Contents

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Defined Terms

The following definitions apply unless the context requires otherwise:

Australia's Foreign Relations Act means *Australia's Foreign Relations (State and Territory Arrangements) Act 2020* (Cth).

Capex means capital expenditure.

DOA means TEG's Delegation of Authority in force from time to time, and which is available on the intranet.

DEF process means the document execution form process as implemented for the approval of agreements from time to time.

Head of Procurement means the TEG Head of Procurement, or such other similar position as appointed by TEG from time to time.

ITDS means Information Technology and Digital Services.

Modern Slavery Act means *Modern Slavery Act 2018* (Cth).

Opex means operational expenditure.

Policy means this TEG Procurement Policy.

Related Bodies Corporate means the same as that term is defined in section 50 of the *Corporations Act 2001* (Cth).

Relevant Legislation means Australia's Foreign Relations Act, *Competition and Consumer Act 2010* (Cth), *Crimes Act* (Cth), *Environmental Protection and Biodiversity Conservation Act 1999* (Cth), *Fair Work Act 2009* (Cth), Modern Slavery Act, *Privacy Act 1988* (Cth), *Work Health and Safety Act 2011* (Cth), and Workplace Gender Equality Act (and/or similar legislation which is applicable in relevant territories).

Responsible and Social Procurement means the practice of acquiring goods and services in a manner that is ethical, environmentally sustainable, socially beneficial, and compliant with relevant laws, ensuring positive impacts on society and the environment alongside economic value.

SOW means scope of work or specification of work (as the context requires).

Supplier Code of Conduct mean the TEG Supplier Code of Conduct.

TEG means the TEG Group including TEG Pty Ltd (ACN 604 938 534) and its Related Bodies Corporate.

Workplace Gender Equality Act means the *Workplace Gender Equality Act 2012* (Cth).

Purpose

The purpose of the Policy is to ensure procurement activity is undertaken in a manner that delivers the best commercial outcomes for TEG. The Policy provides guidance and processes to support the professional management, oversight, coordination, and integration of procurement activity at TEG.

The Policy applies to all procurement of goods and services, including all general and specified goods and services from external suppliers whether purchased or leased, capitalised or expensed.

The Policy covers all levels of spend, from day-to-day operational necessities to strategic engagements or partnerships. Higher levels of spend require more stringent sourcing and approval processes, which are described in this Policy.

Policy Compliance

The Policy applies to all TEG employees, including full-time, part-time, and temporary staff. Any deliberate violation of this Policy's provisions may lead to performance management action.

TEG may engage contractors or consultants to manage procurement activities. In such cases, these contractors or consultants, are required to comply with this Policy in the same manner as TEG employees.

Any procurement related responsibilities of contractors and consultants must be clearly spelt out in their terms of engagement. Contractor and consultants cannot award work on behalf of TEG without written authorisation from the responsible TEG Manager. A copy of this authorisation must be kept on file.

Policy Scope

The Policy applies to the acquisition of goods and services which includes, but is not limited to, the following categories or circumstances:

- Operations and production related equipment and services;
- ITDS, including any related information technology, hardware, software, and services;
- Project services, capital works, facilities and associated expenditure;
- Plant, equipment and consumables;
- General goods and services (e.g., catering, office products, contingent labour); and
- Professional services, independent contractors and consultants.

Policy Exceptions

The following are not cover by the Policy:

- Property: real estate purchases and leasing, and hire of event venues (which are subject to a separate process);
- Human resources: determination of benefits, wages, and salaries of employees; and
- Travel: see TEG Travel Policy.

Global Implementation

The Policy is intended to be implemented consistently across all TEG businesses globally, to ensure consistent alignment with our procurement principles and standard practices. However, variations may be made as necessary to accommodate local laws, regulations, and specific operational requirements in each region.

All values referenced in the Policy are in Australian Dollars.

TEG Procurement

TEG Procurement is available to support all business departments and is responsible for ensuring procurement activity complies with the Policy. Employees are encouraged to seek support when planning, tendering, negotiating and managing procurement activity.

