

AusNet

Sustainable Procurement Policy

PTP 10-05 v4

Friday, 17 February 2023

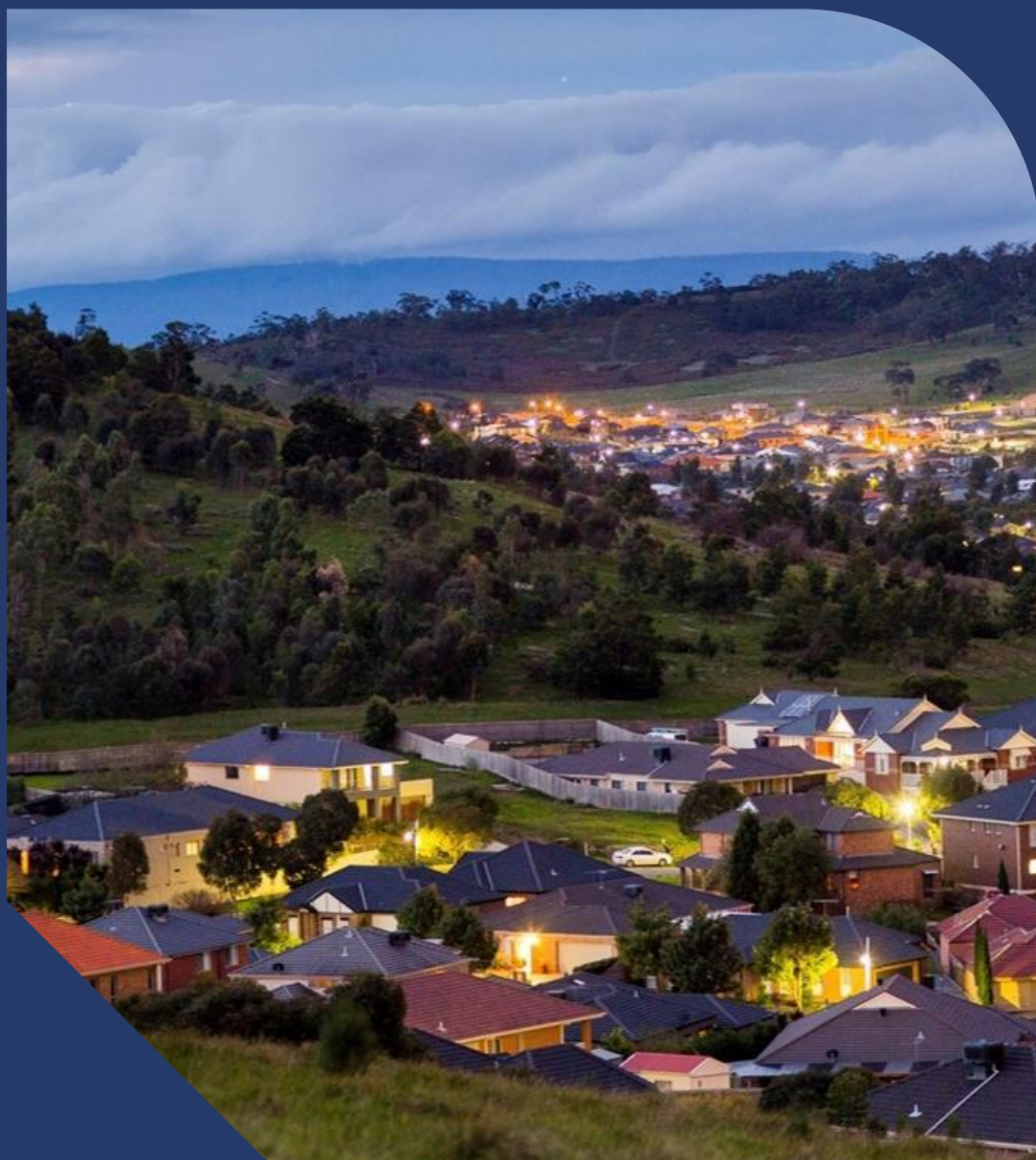


Table of contents

Sustainable Procurement Policy	2
1. Purpose	2
2. Scope	2
3. Abbreviations and definitions	2
4. Policy	2
4.1. Sustainability	3
4.2. Accountabilities	4
5. Application and important information	5
6. Legislative reference	5
7. More information	5
8. Related policies	5
9. Document control	6
10. Revision history	6

Sustainable Procurement Policy

1. Purpose

This Sustainable Procurement Policy (Policy) sets out the general objectives, and expectations of AusNet for the sustainable procurement of externally sourced goods and services. Among other objectives, AusNet aims to achieve positive environmental, social and economic impact over the entire life cycle, whilst simultaneously meeting legislative requirements and balancing its obligation to customers and shareholders, to operate efficiently.

