



Oil and Gas UK is the leading representative organisation for the UK offshore oil and gas industry. Its members are companies licensed by the Government to explore for and produce oil and gas in UK waters and those who form any part of the industry's supply chain.



PILOT was established in 2000 and involves input from Government and the oil and gas industry including operators, contractors, suppliers, trade unions and SMEs. It is the successor to the Oil and Gas Industry Task Force (OGITF), which set a vision for 2010 to help strengthen the position of the UKCS in a competitive global market place, as a key centre for oil and gas exploration, development and production. PILOT monitors progress and drives activity to boost efforts in meeting the vision's goals.

The Supply Chain Code of Practice supports PILOT's goals, as it works to improve the efficiency of the UKCS supply chain by improving performance, eliminating unnecessary costs, adding value and enhancing competitiveness.

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SUPPLY CHAIN CODE OF PRACTICE

Streamlining processes and increasing value
for the oil and gas industry

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



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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.

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.**

The Code is endorsed by:

Oil & Gas UK, PILOT, DECC, EIC, FPAL, IMCA, OCA and WSCA,



Commitment to the Code:

On behalf of _____ (company)

Name: (1) _____ (2) _____

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

Signed: _____

Date: _____