Eskom	Supplier Integrity Pact	Finance

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1. Introduction

1.1 Scope

The Eskom Supplier Integrity Pact (Integrity Pact) is applicable to Eskom Holdings SOC Ltd (including all wholly owned subsidiaries) and all existing and potential suppliers (as per the definition hereunder).

1.2 Purpose

The integrity pact is a pact between Eskom and its suppliers that prescribes the “ethical behaviour”. Ethical behaviour is desirable/acceptable conduct (actions and decisions) that will bring about good/appropriate consequences/outcomes in the interaction with others. Ethical behaviour incorporates ethical values and considers not only what is good for oneself, but also what is good for others. Eskom considers such behaviour of paramount importance and expects every existing/potential supplier and its own employees/directors to always act ethically and with integrity.

Eskom commits to ensuring that it implements a procurement policy/procedure that aligns to all applicable South African laws and regulations, as well as the constitutional principles of fairness, transparency, equity, cost effectiveness and competitiveness.

This document supplements all other relevant Commercial and Ethics related policies/codes/procedures.

1.3 Preamble

In order to achieve this purpose, all Eskom suppliers are required to read this Integrity Pact and to complete, sign and submit the Integrity Declaration Form whenever they participate in any Eskom procurement process.

Eskom and its suppliers commit to honouring their respective obligations herein, and agree to refrain from any form of dishonesty, fraud, and/or corruption throughout the entire procurement process, including tendering practices that are in bad faith, unfair and anti-competitive (e.g., under-pricing/collusion/bid rigging)

2. Definitions

Term	Definition
Conflict of Interest	A conflict of interest arises when one’s personal interests, personal financial interests or any other interests, affect, or could be perceived to affect, or has the potential to affect one’s objectivity and discretion and/or the objectivity and discretion of another in performing Eskom duties or making decisions on behalf of Eskom. This means that an employee or director is in a position to make a decision (or influences a decision) that is not fair and objective in order to benefit personally, or to benefit related and /or inter-related persons.
Director	Means a member of the board of Eskom, or a board of its subsidiary or an alternate director of such board and includes a person occupying the position of a director, by whatever name designated, or a prescribed officer, or a person who is a member of a committee of the board or of the audit committee, irrespective of whether the person is also a member of such board.

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Employment equity	The Employment Equity Act 55 of 1998 promotes equity in the workplace, ensures that all employees receive equal opportunities and that employees are treated fairly by their employers. The law protects a person from unfair treatment and any form of discrimination.
Employee (s)	Also referred to as staff members. These include individuals employed by Eskom on a permanent basis, contract labour, temporary employees, part-time employees, casual employees, occasional employees, fixed-term contractors, learners, and others acting on behalf of Eskom or its subsidiaries.
Eskom Registered Vendor	Means a current or potential supplier who may be a natural or juristic person and includes any employee of such supplier acting within the course and scope of his/her employment, or any agent or manager acting for or on behalf of, or in the interests of the supplier registered as a vendor on the Eskom Vendor Database.
Supplier	Means any natural person or juristic person that does business with Eskom or tenders to do business with Eskom, or is registered on Eskom's Vendor Database, such as consultants, contractors, sub-contractors and providers of goods and services.

3. Abbreviations

Abbreviation	**Explanation**
DOI	Declaration of Interest
ETC	EXCO Tender Committee
NDA	Non-disclosure agreement
RFP	Request for Proposal
RFQ	Request for Quotation

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4. Supplier's Obligations

4.1 Eskom's suppliers accept that they will at all times:

4.1.1 Maintain an impeachable standard of integrity in all their business and personal dealings and take all reasonable measures necessary to prevent all dishonest, unfair, fraudulent, corrupt, and illegal practices during any stage of the Eskom procurement process including the execution of contracts and contract modifications.

4.1.2 Ensure that they are familiar with all publicly available Eskom policies/ procedures/codes that impact the supply chain processes including, but not limited to Eskom's Standard Conditions of Tender.

4.1.3 Reject all improper business practices (as may be prohibited by Eskom).

4.1.4 Not abuse the trust placed in them by Eskom employees, or misuse opportunities arising during their interaction with Eskom for personal gain.

4.1.5 Seek to constantly maintain and enhance their standards of professional competence.

4.1.6 Adopt, where possible, policies and practices which align with those of Eskom (labour practices, employment equity initiatives and human relations policies) to the highest ethical standards.

4.2 Eskom's suppliers confirm specifically that:

4.2.1 All confidential information, to which they may have access in the course of their work, must not be disclosed without the express consent from the authorised Eskom representative. The supplier is required to complete a Non-Disclosure Agreement (NDA) to give effect to this.

4.2.2 They will not deliberately misrepresent information, submit false certifications or forged documents to influence the tendering process to advantage themselves or to mislead Eskom in any way and that Eskom has the right to request an audit of such information, and take further action against the supplier should it be found that it has acted in a dishonest or fraudulent manner.