2. Scope

AusNet is committed to sustainable, ethical, and socially responsible procurement practices. The focus of this Policy is all procurement activity conducted by, for, or on behalf of AusNet (directly and indirectly).

3. Abbreviations and definitions

Term	Definition
Supplier Code of Conduct	The AusNet Supplier Code of Conduct (Code) is a document outlining the minimum standards expected from our Suppliers in the areas of business practices and ethics, labour practices and human rights, diversity, legal and regulatory obligations, health and safety, environmental regulations and protection, privacy and cyber security, compliance with the Code and reporting.

4. Policy

The Sustainable Procurement Policy extends naturally from the AusNet company Vision and Values:

We work safely	<ul style="list-style-type: none"> We never compromise on safety and we genuinely care for the wellbeing of people
We do what's right	<ul style="list-style-type: none"> We act with integrity and in the best interests of our company, taking into account how our decisions affect the business and stakeholders We have clear and consistently applied expectations of performance and behaviour across our business
We're one team	<ul style="list-style-type: none"> We are mindful of the community in which we operate, including environmental, social and economic development We work together as a united team with our partners and suppliers to achieve great results and build our company's reputation
We deliver	<ul style="list-style-type: none"> We are accountable to customers, communities, shareholders and each other, and we deliver on our promises

The Procurement organisation supports AusNet in its efforts to maintain and support a sustainable community. By integrating sustainability in procurement policies and practices, AusNet can manage risks (including opportunities) for sustainable environmental, social, and economic development.

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

4.1. Sustainability

Sustainable procurement considers the responsibility for the social, environmental, economic and governance impacts of any purchase. More broadly, sustainable procurement balances the considerations of:

- social and ethical implications
- environmental impact of the growth, manufacture and transport of products and services
- the application of good governance
- cost and economic impact of the purchase.

4.1.1. Social impacts

AusNet favourably views the support of responsible labour practices, contributing to the development of safe, fair, and inclusive workplaces, including:

- evidence of appropriate workplace policies, and evidence of monitoring and compliance with health and safety policies;
- compliance with all applicable laws related to wages, employment conditions, working hours and legally mandated benefits; and
- respect of the UN Global Compact Principles¹ as they relate to Human Rights, Labour, Environment and Anti-Corruption.

AusNet values the communities in which it operates. It 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.

4.1.1.1. Social Procurement Policy

AusNet has a social procurement policy which provides a framework to encourage or explore procurement activities, where appropriate, that have a positive social and economic impact for the procurement of externally sourced goods and services. The policy builds on our existing sustainability considerations regarding the social impact of our purchases, whilst meeting all current and potential legislative developments and market/customer expectations.

Main aims of the social procurement policy are to:

- Encourage supplier diversity by increasing opportunities for the engagement and retention of a greater diversity suppliers and social enterprises.
- Drive positive impacts across the supply chain, by encouraging all existing and potential suppliers to demonstrate inclusion and diversity within their own operations and supply chain, including through recruitment and sourcing practices.

4.1.2. Environmental impacts

AusNet aims to reduce the environmental impact of its operations and activities within its supply chain. Preferred suppliers will manage environmental impacts and meet minimum requirements, including:

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

¹ <http://www.unglobalcompact.org/what-is-gc/mission/principles> UN Global Compact "The Ten Principles of the UN Global Compact"

4.1.3. Governance Impacts

AusNet views established and robust governance, risk management and business continuity frameworks, favourably. AusNet also expects suppliers to comply with the following minimum requirements:

- compliance with applicable laws and regulations on bribery, corruption and prohibited business practices;
- conducting 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; and
- 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.

4.1.3.1. Modern Slavery

The Modern Slavery Act 2018 (Cth)² requires certain entities in Australia to produce an annual public statement describing what they are doing to address modern slavery risks. AusNet will comply with the Act to understand and address modern slavery risks, including reporting on the following:

- the risks of modern slavery practices in the operations and supply chains of AusNet and any entities it owns/controls;
- actions taken by AusNet to assess and address those risks, including due diligence and remediation processes;
- how AusNet assesses the effectiveness of such actions; and
- the process of consultation with any entities the reporting entity owns or controls.

