

 Eskom	Guideline	
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Title: **Supplier Quality Management:
Guideline for QM 58 Selection
Criteria**

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1. Introduction

Supplier Quality requirements should form part of all Eskom tenders and/ or enquiries. It is therefore important to select requirements that are relevant to the type of commodity, product or service to be procured. The following are the critical and guiding elements to be considered when selecting the requirements:

- the complexity of a product or service,
- the risk related to Eskom core business/ division/ business unit,
- the value and duration of a contract.

This guideline is developed to assist Supplier Quality Management (SQM)/ Quality representative to select appropriate and relevant Supplier Quality Requirements, as per QM 58 specification, during external sourcing of products, services and processes.

2. Supporting Clauses

2.1 Scope

2.1.1 Purpose

The purpose of this guideline is to guide and illustrate the process to be followed when selecting Quality requirements for Eskom tenders and/ or enquiries (Supplier Quality requirements during tendering stage i.e. pre-contract award and subsequently post-contract award).

2.1.2 Applicability

This guideline shall apply throughout Eskom Holdings Limited Divisions and its subsidiaries and shall be applicable for all procurement transactions (tenders; RFQ and or contracts) for the procurement of products and services.

2.1.3 Effective date

This guideline is effective from the date of authorisation.

2.2 Normative/Informative References

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

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2.2.1 Normative

- [1] ISO 9001 Quality Management Systems- Requirements.
- [2] 32-727 SHEQ Policy
- [3] 240-105658000 Supplier Quality Management: Specification (QM 58)
- [4] Preferential Procurement Policy Framework Act, 2000: Preferential Procurement Regulations, 2017
- [5] 240-168886783: Quality Requirement linked to SAP Class Codes
- [6] 240-12248652: List of Tender Returnable
- [7] 240-144723833-Exemption Certificate

2.2.2 Informative

- [8] 32-1033 Eskom's Procurement and Supply Chain Management Policy
- [9] 32-1034 Eskom Procurement and Supply Chain Management Procedure
- [10] ISO 9000 Quality Management Systems - Fundamentals and Vocabulary

2.3 Definitions

- 2.3.1 **Supplier:** A supplier is a current or potential supplier, vendor, contractor, consultant, or service provider. A supplier may be a natural or legal person and includes any employee 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 person registered as supplier on the Eskom Supplier Database.
- 2.3.2 **Tender:** A tender refers to a written competitive offer, quotation or proposal made by a supplier, in a prescribed or stipulated form, in response to an invitation to tender / competitive enquiry for the provision of assets, goods or services, and/or the disposal thereof.

2.4 Abbreviations

Abbreviation	Explanation
ISO	International Organisation for Standardisation
PPPFA	Preferential Procurement Policy Framework Act
QM	Quality Management
SQM	Supplier Quality Management
RFQ	Request for Quotation

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Abbreviation	Explanation
LPO	Low Purchase Orders

2.5 Roles and Responsibilities

The Business Unit Supplier Quality Management (SQM) representatives are responsible for ensuring that the prescribed selection criteria is adhered to at all phases of pre-contract and post contract award activities, when selecting Quality requirements for current and potential Eskom Suppliers or Contractors:

- SQM representative is responsible for selecting appropriate Category as defined in the Eskom Supplier QM specification (QM 58) and compiling quality requirements for a tender or enquiry i.e. Sourcing Strategy, Request For- X and Contract documents as per request from Procurement representative
- SQM manager or team lead shall be responsible for approving selected Quality requirements.
- Other roles and responsibilities for this guideline are defined within the text.

2.6 Process for Monitoring

The application of this guideline shall be audited at least once a year by the relevant Quality Management Auditing Department and SQM shall also conduct self-assessments at least twice a year.

2.7 Related/Supporting Documents

The following documents are referred to in this guideline and shall be maintained:

- [1] 240-168873697 Supplier Quality Management: Tender Evaluation Scorecard/ Report
- [2] 240-12248652 Supplier Quality Management: List of Tender Returnables (Quality Assessment Criteria)
- [3] 240-68099512 (Form A) Tender & Contract Quality Requirements for QM 58 and Quality Requirements for ISO 9001 Standard
- [4] 240-168886783: Quality Requirement linked to SAP Class Codes
- [5] 240-144723833-Exemption Certificate

3. Supplier Quality Selection Criteria

Quality requirements for all existing and potential Eskom suppliers and contractors should be selected based on the Supplier Quality Requirements Selection Criteria (Figure 1).

