" particularly regarding fronting and misrepresentation of B-BBEE Statuses by Suppliers. The BEE Advisor will also be responsible for the qualification and loading of Suppliers onto Eskom's vendor management system.

- ASGISA: The BEE and ASGISA functions within Corporate P&SCM will work in conjunction with each other.

3.5.2 Responsibilities of Key Role Players

The following are key areas of responsibility:

- **Integrity and Management of Eskom's Vendor Management System**

It is the Supplier's responsibility to obtain a Verification Certificate from an Accredited Verification Agency confirming its B-BBEE Status in terms of the Codes.

It is the responsibility of the BEE function within P&SCM to obtain proof of the B-BBEE Status of all new Suppliers approaching Eskom for business and of all Suppliers currently doing business with Eskom. Proof of a Supplier's B-BBEE Status must be obtained in the form of a Verification Certificate (together with documentation confirming the B-BBEE Status as indicated on the Verification Certificate) obtained from an Accredited Verification Agency. The details thereof are to be captured against the Supplier's details in the vendor management system. A Verification Certificate is valid for 12 (twelve) months at a time.

The BEE Advisor must be able to interpret the Verification Certificate and ascertain if the supporting documentation accompanying the Verification Certificate is satisfactory proof of the Supplier's B-BBEE Status as stated on its Verification Certificate.

The vendor management system must reflect the following details per Supplier with respect to BEE, which will be obtained from the [Supplier Application Form](#) that is completed by the Supplier, and based on which, the Supplier is qualified and loaded onto Eskom's vendor management system:

- The category of Supplier (i.e. EME, QSE, LME);
- Whether the Supplier is a BWO, SBE, is owned by persons or groups falling within the category of Black Disabled Persons, or is a Large Black Women Owned Supplier;
- Its B-BBEE Status (i.e. "Level One Contributor", "Level Two Contributor", etc) and percentage of Black, Black women and Black Disabled ownership and management for EMEs and QSEs;
- If a Sector Code applies to the Supplier;
- The validity period of its Verification Certificate;

- If the Supplier is a Value-Adding Enterprise, a recipient of Eskom's enterprise development initiatives and / or is a Black Supplier rendering professional or consulting services; and
- If the Supplier's B-BBEE Status is pending subject to changes in its legal status, ownership or business composition.

Each Supplier will be linked to one or more class codes, and when a Buyer is requested to procure a particular item or service, prospective Suppliers will be identified against that class code. Where the class code indicates that certain minimum standards are required to be met, (i.e. quality, safety, environmental standards), then the Supplier must first be qualified against those minimum requirements before being linked to the class code. Where a suitable Black Supplier cannot be identified against a class code, the Buyer, together with the BEE Advisor, will then be required to investigate the external market for potential Black Suppliers, and ensure that such Suppliers, if any, are registered on the vendor management system, pre-qualified if necessary and linked to the relevant class code.

A BWO, SBE or EMEs / QSEs owned by Black Disabled Persons must not be denied a listing on the vendor management system due to a lack of a formal environmental policy or quality management system.

If the Supplier belongs to the construction, manufacturing or maintenance industries, the Supplier must be qualified as to its capability. This is necessary as opportunities for future development may be identified.

It is the responsibility of the BEE function to put mechanisms in place to ensure the accuracy, consistency and integrity of the vendor management system.

• **Placing of Orders and Contracts**

All orders and contracts must be placed in accordance with the commercial process set out in *Eskom's Procurement & Supply Chain Management Procedure 32-188* ("Procedure 32-188"). Black Suppliers will not be treated preferentially with respect to quality, expected levels of service, delivery and technical requirements.

Procurement/tender committees must ensure that major projects will NOT be approved without BEE participation and contribution.

It is the responsibility of each project team to ascertain the extent of BEE participation and contribution per project, with a developmental focus in mind. Efforts must be made to procure within local South African markets, and in particular in markets within the province and area where the project takes place.

