



**2026-31 HCC RNI Project**

## **Attachment 5.3**

**Contracting and Procurement Strategy**

**16 May 2025**



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## Abbreviations and definitions

Term	Definition
AEMO	Australian Energy Market Operator Limited
AS/NZS	Australian standard / New Zealand standard
BAFO	Best and final offers
CPI	Consumer price index
CSSI	Critical state significant infrastructure
DDP	Delivery duty paid
EIS	Environmental impact statement
EnergyCo	The Energy Corporation of NSW
EOI	Expression of interest
EPC	Engineering procurement construction
HSMS	Health and Safety Management System
ISCA	Infrastructure Sustainability Council of Australia
ISO	International Organization for Standardization
ITP	Inspection test plan
LTESA	Long-term energy service agreement
NEM	National Electricity Market
OEM	Original Equipment Manufacturer
PSMS	Partner Safety Management System
REZ	Renewable energy zone
RFP	Request for proposal
RFT	Request for tender
RNI	REZ network infrastructure
ROI	Registration of interest
SoW	Scope of works
TET	Transmission efficiency test
WHS	Work health and safety
WPI	Wage price index



## 1 Overview

The purpose of this Supply Chain and Procurement Plan is to:

- provide an overview of Ausgrid's procurement process, including how it has been utilised to support delivery of the Hunter-Central Coast Renewable Energy Zone Network Infrastructure (HCC RNI) project
- outline the approach taken to source suitable resources for the design, construction and commissioning phases of the project
- outline the approach taken to sourcing equipment, bulk materials and commodities, including consideration of quality control

This Supply Chain and Procurement Plan is supported by our Sustainable Procurement Policy (Appendix A), Procurement Source to Contract Procedure (Appendix B), and Ausgrid's External Partner Code of Conduct (Appendix C). The governance measures outlined in these documents are based on good industry practice and support prudent, efficient and reasonable costs.

## 2 Ausgrid procurement process

### 2.1 Introduction

Ausgrid's procurement process enables sourcing of technically conforming goods or services, while achieving the best value for money, prudently minimising risk and meeting our obligations to protect the environment and community. Our procurement process:

- establishes contractual relationships with capable and reliable suppliers that meet the requirements of Ausgrid's specification with provision of quality goods or services;
- achieves commercially acceptable market driven prices;
- implement prudent measures relating to warranties, defect liability periods, technical support and training for the provided goods or services; and
- manages risks through compliance with regulatory, contractual and legal responsibilities.

Our procurement decisions aim to enable affordable, reliable and sustainable energy solutions for our customers, by considering the following:

- placing safety as the number one priority
- ensuring high standards of honesty, ethics and integrity for all stakeholders
- committing to fair and effective competition, innovation and continuous improvement
- promoting procurement practices that have the most positive social, environmental, governance and economics impacts on the community and supply chain.

### 2.2 Sourcing

As part of Ausgrid's procurement processes, sourcing strategies are prepared to plan for how required goods and services will be sourced, including market approach, resource identification and material lead times. These processes are guided by Ausgrid's Sustainable Procurement Policy (see Appendix A) and described in detail within our Source to Contract Procedure (refer Appendix B). Market research is typically conducted during the preparation of sourcing strategies to obtain information about the supply market size and capability. In doing so, potential suppliers may be contacted to assess suppliers' capability and interest.



As part of the procurement engagement, the following sourcing strategy options are typically considered:

- Expression of Interest (EOI)
- open request for tender (RFT)
- restricted RFT
- direct negotiation.

A detailed budget review and business case is undertaken prior to major procurements to assess whether there is appropriate justification to initiate the market engagement process. For smaller procurements, negotiation with current suppliers; or a known shortlist of suppliers; or panel suppliers can be undertaken.

## 2.3 Tendering

After the justification of need is approved, tender collateral is prepared for the selected strategy. This includes tender documentation that requests information from suppliers, forming the foundation for Ausgrid's mandatory and weighted evaluation criteria. The common mandatory requirements among all engagements are that all external partners read and agree to abide by Ausgrid's External Partner Code of Conduct (this can be found in Appendix C).

Details and documentation typically requested from the market for a construction component of the works is outlined in Table 1.

**Table 1: Summary of details and documentation typically requested from the market**

Respondent Schedules	Contractor responses for evaluation
Respondents Details	Commercial details of the bidding entity (company, consortium or joint venture).
Commercial schedules	Detailed Pricing
Conflict of Interest and Data Security	Confirmation of any ACCC, ICAC or other fraud or corruption investigations.  Process to protect sensitive and commercial information from cyber security.
Quality Assurance	Details of quality management accreditations, including examples management plans and documentation.
Work Health and Safety	Details of safety management accreditations, including safety statistics, examples management plans and documentation.
Environmental and sustainability	Details of Environment management accreditations, including environmental statistics, examples management plans and documentation.  Responses to sustainable activities across categories of Environment, Social and Governance (ESG).
Design Management (if applicable to the contracted works)	Evidence of design management framework and process.
Financial Capabilities	Provision of financial capability, including, auditable statements, banking and debt facilities, equity commitments and work load commitments.



Respondent Schedules	Contractor responses for evaluation
Technical and Experience	Details of the entity's experience in delivering the tendered scope of works (both size and scale), including resources offered and resource resumes.
Competitive advantage	Details of the entity's point of difference, competitive advantage in the market and any proposed innovations.
Subcontractor Schedule	Details of those subcontractors offered in the bid, including their capability.
Industrial Relations	Details of the industrial relations policies, including Enterprise Bargaining Agreements (EBAs) of the entity's employees.
Insurances	Details of the types and level of insurances for the offered works.
Tender Program and Construction Methodology	Detailed tender program, including detailed and specific construction methodology for the tendered works.
Interface and Stakeholder Management	Details of the stakeholder management approach.

## 2.4 Evaluation

Tenders received in response to a procurement engagement go through a rigorous evaluation process typically involving the following stages:

- **Stage 1 – Assessment of compliance with the RFT:** An initial review of all tender submissions is conducted to identify non-conforming tender submissions. This initial assessment considers compliance with the mandatory assessment criteria, Contract Terms and Conditions, Technical Specifications and the Delivery Program.
- **Stage 2 – Weighted evaluation:** Each tender that passes Stage 1 will be individually assessed against commercial and qualitative weighted criteria. The scores and weightings will be applied in accordance with the evaluation framework and scoring guidelines.
- **Stage 3 – Negotiations:** All shortlisted tenderers will be asked to address specific questions relating to their tender submissions both technically and commercially.

## 2.5 Recommendation

Upon the successful completion of evaluation, all evaluation documentation is compiled into a recommendation to award, which details the high-level information of evaluation scoring, nomination of the preferred bidder, the cost of the engagement, risks and justification. The recommendation to award is a vital part of Ausgrid's Network Governance Framework. An appropriate delegation approves the engagement before the execution of contracts.

