

Sustainable Procurement Policy

1.0 Purpose

This Policy outlines the business rules and objectives for Waste Management NZ Ltd ("WM") when purchasing goods and services. It is applicable across all company divisions, aiming to optimise economic efficiency by leveraging WM's purchasing power while upholding professionalism, responsibility, and honesty in all procurement or purchasing related actions. However, this Policy does not govern the hiring of specialist advisors and owner-drivers.

Selecting a service provider or goods supplier is not solely based on price. Other factors are considered, including their strategic business plan, sustainability efforts, alignment with WM's values, the appropriateness of the goods/services, geographical reach, risk evaluation, service quality, health and safety measures, and support capabilities.

2.0 Scope

The procurement department aims to secure goods and services that provide the best value for the business, and which are fit for purpose, timely delivery, ethical, and sustainable practices considered. To ensure this, the procurement team are guided by a solid framework of processes and sourcing practices.

The Procurement team guides the business units in the planning process by reviewing the Business Case and:

- a) guiding the business to follow [Procurement Guidelines](#).
- b) recommending further data collection or a revised approach.
- c) initiating a market exercise, whether a closed tender or a full Request for Proposal ("RFP") process.

3.0 Procurement Process Objectives

The objectives of the procurement process are to ensure:

- a) Fit-for-purpose procurement best practice (including continuous improvement).
- b) Delivery of best performance monitoring, supplier relationship management, and Key Performance Indicators (KPIs) that deliver value-add.
- c) Aligning with the strategic objectives of WM as a group.
- d) Strive to optimise the total cost of ownership value while ensuring the technical solution aligns with the specified performance standards.
- e) Procurement is effective and efficient, balancing the desire for choices and lower prices with the benefit of maintaining stable, trustworthy, and effective working relationships with providers.
- f) Procurement decisions are made with transparency when suitable, ensuring all suppliers receive equal consideration during a competitive sourcing process and that suppliers are treated equally during a competitive sourcing process.
- g) Our operation remains environmentally, socially, and economically sustainable.
- h) Our suppliers can provide Due Diligence (upon request) of any Government Endorsed Ethical Audit Process within their manufacturing supply chain within their business, including aligning to the ten Principles of the UN Global Compact Strategies.¹
- i) Our procurement process has no negative impacts on our customers.

¹ <https://unglobalcompact.org/what-is-gc/mission/principles>

4.0 Engagement with the Procurement Manager

Any procurement exceeding \$100,000 total spend per annum requires approval from the Procurement Manager and adherence to the WM procurement procedures unless otherwise agreed with the Procurement Manager.

When a specific business unit is the primary purchaser of goods or services within a certain category, the business unit will work with the Procurement Manager to secure the most beneficial results for WM.

Engaging other key stakeholders is essential, especially when decisions might impact other regions or divisions of the company. The level of these consultations and engagement with stakeholders will be jointly determined by the relevant business manager and the Procurement Manager and evaluated on a case-by-case basis.

For procurement activities, especially formal sourcing processes and complicated contract procedures, guidance and support will be provided by the Procurement Manager and the Legal Department.

5.0 Preferred Suppliers

When buying goods or services for WM, if the company already has a preferred supplier for those goods or services, it should be used. If there's a genuine business reason that WM can't use them, permission from the Procurement Manager through the [Procurement Assistance Request online form](#) is required before starting any sourcing activity and purchase order.

To set up a new vendor, the buyer should complete the [New Supplier Online Form](#) and submit all necessary documents including:

- Completed WM standard supplier terms and conditions. Refer to [WM Standard Terms - Guidelines](#).
- Completed [Confidentiality Agreement](#)
- Analysis of three different suppliers, explain in the justification session if otherwise.
- Reasons for the chosen supplier in the justification session.
- Quote outlining payment terms and GST etc.
- Bank proof of supplier's account details.

for the approval of both the Procurement Manager and Financial Services. The Procurement Manager manages a list of [Preferred Suppliers list](#), which is available on the [WM Procurement portal](#).

6.0 Supplier & Contractor Management

After finalising the procurement process and setting up the supplier in the Accounts Payable system (JDE1), a person will be appointed as the Relationship Manager (for contractors: Contract Manager). The appointee will either be the relevant ELT Member or the Procurement Manager for national suppliers.

However, when a supplier exclusively serves a particular branch of the business, a different individual may be assigned. Before a contractor starts working for WM, the Contract Manager is responsible for completing the following and uploading all relevant documents to the [HSEQ Vault](#).

- a) The [Contractor Pre-qualification Application](#); and
- b) [Worker Site Induction Form](#); and
- c) Explaining [Health and Safety Terms for Contractors](#).

Note: Each branch that engages the contractor to work in their area will be responsible for completing items (6b) & (6c).

7.0 Procurement Business Rules

- a) For procurement up to \$100,000 annually (excluding GST) without national impact, follow sections 4.2.1 and 4.2.2 of the [Delegated Authority Levels](#). ("DAL").
- b) For procurement up to \$100,000 annually (excluding GST) with national impact, including affects multiple sites or results in a new preferred supplier, must be approved by the Procurement Manager

- or Chief Financial Officer (“CFO”) and be authorised in accordance with the DAL.
- c) When the WM standard supplier terms and conditions are not being used, they must be reviewed by both the Procurement Manager and the Legal Department before signing the agreement.
 - d) When a sourcing process is conducted, it must be completed in accordance with the RFP Template which outlines:
 - i. The Principles of the RFP Sourcing Process.
 - ii. RFP Sourcing Requirements.
 - iii. The procedure for supplier selection
 - iv. WM Supplier Standard Terms and Conditions

This provides WM and all suppliers in the sourcing process with a clear, fair, and transparent insight into the expected procedures and the responsibilities of all parties involved. Supplier responses will be assessed using a weighted evaluation methodology that was agreed with the Procurement Manager.

8.0 Sustainability

Suppliers’ sustainability strategy, policies, certifications, track record, and reporting capability must be included as requirements in all RFP Sourcing processes and will form part of WMNZ’s weighted evaluation process.

When the specifications of the goods or service could impact the sustainability of WM’s operations or those of the suppliers, these specifications shall be considered by those in authority of the specification to decide if the goods and services are a requirement for business needs.

9.0 Methodology for Procurement Value Assessment

The assessment of value should be “reasonable and honest”, based on the best available knowledge at the time. This should be calculated by the contract owner and the amount will be approved in accordance with the DAL.

Contract Value is based on the maximum estimated total value for the entire projected duration of the procurement. This includes the initial contract period and any potential additional items or time extensions that WM might need to commit to. This includes optional purchases, premiums, fees, commissions, interest, and any other revenue streams that may be provided for in the contract. All forms of remuneration including payments to an agent or supply broker etc., must be declared in the contract.

10.0 Key Performance Indicators (KPIs) and Reviews

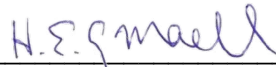
Clear measurable KPIs must be set into the contract that can be reviewed annually to form part of the supplier relationship management.

Annual reviews and meetings must be undertaken for contracts valuing over \$100,000 per annum 30 days prior to annual review date.

Pricing reviews will only be undertaken by WM with 30 days’ notice from suppliers with an attached business case. Any price change will only be accepted in mutual agreement in writing by both parties.

Ensuring that the preferred supplier aligns with WM’s [Supplier Code of Conduct](#) and can show evidence of any NZ Government Endorsed Ethical Audit Process within their manufacturing supply chain and within their business.

This Policy is assessed based on the date provided in the footer.


Approved by the Managing Director

Date: 03 October 2023