Line Managers within P&SCM must, on an annual basis identify all goods and services currently procured, as well as any new goods and services to be procured, which can potentially create both procurement and developmental opportunities for SBEs, BWOs and /or Black Disabled Persons or groups, and are required to put in place sound sourcing and developmental initiatives in order to realise the opportunities identified. Line Managers are required to report back to the BEE Programme Manager at regular intervals on the progress of these initiatives. The BEE Programme Manager will in turn report back to EXCO and Board.

Where a Black Supplier has been identified for developmental purposes, the financial and commercial evaluation requirements may be temporarily relaxed for that Supplier only if this can be done without placing Eskom at substantial risk.

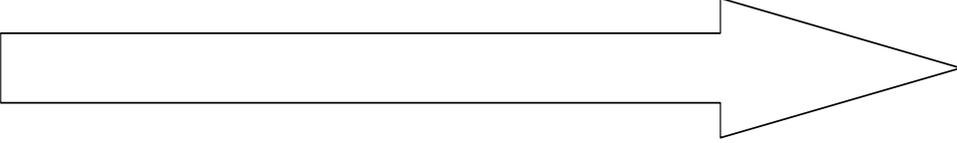
Black Suppliers will be afforded an opportunity to match prices within the parameters set out in the enquiry. The hierarchy followed with respect to price matching is "small" before "large" in descending order (i.e. BWO / SBE / Black Disabled EMEs may match the prices of QSEs and LMEs; while BWO / SBE / Black Disabled QSEs may match the prices of LMEs).

The hierarchy of procurement as set out in Procedure 32-188 will continue to apply. The hierarchy of procurement as tabled below will apply specifically when procuring from Black Suppliers. The hierarchy is broken down into 3 (three) categories of preference with respect to the size/turnover of the Supplier, the category into which the Supplier falls with respect to being Black Disabled Persons, a BWO or SBE (applicable only to EMEs and QSEs) and the B-BBEE Status of the Supplier.

When determining the hierarchy of preference with respect to BEE, the steps are as follows:

- Step 1: Determine preference with respect to size and turnover: i.e. EMEs before QSEs before LMEs. It must be noted that EMEs which are “Level Three Contributors” are Eskom’s first preference as they represent very small businesses with more than 50% Black ownership, while EMEs which are “Level Four Contributors” are last on the Eskom hierarchy of preference as they represent a group that will be inclusive of non-Black Suppliers (OTH);
- Step 2: Once Suppliers are sub-categorised with respect to their size / turnover, then EMEs and QSEs must once again be grouped based on whether they are Black Disabled, BWO, or SBE. Eskom’s preference is Black Disabled over BWO over SBE;
- Step 3: Within each category and sub-category, preference will be given to the Supplier with the highest B-BBEE Status – i.e. “Level One Contributor” before “Level Two Contributor” before “Level Three Contributor”, etc. It must be noted that when dealing with EMEs which are “Level Three Contributors”, the preference is the highest level of Black ownership (e.g. 100% Black ownership over 80% Black ownership over 51% Black ownership, etc) as the highest B-BBEE Status for an EME in terms of the Codes is that of a “Level Three Contributor”.

	Size and Turnover Preference	Categories of Preference	Preference as per BBEE Status
	EME Level 3 (SBEs/ BWOs)	Black Disabled before BWO before SBE	In descending order of the percentage of Black ownership
	QSE Level 1- 4 (SBEs/ BWOs)	Black Disabled before BWO before SBE	Level 1 Contributor before Level 2 before Level 3 before Level 4
	LME Level 1- 4 (LBS)	NA	Level 1 Contributor before Level 2 before Level 3 before Level 4
	QSE Level 5- 8 (OTH)	NA	Award to the Supplier with the highest BBEE Status
	LME Level 5- 8 (OTH)	NA	Award to the Supplier with the highest BBEE Status
	EME Level 4 (OTH)	NA	NA



Application of the hierarchy:

Example 1: An enquiry is sent out for the provision of specialised IT services to 5 consultants. All 5 consultants respond to the enquiry. The BEE function is part of the evaluation team that assists with the BEE evaluation of the enquiries. The enquiries received can be broken down as follows:

- 2 EMEs, 1 QSE, 2 LMEs;
- Of the EMEs, neither are BWOs / SBEs or owned by Black Disabled Persons and the QSE is a SBE; and
- The EMEs are “Level Four Contributors”; the QSE is a “Level Two Contributor”; the LMEs are a “Level Five Contributor” and a “Level Eight Contributor” respectively.