## 2.6 Contract management

Ausgrid utilises a Contract Management Framework (CMF) which provides a governance structure to ensure expectations, roles and processes are clear and consistent and that Ausgrid maintains strong relationships with our external partners.

The CMF leverages best practice in contract management and ensures agreed commitments (such as performance, timeframe, costs and risk) are monitored, reported and delivered to meet Ausgrid's needs. The CMF drives a consistent approach across Ausgrid, ensuring we are extracting maximum value from our contracts.



We contract an enterprise safety management system that operates for all contractors that currently work on Ausgrid's network. It provides:

- Pre-qualification through:
  - Independent SMS auditing
  - Certification checking
  - Insurance checking
- Ongoing due diligence of safety, certification and insurance documentation
- Management of external partner competencies
- A training portal and gateway for contractors
- Rapid on-site assurance checking of company compliance, worker roles and competencies.

## 2.7 Panel suppliers

Ausgrid has longstanding panel arrangements covering various goods and repeat services. Notable examples include the supply of poles, switchgear and secondary systems, engineering services, civil works, traffic control and vegetation management.

Part of Ausgrid's procurement strategy to improve speed and efficiency is the establishment of panel arrangements via master supply deeds for goods and services. These serve as umbrella agreements and provide a contracting model which allows for the efficient engagement of pre-approved external suppliers who have the proven expertise, financial capacity, experienced resources and management systems that can safely and competently deliver required goods and/or services.

Ausgrid has tendered and implemented a number of these arrangements, with many of them leveraged to support HCC RNI project. The main benefits of master supply deeds are:

- Panellists all provide unique qualities and offer the right mix of skills and experience to service Ausgrid's network requirements.
- Time and effort when finalising new sourcing events is significantly reduced as T&Cs are agreed upfront, leaving negotiations to be focused on the scope of work and commercial conditions.
- There is competitive tension as contractual terms are already agreed – meaning pricing for unknown contractual risk is reduced.
- Commercial risk is reduced by eliminating conflicting terms within separate contract agreements.
- Value-added relationships, joint thinking and innovation are developed with a strategic business partner of Ausgrid.

Examples of Ausgrid's panel contracts include:

- Engineering Services Panel – Ausgrid has developed relationships with top-tier engineering houses on the east-coast of Australia who provide expert engineering advice in the electrical, civil and structural, geotechnical and mechanical design.
- Overhead Services Panel (OHSP) – In the most recent variant of the OHSP, Ausgrid has engaged [REDACTED]; which has enabled the delivery of over [REDACTED] of work in a 3 year period. This is in addition to partnering with [REDACTED] since 1995 to deliver construction and maintenance services across the Ausgrid Network.



- Civil Works Panel – Ausgrid’s panel includes ‘tier 3’ contracting firms, who have long standing relationships and proven delivery capability in Ausgrid substations and more broadly across the Ausgrid network. The firms on this panel have been pre-assessed financial capability, delivery expertise and management systems, borne out of decade long relationship with Ausgrid, these firms regularly complete works on and around Ausgrid’s network.

### 3 Construction and services for HCC RNI Project

#### 3.1 Introduction

Ausgrid’s procurement strategy for the HCC RNI project sought to optimise our supply chain for the success of the project. This strategy contained a prudent mix of in-house and contractor delivery models, to unlock efficiencies and support delivery. We also sought to use existing panel contracts, ensuring adequate supply of skilled labour focused on design, civil works and equipment supply. Where gaps in resources were identified, Ausgrid engaged with the market through a competitive tendering process.

The mix of in-house and external contractors for the HCC RNI project is summarised in Table 2.

**Table 2: Construction and services packages**

Scope	Party
Design – Transmission Lines, Brownfield Substations, Distribution Relocation	Ausgrid
Design – Greenfield Substations	Contractor
Transmission Line Rebuilds	Contractor
Greenfield Substations	Contractor
Underground Fibre Optic Cables	Contractor
Brownfield Substations – Civil Works	Contractor
Brownfield Substations – Electrical Works	Ausgrid
Remote End Secondary System Replacements	Ausgrid
Distribution Relocation Works	Ausgrid

#### 3.2 Design

All design for transmission line scopes, brownfield substation augmentations and distribution relocation works are being performed by Ausgrid’s internal design team. This team has the capacity to meet the required project timeframes and is better placed than the external market to manage the complex engineering challenges associated with these scopes.

The greenfield substation designs are being performed by the external market. Ausgrid has a longstanding Engineering Services Panel, consisting of ■■■ suppliers in the relevant category pertaining to this scope. An engineering specification was developed and a competitive tender sought between the ■■■ suppliers. The preferred supplier was selected via a technical and commercial evaluation.



### 3.3 Transmission line rebuilds, greenfield substations and fibre optic cables

Transmission line rebuilds and greenfield substations make up the majority of construction cost on the project. To enhance market interest and yield competitive pricing, Ausgrid launched a two-stage procurement process to source partners with aligned commitment to the project:

- **Stage 1: EOI** – A restricted EOI was sought via [redacted] suppliers identified to have capability in both the transmission line and greenfield substations scopes. This EOI shortlisted [redacted] suppliers to participate in separate RFTs for each scope, noting Ausgrid's intent to select independent suppliers for each.
- **Stage 2: Competitive RFT** – Following technical and commercial evaluation, Ausgrid selected [redacted] partners from the RFT process and awarded one component to each. The [redacted] successful partners also won the first right of refusal for subsequent generator connections, subject to the customer's discretion and incoming changes to ringfencing rules for negotiated connection services. [redacted]

The underground fibre optic component was sourced via a competitive RFT. [redacted] potential partners from the telecommunications industry with the required skills and experience were invited. Ausgrid commenced engagement with these organisations early to understand interest and de-risk the project.

### 3.4 Brownfield substations

Ausgrid has an existing panel of suppliers capable of completing the brownfield substation components. In addition to existing supplier relationships, the market was widened to capture other organisations that expressed interest and demonstrated their suitability. [redacted] industry specialists were identified to take part in an RFT. [redacted] of the [redacted] had an existing relationship with Ausgrid, while the remaining [redacted] had worked with Ausgrid or similar utilities previously. Ausgrid advised the [redacted] remaining organisations that there was potential to also win a place as panel supplier for other Ausgrid works. This strategy served to increase the market's interest and provides assurance for availability of resources that will be utilised on Ausgrid work prior to commencement of the HCC RNI project.

### 3.5 Major project support services

Ausgrid has project management expertise throughout its business, however a major project of the scale of the HCC RNI project requires a higher level of rigour than projects typically delivered under Ausgrid's regulated capital portfolio. In turn, Ausgrid sought the following additional specialist support services to complement its existing skillset:

- Risk Management
- Estimation and Cost Management
- Scheduling
- Bid/Proposal Management.

Ahead of issuing an RFP, Ausgrid issued an EOI, to source suppliers with a track record of delivering the above services to major projects across the road, rail, water, defence and power industries. Following a commercial and technical evaluation, Ausgrid identified [redacted] suppliers that were suitable in one or more of the above specialist areas. Given that most suppliers have performed similar services for Ausgrid's clients, competitors or customers, and the high likelihood



of conflicts arising, Ausgrid shortlisted all [REDACTED] suppliers on a new panel with established commercial terms.

