

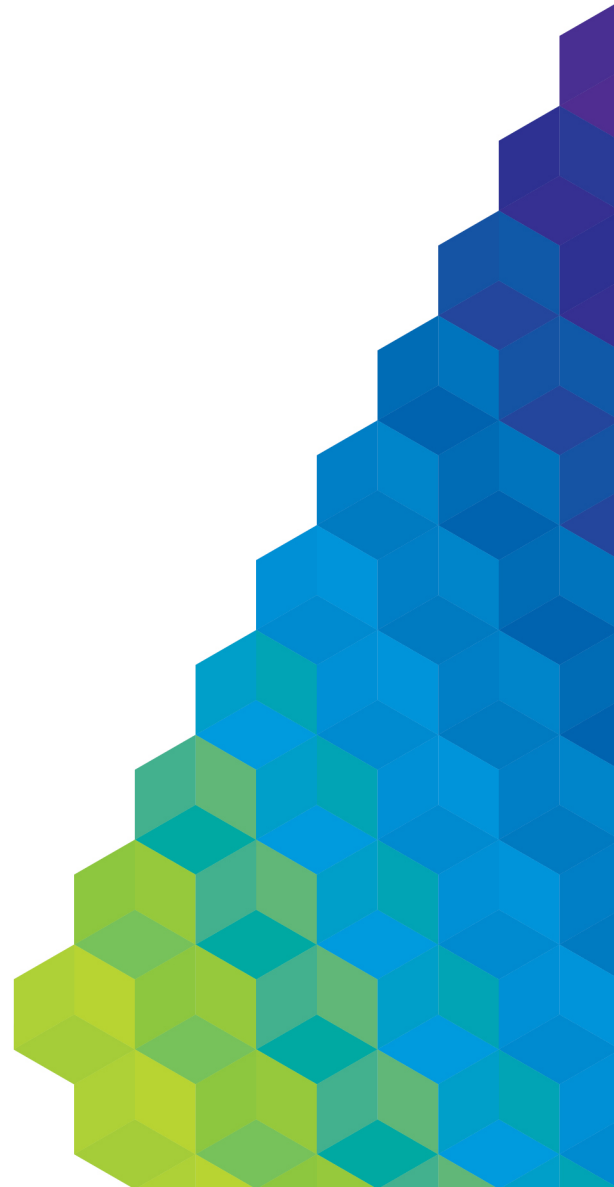


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# Sustainable Procurement Policy

3 December 2020

mission**zero**



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# Sustainable Procurement Policy

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## Sustainable Procurement Policy

### 1 PURPOSE

The purpose of this Sustainable Procurement Policy (**Policy**) is to define business requirements and accountabilities AusNet Services Ltd and its subsidiaries (**AusNet Services**) for the sustainable procurement of externally sourced goods and services, aiming to achieve positive environmental, social and economic impact over the entire life cycle, whilst simultaneously meeting legislative requirements.

### 2 SCOPE

The Policy applies to the following all procurement activity conducted by, for, or on behalf of AusNet Services (directly and indirectly). This includes purchases made on behalf of AusNet Services by (but not limited to) AusNet Services' direct employees, contractors and suppliers.

### 3 ABBREVIATIONS AND DEFINITIONS

Term	Definition
Supplier Code of Conduct	The AusNet Services' Supplier Code of Conduct ( <b>Code</b> ) 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 Services' company Vision and Values:

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

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

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

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### 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 Services will favour suppliers who support responsible labour practices, contributing to the development of safe, fair and inclusive workplaces, 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; and
- suppliers that comply with the UN Global Compact Principles<sup>1</sup> as they relate to Human Rights, Labour, Environment and Anti-Corruption

AusNet Services is committed to 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.

#### 4.1.2 ENVIRONMENTAL IMPACTS

AusNet Services 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.

#### 4.1.3 GOVERNANCE IMPACTS

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

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

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

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### 4.1.3.1. MODERN SLAVERY

The Modern Slavery Act 2018 (Cth)<sup>2</sup> requires certain entities in Australia to produce an annual public statement describing what they are doing to address modern slavery risks. AusNet Services 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 Services and any entities it owns/controls;
- actions taken by AusNet Services to assess and address those risks, including due diligence and remediation processes;
- how AusNet Services assesses the effectiveness of such actions; and
- the process of consultation with any entities the reporting entity owns or controls.

### 4.1.4 ECONOMICS IMPACTS

AusNet Services 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 Services will favour suppliers who offer 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

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

- declare all potential conflicts of interest and comply with all responsibilities in relation to ethical decision making and AusNet Services' Supplier Code of Conduct (PTP 10-04)<sup>3</sup>;
- 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;
- partner with strategic suppliers who have an aligned focus on environmental, social and economic impacts on the community and supply chain;
- ensure that engagements with suppliers strengthen the brand and reputation of AusNet Services; and
- ensure ongoing validation of supplier compliance with all applicable laws and regulations.

## 5 LEGISLATIVE REFERENCES

State	Regulator	Reference
Commonwealth	Department of Home Affairs	<a href="#">Modern Slavery Act 2018</a>

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

<sup>3</sup> <https://www.ausnetservices.com.au/-/media/Files/AusNet/Suppliers/PTP-10-04-Supplier-Code-of-Conduct.ashx?la=en>  
Supplier Code of Conduct

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**6 RESOURCE REFERENCES**

Document ID	Document Title
	<a href="#">UN Global Compact Principles</a>
PTP 10-04	Supplier Code of Conduct

**7 APPENDICES**

None

**8 SCHEDULE OF REVISIONS**

Revision	Date	Details of Change
1	18/12/2019	Published
2	03/12/2020	Minor content improvements and update to footnotes