The application of the hierarchy with respect to BEE can be tabled as follows:

Size Preference	Black Disabled / BWO / SBE	B-BBEE Status	Overall Order of Preference
EME	N/A	Level 4	2
EME	N/A	Level 4	2
QSE	SBE	Level 2	1
LME	N/A	Level 5	3
LME	N/A	Level 8	4

When applying each of the three categories of preference we find that the QSE with a "Level Two" B-BBEE Status will be Eskom's first preference should it submit a tender that is commercially, financially and technically acceptable. Where, for example, the LME with a "Level Five" B-BBEE Status has tendered a more favourable price (all other things being equal) than the QSE, the QSE may be allowed to match the price of the LME where this has been provided for in the enquiry.

Example 2: An enquiry is sent out for the provision of civil engineering services to 3 contractors, 2 of which are joint ventures. All 3 contracting entities respond to the enquiry. The BEE function is part of the evaluation team that assists with the BEE evaluation of the enquiries. The enquiries received can be broken down as follows:

- 2 EMEs (joint ventures), 1 LME;
- Of the EMEs, one is a SBE and one is a BWO; the LME is a wholly-owned subsidiary of a large holding company which is 80% Black owned; and
- The EMEs are "Level Three Contributors" with the BWO being 80% Black owned and the SBE being 100% Black owned; the LME is also a "Level Three Contributor" (LBS).

The application of the hierarchy with respect to BEE can be tabled as follows:

Size Preference	Black Disabled / BWO / SBE / other Black owned	B-BBEE Status	Overall Order of Preference
EME	SBE	Level 3 (100%)	2
EME	BWO	Level 3 (80%)	1
LME	N/A	Level 3	3

When applying each of the three categories of preference we find that the BWO will be Eskom's first preference where it submits a tender that is commercially, financially and technically acceptable. Although the SBE has a greater percentage of Black ownership, Eskom will, in this instance, exercise its preference to do business with small Black Women Owned businesses over other small Black enterprises. If the BWO does not submit a tender that is commercially, financially and technically acceptable then the SBE will become Eskom's next preference. Where the LME has tendered a more favourable price (all other things being equal) than the BWO or SBE, then they may be allowed to match the price of the LME where this has been provided for in the enquiry.

- **Supplier Development**

It will be the responsibility of the BEE function within Eskom to ensure that Eskom participates in the development of its Black Suppliers by supporting the initiatives of identified third parties through sponsorships and by the use of its influence and buying power in order to create opportunities for enterprise development.

Eskom has identified the following mechanisms for rendering developmental support to its Black Suppliers:

a) Preferential Procurement Mechanisms

- The setting aside of certain tenders, in whole or in part, for BWOs and SBEs only. In this instance LBSs and other small and large Suppliers will not be allowed to tender;
- The setting aside of certain tenders, in whole or in part, for LBSs only. Other Suppliers will not be permitted to tender;
- Negotiating with BWOs and SBEs only, using estimated costs as the basis;
- Permitting price matching as stipulated in the enquiry;
- Providing advice, assistance and training to Black Suppliers on how to tender;
- Arranging for expedited payment, i.e. within 15 (fifteen) days of receipt of invoice to BWOs and SBEs without deduction of settlement discount and irrespective of what Eskom's standard forms of contract stipulate.