### 3.6 Specialist engineering services

In addition to the Design Services outlined in Section 3.1, Ausgrid's Engineering Services Panel contains other categories of suppliers, including Property, Stakeholder Management and System Planning services.

As a default, Ausgrid sought to first engage via this panel. However, where conflicts arose in some disciplines, internal procurement waivers were obtained, with non-conflicted specialists engaged via bespoke project engagements.

### 3.7 Specialist commercial and legal services

Ausgrid holds a Management Services Panel of suppliers providing management consultancy, legal, finance and regulatory services.

As a default, Ausgrid sought to first engage via this panel. However, where conflicts arose in some disciplines, internal procurement waivers were obtained, with non-conflicted specialists engaged via bespoke project engagements.

### 3.8 Resource availability

To ensure the availability of skilled labour resources across the broad range of services required to deliver HCC RNI project, Ausgrid ensured it engaged with the market early. As part of the procurement process, Ausgrid provided concise briefs and preliminary designs to the market to ensure tenderers were clear on requirements. Tenderers were required to complete schedules detailing the experience of the organisation and the capability of the proposed project team in delivering similar scopes of work. This included the provision of curricula vitae listing requisite skills and training which were reviewed by Ausgrid as part of the tender evaluation process. Tender schedules were also required, outlining the tenderer's current and future workload to understand their capacity and availability to complete the required works in line with the project program.

Ausgrid is aware that this project will be delivered in competition with significant similar works both nationally and internationally, risking certainty of delivery and labour costs. In order to mitigate this risk, Ausgrid has strategically chosen to partner with subcontractors having demonstrated capacity to deliver in the project timeframes, and who can leverage off transferrable skills from parallel industries or international markets. These subcontractors include:

- Transmission Line Rebuilds will be delivered by Genus Group. Genus is one of Australia's largest employers of lineworkers, with access to a current internal workforce of approximately [REDACTED] field-based full-time equivalent (FTE) employees with the skills to deliver this scope of the HCC RNI project. The scope will require an average of [REDACTED] field-based FTE ([REDACTED] of total capacity) over the construction phase. Furthermore, Genus is continuing to grow its resourcing capacity via international markets, demonstrated by international recruits successfully integrating within their local teams on other current transmission line rebuild projects being performed for Ausgrid in the Hunter. Genus has demonstrated that its HCC REZ scope can be resourced in parallel with any current commitments (including the Humelink Project).
- Greenfield Substations construction will be delivered by John Holland Group (JHG). As one of Australia's three biggest Engineering Procurement Construction (EPC) contractors, JHG has recently rebuilt a presence within the power industry. Its backhouse support team has been sourced via recent recruitment with civil capability to be sourced via local projects in the



transportation industry within the broader group business. JHG's electrical capability will largely be obtained via existing resources.

- The underground fibre optic component will be delivered by ServiceStream, as one of [REDACTED] potential partners from the telecommunications industry with the required skills and experience.
- Our other construction contracts (civil works for brownfield substation augmentations and underground fibre laying) represent less than [REDACTED] of our total construction value. These have been sourced via existing panel contractors where possible (Gongues Construction) and are consistent with the typical resourcing volumes provided into our ongoing regulated capital portfolio.

Ausgrid has also chosen to retain some construction components that can be competently delivered by its existing local capability, and utilise existing local panel contractors. We have already secured this resource availability, with the self-performed HCC RNI scope loaded into Ausgrid's workforce planning systems over the life of the project.

### 3.9 Training

All staff required to work on or near Ausgrid's operational assets are required to be authorised under Ausgrid's Electrical Safety Rules. Additional units of competency for each worker role are required to be attained in accordance with Ausgrid's Training Matrix.

In line with Ausgrid's commitment to the health, safety and wellbeing of workers, an online Partner Safety Management System (PSMS) has been implemented for all work undertaken by third parties. This online system is managed on behalf of Ausgrid by Pegasus and allows our external partners to have their qualifications and training documentation (including insurances and licences) uploaded to prove their compliance with Ausgrid's requirements. The system allows Ausgrid and its external partners to manage a shared duty of care and meet Work Health and Safety (WHS) obligations.

A key component of Ausgrid's PSMS is the assessment and validation of the external partner's Health and Safety Management System (HSMS) based on the type of work being performed under the contract. In all cases, the external partner must have a HSMS that is either accredited or aligned to ISO 45001:2018 or AS/NZS 4801:2001, the equivalent international standard, or reviewed and approved by Pegasus.

Ausgrid also recognises that a high profile project creates an opportunity to build skills and knowledge in its next generation. We will take the opportunity to embed a subset of our apprentice pool within our major subcontractor crews, to afford on-the-job learning in the construction and commissioning of these assets.

## 4 Equipment and materials for HCC RNI Project

### 4.1 Introduction

For all HCC REZ equipment requirements, Ausgrid's individual sourcing strategies were aligned with a detailed technical specification for the equipment in question, ensuring it met the needs of the network and relevant Australian Standards while also incorporating appropriate consideration of market capabilities. Ausgrid equipment contracts also outline that suppliers must seek Ausgrid's approval before proceeding with any proposed deviation from the specification, factory premises or changes to the materials used in the production process.

As part of the procurement process undertaken, Ausgrid undertook due diligence on the supply chain and established supply process. This included evaluation of any local sales entities, factories



and its supply chain for key components and raw materials. All prospective suppliers were required to provide evidence of its established supply chain process including mitigation strategies to reduce any potential impact from disruption in their supply chain, key activities and parties involved, including any quality management and other operational systems.

Whether for HCC REZ or any other requirement, Ausgrid requires suppliers to enter into a contract under Incoterms Delivery Duty Paid (DDP) ensuring the risk, insurance, duties and custom clearances are the responsibility of the supplier. It also requires the appropriate insurance policies to be in place and further, that the supplier provide copies of these documents for review. Importantly, all Ausgrid equipment supply contracts include price adjustment mechanisms aligned to defined market indices (metals prices, foreign exchange, CPI, WPI, etc) to avoid unnecessarily pricing in risk.

Ausgrid equipment contracts also outline Key Performance Indicators addressing delivery on-time, quality, service response time and safety performance. Suppliers are required to submit monthly progress reports covering aspects of when the equipment will be delivered and tested as well as factory acceptance testing and dates for other significant milestones. Monthly reporting is also required to identify 'hold points' where Ausgrid's approval, review, inspection or witnessing is required. Monthly reporting will be used to manage the status of critical materials and items with long lead times.

For certain materials such as conductor, steel poles and overhead fittings, Ausgrid has dual supply arrangements in place with approved products, factories and supply chains in the event of any unforeseen supply constraints affecting these materials.

