

Procurement Policy

Policy Statement

CS Energy will strive to apply its procurement and logistics expertise to achieve the best commercial outcome in order to meet operational requirements. This will be achieved by adopting a portfolio approach to procurement, complying with its procurement policy, CS Energy Code of Conduct, other related policies, embracing the intent of the Queensland State Government Procurement Policy, and proactively identifying and responding to its customers' requirements.

Objectives

The objectives are:

Achieve Value for Money

CS Energy must ensure that all goods and services being purchased represent the best return and performance for the money spent from a 'total costs of ownership' perspective. Facts to be considered include: cost; fitness for purpose; quality; service; support; sustainability considerations; and the transaction costs of acquiring, using, maintaining and disposing of the good or service.

Ensure Probity and Ethical Conduct

CS Energy will ensure that procurement practices are conducted with integrity, honesty, complying with applicable laws and standards, and that the methods used are transparent, fair and unbiased.

Enhance Socially Responsible, Safe and Sustainable Procurement

CS Energy procurement activities should address sustainable development, efficient resources usage and social responsibility by ensuring that as far as practicable suppliers' and contractors' performance and products achieve optimum environmental, safety and social responsibility.

Scope

This policy applies to all CS Energy procurement and logistics activities.

Action

Procurement Principles

CS Energy achieves its procurement objectives through the application of the following principles:

a. Open and Effective Competition

This principle is applied by:

- using transparent, open, procurement processes so that potential contractors and the public can have confidence in the outcomes;
- adequately testing the market to deploy the most appropriate procurement methods that would achieve open and effective competition;
- avoiding biased specifications;
- ensuring the appropriate number of potential suppliers are able to compete, consistent with value for money principles and with the efficient operation of the procurement system;
- understanding the various forms of competition, the degree of competition between suppliers, and their market share;
- removing barriers to entry and exit from the marketplace and rationalisation of the supplier base; and,
- understanding the environmental factors that affect open and effective competition.

b. Risk Management

The principle is applied by:

- identifying the risks inherent in procurement activities;
- developing risk management plans to ensure appropriate allocation and control of identified risks.

c. Enhancing Opportunities for Local Business

This principle is applied by:

- ensuring that competitive local contractors or suppliers of goods and services that comply with relevant legislation are given the opportunity to participate in and benefit from doing business with CS Energy.

d. Undertaking Sustainable Procurement

This principle is applied by:

- CS Energy committing to sustainable development by promoting procurement practices that take into account:
 - ▶ value for money – quality, fitness for purpose, total cost of ownership, etc;
 - ▶ fostering the development in the supplier base for products and processes that have

low adverse environmental impact, and ensuring that, where possible, CS Energy purchases environmentally friendly goods and services.

e. Compliance with Code of Ethical Conduct and Fair Dealing

This principle is applied by:

- ensuring that all employees who interact with the supplier base, whether on a technical or commercial basis:
 - ▶ conduct their procurement activities in a transparent manner which demonstrates probity and accountability with impartiality, fairness, independence, openness, integrity and professionalism in their dealings with the supply base at large;
 - ▶ are aware of and conduct themselves in accordance with the provisions and the requirements of the Trade Practices Act and other applicable laws and regulations in Australia and in every other country the company does business; and
 - ▶ maintain high standards of ethical conduct in all their affairs and business and to avoid questionable activities whatever their legitimacy in strict legal terms.
- maintaining confidentiality and ensuring that all procurement activities are undertaken in accordance with CS Energy's procurement policies.

f. Health and Safety

This principle is applied by:

- minimising the "importation" or creation of risks;
- protecting the health & safety of CS Energy employees and external parties
- supporting CS Energy's EHS promotions in commercial endeavours.

Responsibilities

The Chief Executive, Senior Management Team and Manager Strategic Supply will ensure that the financial budget and resources including personnel are available to support this policy.

Every person in the CS Energy workplace is required to actively participate in the implementation of this policy.

