



Commercial Services

Strategic Sourcing

Procurement

HDSA/SMME

Procurement and Development Policy

Version: 1.0



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1. Document Management and Approval

1.1. Document Revisions

Document Management			
Version	Description	Author / Reviewer	Date
1.0	Final Version	Arthur Holland /	20 August 2007

1.2. Document Sign-off

Document Approval			
Version	Date	Name	Signature
1.0	N/A	Leslie Fibiger Philip Hayward	See original

1.3. Policy Owner(s)

Name	Responsibilities
Arthur Holland	Policy review and approval

1.4. Policy Stakeholders

Name	Involvement
All end users	Informed
Commercial Services	Informed
Corporate Office	Informed

1.5. Effective Date of Policy

This policy has been effective as of: 1 July 2007

2. Introduction

Gold Fields Limited is committed to support and grow Black Economic Empowerment (BEE) and Small and Medium Enterprises (SME's) in South Africa, emphasis being placed on procurement from historically disadvantaged South Africans (HDSA's)

This endeavour will be commercially driven and even though the aim is one of development, suppliers will be expected to meet minimum quality, pricing, delivery, service and health and safety standards. Procurement can be broken down into three levels, namely: capital goods, services and consumables.

This policy must be read in conjunction with the Procurement Policy and Procedures Manual of GFL Mining Services Limited

3. Objectives of the policy

The objectives of the policy will be:

- i) to identify and approve HDSA suppliers for different goods and services
- ii) to increase level of contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability
- iii) to increase business opportunities for HDSA Suppliers and promoting entrepreneurship in local business
- iv) to encourage existing suppliers to form partnerships with HDSA enterprises
- v) to set targets for HDSA Supplier procurement
- vi) to eliminate unfair discrimination in policies, practices and procedures
- vii) to establish a baseline and measure progress against this

to give preference to HDSA suppliers involved in local job creation.

4. Definitions

The terms **Historically Disadvantaged South Africans (HDSA)** refers to any person, category or persons or community, disadvantaged by unfair discrimination before the Constitution of the Republic of South Africa, 1993 (Act No. 200 of 1993) came into operation.

HDSA Companies are those companies that are owned or controlled by historically disadvantaged South Africans.

5. Method

5.1. Supplier application form for completion

When applying for registration as suppliers, suppliers will be required to complete a profile evaluation form. This will contain a statement of their ownership/control and internal Black Empowerment Programme. Areas that will receive specific attention during this evaluation are: Black Ownership, Black Management, Size of the enterprise relating to turnover and staff, Purchases from HDSA suppliers, percentage Female Management and percentage Disableds employed. It is important to note that in this accreditation process quality, service and health and safety requirements as prescribed by the Gold Fields Procurement Policy will play a pivotal role in the acceptance of any supplier as a Gold Fields vendor. Current suppliers of Gold Fields will be required to complete this questionnaire. A vendor number will not be allocated unless the application or tender is accompanied by a completed and approved questionnaire. The Vendor Selection committee will give final approval.

The completed form must be returned to Gold Fields Shared Services at the West Driefontein Main Store.

- HDSA controlled companies (50 per cent plus 1 vote), which includes management control.
- Strategic joint ventures or partnerships (25 per cent plus 1 vote). These would include a Management Agreement that provides for joint management and control and which would also provide for dispute resolution.

Collective investment, through ESOPS or special dedicated unit trusts. The majority ownership of these would need to be HDSA based. Such empowerment vehicles would allow the HDSA participants to vote collectively.

5.2. Verification of Information Received

Gold Fields will monitor and verify to the extent considered practicable all information received, to ensure that such information is authentic. Audits will be conducted regularly to verify the status quo of various supplies. The first audit to verify the status quo of a supplier will commence within three months after completion of the profile evaluation form thereafter on a six monthly basis. Any contract awarded on account of false information furnished by the tenderer in order to secure preference in terms of the policy, may be cancelled at the sole discretion of Gold Fields without prejudice to any other remedy.

5.3. Database

All tender information will then be fed into a central database. Safeguarding the integrity of this database is of utmost importance, as this is the cornerstone of fair and equal treatment of all suppliers and it must be ensured that systems are put in place to ensure that this is complied with. Access control measures such as access codes and security numbers should be used to this end. Gold Fields must ensure that a good record system is maintained, with supply and service contracts, enquiries, invitations to tender, tenders received and supplier's performance complaint files being regularly updated and maintained.

List of suppliers will be compiled and published by government on the Internet and updated regularly.

5.4. Preference

Preference will be given to products manufactured and suppliers categorised as HDSA's. The preference will be based on the information received on the supplier application form. Support of these companies in the community will receive favourable consideration in view of the social responsibility of Gold Fields to such communities, provided that they are competitive and their price, quality and service is acceptable. HDSA's will also be given preference with regard to contracts of bigger proportions. It is important to note that Black and HDSA suppliers will not be treated differently than the norm with regard to quality, price, expected service level, delivery or any other health and safety requirements with regard to these 'bigger' contracts as it is imperative that Gold Fields is not disadvantaged by any sub-standard work or suppliers. If a mine wishes to support suppliers at the expense of the HDSA programme, the Procurement Officer in conjunction with the originator, must clearly motivate this and justify his decision. This should be done as part of the tender authorisation process.

5.5. Scope

This policy extends to all tenders regarding any supply contract entered into by any Gold Fields Limited affiliate.

5.6. Monitoring

Gold Fields' management is actively committed to enforcing this policy and will provide both input and resources into this endeavour. The responsibility for this corporate policy and management of it vests in the Shared Services located at Driefontein mine site. The senior

manager, who is responsible for the implementation of the plan, shall report to the Chief Financial Officer once a quarter on the progress of the implementation of the plan.

6. Measures to Promote Reasonable Progress towards the Equitable Representation of HDSA/SME Suppliers

- i) The Measures adopted by the company in this regard are part of an overall company development plan aimed at identifying shortcomings in Procurement capacity.
- ii) The timetable for the attainment of these objectives is set out in Section 1
- iii) The policy does not require the establishment of absolute barriers to the prospective or continued supply, or advancement of people whom are not from designated groups.
- iv) Preference will be afforded by HDSA suppliers based on the information supplied on the Supplier Application form.
- v) Gold Fields will encourage procurement from HDSA suppliers where these are involved in social upliftment in historically disadvantaged communities. The primary objective of the Procurements function still remains to find reliable, cost effective suppliers for the group.

7. Support

Throughout the subsistence of Gold Fields' plan, support will be offered to new, fledgling companies to effect their efficient transition into the supply chain.

- i) All newly appointed suppliers should be given clear guidelines to ensure that tasks and expectations are clarified. Advice and guidance in areas such as quality, financial, marketing and production management will be given.
- ii) Tender documents will be readily available and easily accessible.
- iii) Identify procurement shortages and lack of skills with HDSA and refer to third party institution for assistance.
- iv) Gold Fields will consider entering into fixed term contracts with HDSA suppliers to facilitate financial support from institutions.