#### 4.2 Steel transmission poles

For steel transmission poles, Ausgrid has an existing panel agreement with [REDACTED] capable suppliers who have extensive experience in providing steel transmission poles for a variety of projects on Ausgrid's network. [REDACTED] line of products meet the requirements of Ausgrid's technical specification, have approved factories and have provided Ausgrid with consistent quality poles over a number of years. For HCC RNI project, Ausgrid will partner with Ingal EPS as the primary supplier as its offer provides the best overall solution for the project.

#### 4.3 Conductor

Ausgrid's conductor requirements are serviced by an existing panel of pre-qualified suppliers ([REDACTED]) established as a result of an open market tender. All conductor suppliers on the panel have broad experience in supplying a wide range of products to Ausgrid for its network needs over a long period of time. All conductor suppliers have undergone an extensive due diligence including detailed design approval, inspections of their factories and approval of manufacturing facilities. Each panel supplier can supply a range of conductors that are approved for either primary or backup supply arrangements that minimise supply risk. For HCC REZ, Ausgrid will partner with Prysmian cables as the primary supplier who will be manufacturing the overhead conductor requirements at its Liverpool factory in NSW. Suppliers for both steel poles and conductor have approved supply chains and have provided Ausgrid with consistent delivery service over a number of years minimising the risk for HCC RNI project.

Though the required conductors and steel poles are under contract, the volumes contemplated under each of these contracts is significantly smaller than that required for the HCC RNI project. As such, Ausgrid sought a project specific re-tender via all panel suppliers in each category. In order

to achieve the best value for money proposition, the suppliers were requested to provide a response based on economies of scale on volume pricing, factory capacity, delivery lead time aligned to project requirements, shipping and delivery options in order to drive the best overall commercial outcome.

#### 4.4 Switchgear, secondary systems and cable

All switchgear, secondary systems and cable required for HCC RNI project was identified as being available to Ausgrid via its range of existing period order supply contracts. These contracts were established via competitive tenders and combined technical and commercial evaluations. These suppliers have undergone due diligence including detailed design approvals, factory inspections and approval of manufacturing facilities. The quantities of switchgear and secondary systems required under the HCC RNI project is consistent with the volumes contemplated under these contracts.

#### 4.5 Bulk materials and commodities

The key bulk materials identified for HCC RNI include sand, gravel, cement, soil, crushed rock, copper, aluminium and iron ore. Ausgrid considers that it adds little value sourcing bulk materials directly so relies upon the value add of its supply chain.

Our equipment, steel pole, conductor and cable suppliers will source the majority of all bulk metals under the project. This will largely be sourced via South-East Asian markets though steel used in the construction of overhead conductor will be sourced from Bridon Bekaert in Newcastle, NSW.

Our substation, transmission line and civil contractors will source the majority of all sand, gravel and cement in concrete form via Hunter-based suppliers. Soils and crushed rock will be sourced via Hunter-based landscape suppliers. All proposed contractors have extensive experience in sourcing such materials in the Hunter region. It is considered that the quantity of concrete, crushed rock and soil required on the HCC RNI project is small on a regional scale.

Investigations with our direct contractors and suppliers indicate no foreseeable concerns in their ability to source bulk materials of the quantum required to fulfil their scope of work.

#### 4.6 Quality control

Ausgrid requires that its equipment and services comply with all Australian and NSW State Law and published NSW Codes of Practice. Ausgrid's equipment contracts are based on the AS/NZS 4911:2003 and AS4910-2002 series of contract and all contain clauses that outline obligations for quality of material and work and quality assurance. This also includes, and is not limited to, the following obligations:

- will be of merchantable quality and fit for purpose
- will not infringe any intellectual property rights
- shall use the materials, plant and equipment and standards of workmanship required by the *Contract* (including as warranted by the *Contractor*).

Ausgrid requires suppliers, Original Equipment Manufacturers (OEMs) and their suppliers of critical components to have a Quality Management System certified by an appropriately recognised third party to ISO 9001:2015 or equivalent. The quality system elements must be reviewed regularly to ensure that standards are being maintained and that:

- materials consistently meet requirements and do not give rise to expensive field rework, material wastage or lost time



- the need for, and the cost of, inspecting and testing of equipment received is minimised.

As part of the equipment evaluation process, the nominated supplier's manufacturing facilities are assessed to validate their submissions and provide Ausgrid with evidence of their stated capability. Suppliers are required to provide details of the manufacturers of critical sub-components and are required to seek approval before any request for design, material or factory change once the product is approved by Ausgrid. Ausgrid confirms the capability of the supplier to provide the required equipment by outlining their experience for similar projects. This is validated by reference checks that confirm Ausgrid's evaluation of the equipment which can enable the continuous improvement with the supplier.

The equipment Ausgrid procures is subject to various Australian, International and Ausgrid network standards as specified in the contract technical specification. Once a supplier is selected, the equipment is subject to a detailed design review process as a hold point before the commencement of any manufacturing. The purpose of this review is to validate and approve the engineering design, constructions principles, factory inspection test plan (ITP), so that Ausgrid is satisfied the supplier has achieved the guaranteed values and specification requirements. The supply must satisfy Ausgrid's safety in design requirements to confirm/services are safe to use, free of hazardous substances (including packaging materials) in an Australian environment.

In addition, suppliers must provide evidence of compliance to a range of tests conducted in NATA certified laboratories such as type-testing, factory acceptance testing, batch testing others as required by the specification. The supplier must provide detailed product documentation including installation manuals, Inspection Test Reports, operating manuals, maintenance details, etc. For complex equipment, suppliers may be required to supervise the installation as a specialist resource to ensure quality control throughout the installation process.

Ausgrid requires suppliers to provide details and seek approval on how the equipment is to be packaged for shipping and delivery in order to eliminate damage in transit and minimise risk to the environment. Major equipment delivered to project locations is inspected as part of the acceptance process and assessed for any physical damage. Equipment delivered to our central warehouse follows the supply chain quality management procedure to assess conformance with the specification.

Suppliers are requested to provide details of any known risks associated with the tendered equipment and works. Risk assessments are completed by Ausgrid to reduce or eliminate any identified risks and kept on file in accordance with Ausgrid's Risk Management Framework.

Ausgrid's contracts have a defined process on how defects or warranty are treated that obligates the supplier to rectify any defects, conduct a root cause and analysis investigation and report findings to Ausgrid for review.

Suppliers will be required to achieve the contracted performance targets and deliverables (e.g. quality, delivery milestones). Performance will be measured through supplier management meetings in accordance with the Contract Management Framework.

