

The **Supply Chain Code of Practice** outlines a set of best practice guidelines for the UKCS oil and gas industry to:

Improve performance, eliminate unnecessary costs, add value and boost competitiveness

First adopted by the industry in 2002, signatories undertake to work towards full compliance.

They include **major purchasers** (UKCS operators and principal contractors) and **suppliers** (companies providing goods or services).

The Code applies to three key stages within the commercial process:

1. PLAN

Transparent planning of contracting activity by major purchasers to improve supply chain capability

Major purchasers

- **Communicate forward plans to the industry** including areas and types of activity, expected contract value and timing.
- **Support the annual industry Share Fair** where major purchasers communicate future plans and internal contacts to the supply chain.
- **Publicise a list of internal contacts** to facilitate discussion around future plans with the contracting community. Maintain up-to-date FPAL Purchaser Profile including "how to do business with us" guidance, a contacts list and information on forward plans.

Suppliers

- **Review Purchaser plans, FPAL Purchaser Profiles and attend Industry Share Fairs** to understand future requirements.

The Code is endorsed by:

Oil & Gas UK, PILOT, DECC, EEEGR, EIC, FPAL, IMCA, NSIG, NOF ENERGY, OCA and WSCA



2. CONTRACT

Streamline pre-qualification, tendering and negotiation processes to reduce bidding costs, eliminate waste, add value and increase competitiveness

Major Purchasers

- **Where pre-qualification data is required only invite bids from suppliers registered with FPAL** with an up-to-date capability assessment.
- **Eliminate supplier data duplication by utilising FPAL** throughout the tender process.
- **Use industry standard ITT Models where appropriate.** These embody fair contracting principles, encourage participation in the Industry Mutual Hold Harmless, invite bidders to demonstrate where they can add value, define value-based award criteria, outline timeframes and avoid data duplication.
- **Provide appropriate de-briefing for all bids.**
- **Use industry standard contract forms** where available (LOGIC type or company-specific global contracts), minimising amendments or additional terms and conditions.
- **Include payment terms of 30 days in all contracts.**

Suppliers

- **Keep FPAL records valid and up-to-date**, with Capability Assessments where required by purchasers.
- **Refer purchasers to FPAL if duplicate information is requested.**
- **Participate in the Industry Mutual Hold Harmless** as appropriate to company activity.
- **Use standard industry contracts (LOGIC type or company-specific global contracts)** minimising amendments or additional terms and conditions.

3. PERFORM and PAY

Increase feedback dialogue and shorten payment cycles to improve performance

Major Purchasers

- **Include performance indicators** in all significant contracts with an appropriate review programme for the life of the contract.
- **Give FPAL performance feedback** at appropriate stages during the contract to improve mutual performance, minimise waste, learn from mistakes and best practice, and report on the extent of Code compliance achieved by both parties.
- **Pay all valid invoices within 30 days.**

Suppliers

- **Track and discuss key contract performance indicators**
- **Request and participate in FPAL performance feedback**, including assessment of purchasers' performance.
- **Submit complete and valid invoices** with supporting documentation in a timely manner.
- **Adopt a prompt payment policy for own suppliers.**

Commitment to the Code:

On behalf of _____ (company)

Name: (1) _____ (2) _____

Position: _____
(CEO/MD) (Supply Chain Manager)

Signed: _____

Date: _____