



Policy

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| Title | Procurement Policy |
| Approved by | Board of Directors |
| Approved date | March 2025 |
| Review Period | 2 Years |

Purpose

This policy outlines the approach EA Networks takes to planning, sourcing and managing its procurement.

Application of Policy

Procurement covers all business processes associated with purchasing goods/services/works that are used to run and meet the objectives of EA Networks.

The Policy does not apply when recruiting or engaging new employees

Principles

Procurement at the EA Networks must be

- compliant with New Zealand legal requirements
- consistent with all policies of EA Networks, including the Delegations and Health and Safety Policies
- carried out with honesty, impartiality, integrity, and transparency
- reflective of the EA Network's values
- supportive of New Zealand businesses and regional businesses
- considerate of the EA Network's reputation for fair and unbiased procurement
- assessed for potential risks from tax, insurance, and health and safety standpoints as appropriate
- protective of suppliers' commercially sensitive information and intellectual property
- run in a way that ensures maximum value, taking into account the Total Cost of Ownership, efficiency, and broader environmental, social, cultural, and economic outcomes.

Any actual, potential, or perceived Conflicts of Interest must be managed in accordance with the Conflicts of Interest Policy.

Due to EA Networks co-operative status and local ownership, preference will always go to local business if they are able to supply the required services/products, are competitive in price, quality, service and other attributes that any tender is being evaluated on.

Responsibilities of staff

Procurement activity must be conducted in a manner ensuring EA Networks maintains a reputation of being fair, transparent and unbiased towards suppliers and evidenced through sound and robust record keeping.

Representatives of EA Networks involved in procurement must:

- be mindful of the fact that EA Networks is subject to and should comply with legislation.
- declare any perceived or actual conflicts of interest to the CFO as soon as practicable.
- respect the confidentiality of information they are exposed to during their work and must not

- disclose this information to third-parties. Furthermore, this information must not be used for personal gain.
- not accept gifts or hospitality from suppliers, other than items of a minor value (under \$100). It should be noted that where staff are involved in a tender process, it is not acceptable to accept any gifts or hospitality from a tenderer, regardless of its value, until the tender process is completed.

Any personal benefits that might be gained from accepting a tender are to be well documented and signed-off by the CEO prior to the tender being accepted.

The house rules identify the required behavioral standards for employees in all areas of their work.

Sustainability in Procurement

Sustainability is about meeting the needs of today without compromising the ability of future generations to meet their requirements. Social, environmental and economic context all impact on sustainability.

Sustainable procurement means that when buying goods/services EA Networks will consider:

- Strategies to avoid unnecessary consumption and manage demand.
- Minimising environmental impacts of the goods/services over the whole-of-life.
- Suppliers' socially responsible practices including compliance with legislative obligations to employees.
- Value for money over the whole-of-life, rather than just the initial cost.

Health and Safety in Procurement

The Health and Safety in Employment Act has a statutory requirement to complete a hazard assessment for any new or modified equipment, material, service or new work process. This obligation also extends to ensuring public safety.

Managers and staff who are required to undertake procurement need to ensure public and employee health and safety is included in procurement considerations.

Purchasing Framework

Preferred suppliers¹

For the construction and maintenance of electricity and fibre distribution assets, EA Networks Contracting are the preferred supplier. The EDB will engage EA Contracting as its principal contractor for work it is equipped to undertake. Work carried out by the EA Contracting for the EDB will be at cost.

When EA Contracting is unable to perform the EDB required work, the required work will be contracted out to a third party. The work will be tendered out by the EDB as follows:

- Routine Projects**
For construction and maintenance work, under \$200k, associated with electricity and fibre distribution assets a minor tender rate card will be used. One or more contractors may appear on the minor tender rate card, which will be re-tendered every 18 months. Awarding of the minor works contractors will be determined on price, ability to meet forecasted requirements, and work history of the contractor.
- Major Projects**
For electricity and fibre contracting and maintenance work, over \$200k, the work will be tendered out. Evaluation of tenders will be based on the attributes set out in the tender documents and taking into consideration the Health and Safety track record of tenders and ability of the contractor to perform the required work within the stipulated timeframe.