## Appendix A – Sustainable Procurement Policy

### Policy – Sustainable Procurement

<b>Purpose</b>	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.
<b>Applies to</b>	<p>This Policy applies to anyone working for or on behalf of the organisation.</p> <p>This Policy applies to all externally sourced goods and services other than the following:</p> <ul style="list-style-type: none"> <li>• Employment of staff</li> <li>• Sponsorships</li> <li>• Electricity for resale, including transmission charges</li> <li>• Reimbursements to Accredited Service Providers (ASP)</li> <li>• Statutory or regulated payments to local, state or federal departments</li> <li>• Transfer of network assets</li> <li>• Refunds of contributions for the demand management program</li> <li>• Legal services.</li> </ul>
<b>Policy</b>	<p>The organisation is committed to safety excellence, strong governance, improving financial performance and being environmentally and socially responsible.</p> <p>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.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• place safety as the number one priority</li> <li>• ensure high standards of honesty, ethics and integrity for all stakeholders</li> <li>• ensure accountability and consistency in procurement practices across its various business units whilst providing flexible and agile solutions to support the organisation</li> <li>• drive value for money with a commercial whole of life focus</li> <li>• promote procurement practices that have the most positive environmental, social and economic impacts on the community and supply chain (see 'Sustainability considerations' below)</li> <li>• commit to fair and effective competition, innovation and continuous improvement.</li> </ul>

### 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.

### 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.

The organisation seeks to engage a diverse supplier base including Aboriginal and Torres Strait Islander businesses.

### 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.



**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
- 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.

**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.

**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:

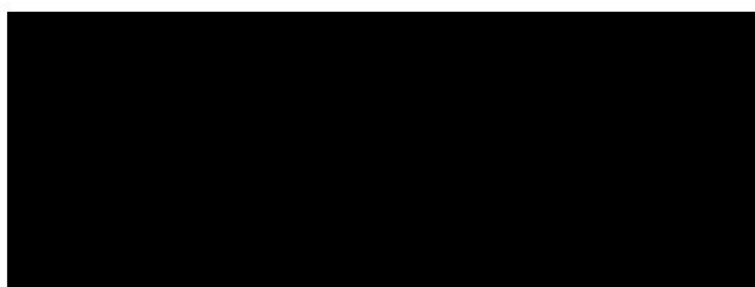
- declare all potential conflicts of interest, decline any offer of a gift or benefit from potential suppliers (including invitations to supplier sponsored parties or events) whilst in a procurement process and comply with all responsibilities in relation to ethical decision making and the organisation's 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.

**Compliance**

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

**requirements** 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:



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.



## Appendix B – Procurement Source to Contract Procedure

### Procedure – Procurement Source to Contract

**Purpose** This Procedure describes the requirements, processes and responsibilities for the sourcing of goods and services from suppliers by Procurement as defined by the scope.

**Applies to** This procedure should be used by individuals needing to source goods or services from external suppliers to the organisation for business use.

**Introduction** The scope of this Procedure is for:

- sourcing projects greater than [REDACTED] in value; or
- sourcing projects less than [REDACTED] in value where Procurement takes a leading role.

For sourcing outside of this Scope, please refer to Procedure – Purchasing All Users and the Sustainable Procurement Policy.

<b>Overview</b>	Overview block:	
	1. Sourcing.....	2
	1.1 Plan Sourcing Strategy.....	4
	1.2 Market Engagement.....	5
	1.3 Evaluation and Negotiation.....	6
	1.4 Award Contract.....	7
	2. Benefits Reporting.....	9
	3. Authorities and Responsibilities.....	10

## 1. Sourcing

**Introduction** A summary of the Sourcing phases, tasks, inputs and outputs and approvals is shown in Table 1.

	Plan Sourcing Strategy	Market Engagement	Evaluation & Negotiation	Award Contract
<b>Business Lead Responsibility</b>	Meet with Procurement and/or lodge a sourcing request Provide basic Supplier research Provide approved Business Case and budget review	Develop Specification and/or Statement of Work Agree to Confidentiality and Conflict of Interest requirements	Input into Tender Evaluation Plan, where applicable Complete evaluation	Completed evaluation form Review and approve Evaluation Report
<b>Category Manager Responsibility</b>	Prepare Sourcing Strategy – Market intelligence / analysis Complete Risk Assessment Selected supplier shortlist Establish TET	Finalise RFx documents Issue RFx to market Manage Submissions Draft Contract	Prepare Evaluation Plan and template Clarification sessions / interviews Commercial analysis / negotiation Prepare Evaluation Summary/Report Make interim recommendations/ draft RTA *For services, establish that the contractor has an adequate WHS system and can provide specific WHS information on compliance, capability and can identify and manage WHS risks.	Prepare and lodge Recommendation to Award Executed contract/s Contract Handover Plan
<b>Value</b>	<b>Approval of Outputs based on forecast contract \$ value:</b>			
	Procurement Lead	Procurement Lead + Business lead	Procurement Lead + Business lead	RTA: Financial Sub-delegation as per the Policy – Sub-Delegations of Authority
	Heads of Procurement			





 	ELT + discretion to CEO	Contract: Legal Sub-delegation following RTA approval as per the Policy – Sub-Delegations of Authority
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Table 1: Summary of Source to Contract tasks and approvals

## 1.1 Plan Sourcing Strategy



### Introduction

The purpose of the Sourcing Strategy is to prepare a plan for how the goods or services will be sourced, outline the approach, identify resources and time required, and obtain approval to proceed. Market research should be conducted during this phase to obtain information about the supply market size and capability. In doing so, potential suppliers may be contacted at the discretion of the Category Manager to assess suppliers' capability and interest. A detailed budget review and business case should be undertaken prior to major procurements to assess whether there is appropriate justification to initiate the market engagement process. This is a time-consuming and resource-intensive process and should only be initiated when there is clear need. Otherwise, negotiation with current or a known shortlist of suppliers should be undertaken in the place of a Sourcing exercise.

In line with the objectives of Ausgrid's Reconciliation Action Plan, during the Planning stage, Category Managers should:

- consider if Aboriginal and Torres Strait Islander business offerings are relevant to the sourcing strategy or contract renewal;
- consider how sourcing strategy / contract renewals could be tailored to Aboriginal and Torres Strait Islander business offerings;
- utilise the services of Supply Nation (e.g., their directory of Indigenous businesses, Relationship Manager etc) to determine the suitability of Aboriginal and Torres Strait Islander businesses (if relevant).

### Approval of Sourcing Strategy

Approval of the Sourcing Strategy in accordance with Table 1 is the basis on which Company Employees are authorised to go to market to buy goods and services worth more than [REDACTED] (WOL value). Approval of the Sourcing Strategy does not provide approval or commitment to purchase. Note that once the Sourcing exercise is complete, a separately approved Recommendation to Approve (RTA) with appropriate sub-delegation approvals is always required before executing contracts or raising a Purchase Order.

### Amendments to Sourcing Strategy after Sourcing has commenced

Any material changes to the Sourcing Strategy after approval requires re-approval in accordance with Table 1. For example, a proposed change to the market engagement approach, the scope of the business objective being sourced from the market, method to evaluate Tenders or evaluation weightings. Minor changes, such as to the composition of the evaluation team, a decision to extend the response time can be authorised by the Procurement Lead.