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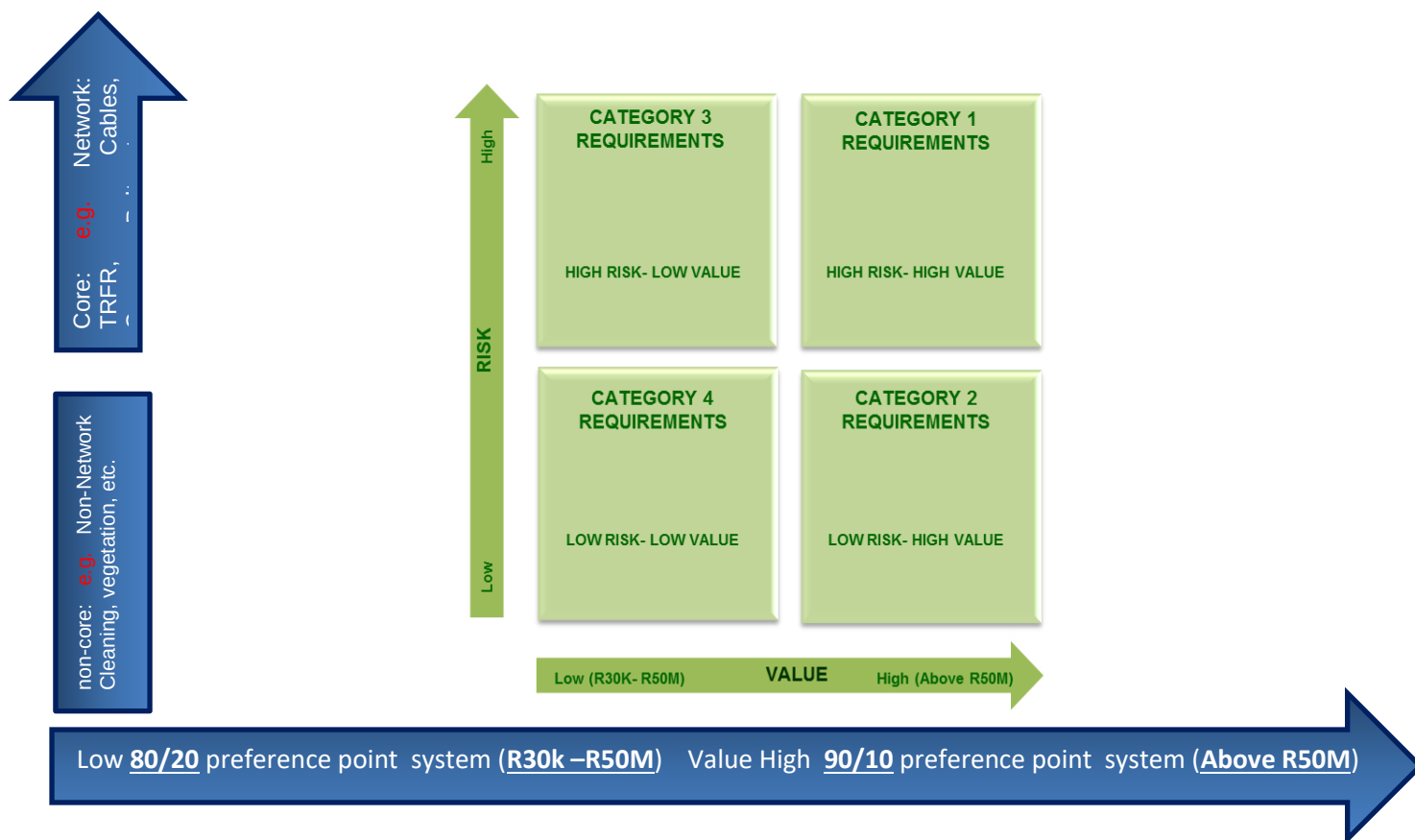


Figure 1: **Supplier Quality Requirements Selection Criteria**

3.1 Selection Criteria

There are two main elements (Value and Risk) that must be considered when selecting Supplier Quality Requirements for any tender or enquiry. The Value of a tender or enquiry should be obtained from procurement (responsible Procurement Representative) and be considered in terms of determining and selecting Supplier Quality requirements. The complexity and duration of a tender or enquiry should also be considered and must be based on Procurement Sourcing Principles as per Eskom Procurement and Supply Chain Management Procedure 32-1034.

