



Global Procurement Policy

CFW Industries (Pty) Ltd

CFW Fans (Pty) Ltd

CFW Projects (Pty) Ltd

CFW Environmental (Pty) Ltd



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1. Purpose

The Global Procurement Policy for CFW Group Companies establishes a robust and standardized framework to govern the acquisition of goods and services across the organization. This policy aims to drive operational excellence by ensuring cost-effectiveness, transparency, and accountability in all procurement activities. It aligns procurement practices with CFW's strategic objectives, including financial efficiency, risk mitigation, and the advancement of sustainability and supplier diversity. By fostering ethical and competitive procurement processes, the policy seeks to maximize value for money, maintain compliance with global and local regulations, and build strong, sustainable supplier relationships. Additionally, it provides clear guidelines to empower employees and stakeholders to make informed procurement decisions, while safeguarding CFW's reputation and promoting corporate social responsibility through environmentally and socially responsible sourcing practices.

2. Scope

This policy applies to all CFW employees, contractors, and subsidiaries involved in procurement activities both within South Africa and worldwide, covering all purchases of goods and services, regardless of value.

3. Objectives

- Ensure value for money through competitive and fair procurement processes.
- Promote ethical, transparent, and accountable procurement practices.
- Comply with applicable laws, regulations, and internal policies.
- Support sustainability and diversity in supplier selection.
- Mitigate risks associated with procurement activities.

4. Principles

- **Transparency:** All procurement processes must be open, documented, and auditable.
- **Fairness:** Suppliers must be treated equitably, with no favouritism or bias.
- **Competition:** Competitive bidding is required unless justified otherwise.
- **Sustainability:** Preference is given to environmentally and socially responsible suppliers.
- **Compliance:** All procurement must adhere to local and international regulations.



5. Procurement Process

5.1. Needs Assessment

- Departments must justify the need for goods or services and align requests with budget approvals.
- A purchase requisition form must be submitted to the Procurement Department.

5.2. Supplier Selection

- The Procurement Department maintains a pre-qualified supplier database, updated annually, to streamline the selection process.
- Suppliers are evaluated based on a balanced scorecard including:
 - **Cost Competitiveness:** Ensuring pricing aligns with market standards and delivers value for money.
 - **Quality and Reliability:** Assessing product/service quality, track record, and ability to meet specifications.
 - **Sustainability and Ethical Practices:** Prioritizing suppliers with environmentally friendly practices, ethical labour standards, and social responsibility certifications (e.g., ISO 14001, Fair Trade).
 - **Diversity:** Favouring suppliers owned by underrepresented groups, including minority-owned, women-owned, or small businesses.
 - **Capacity and Scalability:** Confirming the supplier's ability to meet CFW's volume and timeline requirements.
 - **Compliance:** Verifying adherence to local and international regulations, including anti-corruption and labour laws.
- Procurement methods include:
 - **Competitive Bidding:** Multiple suppliers are invited to submit quotes or proposals to ensure transparency and cost-effectiveness.
 - **Request for Proposal (RFP):** Used for complex or high-value procurements, requiring detailed proposals evaluated by a cross-functional team.
 - **Request for Quotation (RFQ):** Used for standardized goods or services to compare pricing and terms.
 - **Sole-Source Procurement:** Allowed only with documented justification (e.g., unique supplier expertise or proprietary products) and senior management approval.
- A Supplier Evaluation Committee, comprising representatives from procurement, finance, and relevant departments, oversees high-value or strategic selections.
- Suppliers must submit documentation, including business licenses, certifications, and references, for due diligence.



- Long-term supplier relationships are encouraged through framework agreements to ensure consistency and cost savings, subject to periodic performance reviews.

5.3. Contract Management

- Contracts must be in writing.
- Contracts must include clear terms, deliverables, timelines, and payment schedules.
- The Procurement Department oversees contract execution and compliance.

5.4. Payment

- Payments are processed only upon receipt and verification of goods or services.
- Invoices must match purchase orders and be approved by the relevant authority.

