

Supplier Connect Newsletter

A message from our leaders



Steve Brameld, Vice President Logistics

Steve is responsible for the delivery of air, land and sea logistics and materials management services across Woodside's business.

Message

In the first half of this year Woodside will be introducing the 'Perfect HSE Day' which aims to both simplify our approach to Health, Safety and Environment, by proactively engaging the workforce to change their conversations and mindset that an incident-free workplace is achievable. Put simply, a Perfect HSE Day means all employees and contractors go home safely to their families and the environment is not harmed.

The most powerful aspect of the Perfect HSE Day is enabling the workforce to own the concept through embracing employees ideas on the means to achieve a Perfect HSE Day in their work areas. Roll out of the Perfect HSE day will commence this month, and we are looking forward to sharing more details of this exciting program as it progresses.

I hope you will join us in striving to achieve the Perfect HSE Day across all of our activities.



Jackie Harris, Chief Procurement Officer

Jackie is responsible for the management and governance of all sourcing and contracting activities in Woodside.

Message

In 2017 we will continue our focus on the concept of building a healthy 'ecosystem' to enable our sector and region to mutually retain competitive advantage. This edition of the newsletter explores what it takes to build a healthy ecosystem.

I am also delighted to share with you that I have been invited by the WA Department of Commerce and the conference organisers, Diversified, to further explore these concepts alongside NERA, and Deloitte in the AOG 2017 Collaboration Forum.

This year the, free of charge, AOG collaboration forum features three themes;

- Innovation and technology : are you ready? - led by Woodside,
- Small to medium enterprise enabler - led by NERA, and
- Maximising Australia's potential : learning from others - led by Deloitte.

Need to know:

INCOTERMS

The **INCOTERMS** rules (or **International Commercial Terms**) are a series of pre-defined commercial terms published by the International Chamber of Commerce (ICC). They are widely used in international commercial transactions or procurement processes.

Currently Woodside's systems, contracts and purchase order general conditions are reflective of INCOTERMS 2000 rules. The most up to date INCOTERMS rules are INCOTERMS 2010, which take account of the continued spread of customs free trade zones, the increased use of electronic communications in business transactions, heightened concern about security in the movement of goods, and changes in transport practices. Woodside is transitioning to the use of INCOTERMS 2010

In addition, due to the increased risk of export clearance obligations in countries where Woodside does not have a presence, Woodside is also transitioning towards using Free Carrier (FCA) INCOTERM instead of the Ex-Works (EXW) INCOTERM, for international purchases.

Woodside believes such export clearances are better placed with the actual supplier resident in the overseas country, as they understand and deal with the export restrictions and export requirements of the relevant country's customs authority.

Under FCA rules, the export clearance obligation rests with the supplier whereas under EXW the supplier has no real obligation to assist.



Collaborating for outcomes: Subsea and Pipelines supplier indigenous engagement briefing

Woodside's Subsea and Pipelines (SS&PL) and Offshore Projects (Categories in the Contracting and Procurement team), in collaboration with key suppliers, have achieved outstanding results with their contribution towards Woodside's Reconciliation Action Plan (RAP).

The SS&PL team held a briefing session with their key suppliers where they set the expectation that committing to indigenous contracting and employment opportunities is everyone's responsibility, and we all have the ability to do the right thing and collectively contribute to 'closing the gap'. These session helped them to better understand and appreciate the value of indigenous engagement in the business, including specialised and technical areas such as SS&PL and Offshore Projects.

The impact is ongoing however to date, through SS&PL suppliers, Woodside has started to engage indigenous trainees, indigenous employees and there have been over 10 sub-contracts awarded to indigenous businesses. In addition, the Supply Nation and Local Contracting Alliance has gained several new SS&PL companies as members.

The success of this initiative has inspired other areas such as Logistics and Brownfields to host similar briefing sessions with the view to achieving similar improvements in indigenous engagement. If you would like to be involved, please contact Tanya Vautier, C&P Sustainability Lead at: SupplierConnect@woodside.com.au



With ever changing market conditions, Woodside believes it's important for customers and suppliers to come together to build a healthy ecosystem and discuss issues and share information. To support this, Woodside are assisting in organising the Australasian Oil & Gas Exhibition & Conference (AOG) in February 2017. AOG is a free-to-attend Collaboration Forum, run in conjunction with the National Energy Resources Australia (NERA) and the WA Department of Commerce. Entry is on a first come first served basis!