b) Enterprise and Socio-Economic Development Mechanisms

Specific developmental assistance, at the discretion of the BEE function, will be provided to Black Suppliers primarily in the manufacturing, construction, mining/extraction industries and within selected professional consulting fields. The preferred recipients of such developmental assistance will be 100% Black owned and/or Black Woman Owned EMEs or QSEs. This specific developmental assistance will encompass the following:

- Providing advice and guidance, and arranging training, in areas such as quality, financial management, procurement, marketing, and environmental and production management;
- Rendering assistance with negotiating financing arrangements with financial institutions, although not investing Eskom funds;
- Assisting with negotiations to obtain materials, goods and services at competitive prices from Suppliers, alternatively, to draw free-issue materials from Eskom;
- Co-ordinating industrial/production engineering assistance to improve productivity;
- Assisting with strategy-setting to ensure that the Supplier develops and does not depend on Eskom for its survival;
- Start-up facilitation in industries where there are no Black Owned or Black Women Owned Suppliers, without investing Eskom's funds.

Assistance and development to Suppliers will not continue indefinitely, but will be aimed at making their businesses independent and sustainable within a predetermined period.

It is the responsibility of the BEE Programme Manager to ensure that all Eskom's Supplier development initiatives are aligned with the Codes with respect to Eskom obtaining recognition for enterprise development against the requirements set out in the Codes.

c) Second Tier Procurement

Where Eskom cannot implement any of the developmental assistance / programmes as stated above, then principal contractors and Suppliers will be required to contract for and procure a stated percentage of the contract value from Eskom-approved Black Suppliers by:

- Subcontracting portions of the contract;
- Procuring manufactured components/sub-assemblies;
- Procuring consumables / MRO materials;
- Procuring services, e.g. transport, insurance; and
- Procuring professional services, e.g. engineering, design, project management.

The enquiry and tender documentation sent out by Eskom must specify the percentage of the contract value that must be spent in line with the above criteria. This will vary from contract to contract according to the characteristics of the items or services procured.

Suppliers / contractors that are not willing to comply with this requirement will be eliminated from the tender list, and non-compliance with contractual Black Supplier support requirements may lead to termination of the contract and any other action deemed necessary in the circumstances.

• Setting of BEE Targets and BEE Reporting

The emphasis in measurement of BEE transformation against specified goals and targets will shift away from number-chasing against BEE targets and will be quantified on the basis of actual outputs and economic reality (i.e. number of businesses developed and sustained, number of jobs created and sustained, capacity increase, etc). While Eskom will continue to measure and report on its BEE expenditure, this is not the sole focus of the Strategy.

On this basis, Eskom will have dual reporting requirements, whereby it will report on its compliance against the Codes for external reporting purposes, as well as report against internal targets and goals for the purposes of internal monitoring, control and decision-making in accordance with the Strategy.

BEE spend targets will be set at the beginning of each financial year by Divisional Managing Directors, Senior General Managers and General Managers, and timeously communicated to the BEE function.

It is the responsibility of the BEE function to specify the interim and annual BEE reporting requirements across Eskom, and to set up proper reporting structures, systems and mechanisms. BEE reporting requirements must apply uniformly across Eskom and must be submitted to the BEE Programme Manager for reporting to EXCO and Board.

Performance measurement against BEE goals and targets must be communicated by the relevant levels of Line Management and the BEE function respectively, from time to time.

Key Performance Indicators (KPIs) for purposes of both performance appraisal and reporting must be determined in accordance with requirements stipulated by EXCO.

All aspects of BEE reporting will be subject to audit across all divisions on an annual basis.

• Supplier Relationship Management (SRM)

SRM is the responsibility of the BEE function within P&SCM.

The principles of Supplier management as set out in Procedure 32-188 will continue to apply with respect to measuring the performance of Black Suppliers for purposes of Supplier development as well as with respect to managing Supplier misconduct.

Suspicious of fronting must be investigated by the BEE function, and Suppliers found guilty of fronting will be subject to the disciplinary procedure for Supplier misconduct as set out in Procedure 32-188.