4.2.3 Although the establishment of long term and close relations between Eskom and its suppliers is recognised, Suppliers are nevertheless, required to avoid relationships with Eskom employees//directors, that may be perceived to be contrary to the constitutional principles of fairness, equitability, transparency, competitiveness, and cost effectiveness. Suppliers are therefore required to complete the Integrity declaration form wherein they are required to disclose any interest that they may have with an Eskom employee/director, whether financial, personal, or private, in its business, and/or any affiliation /relationship which affects, or may affect, or may be perceived to affect, the decision-making during tender award. Should a supplier later become aware that its owners/members/directors/partners/shareholders are an Eskom employee/director with respect to a tender in which it participated, the supplier is required to disclose the interest/relationship to Eskom and submit whatever information may be required regarding the parties involved.

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4.2.4 Although the entertainment of customers and provisions of business courtesies or gifts are generally an accepted commercial practice, they must not in any way negatively affect Eskom's image and reputation. They should not exceed the R1500,00 value prescribed by Eskom and should not be of such a nature (value or circumstances) as to be construed as placing an Eskom employee/director under obligation to the supplier or in any way improperly influence the recipient.

4.2.5 They will avoid entering into unethical and/or fraudulent dealings with any Eskom employee/director involved in the evaluation/adjudication/negotiation of a transaction in which it participates, involving direct/indirect monetary or material benefits in order to be unfairly benefitted. In such circumstances, no business courtesy, bribe, gift, fees commission or inducement may be offered to, or requested by an Eskom employee/director involved in the evaluation/adjudication/negotiation of a transaction in which the supplier is participating.

4.2.6 They will not enter any dishonest and/or illegal agreement or an understanding with other tenderers involved in a tender/RFP process in which it participates. They will complete the integrity Declaration Form which incorporates a Declaration of Fair Tendering Practices, when participating in any Eskom tender/Request for Quotation (RFQ).

4.2.7 They understand that they may be subject to a supplier discipline process and that sanctions that may be imposed on suppliers should they be found guilty of misconduct.

4.2.8 Should a supplier become aware of any dishonest, fraudulent or inappropriate behaviour of any Eskom employee/director; the said supplier is required to report this behaviour to the Eskom Ethics office via email at ethics@eskom.co.za, or via the Eskom Forensic email at forensic@eskom.co.za or through the Eskom toll free hotline 0800 11 27 22, wherein confidentiality is guaranteed.

5. Eskom's Obligations

5.1 Eskom undertakes to treat all tenderers during the tender process according to the constitutional principles of fairness, transparency, equity, cost-effectiveness, and competitiveness.

5.2 All Eskom employees/directors are required to complete an annual Declaration of Interest (DOI), wherein they are required to declare all interests, directorships, memberships, details of any of their related or inter-related persons or other associates that conduct business with Eskom and all other material personal interests, whether a conflict exists or not. During the financial year, all Eskom employees/directors have an option of amending annual DOIs should there be changes in their interests or what has been disclosed already. In addition to this annual declaration, employees are also required to complete an additional DOI and NDA if involved in the procurement process.

5.3 Eskom employees will ensure that all gifts received in the normal course of business is declared, recorded, and authorised by relevant managers. Employees/directors involved in the tender evaluation/ negotiation process, may not accept, demand, or accept a promise of any money, business courtesies, gifts, rewards, gratuity, favours from any of the tenderers involved to benefit or as may be perceived to benefit such tenderer. Further to this, employees and directors are prohibited from offering or accepting loan(s) or other benefit(s) from suppliers, unless the supplier is in the business of granting such loans or benefits and the terms and conditions of the loan that is offered to the employee/director is also offered to the general members of the public or a section thereof.

5.4 Should Eskom become aware of any relationship/interest of any employee/director in a tender in which it is involved in tender evaluation/negotiation process, then this employee/director will be excluded from the said tender evaluation/negotiation process.

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5.5 Eskom will implement the Supplier Discipline Process if it becomes aware of any contravention of the provisions of this integrity pact, any other misconduct by a supplier and/or any Eskom employee/director who acts in bad faith to benefit themselves or a supplier. Eskom has the right, after following a process of investigation and affording the supplier an opportunity to make representation, to notify the supplier of the intention to suspend it from the Eskom Vendor Database, impose various other sanctions and/or institute disciplinary actions against its employees/directors. Subsequently, Eskom will forward the names of such suppliers including the directors of the company to National Treasury, who will include the suppliers on the List of Restricted Suppliers on the National Database.

5.6 All Eskom employees/directors are prohibited from having any direct/ indirect personal or other beneficial interest in any contract with Eskom, whether as a supplier, an advisor or by virtue of being a director or owner of a business, or in any other capacity. This includes third-party related transactions with an indirect link to an Eskom contract.

6. General

6.1 This Eskom Supplier Integrity Pact is governed by and interpreted in accordance with the laws, regulations and legislation of the Republic of South Africa.

6.2 The actions stipulated in this Integrity Pact are without prejudice to any other civil or criminal proceedings that may arise in accordance with the provisions of the law.

6.3 This Integrity Pact shall remain valid until replaced. Should one or more provisions of this Integrity Pact be regarded as invalid, remainder of the provisions will remain valid.

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