TEG Procurement must be consulted if the procurement is to be undertaken via Request for Proposal (RFP) and/or the annual expenditure per supplier is estimated to be more than $125,000 capex or $200,000 for opex. Within this guidance, specific consultation requirements for live event production and logistic procurement are covered by Preferred Supplier procurement arrangements (see References). TEG Procurement must also be consulted regarding multi-year contract renewals.

Procurement Core Principles

All procurement activity at TEG will be conducted in accordance with the following principles:

- **Value for money:** including considerations of fitness for purpose, fair market price, whole of life costs, post-delivery support, environmental sustainability, social responsibility, evidence of previous performance or experience, effective warranty and conformity to law as well as other considerations.
- **Probity and equity principles:** including open and effective competition, fairness and impartiality, consistency and fairness of process, accountability, transparency, security and confidentiality.
- **Segregation of duties**: ensuring appropriate oversight to ensure that probity and equity principles are adhered to.
- **Conflicts of interest**: any actual, perceived or potential conflict of interest must be reported and managed so that the risk is mitigated. Where there is a perceived or potential conflict of Interest risk the employee responsible for undertaking the procurement activity are to include a declaration of either no conflict of interest, or details of the conflict of interest and how it will be managed.
- **Delegations and approvals:** any financial approvals must be provided in accordance with TEG's DOA and appropriate funds must be available. The Procurement Approval Matrix at Attachment 1 also sets out approval requirements.
- **Gifts and hospitality**: where the company or any company staff member receives gifts, extensive hospitality or any other benefits from third parties, including current or prospective suppliers, the TEG's Gifts and Gratuities Policy and associated procedures must be applied.

- **Diversity and Inclusion:** where practical and appropriate, TEG will purchase goods and services from businesses with minority group ownership or leadership including but not limited to women and other minority gender identifies, Indigenous and Torres Straight Islanders and people with disability.
- **Responsible and Social Procurement**: TEG will use best endeavours to purchase goods and services that are socially, ethically and environmentally friendly and sustainable, including consideration of the disposal of such goods and the complete supply chain. TEG will seek to select suppliers that add social, ethical and environmental outcomes and benefits through providing opportunities for Indigenous, people with disability, disadvantaged or similar groups should be considered in line with value for money principles.
- **Legislative Compliance**: the procurement process and all procurement activities must at all times comply with the relevant legislative obligations, including, without limitation, the Relevant Legislation. Where possible, supplier contracts will contain a written statement by the vendor confirming its compliance with any relevant legislation**.** All procurement agreements must include the relevant necessary provisions to ensure supplier compliance with such obligations.
- **TEG Supplier Code of Conduct**: includes the key principles to be followed by TEG's suppliers in line with the relevant legislative requirements**.** A copy of the Supplier Code of Conduct is available on TEG's website https://www.teg.com.au/teg-supplier-code-of-conduct/

Procurement Approvals

The Procurement Approvals Matrix at Attachment 1 provides guidance on the approval requirements for procurement activities.

It is not permitted to split procurement activity into multiple parts to circumvent the requirements of the TEG Procurement Approvals Matrix or any other policy requirements.

Procurement Process

The stages of TEG's procurement process are described at Attachment 2.

Types of Procurement

There are three approaches that are used to procure goods and services at TEG. The application of each is summarised at Table 1, below.

Table 1 – Procurement Types and Expenditure Thresholds

Type	Application (when to use)
Request for Proposal (**RFP**)	1. RFP's are used for atypical, high value and/or high-risk contracts with a focus on ranking multiple award criteria such as price, experience, capability, and commercial terms. 2. The following should be considered when assessing if an RFP is required: • The procurement relates to a mutli-year contract, including renewals; • A new type of good and service is being sourced, and/or new suppliers are being considered; and • Annual expenditure associated with the procurement is more than $250,000 (capex or opex).
Request for Quote (**RFQ**)	1. An RFQ is used for routine procurements of "core" goods and services where price is the key award criterion. 2. A minimum of three (3) quotes is preferred if the annual expenditure associated with the procurement is more than $10,000 (capex and opex).
Single Supplier	Single supplier sourcing may be used if this approach is considered to provide a better commercial outcome for TEG – see below for guidance.