The Risk of a tender or enquiry should be based on the Technical Specification or Scope of Work. It's important that the Risk for each project should be associated with the nature of Eskom's business i.e. to establish whether the Risk impact on Eskom core or non-core (network or non-network) business systems or processes is High or Low.

Figure 1 (**Supplier Quality Requirements Selection Criteria**) illustrates the categories (Category 1 to 4: Quality Requirements) on the quadrant into which the requirements falls for the appropriate selection. The categories are defined as follow:

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- **Category 1 Quality Requirements:** High Risk - High Value
Only ISO 9001 certified organisations shall be allowed to participate on the enquiry as the order/contract cannot be awarded without a valid ISO 9001 certificate; advisable for tenders that requires and or involves manufacturing processes.
- **Category 2 Quality Requirements:** Low Risk - High Value
Applied when value is high, but the ISO 9001 certificate is not mandatory as far as the sow/ technical requirement is concern. The risk is not necessarily lower than that of Category 3 and Category 4.
- **Category 3 Quality Requirements:** High Risk - Low Value
For sow/ technical requirement that is of high Risk and therefore the QMS should be established and documented.
- **Category 4 Quality Requirements:** Low Risk - Low Value
Non technical, Non Network and or off-the-shelf product or service.

The Value of a tender or enquiry to be considered low or high and should be within the following range; as guided by the PPPFA:

- **Low Value:** "80/20 preference point system for acquisition of goods or services for Rand value equal to or above R30 000 and up to R50 million"
- **High Value:** "90/10 preference point system for acquisition of goods or services with Rand value above R 50 million"

The Risk impact of a tender or enquiry to be considered low or high and should be informed by the following:

- **Low Risk:** The risk impact is low based on the technical specification or Scope of Work of the product or service to be procured and does not affect the core Eskom business processes. Examples of low risk commodities (Non- technical Cleaning, Security or Landscaping)
- **High Risk:** The risk impact is high based on the specification or Scope of Work for the product or service to be procured and affects the core Eskom business processes directly. Examples of high risk commodities (Transformers, Cables or Conveyor Belts)

For complex transactions including: Installation, Manufacturing, Testing, Commissioning, etc **Quality Control Plan (QCP) or Inspection and Test Plan (ITP)** will be required regardless of the category.

3.2 Exempting Quality Requirements

All LPOs approved by Cost Centre managers are exempted from Quality requirements, and all other Procurement transactions for a value above LPO limit but less than R 1 million and deemed to have low complexity and low risk, may exempt Quality requirements.

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For transactions where risk is low and insignificant to an extent of considering exemption of quality requirements on the transaction; the latest form Exempting Quality requirements certificate; 240-144723833 shall be completed by the Business Unit SQM representative and supported /accepted by the relevant Manager. This is normally considered for: Supply and delivery of off the shelf items requiring no modification or maintenance or customization to any specification/regulatory requirement from Eskom.

It is advisable that a Business Unit (BU) develop a list of frequently purchased items that require no quality assessment. The list to be approved by both quality management function and the line function as end user of the purchased products / services.

3.3 Tender Documentation

The Supplier Quality Requirements for category 1 to 4 are explicitly defined in the Supplier Quality Requirements Specification (QM 58). Once the category of requirements is determined and selected; the following documents should be used and shall form part of the tender or enquiry documents to be published:

- 240-168873697240 Supplier Quality Management: List of Tender Returnables (Quality Assessment Criteria)
- 240-68099512 (Form A) Tender & Contract Quality Requirements for QM 58 and Quality Requirements for ISO 9001 Standard
- 240-105658000 Supplier Quality Management: Specification (QM 58)
- 240-144723833 Exemption Certificate
- Applicable/ relevant templates per selected category:
 - 240-109253698 Contract Quality Plan (CQP) Template
 - 240-109253302 Quality Control Plan or Inspection Test Plan (QCP or ITP)
 - 240-126469599 Method Statement template

4. Acceptance

This document has been seen and accepted by:

Name	Designation
Bathusi E Montwedi	Acting Senior Manager: Procurement and Supply Chain Management
Sipho A Sambo	Acting Middle Manager: Supplier Quality Management

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5. Revisions

Date	Rev.	Compiler	Remarks
March 2025	1	BA Tshabalala	New guideline for the selection of Supplier Quality Requirements; categories as per QM 58 specification.

6. Development Team

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

- Andrew Else Senior Advisor: Supplier Quality Management
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7. Acknowledgements

Supplier Quality Management - Representatives

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