

PREFERENTIAL PROCUREMENT POLICY

AUGUST 2010

Introduction

With the emphasis being placed on the empowerment of historically disadvantaged individuals in the economy, Enforce Security Services (Pty) Ltd., including all entities of, Enforce Security Services (Pty) Ltd., has developed this policy to streamline company expenditure and clearly outline processes and restrictions on procurement with regards to Black Economic Empowerment and Preferential Procurement. This document specifically distinguishes between Black Economic Empowerment (BEE) and Preferential Procurement, as in addition to BEE requirements; preference will also be given to enterprises owned by women, youth and persons with disabilities.

Definitions

This document provides a framework and guideline for the procuring of services within the company. It should be used within the context of the broader BEE strategy developed for the company. The following definitions will assist with the common understanding of concepts and terminology.

1. Procurement: The term "Procurement" refers to the process by which goods services and works are acquired from third parties. This is a lifecycle process that covers from the initial purchase concept through to the end of the life of the purchased asset or service.
2. Black: Black is defined within the Broad Based Black Economic Empowerment Act 2004 (BBBEE) as encompassing Asians, Coloureds and Indigenous Africans in South Africa.
2. Black Entities:
 - A "black enterprise" is one that is 50.1% owned by black persons and where there is substantial management control. Ownership refers to economic interest while management refers to the membership of any board or similar governing body of the enterprise.
 - A "black empowered enterprise" is one that is at least 25.1% owned by black persons and where there is substantial management control. Ownership refers to economic interests. Management refers to executive directors. This is whether the black enterprise has control or not.
 - A "black woman-owned enterprise" is one with at least 25.1% representation of black women within the black equity and management portion.
 - A "community or broad-based enterprise" has an empowerment shareholder who represents a broad base of members such as a local community or where the benefits support a target group, for example black women, people living with disabilities, the youth and workers. Shares are held via direct equity, non-profit organizations and trusts.
 - A "co-operative or collective enterprise" is an autonomous association of persons who voluntarily join together to meet their economic, social and cultural needs and aspirations through the formation of a jointly-owned enterprise and democratically controlled enterprise.

Main principles

Value for Money: In procuring goods, services or works, all teams/departments are responsible and accountable for achieving value for money. In addition, teams/departments are urged to seek continuous improvements in value for money from an accredited BEE certified company which is approved as an excellent contributor or good contributor as per the table detailed below.

Procurement Strategy

Enforces Strategy sets out how the principles of this Policy will be delivered within the company's operational procurement activity.

Roles and responsibilities

All Enforce staff are responsible for ensuring that procurement activity within their business areas is carried out in accordance with the Procurement Regulations as set out in this policy.

Preferred Supplier

In addition to existing technical compliance and preference requirements, stated above, the company will also be evaluating suppliers based on their BEE status. The following categories of suppliers will exist:

Qualification	BEE Contribution Level	Procurement Recognition Level	Preferential Procurement Status
>100 points on the Scorecard	AAA+	135%	EXCELLENT CONTRIBUTOR
>85 BUT <100 points on the Scorecard	AAA	125%	
>75 BUT <85 points on the Scorecard	AA	110%	
>65 BUT <75 points on the Scorecard	A	100%	
>55 BUT <65 points on the Scorecard	BBB	80%	GOOD CONTRIBUTOR
>45 BUT <55 points on the Scorecard	BBB	60%	
>40 BUT <45 points on the Scorecard	B	50%	
>30 BUT <40 points on the Scorecard	C	10%	SATISFACTORY CONTRIBUTOR
<30 points on the Scorecard	D	0%	NON COMPLIANT CONTRIBUTOR

Enforce Security Services (Pty) Ltd., including all Enforce's entities will utilize the above to categorize the suppliers. Preference will be given according to the status herein as well.

Policy Framework

1. Enforce Security Services (Pty) Ltd., including Enforces Entities will give highest preference to a Category A supplier, who also meets the technical requirements and other existing requirements of the company.
2. No price compromises will be accommodated in the preferential procurement process. All quotations will be evaluated with cost reduction and business efficiency in mind.
3. All quotations will also be evaluated noting the Enterprise Development Programme as a mechanism to get black suppliers ready to supply the company. Where such a possibility exists, black suppliers will be identified to enter the Enterprise Development Programme and will be reconsidered once the complete intervention has been assessed. A formal assessment will take place by the manager responsible.
4. No purchasing opportunity, whether BEE or not, will be considered without the perusal and comment of the Financial or Managing Director. All possible ideas, opportunities and proposals must be submitted to the Financial or Managing Director for perusal, comment and approval.
5. Disciplinary action can and will be taken against any personnel approaching outside stakeholders formally on behalf of the company without prior approval or verification by the Financial or Managing Director.