Request for Proposals

An RFP is usually undertaken for non-routine or atypical, high risk and/or high value contracts, which involve a structured review of the supplier, their proposal, and commercial terms. It involves ranking RFP respondents against multiple award criteria such as price, experience, capability, and commercials, using an assessment matrix. The respondents submit tender proposals in accordance with tender terms and the RFP process may take several months to complete.

Key RFP activities include:

- The RFP schedule, terms, scope, and proposal requirements are issued to tender respondents. This should include a detailed description of the goods or services, minimum quality standards, minimum warranties, milestones or deadlines, and any requirements relating to delivery, installation or acceptance;
- The RFP should propose terms that have been reviewed by TEG Legal. RFP respondents will indicate any departures from these terms. Respondents with fewer departures may score more highly in the assessment process;
- Suppliers are requested to provide information regarding their experience, capability and capacity to complete the scope of works;
- Suppliers propose a price to complete the scope of works. A pricing schedule may be provided as part of the RDP documentation to assist like for like comparison;

- There is an established schedule of relevant cut-off dates; and
- The responses are evaluated by a tender review panel according to pre-determined criteria.

Employees intending to run an RFP should discuss their plan with the Head of Procurement before starting.

Request for Quotes

An RFQ involves sourcing quotes from multiple suppliers for the procurement of “core” goods and services i.e. essential and routine requirements for business operations. The amount of information provided to and sought from suppliers will depend on how much scope definition is required for the goods or services being procured as well as the value of the contract.

Price is the key award criterion. Factors such as past performance, experience, and capability are still important considerations, but are normally not subject to a structured assessment methodology as for an RFP. A minimum of three quotes is required for procurements involving an annual spend over $10,000 (opex and capex). except where direct negotiations with a single supplier will provide better commercial outcomes for TEG (see below).

Single Suppliers

Sourcing a quote from and direct negotiations with a single supplier may occur if this approach will provide a better commercial outcome for TEG, including where:

- There is a limited number of suppliers that can supply the goods or services to TEG requirements;
- There is a case to renew or rollover a supplier due to relationship value, IP, transition or design considerations, and/or other valid reasons that are in TEG's best interests; or
- There is a need to purchase specific technical equipment to match existing assets for operational continuity.

Procurement Contracts

All procurement activity is covered by contract of sale of some form. Contract terms and conditions should be appropriate to the type of procurement activity being undertaken to protect TEG’s commercial position. Some key points to consider:

- TEG does not issue purchase orders so for expenditure under $25,000 (capex and opex) the terms and conditions of the supplier’s quote will usually apply. These terms must be referred to TEG Legal by the employee responsible for obtaining the quotes if any of the following apply:
    - The procurement is related to high-risk business activity;
    - New supplier and spend is over $10,000; and
    - Unusual or onerous terms (including but not limited to, if TEG or an Employees is required to provide an indemnity or guarantee, or if there are unilateral termination rights to the Supplier).

- For procurement above $25,000 a procurement agreement should be used that has been reviewed and executed via TEG's DEF process.
- TEG will always prefer to contract on our terms based on our template contracts, including the following available from TEG Procurement:
    - Agreement for the Supply of Goods and Services;
    - Preferred Supplier Agreements for Touring Production; and
    - Master Services Agreement (ITDS).
- These standard form contracts should be used consistently by all business units across the TEG Group. TEG business departments should not create their own versions of these documents without consulting TEG Procurement and TEG Legal.
- Standard form contracts have been and can be developed for locations outside of Australia.
- Standard form contracts may require revisions during RFP negotiations, or the RFP contract may be based on the supplier's terms. In either case the contract must be reviewed by TEG Legal using the DEF process.

Payment Terms

TEG's standard supplier payment terms are no less than 30 days. Exceptions may be agreed for certain supplier categories. Upfront or pre-delivery payments are nonstandard terms and require prior approval by the Head of Finance.

