



Ethical Supply Chain / Procurement (ESC/P) Policy

Policy No. BAPCORP020
Effective date: 27th August 2018
Latest Review date: 13th July 2020
Recommended by: GM Group Procurement
Authorised by: CEO

1. Introduction

This Policy sets out the frameworks that have been established by Bapcor to guide decision making in relation to the planning, execution and ongoing management of supply chain and procurement operations, in a manner consistent with operation of an ethical supply chain.

This Policy is a foundation piece for the Ethical Supply Chain / Procurement pillar of the overall Bapcor ESG Strategy.

Bapcor companies are committed to conducting our domestic and international business to the highest standards of integrity, This ESC/P Policy articulates Bapcor's commitment towards ensuring our supply partners (and our interaction with them) meet the minimum requirements and expectations as set out in this Policy.

For any questions regarding this Policy or Bapcor's broader Ethical Supply Chain / Procurement program, email the Group Procurement Manager on groupprourement@Bapcor.com.au

2. Application

This Policy applies to Bapcor Limited, its subsidiaries and related bodies corporate (together Bapcor), including officers, team members, contractors and suppliers' of products and/or services to Bapcor, including both direct and indirect spend categories. Direct suppliers are those that contribute directly to the manufacture or supply of products for distribution and sale through Bapcor's business units. Indirect suppliers are those that provide goods and services outside of those used in the supply of finished goods. This includes the services and items purchased to construct and operate our branches, stores, offices and distribution operations

Bapcor expects all team members and contractors to comply with this Policy, in keeping with the standards defined by this Policy.

3. Policy

3.1 Compliance with Laws

Bapcor expects all supply chain and procurement activities (including those of Bapcor's suppliers) to be conducted in full compliance with all applicable laws for the countries in which Bapcor, its suppliers and their sources of supply operate.

3.2 Gifts, gratuities and entertainment

The Bapcor Code of Conduct details expectations pertaining to supplier interactions – specifically referencing gifts, gratuities and entertainment (ref. Section 13. Of the Code of Conduct). This details that;

Bapcor does not tolerate giving or taking bribes, kickbacks or gratuities or any other payments for favourable treatment or as an inducement for doing business. However, Bapcor allows the acceptance of token gifts and entertainment provided they are appropriate to the intended business purpose and consistent with local business practice and laws.

Bapcor employees must not seek to gain special advantage for Bapcor or themselves through the use of business gifts, favours or entertainment, if it could create even the appearance of impropriety.



Business entertainment should be moderately scaled and clearly for business purposes. Gifts and entertainment should not be offered to a customer or supplier whose organisation does not allow this. Employees may accept or give gifts, favours, or entertainment only if permitted to do so by Bapcor's policies relating to gifts and the gift, favour or entertainment is disclosed in accordance with those policies (if required).

Refer: "Gifts, Gratuities & Entertainment" policy

3.3 Environmental Sustainability

Environmental Sustainability is a core premise of this ESC/P Policy and more broadly, the overall Bapcor ESG Strategy.

Guidelines of our expectations on suppliers include:

- Suppliers will maintain records of compliance with local and national environmental laws and regulations, including environmental permits and reporting requirements for each of the countries in which they operate.
- Suppliers properly handle and store hazardous materials and waste.
 - Have plans for dealing with discharges of hazardous wastes.
 - All disposal of hazardous wastes is conducted in a safe and legal manner.
- Suppliers must ensure that relevant staff have been adequately informed about their company's significant environmental impacts and trained on their company's environmental management system.
- Suppliers minimize and monitor their impact on the environment where possible through a reduction in greenhouse gas emissions, energy efficiency initiatives, reduction and recycling of natural resources, including water and paper/packaging materials.

3.4 Health and Safety

Bapcor expect that all suppliers will comply with the health and safety laws applicable to the countries they are operating in.

Guidelines of our Health and Safety expectations on suppliers include:

- Suppliers will provide a safe, clean, healthy, and productive work environment, including the provision of clean drinking water to all workers and an adequate washing and toilet facilities.
- In the primary language of its workers, suppliers will provide written health and safety information and warnings.
 - This includes Material Safety Data Sheets that describe toxic or hazardous substances used in the workplace.
 - Ensure the proper handling of all dangerous substances and machinery.
- Suppliers will provide all appropriate personal protection equipment.
- Suppliers will adequately train employees on applicable local workplace safety practices, including emergency evacuation procedures.
 - This includes provision of systems and training designed to help prevent accidents and injuries.
- Suppliers maintain records of health and safety training and accidents and injuries at the workplace.
- Suppliers establish and maintain appropriate first-aid equipment at the facility and make it available to workers at all times.
 - The location of the equipment shall be prominently marked and communicated to workers.
- Suppliers provides adequate access to medical facilities, fire exits and fire-fighting and safety equipment.

3.5 Labour (Modern Slavery Act)

In December 2018, the Modern Slavery Act was passed into legislation by the Australian parliament. This Act requires entities based, or operating, in Australia, which have an annual consolidated revenue of more than \$100 million, to report annually on the risks of modern slavery in their operations and supply chains, and actions to address those risks. Whilst Bapcor is by law, obliged to comply with this legislation, as a corporate citizen we are fully engaged and philosophically supportive of the objectives of the Act. Bapcor's expectation is that all suppliers will likewise comply and support the requirements of this Act.

Under the act **Modern Slavery** means conduct which would constitute:

- (a) an offence under Division 270 or 271 of the *Criminal Code*; or
- (b) an offence under either of those Divisions if the conduct took place in Australia; or
- (c) trafficking in persons, as defined in Article 3 of the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, done at New York on 15 November 2000 ([2005] ATS 27); or
- (d) the worst forms of child labour, as defined in Article 3 of the ILO Convention (No. 182) concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, done at Geneva on 17 June 1999 ([2007] ATS 38)

Key tenants of the Modern Slavery Act are expected to include:

- Child labour.
- Foreign labour (contract).
- Discrimination.
- Forced labour.
- Freedom of association.
- Humane treatment & disciplinary practices.
- Wages, benefits, terms of employment.
- Working hours.
- Child forced marriage.

Bapcor is committed to operating ethically and in compliance with the Modern Slavery Act, and to limit the risk of modern slavery occurring within Bapcor, its supply chain or procurement operations, or in any other business relationships.

Guidelines on our expectations on suppliers with respect to modern slavery include:

- Suppliers are aware of obligations and expectations arising under Australian law with respect to modern slavery, specifically, the federal Modern Slavery Act, passed into law in 2018;
- Suppliers will fully comply with the Modern Slavery Act, and provide all necessary information to satisfy Bapcor that reasonable steps have been taken to reduce risks of a supplier's engagement of modern slavery practices;
- Suppliers will take reasonable steps to ensure that there is no modern slavery in its supply chains or any subcontractor's supply chains;
- Suppliers establish and maintain appropriate oversight, record keeping and reporting procedures with respect to mitigating risks of modern slavery;
- Suppliers will notify Bapcor as soon as they become aware of any actual or suspected breach of the Modern Slavery Act or any engagement in activity that may be considered to constitute a form of modern slavery; and
- Where reasonably required by Bapcor, suppliers will provide written confirmations with respect to compliance with Bapcor's ESC/P Policy and respond to Bapcor's requests for information to allow Bapcor to conduct due diligence on risks of modern slavery in a supplier's supply chain.



Confirmation from Suppliers of Compliance

Confirmation by each supplier that they (and their supplier sources) are in compliance with Bapcor's ESC/P Policy will be required upon entering or renewing a supply agreement with Bapcor or any of its subsidiary companies.

4. Consequences for non-compliance

4.1 Internal - Bapcor Staff

From an internal Bapcor perspective; breaches of this Policy may be subject to disciplinary action in accordance with Bapcor Code of Conduct.

4.2 Bapcor Suppliers

Bapcor maintain the right to terminate dealings with suppliers who operate in breach of this ESC/P Policy. Recognising that such action can sometimes exacerbate the social impact on the employees of our suppliers, Bapcor's preferred approach will be remediation as a key objective.

5. Reporting Violations

All Bapcor team members are required to report if:

- a) they become aware of circumstances that may constitute a contravention of this policy
- b) another team member provides information to them about circumstances that may constitute a contravention of this policy; or
- c) they receive or become aware of any complaint or allegation made by a supplier, customer or competitor of Bapcor that this policy may have been breached.

The obligation to report the conduct outlined above may be fulfilled by making a report under Bapcor's Whistleblower Policy (which provides for anonymity and confidentiality in respect of a report) or by reporting such conduct to the Chief Executive and Managing Director, Chief Financial Officer, any member of the Group Leadership Team (GLT) or the General Counsel.

Bapcor will investigate all complaints and where that investigation concludes that this policy may have contravened, Bapcor will consider the appropriate action to take (including reporting such conduct to a regulator).

The Bapcor Whistleblower Policy is available on Core (Bapcor's intranet site) and the Bapcor website.

6. Related Policies, frameworks and other references.

This Policy is to be read in conjunction with the following policies and documents:

Bapcor policies:

1. Bapcor Integrity Policy
2. [Bapcor Code of Conduct](#)
3. [Bapcor Environmental, Social and Governance \(ESG\) Policy](#)
4. [Bapcor Whistleblower Policy](#)
5. Bapcor [Human Rights Policy](#)
6. Bapcor Group Procurement Policy
7. Bapcor Gifts, Gratuities & Entertainment Policy



Other documents and references:

8. [Bapcor Values](#)
9. [Modern Slavery Act 2018](#)
10. Bapcor Group Supplier Trading Terms Agreement (Aus and NZ Business Units)
11. Procurement Managers Modern Slavery Checklist

7. Version Control

Version	Amendment/s	Date created	Author
.0	Establish policy	27 th August 2018	Jim Lynch
1.0	Update for alignment to revised related policies and to reflect the passing of the Modern Slavery Act 2018	15 th July 2020	Chris Sharpe