6. Supplier Diversity and Sustainability

- CFW is committed to engaging diverse suppliers, including minority-owned, women-owned, and small businesses, to promote economic inclusion.
- Sustainability is a core pillar of CFW's procurement strategy, with the following requirements for suppliers:
 - **Environmental Responsibility:** Suppliers must demonstrate efforts to reduce carbon emissions, minimize waste, and use renewable or recyclable materials. Preference is given to suppliers with verifiable environmental certifications (e.g., ISO 14001, Carbon Trust Standard).
 - **Ethical Labour Practices:** Suppliers must comply with international labour standards, including fair wages, safe working conditions, and prohibition of child or forced labour, as outlined in the International Labour Organization (ILO) conventions.
 - **Resource Efficiency:** Suppliers are encouraged to provide goods and services that optimize energy and water usage, contributing to CFW's goal of reducing its ecological footprint.
 - **Circular Economy:** Preference is given to suppliers offering products designed for reuse, recycling, or biodegradability to support a circular economy model.
 - **Sustainability Reporting:** Suppliers for high-value or long-term contracts must submit annual sustainability reports detailing their environmental and social impact metrics, such as greenhouse gas emissions or community engagement initiatives.
 - **Local Sourcing:** Where feasible, CFW prioritizes local suppliers to reduce transportation-related emissions and support regional economies.



- The Procurement Department conducts sustainability assessments during supplier onboarding and periodic reviews, using standardized criteria aligned with global frameworks.
- CFW encourages suppliers to participate in capacity-building programs to enhance their sustainability practices, with support from the Procurement Department.
- Non-compliance with sustainability requirements may result in supplier disqualification or contract termination, subject to a remediation process.

7. Conflict of Interest

- Employees involved in procurement must disclose any potential conflicts of interest.
- No employee may accept gifts or incentives from suppliers that could influence decisions.

8. Compliance and Monitoring

- The Procurement Department conducts regular audits to ensure policy compliance.
- Non-compliance may result in disciplinary action, including termination.
- Employees must report suspected violations to the Compliance Officer.

9. Exceptions

- Sole-source procurement is permitted only with documented justification and approval from the finance department.
- Emergency purchases may bypass standard procedures but require post-action documentation within 48 hours.

10. Training

- All employees involved in procurement must complete annual training on this policy.
- The Procurement Department provides resources and guidance to ensure compliance.



11. Policy Owner

- The Global Procurement Policy is owned and maintained by the Procurement Department, under the leadership of the Supply Chain Manager.
- The Policy Owner is responsible for:
 - Ensuring the policy remains current, relevant, and aligned with CFW's strategic objectives and regulatory requirements.
 - Coordinating annual reviews and updates to the policy.
 - Providing guidance and clarification on policy implementation.
 - Overseeing training programs and compliance audits related to procurement activities.
 - Acting as the primary point of contact for policy-related inquiries, in collaboration with the Procurement Department.

12. Policy Review

- This policy is reviewed annually or as needed to reflect changes in regulations, business needs, or industry standards.

13. Glossary

- **Competitive Bidding:** A procurement process where multiple suppliers submit quotes or proposals to compete for a contract, ensuring transparency and cost-effectiveness.
- **Circular Economy:** An economic model that emphasizes reusing, recycling, and extending the lifecycle of products to minimize waste and environmental impact.
- **Framework Agreement:** A long-term contract with a supplier that outlines terms and conditions for future procurements, ensuring consistency and efficiency.
- **ISO 14001:** An international standard for environmental management systems, certifying a supplier's commitment to reducing environmental impact.
- **Purchase Requisition:** A formal request submitted by a department to the Procurement Department to initiate the purchase of goods or services.
- **Request for Proposal (RFP):** A document inviting suppliers to submit detailed proposals for complex or high-value procurements, evaluated based on multiple criteria.
- **Request for Quotation (RFQ):** A document requesting suppliers to provide pricing and terms for standardized goods or services.



- **Sole-Source Procurement:** A procurement process where only one supplier is selected, justified by unique expertise, proprietary products, or other exceptional circumstances.
- **Supplier Diversity:** The practice of engaging suppliers from underrepresented groups, such as minority-owned, women-owned, or small businesses, to promote economic inclusion.
- **Sustainability:** Practices that minimize environmental impact, promote ethical labour standards, and support long-term ecological and social well-being, aligned with frameworks like the United Nations Sustainable Development Goals (SDGs).