## 1.2 Market Engagement



<b>Introduction</b>	Market engagement is to be conducted in accordance with the approach approved in the Sourcing Strategy.
<b>Prepare RFX Document</b>	<p>Documents to be issued to the market typically consist of three parts:</p> <ol style="list-style-type: none"> <li>1. The RFX (Request for Information/ Quotes/ Proposal/ Tender);</li> <li>2. Specifications (may also be called a scope of work or statement of work); and</li> <li>3. The draft form of contract or agreement is to be prepared using the appropriate Legal Approved Template (LAT) available on the Wire.</li> </ol>
<b>RFX issue to market</b>	<p>The Procurement Lead may approve the release of the RFX to market when satisfied it is consistent with the approach proposed in the Sourcing Strategy.</p> <p>Use of the organisation's electronic sourcing portal is required for all sourcing projects &gt;\$250k in value and optional for sourcing under \$250k.</p> <p>In line with the objectives of Ausgrid's Reconciliation Action Plan, if relevant, Category Managers should list the RFX on Supply Nation's Members Opportunities Board.</p>
<b>Manage the Tender period</b>	In order to build competitive tension and maintain confidentiality between Tenderers, all contact with suppliers during the Tender period must be directed via the Category Manager.
<b>RFX close and late submissions</b>	<p>Tenders must be lodged no later than the time and day indicated in the RFX documentation. Any tenders received after this closing date and time are deemed as late submissions.</p> <p>Late submissions may only be considered where the integrity and competitiveness of the sourcing process is not compromised. In order to be considered, late submissions must be approved for acceptance by the Procurement Lead.</p>

### 1.3 Evaluation and Negotiation



<b>Introduction</b>	Tender Evaluation Team (TET) members are to be briefed at the initial meeting and/or at the first tender evaluation meeting on confidentiality procedures prior to the review of any Submissions. Protecting the commercial confidence of tender documents submitted is paramount. Unauthorised sharing of pricing, Intellectual Property (IP) and other non-price factors with other external parties, and in particular other tenderers would significantly undermine the organisation's reputation and willingness of suppliers to do business with the organisation in future. TET members must therefore acknowledge the importance of their role and the confidentiality of the materials in their possession.
<b>Evaluate Submissions</b>	The evaluation of submissions must be conducted in accordance with the Tender Evaluation Plan (TEP) or Sourcing Strategy where no TEP exists. Each submission must be assessed on the merits of the response.
<b>Cancelling the sourcing process</b>	There may be circumstances where the TET may not make a Recommendation to Award a contract. Examples of these circumstances may include where none of the tenderers demonstrate sufficient commercial value; exceed the budget available; does not meet the technical scope or irregularities occurred during the evaluation process. The organisation's reputation in the market can be adversely impacted if a cancellation is not done with some care to communicate with suppliers. As such, any request to cancel a sourcing process must be approved by the Heads of Procurement who will advise what steps to take to the market to minimise impact.
<b>Conduct negotiations</b>	Negotiations on any aspect of the tenderer (e.g. contract terms and conditions, price, timeframes, quality, specifications, team members, and resource mix) may be conducted. Negotiations must be conducted with at least two parties present from the organisation and one of those parties must be a procurement representative who should clarify the objectives of the negotiation, the preferred and minimum outcome, the process, and the roles that each individual will play in the process.
<b>Finalise evaluation</b>	Finalising the evaluation involves conducting additional due diligence steps on the preferred supplier(s), including financial and safety risk, so as not to expose the organisation to unnecessary future risk and costs of a solution failing. This may include undertaking a financial risk assessment and in the case of services as defined within HS007-P0100 Contractor Health and Safety Procedure, must include pre-qualification of the company. These factors should not alter the evaluation scoring; however, they should be taken into account in identifying the preferred tenderer.



## 1.4 Award Contract



<b>Introduction</b>	<p>The Recommendation to Award (RTA) document is used to summarise the evaluation, any negotiations conducted, and the Recommendation to Award a contract.</p>
<b>Approval of Recommendation to Award (RTA)</b>	<p>Approval to award a contract is subject to Financial Sub-delegation, based on the total value of the commitment over the term of the period contract, project or agreement (also refer to Policy – Sub-Delegations of Authority). The authority to award a contract requires approval of the RTA.</p> <p>Unless otherwise stated in the RTA, approval of the RTA does not automatically result in approval of expenditure. A separate Purchase Requisition raised against that contract must be approved before an actual Purchase Order (that would give rise to an invoice) can be placed on the supplier.</p>
<b>Award and execute contract</b>	<p>The Category Manager must notify the successful and unsuccessful supplier(s) of the outcome of the tender process in writing.</p> <p>In line with the objectives of Ausgrid's Reconciliation Action Plan, where relevant, Category Managers should provide feedback throughout the RFx process, to any Aboriginal or Torres Strait Islanders businesses that participated, to help them improve future responses.</p> <p>The Category Manager is to arrange the contract execution, having regard to the form of agreement that accompanied the request document and any agreed changes, subject to Legal Sub-delegation</p> <p>All documents that are required to be signed under a Power of Attorney must go through the Online PoA Process.</p>
<b>Finalise and store documents</b>	<p>Once contracts have been executed, the following will be conducted:</p> <ol style="list-style-type: none"> <li>finalise, scan and store/record all procurement documentation, including contract documents within the organisation's corporate document repository;</li> <li>record bank guarantees and insurances within the organisation's corporate document repository. Physical Bank Guarantees are to be issued to Treasury Operations;</li> <li>complete the Contract terms to enable the contract to be ordered from by employees. Refer to Procurement Contract Set up Branch Work Instructions; and</li> </ol>

- 
- d. prepare Contract Implementation Checklist and send all other supporting hard/soft copy documents relating to the contract to the relevant stakeholders.
-



## 2. Benefits Reporting

<b>Introduction</b>	Benefits reporting tasks and approvals are summarised below in Table 2.
<b>Benefits forecasting</b>	An initial estimate of benefits likely to be captured over the proposed contract period is to be made by the Category Manager as part of the Sourcing Strategy. These may then be reflected in Procurement Pipeline reporting and updated during the Sourcing process as details of potential benefits emerge. Unless otherwise stated, captured benefits will be for a standard contract period of five years (3 years with 2 x 1-year options).
<b>Benefits capture</b>	<p>When the proposed Contract Values have been confirmed and contracts awarded, the Category Manager is to calculate the captured benefits and submit for approval using the nominated form or system. Captured benefits &gt;\$0.5M are subject to review by Finance.</p> <p>Captured benefits may be reported against the types listed in the Benefit Management Guidelines</p>

	Benefits forecasting	Benefits Capture
<b>Tasks</b>	Estimate of benefits from the Sourcing project likely to be captured over the life of the contract	Calculate the captured benefits to be derived from the proposed award over the life of the contract
<b>Inputs</b>	Sourcing Request Pipeline report Category Plan market research	Recommendation to Award Evaluation sheets Recent or expected usage of the product or services
<b>Outputs</b>	Sourcing Strategy	Benefits Summary Form
<b>Approvals:</b>	n/a – included as part of Sourcing Strategy approvals in section 3.1	Heads of Procurement

**Table 2: Benefit Reporting Summary**

### 3. Authorities and Responsibilities

#### Executive Leadership Team (ELT)

Authority and responsibility for

- approving this procedure; and
- allocating resources to maintain compliance with this procedure.

