
Policy – Sustainable Procurement

Purpose To define the considerations and accountabilities for sustainable procurement of externally sourced goods and services in a way that has the most positive environmental, social and economic impacts possible over the entire life cycle.

Applies to This Policy applies to anyone working for or on behalf of the organisation.
This Policy applies to all externally sourced goods and services other than the following:

- Employment of staff
- Sponsorships
- Electricity for resale, including transmission charges
- Reimbursements to Accredited Service Providers (ASP)
- Statutory or regulated payments to local, state or federal departments
- Transfer of network assets
- Refunds of contributions for the demand management program
- Legal services.

Policy The organisation is committed to safety excellence, strong governance, improving financial performance and being environmentally and socially responsible.

Procurement is a powerful instrument that can influence the organisation to behave in a responsible way and contribute to sustainable communities. By integrating sustainability in procurement policies and practices, the organisation can manage risks (including opportunities) for sustainable environmental, social and economic development.

Sustainable procurement represents an opportunity to provide more value to the organisation by improving productivity, assessing value and performance, enabling communication between purchasers, suppliers and all stakeholders, and by encouraging innovation.

Externally sourced goods and services must be planned, procured, delivered and utilised to support this commitment. All procurement activities conducted by the organisation must be through sound and robust sustainable procurement processes that:

- place safety as the number one priority
- ensure high standards of honesty, ethics and integrity for all stakeholders
- ensure accountability and consistency in procurement practices across its various business units whilst providing flexible and agile solutions to support the organisation
- drive value for money with a commercial whole of life focus
- promote procurement practices that have the most positive environmental, social and economic impacts on the community and supply chain (see 'Sustainability considerations' below)
- commit to fair and effective competition, innovation and continuous improvement.

Sustainability considerations

Sustainable procurement considers the responsibility for the social, **environmental, social, governance** and **economic** impacts of any purchase, referred to jointly as the Four Pillars. More broadly, sustainable procurement balances the considerations of:

- **social** and ethical implications
 - **environmental** impact of the growth, manufacture and transport of the product or service
 - the application of good **governance**
 - the cost and **economic** impact of the purchase.
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Social impacts

The organisation will favour suppliers who support responsible labour practices that contribute to the development of a safe, fair and inclusive workplace including:

- suppliers that can provide evidence of appropriate workplace policies, and evidence of monitoring and compliance with health and safety policies;
- suppliers that comply with all applicable laws related to wages, employment conditions, working hours and legally mandated benefits;
- suppliers that comply with the UN Global Compact Principles, including
 - the freedom of association and the effective recognition of the right to collective bargaining
 - the elimination of all forms of forced and compulsory labour
 - the effective abolition of child labour
 - the elimination of discrimination in respect of employment and occupation.

The organisation is committed to the communities in which it operates and aims to consider any procurement decisions through balancing requirements of its regulators, any community benefits and local employment with its obligation to customers and shareholders to operate efficiently.

Environmental impacts

The organisation aims to reduce the environmental impact of its operations and activities along its supply chain and will favour suppliers who act responsibly in managing environmental impacts and those meeting minimum requirements including:

- compliance with all relevant local and national laws and regulations on environmental management and reporting
 - the establishment and maintenance of a written environmental policy and data collection process aimed at tracking and supporting environmental performance reporting and compliance
 - disclosure of any breach of license requirements and potential risks
 - suppliers aiming to reduce environmental harm.
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Governance impacts

The organisation will favour suppliers who can demonstrate having established a robust governance framework, risk management framework and business continuity framework. The organisation will expect suppliers to comply with the following minimum requirements:

- Compliance with all applicable laws and regulations on bribery, corruption and prohibited business practices
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- Conducting all business activities in an ethical and professional manner
 - Implementation of policies and practices aimed at identifying and managing strategic and operational risks, vulnerabilities and compliance obligations
 - Disclosure of any part of business operations that may not meet reasonable Australian community standards of ethics and business practices or where there has been a material breach of legislation or local regulations.
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Economic impacts

The organisation recognises that it has an obligation to manage its assets efficiently and effectively and that the financial impact of total cost of ownership and operation reduction translates into lower, more affordable prices for customers. The organisation will favour suppliers who offer innovative solutions to reduce the total cost of the full life cycle of the good or service encompassing:

- initial costs including acquisition costs such as logistics
 - utilisation, maintenance, repair, and replacement parts
 - disposal costs.
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Accountabilities

To ensure these objectives are achieved, individuals engaged in procurement activities (from sourcing requirements to entering into a contract and managing the full contract lifecycle) across the organisation are required to:

- declare all potential conflicts of interest, decline any offer of a gift or benefit from potential suppliers (including invitations to supplier sponsored parties or events) whilst in a procurement process and comply with all responsibilities in relation to ethical decision making and the organisation's code of conduct
 - conduct procurement activities with early engagement of procurement personnel, in accordance with the procurement standards, process and systems and approval of all expenditure in accordance with the Delegation of Authority
 - apply procurement practices of planning, procuring and managing delivery and operation of major assets by balancing all the considerations of economic, environmental, social and governance impacts
 - partner with strategic suppliers who have an aligned focus on environmental, social and economic impacts on the community and supply chain and ensuring those engagements strengthen the brand and reputation of the organisation and ensure ongoing validation of compliance
 - comply with all applicable legislation, regulations and license conditions.
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Compliance requirements

Procurement and Purchasing Procedures provide guidance on the process of procuring external sourced goods and services in an efficient and effective manner.

Where a contract or catalogue is in place, all related purchasing must reference the contract. Where no contract is in place, the channel to source goods and services is described in the table below:

Total value	Default approach
Less than \$1,000	Purchase card if one-off Requisition where supplier exists in SAP
\$1,000 up to \$30,000	Minimum one quote
\$30,000 up to \$250,000	Minimum three quotes or seek exemption from the Heads of Procurement
Over \$250,000	Contact Procurement for guidance

All expenditure must be approved as per the Delegation of Authority prior to commitment with a supplier.

Any offshoring or any significant outsourcing (not including blended delivery of major works,) must be referred to, and approved by the Board prior to commitment.

In exceptional or emergency situations such as extreme weather events, the organisation may need to respond in a manner that does not enable proper planning or full compliance to this Policy.

Policy ownership and oversight

The Chief Financial Officer is the document owner for this Policy and the adjoining Supplier Code of Conduct and has responsibility and accountability for implementation oversight and ongoing success. This includes:

- maintaining systems, processes and procedures to support the objectives and principles of this policy
- communicating the intent of this policy, and to providing reminders and education
- monitoring compliance with this policy
- investigating breaches of this policy.

Heads of Procurement

For the purpose of this Policy and Procurement Procedures, the authority and responsibility of the Heads of Procurement is undertaken by the following positions:

- Head of Contract Delivery;
- Head of Supply Chain & Fleet;
- Procurement Manager, Technology and Corporate; and
- Procurement Partner Lead – PLUS ES.