



Knowledge Integration Dynamics

PREFERENTIAL PROCUREMENT
POLICY



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Introduction

Purpose

The **KID Group** is a growing group of companies, and with this growth, we have an increasing role to play in ensuring that we contribute to eradicating the imbalances that persist in the South African economy.

With the emphasis being placed on the empowerment of historically disadvantaged individuals in the economy, Knowledge Integration Dynamics (Pty) Ltd., including the various group companies, has developed this policy to streamline company expenditure and clearly outline processes and restrictions on procurement with regards to Broad-Based Black Economic Empowerment and Preferential Procurement.

The KID Group preferential procurement policy is a pro-active, preferential procurement initiative to ensure constructive participation by South African black people at all levels of business in the South African economy.

It is crucial that, in business practices, external suppliers are engaged and every effort is made to hire a supplier that has strong BEE credentials or is making a concerted and tangible attempt to transform their business in order to be BEE compliant. The KID Group will be lead by the guidelines for procurement as outlined in the Codes of Good Practice on Black Economic Empowerment, as published by the DTI. In doing so, the company uses its purchase power to contribute to social and economic change in the country.

Responsibility

It is the responsibility of the various company heads, management and administrative staff to ensure that the Preferential Procurement Policy is adhered to and all employees are fully briefed and acquainted with the procedures.

Reservation of Company Rights

The policies contained in this document are binding on all staff involved in procurement. The Company reserves the right to change, modify, suspend, interpret or cancel in whole or in part any of the published or unpublished policies or practices contained herein.

Revisions

This document will be updated on a periodic basis to reflect new or revised policies. Revised policies will be distributed company-wide.

This document must be read with reference to the applicable BBBEE legislation.



Definitions

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

BEE

Black Economic Empowerment.

Black People

The term "black people" includes all African, Coloured or Indian persons who are South African citizens by birth or by descent or who were naturalised prior to the commencement of the interim constitution in 1993. In addition, the term also includes black people who became South African citizens after the constitution's commencement but who would have been able to be naturalised prior to this, were it not for the Apartheid laws which prohibited naturalisation of certain persons.

This means that an African, Coloured or Indian person who was not a South African citizen before the commencement of the interim constitution in 1993 but who would have been entitled to apply to be naturalised prior to 1993, will also be considered a black person for the purposes of benefiting from the policy objectives of B-BBEE.

The term "black people" further includes Chinese people, in accordance with the High Court judgment of the Honourable Mr Justice Pretorius delivered on 18 June 2008 at the Transvaal Provincial Division of the High Court of South Africa, Case Number 59251/2007.

Preferred Supplier

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

Category A: Excellent Contributor	-	$\geq 85\%$
Category B: Good Contributor	-	$\geq 65\%$ but $< 85\%$
Category C: Satisfactory Contributor	-	$\geq 40\%$ but $< 65\%$
Category D: Non contributor	-	$< 40\%$



Policy

The KID Group has developed a pro-active, preferential procurement policy and set procurement guidelines that will contribute towards overall economic growth and transformation of the country, by ensuring the constructive participation by South African black people at all levels of business in the South African economy. The group is committed to establishing relationships with their suppliers that will contribute to the commercial, strategic and empowerment objectives of both the group and its suppliers.

The KID Group strives to implement best procurement practice but also continually seeks ways to reduce the total cost without compromising quality or service. However, this programme is commercially orientated and as such must be differentiated from the KID Group BEE strategy. The primary task of the procurement function in the KID Group is to find reliable, cost effective suppliers for the business.

Procurement Guidelines

Preference will be given to black and black women owned and managed businesses with regard to new suppliers, who are also excellent or good BEE contributors.

The KID Group will encourage, using the company's strategic power as a customer to drive empowerment, transformation and development with regard to existing suppliers.

We will actively monitor expenditure to achieve the set out transformation goals.

We will pay specific attention to Qualifying Small Enterprises and Exempt Micro Enterprises who are excellent or good BEE contributors so as to assist the development of new black businesses.

We will mobilise and build support for Black Economic Empowerment amongst all KID Group suppliers.

We will identify and approve BEE suppliers for different goods and services.

We will provide access for BEE suppliers to KID Group business.

The KID Group Preferential Procurement Policy will apply to all levels and types of contracts.

All procurement opportunities will also be evaluated noting the Enterprise Development Programme as a mechanism to get black suppliers ready to supply the group. 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.