3.6 Implementation Date

The implementation date of this Directive is 01 May 2008.

In the absence of Accredited Verification Agencies after approval and publication of this Directive, Eskom will require Suppliers to submit Verification Certificates obtained only from verification agencies belonging to The Association of BEE Verification Agencies (ABVA).

3.7 Process for monitoring

It is the responsibility of the GM: P&SCM together with the BEE Programme Manager to ensure that all key areas of responsibility with respect to BEE as set out herein are adequately managed, controlled and monitored, and will be able to withstand the scrutiny of both internal and external auditors.

3.8 Related/Supporting Documents

This Directive supersedes Corporate Directive ESKADAAT 6, *Procurement by Eskom from Black Suppliers*, and Practice Note 06 of 2006: BEE Evaluation Status: Joint Ventures

[Appendix 1: Supplier Application Form](#)

3 Authorisation

This document has been seen and accepted by:

Name	Designation
PJ Maroga	Chief Executive
B Nqwababa	Finance Director
BA Dames	Chief Officer (Generation)
EL Johnson	Chief Officer (Networks and Customer Service)
MM Ntsokolo	Managing Director (Transmission Division)
A Noah	Managing Director (Distribution Division)
JA Dladla	Managing Director (Special Project 2010)
Dr SJ Lennon	Managing Director (Corporate Services Division)
ME Letlape	Managing Director (Human Resources Division)

5 Revisions

Date	Rev.	Remarks
May 2008	0	Reasons for Revision <ul style="list-style-type: none">• To create a platform for the implementation of Eskom's BEE Strategy• To ensure compliance with the B-BBEE Codes of Good Practice• To create uniformity across Eskom regarding the implementation of BEE, in particular with respect to the inclusion of BEE within the commercial process, BEE reporting and the application of the Codes

6 Development team

Louis Coetzee (Head of P&SCM Policy)

Vishala Panday (P&SCM Policy Advisor)

Manase Mathabathe (BEE Programme Manager)

Andile Dikana (BEE Manager)

Willie Du Plessis (GM: Legal)

Vuyo Booyesen (P&SCM Compliance Manager)

Gabriel Mkhonza (Generation Commercial)

Kholofelo Masunga (Transmission Commercial)

David Pule (Enterprises Commercial)

Appendix 1: Supplier Application Form

	<h3>Eskom Holdings Limited Supplier Application Form</h3>	Doc No. SAF	
		Date: Jan 2008	Rev. 20
		Page 14 of 22	

This application form must be completed by suppliers in order to register suppliers on the Eskom Holdings Limited vendor management system.

In order for your application to be processed, the following documentation **MUST** accompany this form, failing which, your application will not be considered. Please **DO NOT** submit CDs or video tapes with this form.

DOCUMENT REQUIRED	CATEGORY OF SUPPLIER	TICK THE RELEVANT BOX INDICATING SUBMISSION OF THE REQUIRED DOCUMENTS
Original cancelled cheque or stamped letter from the bank, verifying the banking details of your business	All suppliers	
Certified copy of your business registration documents if you are incorporated as a partnership, close corporation or a company	All suppliers	
Certified copies of the ID documents of directors and shareholders / partners / members / sole proprietor	All suppliers	
A valid <u>and original</u> tax clearance certificate	All suppliers	
Proof of registration with the UIF (i.e. reference number issued by the UIF)	All suppliers who are employers in terms of the Unemployment Insurance Act 63 of 2001 as amended	
Proof of registration with the Compensation Fund for Workers' Compensation	All suppliers who are employers in terms of the Compensation for Occupational Injuries and Diseases Act 130 of 1993 as amended (COIDA)	
A copy of the CIDB (Construction Industry Development Board) certificate NB: You can contact the CIDB on +27 12 482 7200 or +27 086 100 CIDB, or visit www.cidb.org.za for information and registration. You are also required to obtain the document entitled "Code of Conduct for all parties engaged in construction procurement" from the CIDB.	All suppliers whose services constitute construction and /or engineering works in terms of the Construction Industry Development Board Act 38 of 2000 and its Procurement Regulations	
Proof of professional registration or a copy of any other registration certificate pertaining to your relevant industry, e.g. ECB (Electrical Contractors Board)	All suppliers, where applicable	
A valid verification certificate obtained from an accredited verification agency OR an ABVA-accredited verification agency (only in the absence of accredited verification agencies)	All suppliers whose turnover exceeds R5 million.	
Supporting documentation confirming the points scored regarding each element of the applicable scorecard, as used by the relevant verification agency	All suppliers submitting a valid verification certificate in terms of the B-BBEE Codes of Good Practice	
<ul style="list-style-type: none"> • Shareholder certificates or the shareholder's agreement (for companies); OR • association agreements (for close corporations); OR 	All suppliers	

<ul style="list-style-type: none"> partnership agreements (for partnerships and joint ventures), confirming the percentage of Black ownership and Black management within the business 		
<p>Latest verified annual financial statements confirming annual turnover, Net Profit Before Tax (NPBT) and total cost of labour</p> <p>NB: Financial statements must be verified by an auditor for a company or a certified accounting officer for a close corporation, partnership or sole proprietorship.</p>	All suppliers	
Letter signed off by an auditor or a certified accounting officer confirming that the entity is newly incorporated and is in its first year of operation	Start-up enterprises as defined in the B-BBEE Codes of Good Practice	

SECTION A: GENERAL

'Trading as' name of business: _____
(Contracts/orders will be placed on this name and invoices must reflect this)

Registered name of business: _____

Title (Prof. / Dr / Mr / Mrs / Ms/) and Surname/s : _____
(If trading as a sole-proprietor or a partnership)

Physical address of business:

Building / complex name: _____

Street name and number : _____

Suburb : _____ City : _____

Code: _____ Country: _____

Postal address of business: (This is the address to which an Invitation to Tender / enquiry and orders / contracts will be sent to)

Postnet address: _____

P O Box / Private Bag : _____ City/Town: _____ Code: _____

Telephone numbers of business: Code: _____ Number: _____

Alternative number of business: Code: _____ Number: _____

Sales representative fax number: Code: _____ Number: _____
(Used by Eskom for electronic faxing of Request for Quotations, Contracts and Purchase orders)

Is this a dedicated fax number? (Y/N) _____

Accounting Clerk's fax number: Code: _____ Number: _____
(Used by Eskom for electronic faxing of the APS remittance advices)

Is this a dedicated fax number? (Y/N) _____

Business e-mail : _____

Your own business contact person/sales representative name and telephone number: _____ Tel: _____

Is your business owned or partly-owned by government? _____(Y/N)

Business Registration number (if applicable) _____
(In the case of a sole proprietor or partnership, please furnish identity numbers plus copies of the identity documents of the owners)

Tax number of business: _____

VAT registration number: (if applicable) _____

SECTION B: CONFIRMATION OF B-BBEE STATUS

NB: It must be noted that Eskom will recognise only the following categories of persons as "Black" for purposes of B-BBEE, as defined in the Codes of Good Practice:

African, Coloured or Indian persons who are natural persons and:

- ***are citizens of the Republic of South Africa by birth or descent; or***
- ***are citizens of the Republic of South Africa by naturalization before the commencement date of the Constitution of the Republic of South Africa Act of 1993; or***
- ***became citizens of the Republic of South Africa after the commencement date of the Constitution of the Republic of South Africa Act of 1993, but who, but for the Apartheid policy that had been in place prior to that date, would have been entitled to acquire citizenship by naturalization, prior to that date.***

Previous name(s) of business (if applicable)

If operating as an Exempted Micro Enterprise (EME) (turnover less than R5 million per annum), do you operate independently or are you related (common ownership and resources) to other operating EMEs? Y/N ____

If yes, then elaborate on your relationship with other EMEs?