Day 1, 22 February 2017, will provide insights to small and large organisations on the areas where we need to collectively develop "readiness" to take advantage of the opportunities that technological innovation can afford us.

Day 2, 23 February 2017, is particularly oriented towards enabling small to medium enterprise's increase their understanding of the end to end gas value chain.

Day 3, 24 February 2017, promises to offer insights and learnings from other arenas that we can all benefit from including applying breakthrough thinking and results from other industries and regions such as mining and defence.

For further information and a list of exhibitors please refer to: <http://aogexpo.com.au/conference/overview/>

Working together to build a healthy innovation ecosystem



‘Innovation Ecosystem’ is a term used to describe the diverse array of participants that need to collaborate for ongoing innovation in a modern and changing economy. For our industry this could include entrepreneurs, operators, suppliers, universities, investors and industry associations.

Enabling Australia to retain its global position as a supplier of cost effective and clean energy to the globe, we require the ecosystem to evolve, adapt, re-imagine and collaborate to transform ideas and information into new products and services, acting collaboratively to improve what exists.

Convening ecosystem participants to discuss opportunities can create a future that has a shared overall purpose, while maintaining mutual competitive advantage. The image below depicts a view of a healthy innovation ecosystem.



Attending the AOG conference is a good opportunity to commence this journey together.

Need to know:

QUALITY

As part of Woodside's ongoing improvement journey, an integrated, computerised non-conformity management process is being implemented to ensure that non-conformities are identified and managed effectively. This will enable correction and corrective action to be applied appropriately to eliminate and prevent recurrence.

This has direct relevance to suppliers who deliver goods and services to Woodside sites or Woodside logistics and distribution centres, especially those supporting maintenance and operational equipment.

In the event that Woodside generates a non-conformity report relating to supplied goods and services, the supplier will be notified of the specific requirement not met. The expectation is for suppliers to propose corrective actions to rectify the non-conformity and put in place measures to eliminate the cause. The Woodside non-conformance reporting system does not alleviate suppliers of their responsibility to fully implement their own quality management systems, including non-conformity management mechanisms.

Sustainability in the Supply Chain

Did you know that there are more people enslaved today than there has been at any other time in the world's history? According to Walk Free, a collaborative organisation focused on ending modern slavery, there are more than 45 million people enslaved around the world.

Woodside is committed to operating with integrity and transparency, particularly regarding human rights, and we'd like to work with our suppliers to better identify and manage any risks in our supply chains. In 2016, we developed a Supplier Code of Business Conduct. As the majority of our work is conducted on our behalf by our suppliers, this was an important first step. This was followed by an initiative to work with a few of our Tier 1 suppliers, including One Subsea, a Schlumberger Company, to understand which systems and processes they have in place to manage sustainability risks and to understand how we could work together to develop a more comprehensive framework to manage Woodside's supply chain risk.

Working with One Subsea we reviewed the supply chain elements of a major component of subsea equipment that the company provides in order to understand where materials were sourced from, the sub-contractor(s) that were involved, and to understand the on-boarding process used in determining suitability of their suppliers as well as employment terms and conditions.

The work completed to date provides a strong foundation to further inform the development of appropriate techniques and methodologies for these processes in 2017, during which time we will be looking to work with an expanded number of our suppliers.

Quality : Help reduce the instances of non-conformance

To help reduce the instances of non-conformance, suppliers can:

- Familiarise themselves with the Woodside webpage and associated information related to supplying goods and services to Woodside. http://www.woodside.com.au/supplying_to_woodside/
- Review and verify Woodside requirements, especially those specified in the purchase order. For further guidance please refer to the Quality Standard ISO 9001 (2015) section 8.2.3 around review of requirements.
- Ensure records and/or essential documentation associated with goods and services are delivered to Woodside at the same time the goods and services are supplied. The objective is to increase efficiency by eliminating delays, multiple handling and reduce re-inspection costs.



Please email any questions or feedback to:
SupplierConnect@woodside.com.au