Performance Management of Suppliers

Scope Compliance: it is the responsibility of the employee managing the supplier to ensure that all goods or services are delivered, implemented, provided and/or received in accordance contract requirements and obligations.

Variations: Variations to an agreement with a supplier must be agreed by the nominated representatives in accordance with the provisions of the relevant contract and must include (as a minimum) the following information:

- A clear summary of the adjustments to the scope of works;
- Agreed adjustments to quotes (with supporting detailed information); and
- Any agreed changes to timeframe.

Contract Review: regular reviews and meetings should be implemented with suppliers under multi-term contracts to ensure that contractual arrangements are being managed effectively, to ensure commercial and operational risks are being appropriately managed, and that any commercial and/or performance issues are addressed.

Contract Extensions: if a term extension clause is included in the contract, and the value of the initial procurement activity has been approved including that extension value, then the extension can be progressed without any additional approvals. If not, then the relevant DOA approval must be obtained.

Attachments

1. TEG Procurement Approvals Matrix
2. TEG Procurement Processes and Examples

Attachment 1 – Procurement Approvals Matrix

Procurement approvals require financial approval as per the DOA and contract execution as per the DEF. The following tables show the relationship between financial approval authority levels (as per DOA) procurement type and form of contract.

Capex

Annual Expenditure (ex GST)	Procurement Type*	Form of Contract***	DOA: Budgeted	DOA: Non-Budgeted
Less than $10,000	RFQ - More than 1 quote preferred	Quote terms and conditions	SLT	CEO
$10,000 - $25,000	RFQ - 3 quotes preferred**	Quote terms and conditions	SLT	CEO
$25,000 - $250,000	RFQ - 3 quotes preferred**	TEG Template Procurement Contract preferred if applicable	CFO	CEO
Above $250,000	RFP to he considered – review RFP criteria	TEG Template Procurement Contract preferred if applicable	CEO up to the approved budget value	Board

Opex

<table>
<tr><th>Annual Expenditure (ex GST)</th><th>Procurement Type*</th><th>Form of Contract***</th><th>DOA for Touring with approved GLM</th><th>DOA: Budgeted</th><th>DOA: Non-Budgeted</th></tr>
<tr><td>Less than $5,000</td><td rowspan="2">RFQ - More than 1 quote preferred</td><td rowspan="2">Quote terms and conditions</td><td>State Manager/Tour Manager</td><td>State Manager/Line Manager</td><td>State Manager/Line Manager</td></tr>
<tr><td>$5,000-$10,000</td><td>Tour Manager</td><td>Department Head/GM</td><td>Department Head/GM</td></tr>
<tr><td>$10,000-$25,000</td><td>RFQ - 3 quotes preferred**</td><td>Quote terms and conditions</td><td>Department Head/GM</td><td>Department Head/GM</td><td>SLT</td></tr>
<tr><td>$25,000-$50,000</td><td rowspan="3">RFQ - 3 quotes preferred**</td><td rowspan="3">TEG Template Procurement Contract preferred if applicable</td><td>Department Head/GM</td><td>SLT</td><td>CFO</td></tr>
<tr><td>$50,000-$125,000</td><td>SLT</td><td>SLT</td><td>CFO</td></tr>
<tr><td>$125,000-$250,000</td><td>SLT</td><td>CFO</td><td>CFO</td></tr>
<tr><td>$250,000-$500,000</td><td rowspan="2">RFP to be considered – review RFP criteria</td><td rowspan="2">TEG Template Procurement Contract preferred if applicable</td><td>CFO</td><td>CFO</td><td>CFO & CEO</td></tr>
<tr><td>Above $500,000</td><td>CEO</td><td>CEO</td><td>Board</td></tr>
</table>

* This is the recommended procurement approach when the procurement is not covered by a term agreement with existing supplier/s, or when such agreements are being renewed

** The 3-quote rule does not apply if single sourcing provides a better commercial outcome for TEG.

***TEG does not issue POs. Procurement under $25,000 will usually be under the terms of the supplier's quote. TEG 's terms are preferred for procurement above $25,000, if applicable.