In addition to the above, a minimum target for preferential procurement will be identified during budgeting and evaluation of Management. This policy will be driven by the Financial and Managing Director and will be evaluated, updated when necessary by a team established by the Management Committee.

BLACK ECONOMIC EMPOWERMENT PREFERENTIAL PROCUREMENT QUESTIONNAIRE

Enforce Security Services has embarked on a project to implement BBBEE as defined by the Broad Based Black Economic Empowerment Act of 2003. The Department of Trade and Industry are setting up “Codes of Good Practice” to objectively measure an enterprise’s BEE compliance in the form of a scorecard. The Codes were gazetted in February 2007 and encompass seven elements: Equity, Management, Employment Equity, Skills Development, Preferential Procurement, Enterprise Development and Corporate Social Investment.

In order for us to build up our profile and calculate a BEE scorecard we also need to work on our preferential procurement. Preferential procurement requires us to obtain from you, your BBBEE score.

The codes define various levels, from 1 to 8 of BEE compliance. Each level allows us to claim preferential procurement points. The higher your BEE score, or level, the better it will be for us to report our BEE spend.

The table below shows how points convert to BEE levels

Qualification	BEE Contribution Level	Procurement Recognition Level	Preferential Procurement Status
>100 points on the Scorecard	AAA+	135%	EXCELLENT CONTRIBUTOR
>85 BUT <100 points on the Scorecard	AAA	125%	
>75 BUT <85 points on the Scorecard	AA	110%	
>65 BUT <75 points on the Scorecard	A	100%	
>55 BUT <65 points on the Scorecard	BBB	80%	GOOD CONTRIBUTOR
>45 BUT <55 points on the Scorecard	BBB	60%	
>40 BUT <45 points on the Scorecard	B	50%	
>30 BUT <40 points on the Scorecard	C	10%	SATISFACTORY CONTRIBUTOR
<30 points on the Scorecard	D	0%	NON COMPLIANT CONTRIBUTOR

If you are in possession of a BBBEE score please would you furnish us with this score and the rating certificate by filling in the table on the following page?

Please submit your rating to us, or call our Creditor’s Department for more information.

Thank you for your assistance

Regards

Laura Moodley
Group Financial Director

BBBEE Supplier Assessment Form

Entity Details

Trading name of entity			
Contact person			
Physical Address			
Contact telephone number			
Fax number			
Cell phone			
Email address			
Percentage black shareholding (where applicable)			
Percentage black women shareholding (where applicable)			
Are you rated via an accredited BEE Rating Agency as per the Generic Codes approved by SANAS?	YES	NO	If yes, please attach a valid BEE Certificate to this questionnaire before submitting to questionnaire to us.
Are you a Qualifying Small Enterprise? (Annual turnover between R5 million and R35 million)	YES	NO	If yes, please attach a valid BEE Certificate to this questionnaire before submitting to this questionnaire to us.
Are you an Exempt Micro Enterprise? (Annual turnover less than R5 million)	YES	NO	If Yes, please attach a valid letter from an accredited Accounting Officer verifying your annual turnover before submitting this questionnaire to us.
Are you a value adding supplier? (A value adding supplier is a supplier whose internal cost of salaries and wages plus profit before tax exceeds 25% of the company's annual turnover. Does your annual salaries and wages plus profit before tax exceed 25% of annual turn-over?)	YES	NO	

General Information

1. The information provided in this questionnaire will be treated as confidential and will not be disclosed to any third party.
2. The information will be used only for the purpose of assessing your company in terms of our Black Economic Empowerment Policy
3. Enforce Security Services reserves the right to request additional information or documents, or to perform audit procedures to substantiate or verify any of the answers provided in the question
4. A copy of the completed questionnaire must be signed on behalf of your business by duly authorized signatory.
5. Copies of relevant BEE documents are to be submitted as part of this information pack.

REMINDER: If you are in possession of a BBBEE rating certificate, please attached to this questionnaire before submitting to us.

I, the undersigned, certify that the information contained in this document is accurate and correct. I am fully responsible for any misrepresentation in this document and am aware of the repercussions that may arise as a result of such a misrepresentation.

Name: _____

Designation: _____

Signed: _____

Date: _____