Is your EME operating as a continuation of a currently or previously existing business?

Y/N ____

If yes, then elaborate on your relationship with this business.

Is your business:

- An agent _____ Manufacturer_____ Distributor_____ Consultant _____Contractor _____
Professional Services _____ Other
(specify) _____
- Governed by a Sector Code? Y/N ____

If _____ yes, _____ specify _____

- A Multinational based in South Africa with overseas headquarters, operating as a "Global Practice" which restricts the alienation of equity or the sale of businesses in its regional operations? Y/N ____ (If yes, please provide documentation confirming operation as a Global Practice).

[If your business operates as a Multinational subject to a Global Practice, are you currently a participant in an Equity Equivalent Programme (EEP)? Y/N ____ (If yes, please submit documentary proof that the EEP has been approved by the Minister of Trade and Industry OR forms part of a Sector Code)].

- Owned or partly owned by a Trust (Y/N) _____ Private Equity Fund (Y/N) _____ Broad-Based Ownership Scheme (Y/N) _____ Employee Ownership Scheme (Y/N) _____

List all your products / services your business can manufacture and/ or supply to Eskom
Attach a separate list if the space provided is not enough

Please indicate (x) the geographical areas where your business is willing and capable of supplying Eskom:

Gauteng _____ Kwa-Zulu Natal _____ Western Cape _____

Mpumulanga _____ Free State _____ Eastern Cape _____

North West _____ Northern Cape _____ Northern Province _____

SECTION C: SUPPLIER PROFILE

In order for Eskom to build up a profile of its suppliers, we would like you to complete the following:

<p><u>Commercial</u></p> <p>Name 3 commercial references/referees of previous projects / contracts and provide their name(s) and telephone number(s):</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p><u>Financial</u></p> <p>Has your business ever been declared insolvent or had a judicial management order granted against it? (Y/N)_____ If yes, please elaborate:</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p><u>Technical</u></p> <p>Is your business a permit holder under the South African National Standards (SANS)? (Y/N) _____ If yes, indicate product(s) for which permits are held, including permit numbers</p> <p>_____</p> <p>_____</p> <p>Are you working to accredited National or International Standards? (Y/N)_____ If yes, indicate products and to which standards: _____</p>
<p><u>Quality</u></p> <p>Does your business operate a Quality Management System which includes:</p> <ul style="list-style-type: none">• Quality policy and objectives (Y/N) _____• Document and record control system (e.g. proof of competence, minutes of meetings and references) (Y/N) _____

- Procedure for non-conforming products / services (Y/N) _____
- Procedure for corrective and preventative action (Y/N) _____

Has your Quality Management System been assessed and certified by any Nationally or Internationally recognised accreditation body? (Y/N)_____ If yes, please provide a copy of the certificate.

Safety

Does your business have an Occupational Health and Safety Policy complying with the Occupational Health and Safety Act (Act 85 of 1993) (OHS Act) that clearly states overall health and safety objectives and commitment to improving health and safety performance? (Y/N)_____ If yes, attach a copy of this policy.

Are you registered with the Compensation Fund in terms of the Compensation for Occupational Injuries and Diseases Act (COIDA)? (Y/N) _____ Registration number _____

Has your business experienced any incident that resulted in a fatality or serious injury? (Y/N)_____ If yes, provide details thereof.

Has any non-conformances or prohibition notices been issued by the Department of Labour to your business on previous projects? (Y/N)_____ If yes, provide details thereof.

Do you maintain the integrity and safety of all health and safety related equipment and do you have an effective maintenance schedule? (Y/N)_____ If no, provide reasons?

Environmental

Do you have an Environmental Management System in place? (Y/N) _____

Does your facility routinely work with any hazardous substances? (Y/N)_____

Has your Environmental Management System been assessed and certified by any Nationally or Internationally recognised accreditation body? (Y/N)_____ If yes, please provide a copy of the certificate.