Attachment 2A – TEG Procurement Process

The following process should be used as a guide for the conduct of procurement activities within TEG. The amount of effort associated with each step will vary depending on the size and complexity of the procurement activity and whether it is an existing or new supplier/s. See the examples at Attachment 2B for further guidance.

1. Requirement Definition

- **Identify Needs:** The process begins when a business department or individual identifies the need for goods or services.
- **Specify Requirements**: Notwithstanding the type and level of expenditure, a clear definition or specification of the goods or services to be procured is required. This SOW can include:
    - Quantity;
    - Quality standards;
    - Technical specifications (e.g., product features, dimensions);
    - Delivery timelines; and
    - Budget constraints.

2. Planning and Budgeting

- **Forecasting Demand**: Business department operational expenditure (opex) and capital expenditure (capex) forecasts should be developed based on pipeline, market demand, business development requirements, and project timelines.
- **Budget Allocation**: Approval levels will differ depending on whether the proposed procurement expenditure is in budget or not. In some instances, Board approval will be required (see DOA).
- **Procurement Plan**: The purchaser should decide how the procurement will be conducted. For example:
    - Should it be a one-time purchase or a multi-term contract?
    - Will it involve competitive bidding or direct sourcing?
    - Are existing arrangements in place e.g. business accounts with suppliers, preferred supplier agreements?
- **Market Research**: Conduct research to identify potential suppliers and assess the market's capacity to meet your needs.
- **Approval to Proceed**: Once the requirements are clear, approval may be needed (e.g. finance or management) before proceeding to source quotes or initiate tenders. This will always be the case for unbudgeted expenditure.

Note that the DOA covers the approval authority levels, and contract execution is managed via the DEF process. These approvals are relevant after quoting or tendering.

3. Sourcing and Supplier Identification

- **Supplier Identification**: Based on the research, compile a list of potential suppliers.
- **Request for Information (RFI)**: An RFI may be issued to seek additional information on the suppliers' capabilities and solutions.
- **Shortlisting**: Shortlist suppliers based on initial criteria such as reputation, quality, cost, and compliance with specifications.

4. Soliciting Quotes or Tenders

- **Request for Quotation (RFQ)**: An RFQ may be issued to request price quotes from multiple suppliers. A minimum of three quotes is required for any expenditure over $10,000.
- **Request for Proposal (RFP)**: For larger purchases (more than $250,000 annual spend) an RFP should be issued requesting detailed bids, including pricing, terms, technical solutions, and delivery schedules. Employees intending to run an RFP should discuss their plan with the Head of Procurement before starting..
- **Supplier Evaluation**: Evaluate responses based on criteria such as price, quality, lead time, and technical capabilities.

5 Contracting and Negotiation

- **Form of Contract:** Ensure that the form of contract is appropriate for the procurement activity being undertaken (see Procurement Contracts section below). TEG standard terms should be our starting position for any procurement above $25,000.
- **Negotiation**: Business departments should always seek to protect or improve TEG's commercial position. Employees should always ask suppliers if they can improve on their initial quote or proposal. Key areas of focus include; price, delivery schedules, payment terms, and warranties..
- **Contract Approval**: Get internal legal and management approval for the contract. Both parties sign the agreement to formalize the procurement arrangement.

6. Order Creation and Supplier Set-Up

- **Issue Order**: Once the contract is in place, an order is placed with the supplier. TEG does not issue Purchase Orders so the official order for the goods and services should be in the form of an email that typically includes:
    - Description of the goods/services;
    - Quantity;
    - Agreed price;
    - Delivery terms and timelines; and
    - Reference to the contract of sale terms e.g. as per the supplier's quote or as executed via the DEF process.
- **Supplier Confirmation**: The supplier confirms receipt of the official order and agrees to the terms before proceeding with fulfillment.

- **Supplier Set Up**: Once the contract is agreed the business department should contact TEG Accounts Payable to set up the supplier in the system.
- **Contract Renewal and Exit Strategy**: Plan for contract renewals or transitions to new suppliers if necessary, ensuring minimal disruption to operations.