4.1.4. Economic Impacts

AusNet recognises that it has an obligation to manage its assets efficiently and effectively. It also recognises that the financial impact of total cost of ownership and operation reduction translates into lower, more affordable prices for customers. AusNet views innovative solutions to reduce the total cost of the full life cycle of the goods or services, encompassing:

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

4.2. Accountabilities

In support of these objectives, individuals engaged in procurement activities (from initial scoping of sourcing requirements through to contract execution and management - the full contract lifecycle) across AusNet are required to:

- comply with AusNet's Supplier Code of Conduct (PTP 10-04)³, Code of Conduct (04-005)⁴ and any other applicable AusNet policies;
- conduct procurement activities with early engagement of procurement personnel, in accordance with the procurement standards, processes and systems;
- 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;
- ensure that engagements with suppliers strengthen the brand and reputation of AusNet; and
- ensure ongoing validation of supplier compliance with all applicable laws and regulations.

²<https://www.legislation.gov.au/Details/C2018A00153> Modern Slavery Act 2018 (Cth)

³ <https://www.ausnetservices.com.au/-/media/project/ausnet/corporate-website/files/about/suppliers/ptp-10-04-supplier-code-of-conduct.pdf> Supplier Code of Conduct

⁴ [04005-code-of-conduct-issue-9-website-version.pdf \(ausnetservices.com.au\)](https://www.ausnetservices.com.au/-/media/project/ausnet/corporate-website/files/about/suppliers/04005-code-of-conduct-issue-9-website-version.pdf) Code of Conduct

5. Application and important information

In this Policy, 'AusNet' (or 'Group' or 'AusNet Group'), refers to Australian Energy Holdings No 1 Pty Ltd and each of its subsidiaries (each an 'AusNet Entity' or 'Group Entity'). A 'subsidiary' includes a subsidiary an entity within the meaning given to it in the Corporations Act 2001 (Cth) (but as if body corporate includes any entity), as well as a subsidiary of (or an entity otherwise controlled by) an entity under any Australian Accounting Standards.

This policy is not legally binding on the AusNet Entities and, unless otherwise expressly specified therein, does not supersede or override any process or contract involving an AusNet Entity. The AusNet Entities are not obliged to (and none of them make any representation, nor give any undertaking, that they will) comply with this Policy (whole or in part). This Policy may be altered, withdrawn or changed at any time, and without notice, by an AusNet Entity.

6. Legislative reference

JURISDICTION	REGULATOR	REFERENCE
Commonwealth	Department of Home Affairs	https://www.legislation.gov.au/Details/C2018A00153 Modern Slavery Act 2018 (Cth)

7. More information

<http://www.unglobalcompact.org/what-is-gc/mission/principles>

UN Global Compact "The Ten Principles of the UN Global Compact"

8. Related policies

DOCUMENT ID	DOCUMENT TITLE
PTP 10-04	https://www.ausnetservices.com.au/-/media/project/ausnet/corporate-website/files/about/suppliers/ptp-10-04-supplier-code-of-conduct.pdf Supplier Code of Conduct
04-005	04005-code-of-conduct-issue-9-website-version.pdf (ausnetservices.com.au) AusNet Code of Conduct

9. Document control

Policy owner	Chief Financial Officer – Mark Ellul
Revision	4.0
Issue date	17 February 2023
Review date	17 February 2028
Classification	Public
Status	For approval
Policy author	Catherine Predika
Policy approver	Mark Ellul
Email	catherine.predika@ausnetservices.com.au
Department or business unit	Strategic Procurement




10. Revision history

REVISION	DESCRIPTION	POLICY AUTHOR	DATE
1.4	Update to the following: <ul style="list-style-type: none"> • section 1 “Purpose” • section 2 “Scope” • section 4.1 “Social Impacts” • section 4.1.1.1 “Social Procurement Policy” • section 4.1.3 “Governance Impacts” • section 4.1.4 “Economic Impacts” • section 4.2 “Accountabilities” Addition of “Application and important information” section	Catherine Predika	17 February 2023
1.3	Addition of Social Procurement Policy section	Catherine Predika	23 February 2022
1.2	Minor content improvements and update to footnotes	Catherine Predika	3 December 2020
1.1	Published	Catherine Predika	18 December 2019

AusNet Services

Level 31
2 Southbank Boulevard
Southbank VIC 3006
T +613 9695 6000
F +613 9695 6666
Locked Bag 14051 Melbourne City Mail Centre Melbourne VIC 8001
www.AusNetServices.com.au

Follow us on

-  @AusNetServices
-  @AusNetServices
-  @AusNet.Services.Energy

AusNet