#### Heads of Procurement

Authority and responsibility for:

- endorsing this procedure prior to Executive Leadership Team approval;
- developing and maintaining this procedure; and
- approving relevant Sourcing Strategy.

#### Category Managers

Authority and responsibility for:

- complying to this procedure; and
- preserving an audit trail and providing all documents which are material to the Tender and contract process to the Heads of Procurement.

#### Procurement Lead

Authority and responsibility for:

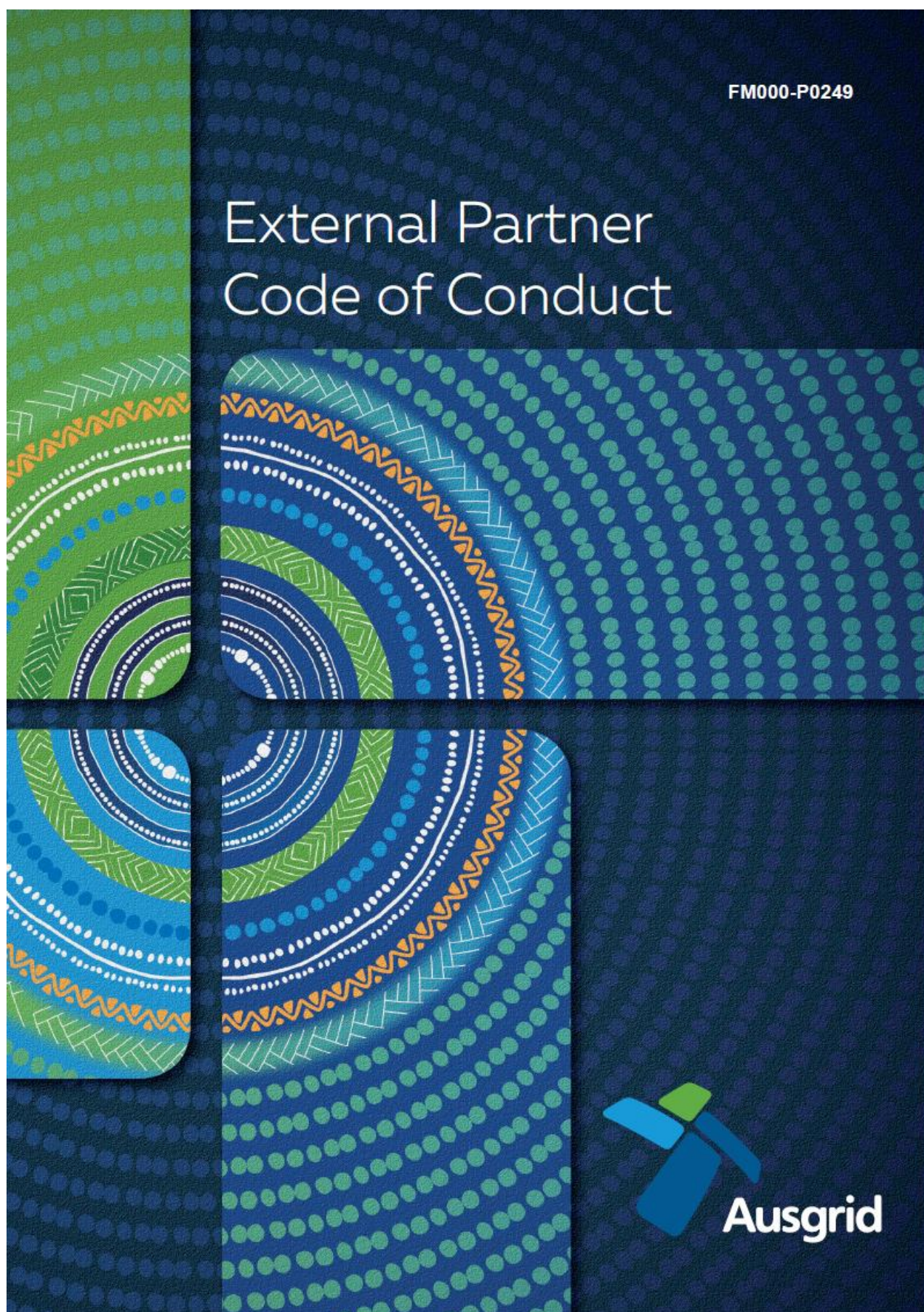
- for approving relevant Sourcing Strategy;
- the acceptance of late tenders, resolving disputes and for approving changes to the default tender submission process;
- approval of negotiation plans;
- developing and maintaining this procedure in consultation with the Heads of Procurement; and
- promoting this procedure within the organisation.



## 4. Related Documentation

WHS Contractor Management

## Appendix C – Ausgrid External Partner Code of Conduct





# About Us

Ausgrid's purpose is to connect communities and empower lives.

We are responsible for the safe and reliable supply of electricity to homes and businesses throughout Sydney, the Hunter region and Central Coast, serving over 1.7 million customers.

Ausgrid's core values are work safe live safe, customer-focused, commercially minded, collaborative, honest and accountable and respect. These values guide our business decisions and relationships with our customers, communities and external partners.

## External Partner Code of Conduct

This External Partner Code of Conduct communicates Ausgrid's expectations of our external partners and their supply chains in providing goods and services to our organisation.

Procurement is a powerful instrument for Ausgrid to behave in a responsible way and contribute to sustainable communities. By integrating sustainability in procurement policies and practices, we can generate positive opportunities and manage risks for sustainable social, environmental and economic development.



Our procurement decisions aim to enable affordable, reliable and sustainable energy solutions for our customers, by considering the following:

- placing safety as the number one priority;
- ensuring high standards of honesty, ethics and integrity for all stakeholders;
- commitment to fair and effective competition, innovation and continuous improvement;
- promoting procurement practices that have the most positive social, environmental, governance and economics impacts on the community and supply chain.

Ausgrid defines sustainability as driving the most positive and mitigating the negative social, environmental, governance and economics impacts of its Procurement decisions. These are collectively referred to as the Four Pillars.

Ausgrid's expectations under these Four Pillars are outlined in the following pages.

# The Four Pillars

## Social

Ausgrid expects our external partners to drive the most positive social impact and mitigate negative social impacts to provide the best outcomes for our communities.

## Human Rights

Ausgrid recognises that human rights are universal and fundamental rights that preserve the inherent freedom, dignity and equality of all human beings. External partners will comply with the International Bill of Human Rights and other international standards to ensure all human rights are upheld throughout their operations and supply chain.

External partners will seek to identify risks, mitigate risks and eliminate any forms of modern slavery including human trafficking, involuntary servitude, forced labour, bonded labour, forced marriage or the worst forms of child labour in their operations and supply chain.

