



**OUR POLICY AND STANDARD
FOR THE PROCUREMENT OF
GOODS AND SERVICES**

**SPIRIT
ENERGY**

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1. Introduction

- 1.1 Procurement is the purchasing of goods and services to meet business needs.
- 1.2 Spirit Energy purchases over £600m of goods and services a year from over 1,800 suppliers across the globe.
- 1.3 Spirit Energy takes a matrix approach to Procurement within a controlled risk framework, combining a category approach with asset-specific support. This enables us to apply category knowledge and expertise to meet asset requirements, and the opportunity to delivery optimum value whilst minimising risk for Spirit Energy.
- 1.4 We are committed to ethical and responsible practice and fair treatment of our suppliers.

2. Purpose

- 2.1 To ensure that anybody conducting activities related to the purchase of third party goods and / or services made on behalf of Spirit Energy, does so within a framework, which provides a balance between risk mitigation, internal controls and empowerment.
- 2.2 The standard explains the minimum responsibilities during the course of involvement in procurement activities.

3. Scope

- 3.1 All Spirit Energy personnel, contractors, consultants, third parties, agents, any other individuals and every joint venture company under Spirit Energy control are responsible for ensuring understanding of Our Procurement Policy and Our Procurement Standard and their application whenever procurement activity is undertaken.
- 3.2 The Policy and Standard applies to all regions in which Spirit Energy is operating.
- 3.3 The following spending exclusions apply: energy commodity contracts and regulated energy supply costs including transmission and distribution charges, balancing charges, pipeline tariffs, LNG ship chartering and associated transportation costs and brokerage agreement fees.

4. Our Policy

As our supply markets globalise, we expect an increase in the number of territories we source from. Engaging with such a large and varied number of third parties carries risk and it is imperative that procurement is managed within a clearly defined framework, enabling us to:

- 4.1 Meet business needs – having clear specifications and requirements documented and with budget approved at the outset ensures that suppliers meet or exceed the business' needs.
- 4.2 Optimise spend to get the best returns - we place business with the best value suppliers. Purchasing in a consistent manner and managing ongoing relevant supplier relationships across Spirit Energy enables leveraging of our buying power.
- 4.3 Meet all relevant legislative and regulatory requirements - making sure that we avoid financial penalties, threats to our licence to operate and disruptions to our operations.
- 4.4 Protect Spirit Energy's reputation - Failure to adequately assess existing and new suppliers against ethical and legal risks could lead Spirit Energy to significant financial and reputational damage.
- 4.5 Manage the risk of fraud, bribery and corruption across our supplier portfolio. The relevant sections of Our Code that apply to Procurement include 'Exchanging gifts and hospitality'; 'We do not tolerate fraud'; 'We do not accept bribes' and 'We encourage our business partners to be responsible'.

5. Our Standard

When undertaking procurement in the following categories, Procurement is uniquely authorised to manage the process, including engaging and negotiating with the third party market.

- 5.1 You must engage with the Procurement team as early as possible and prior to approaching suppliers when the lifetime value of the requirement exceeds £50,000 or is considered by the business to be critical¹, irrespective of value.

You are not permitted to procure without engaging Procurement from the start in any of the above scenarios.

- 5.2 Where the purchasing requirement is below the above thresholds there is no mandatory obligation for Procurement to manage the process. However, the BU or Function must follow the procurement process, in particular:
 - 5.2.1 Must seek competitive offers with at least three suppliers for commitments with an anticipated lifetime cost above £50,000 (or equivalent) or document all justifications for 'Sole or Single Sourcing' in writing and gain Business Leader and Procurement approval before engaging in 'Sole or Single Source' purchases.

¹ Business critical:

A purchase is classed as business critical if, as a result of unavailability or delay of provision of the required goods and / or services, Spirit Energy could suffer serious operational disruption, financial, legal, or other damages or penalties. Poor planning resulting in unavailability or delay of provision of the required goods and / or services does not constitute a business critical purchase.

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- 5.2.2 Must manage all spend over £1,000 (or equivalent) through the purchase order process (or other approved procurement channels) which must be raised at the time of commitment.
- 5.2.3 Must sign a non-disclosure agreement before exchanging any confidential information.
- 5.2.4 Must transact all business on Spirit Energy's approved Terms and Conditions of Purchase and contract templates, unless agreed with Procurement and Legal.
- 5.2.5 Must comply with all relevant legislative requirements and environmental obligations.
- 5.2.6 Must ensure that the appropriate risk assessments are performed in accordance with the Supply Chain Risk Management Standard, prior to the commencement of supply.
- 5.2.7 Must ensure the relevant documentation is compliant and a suitable audit evidence trail is retained.
- 5.2.8 Must procure in line with [Our Code](#)
- 5.3 You must not agree any service credits without Procurement agreement
- 5.4 Commitments must not be split into smaller transactions to avoid exceeding threshold levels.
- 5.5 Where there is a requirement to create or update Procurement Master Data (any reference, meta, or transactional information stored during the purchasing process; including details related to vendors², contracts, products, requisitions, and purchase orders, as well as any classifications or category groups associated with these data elements), the BU or Function:
 - 5.5.1 Must obtain approval from Procurement for all Procurement Master Data creation / amendments, and for all programs, processes, and purchases seeking to create, amend, or store Procurement Master Data.

6. Responsibilities

- 6.1 The policy and standard apply to all Spirit Energy personnel, contractors, consultants, third parties, agents, any other individuals and every joint venture company under Spirit Energy control acting on behalf of the Company by engaging in procurement activities on its behalf.
- 6.2 Committing Spirit Energy to expenditure is only allowed in accordance with Our Policy and Standard on Delegation of Authority.

² A vendor, in this context, is defined as any payable entity. All payable entities must undergo a risk assessment due to various legislative requirements and should not be limited by the scope of this document. Procurement determines whether entities may be excluded or whether exceptions apply.