

Newelec Preferential Procurement Policy

Introduction

Newelec is dedicated to contributing to South Africa's economic transformation through our procurement processes. Our preferential procurement policy aligns with the Preferential Procurement Policy Framework Act (PPPFA) of 2000 and its 2022 amendments, as well as the Broad-Based Black Economic Empowerment (B-BBEE) Act. This policy aims to empower historically disadvantaged individuals (HDIs) and promote economic growth and sustainability within our communities.

Objectives

- **Support Economic Empowerment:** Prioritize procurement from black-owned, women-owned, and youth-owned enterprises.
- **Compliance with Legislation:** Ensure alignment with the B-BBEE Act and the PPPFA.
- **Foster Supplier Relationships:** Develop long-term partnerships with suppliers who contribute to our transformation objectives.
- **Promote Local Content:** Support South African businesses by prioritizing local suppliers.

Scope

This policy applies to all procurement activities within Newelec, including sourcing raw materials, components, and services required for the manufacturing of motor protection relays.

Policy Principles

1. Compliance with Legislation:

- Adhere to the PPPFA and its 2022 regulations, as well as the B-BBEE Act.
- Ensure transparent, fair, and competitive procurement practices.

2. Preferential Procurement Criteria:

- Implement the 80/20 and 90/10 preference point systems as prescribed by the PPPFA. Allocate points for price and for meeting specific goals such as B-BBEE status.
- Prioritize procurement from suppliers with strong B-BBEE ratings, particularly Level 1 and Level 2 contributors.

3. Supplier Development:

- Support and develop small and micro enterprises, particularly black-owned ones, through mentorship and training programs.
- Encourage suppliers to align with our transformation goals and comply with B-BBEE requirements.

4. Local Content:

- Prioritize sourcing from local suppliers to promote economic development within South Africa.
- Monitor and report on the percentage of procurement spend on local content annually.

5. Ethics and Transparency:

- Maintain high ethical standards in all procurement activities.
- Ensure transparency in supplier selection and contract management.

6. Central Suppliers Database Listing:

- Newelec is listed on the South African Central Suppliers Database (CSD) with a preferential procurement score of 125%. This listing supports our commitment to preferential procurement and enhances our credibility and competitiveness in tender processes.

7. ISO Certification:

- Newelec is ISO 9001:2015 compliant, with Dekra as our appointed ISO auditor. This certification underlines our commitment to quality management systems and continuous improvement in our processes.

Implementation

- **Supplier Database:** Maintain a database of approved suppliers that meet our preferential procurement criteria.
- **Tender Process:** Clearly define the tender process, including evaluation criteria based on the 80/20 or 90/10 point systems.
- **Monitoring and Reporting:** Regularly monitor procurement spend to ensure compliance with this policy. Report on preferential procurement performance to management and stakeholders.
- **Continuous Improvement:** Periodically review and update the policy to align with legislative changes and best practices.

Conclusion

Newelec's commitment to preferential procurement is integral to our business strategy and aligns with our values of sustainability and community empowerment. Through this policy, we aim to contribute meaningfully to the economic transformation of South Africa while ensuring our operations remain efficient and competitive.



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Managing Director

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Date: