

Procurement management approach



We strive to improve our supply chain's social and ethical footprint and work with suppliers that share our values.

Our supply chain includes the supply of goods and services, wholesale commodities and the distribution of energy. This encompasses nearly 3,700 direct suppliers with which we spend around \$7.8 billion per annum.¹ Most of our direct suppliers are in Australia, with six per cent based internationally.

Procurement of goods and services is managed by our centralised procurement function and represents approximately one quarter of our overall supply chain spend and accounts for more than 90 per cent of our direct suppliers.

Managing risk in our procurement of goods and services

A key objective of Origin's centralised procurement function and its control framework is to manage supplier risk. This includes ensuring our suppliers work in ways that are consistent with [Origin's Supplier Code](#), which outlines the minimum attributes we expect of all of our suppliers. Our procurement process outlines minimum mandatory standards for our engagement with suppliers throughout the procurement and contract management lifecycle.

Our initial engagement of suppliers includes a mandatory supplier and activity risk-profiling process with mechanisms in place to mitigate commercial, technical, health and safety, environmental, social and governance risks. We have developed key controls to manage these risks, including segregation of duties for procurement activities, conflict-of-interest declarations, data analytics to monitor transaction integrity, and training and support materials regarding relevant obligations.

Following the risk-profiling process, we design and implement an appropriate assurance regime with the successful supplier, commensurate with the risk profile of the contract.

Origin's HSE Systems Directive sets the minimum health, safety and environmental (HSE) requirements for product stewardship, procurement and contractor management. This promotes a strong commitment to HSE between Origin and our suppliers and contractors. See our [Health and safety management approach](#) for more information.

Sharing our values with our suppliers through our Supplier Code

We expect our suppliers to comply with all applicable laws and to demonstrate that they have the attributes set out in our Supplier Code.

The Supplier Code is incorporated into our standard procurement contracts and outlines our expectations in relation to:

- labour and human rights, including child labour, forced or compulsory labour and non-discrimination;
- health and safety;
- the environment, including consideration of climate change;
- communities; and
- ethics and business integrity.

We require that suppliers ensure and are able to demonstrate that their own suppliers meet the expectations of the code.

The code requests that suppliers and other stakeholders raise concerns at the earliest opportunity, and specifically references human rights-related concerns. To support this, it includes details of the Origin ConcernLine. This externally-managed service provides options for reporting concerns or suspicions of misconduct, in confidence or anonymously. See our [Whistleblower policy](#) for more information on how Origin manages and investigates a disclosure.

¹ Supply chain spend is approximate annualised third party spend excluding taxes, government charges, joint venture, intercompany transfers and landowner compensation payments.

Creating a diverse and transparent supply chain

We recognise the opportunity to create a positive impact on communities by making considered choices about how and where we source the goods and services needed to operate our business. Our procurement plan focuses on four key areas:

- identifying, assessing, and addressing modern slavery risks;
- supporting regional communities;
- increasing Indigenous participation; and
- supporting small businesses.

Identifying, assessing, and addressing modern slavery risks

We consider any form of modern slavery to be unacceptable and acknowledge our responsibility to help eradicate it.

Origin understands that our operations and supply chain could cause, contribute or be directly linked to modern slavery practices.¹ We apply a rigorous four-step methodology to manage modern slavery risks and are working to progressively understand the multiple tiers of suppliers that form our extended supply chain. See our [2021 Modern Slavery Statement](#) for more information.

Management of our human rights risks, including modern slavery, is underpinned by our [Human Rights Policy](#) and Risk Management Framework, with oversight from Origin's Board Risk Committee. For further information on our Risk Management Framework, refer to the FY2021 Operating and Financial Review.

Supporting Australian regional communities

Procuring goods and services from local and regional suppliers is an important avenue for sharing economic value in the communities in which we operate. We seek to procure local goods and services wherever practical and work with our major contractors to do the same.

We monitor our progress by tracking our direct procurement spend (paid by Origin) and indirect spend (sub-contractors to Origin) and report this in our [annual sustainability reporting](#).

Increasing Indigenous participation in our supply chain

We are committed to increasing the participation of Aboriginal and Torres Strait Islander businesses in our supply chain. Origin's [Stretch Reconciliation Action Plan](#) (Stretch RAP) outlines measurable targets for increasing the diversity and quantity of goods and services procured from Aboriginal and Torres Strait Islander-owned businesses.

We measure progress towards achieving our Stretch RAP objectives by monitoring direct and indirect procurement expenditure. Using Indigenous Participation Commitments (IPCs), we formalise into contracts the commitments of our key contractors to pursue Aboriginal and Torres Strait Islander sub-contracting, employment, and training opportunities. Information on the number of IPCs we have agreed, as well as our spend, can be found in our [sustainability reporting](#).

Supporting Australian small businesses

In 2017, Origin became a signatory to the Business Council of Australia's Australian supplier payment code. This voluntary initiative emphasises the importance of implementing best practice in paying all suppliers on-time and small business suppliers within 30 days of receiving a compliant Tax Invoice.

We publish our payment times for small business suppliers through the Australian Government's Payment Times Reporting Scheme, submitting our first bi-annual report in September 2021.

Released September 2021



Further information about Origin's performance can be found on our website originenergy.com.au

¹ Cause, contribute or directly linked in this statement are as defined in the UN Guiding Principles for Business and Human Rights.