¹ The section of the policy is written for compliance with section 2.3.10 of the Commerce Commission information disclosure requirements. Which require the EDB to provide a summary of its current policy in respect of procurement from any related party.

EA Fibre is the EDB preferred supplier of fibre services to network assets. The fibre business unit will charge the EDB a commercial rate of return.

All related parties, excluding EA Fibre and EA Contracting, will be required to tender for work as if they are independent contractor

Evaluation of tenders

A suitably qualified tender panel will be used. The make-up of the panel will be determined by the work being tendered.

General Purchasing Method

The following table sets out the minimum requirements for the procurement method that must be used for the procurement of goods and services when not purchasing from an existing contract.

| Purchase Value | Purchasing Method | Purchasing Option |
|------------------------|---|--|
| <\$5,000 | <input type="radio"/> Credit Card <input type="radio"/> Approved supplier invoice | <input type="radio"/> Preferred Supplier <input type="radio"/> Simple Market analysis |
| <\$25,000 | <input type="radio"/> Purchase Order and/or Approved supplier invoice | <input type="radio"/> Preferred Supplier <input type="radio"/> Simple Market analysis |
| \$25,000 to \$100,000 | <input type="radio"/> Purchase Order and/or Approved supplier invoice | <input type="radio"/> Two Quotes minimum |
| \$100,000 to \$200,000 | <input type="radio"/> Contract <input type="radio"/> Non-Standard Contract and/or vendor contract to be reviewed by SLT member | <input type="radio"/> Three Quotes / Tender |
| >\$200,000 | <input type="radio"/> A Procurement Plan agreed with the CFO. | <input type="radio"/> Procurement Plan and subsequent evidence |

A transaction will not be split for the purpose of reducing the minimum requirements above. Similarly, continued regular procurement of the same goods or services will be considered in the aggregate rather than piecemeal for the purpose of meeting the competitive requirements contained in these procedures.

Exceptional circumstances may exist where the minimum requirements outlined in the table above are not appropriate. These exceptional circumstances may include, but are not limited to, the following:

- There is a genuine sole source of supply;
- An existing preferred supplier arrangement;
- Goods and services from a specific supplier are required to integrate within an existing contractual arrangement, existing equipment, project or ICT standard operating environment; or
- There is an emergency situation, preventing the calling of quotes/tenders in the time available. A lack of available time due to poor planning does not constitute an emergency situation.

Under such exceptional circumstances, exemption from the competitive requirement will be requested in writing from the CFO. Approval must be received prior to proceeding or negotiating contractual terms with the proposed supplier. In the case where the highest threshold may be exceeded a Procurement Plan should be completed prior to any formal market approach or request.

Prior to approving an exemption to the competitive requirements, approver will ensure:

- the business reasons for not complying are appropriate;
- there is evidence that the requester has sufficiently researched and understood the market.

New suppliers and Payment Terms

The Finance Manager or CFO is to authorise all new suppliers and associated terms of trade before purchase occurs from any supplier. If terms of trade change, the CFO must be notified and again must re-authorise the supplier. EA Networks may only procure services/materials/labour from authorised suppliers.

Unless authorised by the CFO, all payment terms will be the 20th of the month following the date on the invoice.

Emergency Procurement

In a genuine emergency, Management may be permitted to forego routine procurement procedures for goods or services that are urgently required to provide emergency assistance or relief.

Emergency procurement is to be used in genuinely unforeseen circumstances only and not in the case of poor planning or avoiding EA Networks policies or guidelines.

In the context of this policy an emergency is defined as an event which puts:

- Life, property or equipment at immediate risk; or
- Standards of public health, welfare or safety having to be re-established without delay, such as in the case of disaster relief; or
- EA Networks ability to meet service delivery targets at significantly risk.

Emergency procurement should be limited to what is required to cope with the emergency and should be carried out with the same due diligence and robustness as standard procurement activity.