## Labour Rights

External partners will comply with all applicable laws related to wages, employment conditions, working hours and legally mandated benefits. External partners will allow employees the freedom to associate, to collectively bargain and to be represented by a union.

## Health and Safety

Work safe, live safe is a core value of Ausgrid. External partners are expected to ensure the provision and use of appropriate workplace policies, safe operating procedures, risk management practices, training and protective equipment. This includes compliance with all relevant local and national laws and regulations on work health and safety management and reporting, to maintain and improve the health and safety of its people, customers, contractors and visitors.

## Inclusiveness

Ausgrid is committed to fostering an inclusive workplace that is free from discrimination, harassment, bullying and other unlawful workplace behaviours. External partners will promote these values in their own workplace and actively support a diverse labour base by encouraging equality and inclusion relating to gender, age, race, religion, disability, sexual orientation and cultural background.

## Supply Chain Diversity

Ausgrid is committed to connecting our communities and seeks to engage a diverse supplier base including Indigenous-owned businesses, women-owned businesses, disability enterprises and social enterprises. We encourage our external partners to share this commitment in their own supply chains.

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## Environmental

Ausgrid expects our external partners to drive the most positive environmental impact and mitigate negative environmental impacts to provide the best outcomes for our environment.



### Environmental Management

External partners will comply with all relevant local and national laws and regulations on environmental management and reporting. They will disclose any breach of license requirements and potential risks in a timely manner.

External partners will establish and maintain a written environmental policy and Environmental Management System aligned to ISO14001 including a data collection process aimed at tracking and supporting environmental performance reporting and compliance.

### Environmental Footprint

Ausgrid is committed to proactively reducing our environmental footprint and expects external partners to share this value by engaging in positive initiatives including the reduction of carbon emissions, hazardous waste and deforestation practices in their operations and supply chains.

### Circular Economy

Ausgrid recognises the need to optimise use of resources by following the waste hierarchy where avoidance of waste is prioritised, followed by designing products that can be easily reused or recycled. We encourage our external partners to share this commitment in their own operation.

## Governance

Ausgrid expects our external partners to foster an ethical business culture that aligns with Australian legislative standards and mitigates risk to drive integrity in its operations.

### Legislative Compliance

External partners will comply with all applicable laws and regulations on bribery, corruption and prohibited business practices, e.g. the Competition and Consumer Act in Australia.

### Business Ethics

External partners will conduct business in an ethical and professional manner. External partners will disclose any part of business operations that may not meet reasonable Australian community standards of ethics and business practices, where there has been a breach of legislation or local regulations, or where there is potential conflict of interest. External partners will prohibit bribes, pay-offs, inflated commissions or kick back payments.

### Whistleblower

In accordance with the Ausgrid Whistleblower Policy, external partners will report any matters that may be considered unethical, illegal or an act of serious wrongdoing, including a breach of this Code. Ausgrid provides protections and measures so that external partners can make a report confidentially and without fear of disadvantage or reprisal. If an external partner becomes aware of any matter of actual or suspected misconduct, they can make a report under Ausgrid's Whistleblower Policy by utilising the YourCall service. YourCall is an independent and confidential whistleblowing service that is external to Ausgrid. A report can be made online by visiting [www.yourcall.com.au/report](http://www.yourcall.com.au/report) (enter "AUSGRID" as organisation ID), or by contacting the YourCall hotline on 1800 607 206.

### Risk Management

External partners will proactively manage risk by implementing policies and practices aimed at identifying and managing strategic and operational risks, vulnerabilities and compliance obligations. External partners will work to safeguard Ausgrid, its customers, employees, brand and assets by communicating relevant concerns in a timely manner.

### Privacy, Confidentiality and IP

External partners will comply with data privacy and security laws, and take all reasonable steps to protect confidential information and any data obtained. External partners will respect intellectual property rights, and will formally negotiate any access, licence or use of intellectual property.



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## Economic

Ausgrid expects our external partners to drive the best value for the goods and services provided without compromising the social, environmental and governance considerations outlined to provide the most positive outcome for all parties.

### Sustainable Procurement

Ausgrid recognises that Sustainable Procurement provides an opportunity to deliver business value by improving productivity, minimising waste and enabling communication between external partners and all stakeholders. We encourage our external partners to align with ISO20400 and pursue best practice in sustainable procurement to drive innovation in partnership with Ausgrid.

### Total Cost of Ownership

Ausgrid recognises the obligation to run our assets efficiently and effectively. Effective financial management and operational cost reduction translates into lower, more affordable prices for our customers. Ausgrid supports external partners who have innovative and sustainable solutions to reduce the total cost of the full life cycle of the goods or services provided, encompassing acquisition, maintenance and disposal.

### Implementation of Code

Ausgrid is committed to working collaboratively with our external partners to identify best practice, improvement opportunities and drive mutually beneficial value.

External partners may be asked to confirm acceptance of this Code of Conduct while working with Ausgrid. Additionally, selected external partners may be requested to share relevant information that includes:

- Self-Assessment Survey
- Request for Supporting Evidence
- Third Party Audits

This information will be used to improve Ausgrid's internal practices in collaboration with our external partners.

If you engage sub-contractors when providing goods or services to Ausgrid, you must make them aware of this Code of Conduct.

## Conclusion

Working collaboratively with our external partners is fundamental to our business success. Ausgrid aims to work in partnership with your organisation to provide an affordable, reliable and sustainable electricity network to the communities we work in. We are committed to becoming a customer of choice for your organisation and welcome opportunities to create innovative solutions and sustainable outcomes into the future.

## Ausgrid Acknowledgment of Country

We acknowledge the many Traditional Custodians of Country throughout Australia and honour their Elders past and present.

We respect their deep enduring connection to their lands, waterways and surrounding clan groups since time immemorial. We cherish the richness of First Nations Peoples' artistic and cultural expressions.

We recognise that our office is located on Gadigal Land.

We are privileged to gather on this Country and through this website to share knowledge, culture and art now, and with future generations.

First Nations Peoples should be aware that this website may contain images or names of people who have died.

## Our cover design

Our cover design was produced by Print Junction, a family owned Indigenous business established by Sheila and Leon Torzyn in

1997. The indigenous cover design represents Ausgrid's four pillars of responsibility.

Social is represented by the blue circle of dots, Governance is depicted by the pattern made of arrows, Economic is portrayed by the distribution of the dots inside each pillar and the Environment appears on the shades of green permeating the artwork.

The four bands are stylised from the Ausgrid logo.

## Contacts

For additional information, questions or grievances about this External Partner Code of Conduct or Ausgrid's procurement process, please email

[procurement@ausgrid.com.au](mailto:procurement@ausgrid.com.au)

If you'd like to let us know about suspected wrongdoing, please contact Ausgrid directly:

**Phone:** 13 13 88

**Website:** [www.ausgrid.com.au](http://www.ausgrid.com.au)

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Version: 2  
Approval Date: December 2022

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