7. Order Tracking and Monitoring

- **Order Management**: Track the order's progress to ensure that the supplier adheres to the agreed timelines.
- **Communication with Supplier**: Maintain regular communication with the supplier to address any potential delays or issues.
- **Expediting**: If the delivery timeline is at risk, take steps to expedite the process or adjust expectations.

8. Checking and Receipting

- **Goods Receipt**: When goods arrive, perform a thorough inspection to ensure they match the specifications outlined in the order and contract.
    - Check quantities received against the order; and
    - Inspect the goods for any damage or quality issues.
- **Services Verification**: For services, ensure that all agreed deliverables have been met as per the contract.
- **Non-Conformance Handling**: If any issues are found, report them to the supplier and initiate a process to address the non-conformance (e.g., replacement or repair).

9. Payment, Invoice Processing, and Accruals

- **Invoice Verification**: Once the supplier issues an invoice, verify that the invoice matches the order and delivery records and are approved for payment. Ensure approved invoices are forward to TEG Accounts Payable for processing and payment as per the agreed payment terms (e.g., 30 days after delivery).
- **Record Keeping**: Maintain records of the transaction, including the order, contract, delivery receipt, and invoice for auditing purposes. Advise the applicable Finance Manager of late invoices so that accruals can be made as required.

10. Supplier Performance Evaluation

- **Assess Performance**: After the transaction, evaluate the supplier's performance based on:
    - On-time delivery
    - Product or service quality
    - Adherence to contract terms
    - Responsiveness to issues

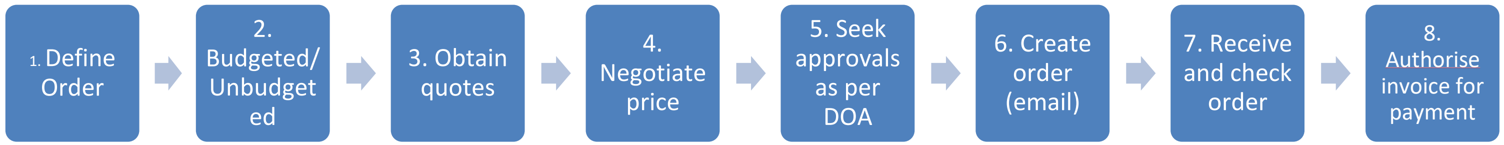
- **Feedback Loop:** Provide feedback to the supplier to improve future engagements.
- **Supplier Scorecards**: Informal or formal scorecards can be used to inform decisions on whether to continue or adjust future relationships.
- **Supplier Relationship Management (SRM)**: Develop ongoing relationships with key suppliers to foster collaboration and ensure long-term success.

11. Continuous Improvement and Review

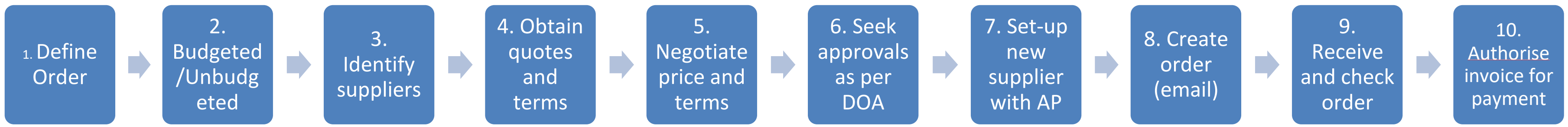
- **Post-Procurement Review**: Analyse the procurement process to identify areas for improvement, cost savings, or efficiencies.
- **Procurement Strategy Update**: Update procurement strategies based on market trends, supplier performance, and internal needs.
- **Risk Management**: Review any risks that occurred during the process and develop strategies to mitigate them in future procurements.

Attachment 2B – Procurement Processes Examples

Existing supplier e.g. preferred supplier agreement, master services agreements, business accounts arrangements



New Supplier <$25,000 expenditure using supplier terms (e.g. supplier's quote)



New Supplier >$25,000 TEG standard terms or supplier terms as negotiated (DEF process sign-off mandatory)