Energy Efficiency

What is the total energy used to produce your products? (kWh or MJ) _____
[If you are a service provider, derive your total embedded energy from the use of energy to deliver your services (e.g., driving, use of computers, flights, etc)].

Does your business have energy usage reduction targets (in kWh/product or MJ/product)? (Y/N)_____ If yes, fill in the target: _____

Have you taken any measures to improve on energy efficiency of your products / your facilities in the last 5 years? (Y/N) _____ If yes, please provide details of such improvements benchmarked against standard practices or product, including kWh reduction or reduction in electricity bill(s):

What is your business's carbon footprint, i.e. a measure of how much carbon dioxide, methane and other "greenhouse gases" that your business is responsible for creating? (in kg CO₂/employee/annual)

What would you estimate as your business's contribution towards the energy usage reduction percentage targets as set out by Department of Minerals and Energy in The Energy Efficiency Strategy?

Human Resources

How many full-time employees do you currently have? _____

How many part-time employees do you have? _____

Please provide an organogram of your overall business structure indicating all human resources within your business.

Facilities, Plant & Equipment

Please provide a summary of your plant and facilities: _____

Please attach a list detailing tools and equipment held by your business.

CIDB Declaration:

I confirm that I have read the document entitled "*Code of Conduct for all parties engaged in construction procurement*" and will abide by it. _____ (Y / N / Not Applicable)

SECTION D: DECLARATION OF INTERESTS

Are you or any other person who holds an interest in your business (i.e. a shareholder, a director, or a member or partner, a line manager, or a fellow employee), employed by Eskom or serves as a director at Eskom, or was previously employed by Eskom or served as a director at Eskom?

Y/N ____

If yes, state particulars.

Are you, or any other person who holds an interest in your business, a close family member (i.e. related by birth, marriage, domestic partnership, adoption, guardianship or the like) to or an associate (i.e. a friend, rival, business partner, neighbour, etc) of an Eskom employee and/or director?

Y/N ____

If yes, state particulars.

Have you, or any other person who holds an interest in your business, given a business courtesy to or received a business courtesy from an Eskom employee and/or director over the last 12 (twelve) months?

Y/N ____

If yes, state particulars.

Have you, or any other person who holds an interest in your business undergone an Eskom supplier disciplinary process and / or has been suspended from the Eskom supplier database over the last 5 (five) years?

Y/N ____

If yes, state particulars.

Is your business currently engaged in defending any legal proceedings which have been instituted against it (including against any of its directors / members / partners), or has your business (including any directors / members / partners) either been charged with or been convicted of any criminal act, or has any judgment or decision been made against it by any administrative or regulatory body?

Y/N ____

If yes, state particulars.

DECLARATION:

I, the undersigned [*insert full name of signatory*] _____, duly authorised to complete this application form in my capacity as [*insert capacity, i.e., member, director, partner, etc*] _____ on behalf of the applicant [*insert full name of the business entity*] _____ certify that, to the best of my knowledge, the information furnished herein is true and correct. I accept that Eskom reserves its right to act against the applicant or me personally in terms hereof, should this declaration prove to be false.

Name _____ Signature _____
Designation _____ Date _____

NOTE TO ALL SUPPLIERS:

Eskom Holdings Limited (Eskom) reserves the right to verify and confirm any of the information provided on this application form. Eskom may request additional information during its tender evaluation process.

Incomplete submissions will not be processed. An incomplete submission will include failure to provide any supporting documentation required to be submitted with this form.

*If there are any changes to the information provided on this form, please inform the relevant contact person within Eskom's vendor management department within 7 (seven) working days of such change. **Outdated information could lead to your business not being invited to tender or not receiving correct payment!***

NB: Bank information:

In all instances payment will be made via ACB directly into your bank account as per the banking details provided on this application form.

Should you change your banking details, you will once again be required to submit an original cancelled cheque or stamped letter from the bank, verifying these banking details.

All information provided by suppliers will be treated as strictly confidential