



Ethical Supply Chain / Procurement (ESC/P) Policy

Policy No. BAPCORP020
Effective date: 27th August 2018
Recommended by: GM Group Procurement
Authorised by: CEO



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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 General Manager of Group Procurement on groupprocurement@burson.com.au

2. Application

This policy applies to all Bapcor employees and suppliers of goods and/or services, including both direct and indirect spend categories. Direct suppliers are those that contribute directly to the manufacture or supply of finished goods. 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 outlets, offices and distribution operations.

3. Reporting Violations

An externally managed whistleblower service including a hotline, email address and internet webform is expected to be launched by Bapcor in October 2018 and any actual or suspected violations of the ESC/P Policy should be reported to that service. This policy will be updated with those details once released. In the interim all such concerns should be directed to the Bapcor CEO, CFO or Human Resources, which may be done anonymously. All reports will be investigated and the identity of any persons making a report shall remain confidential unless otherwise requested.

4. Policy

4.1 Compliance with Laws

Bapcor expect all supply chain / 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.

4.2 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 adhoc 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).

4.3 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.

4.4 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.

4.5 Labour (Modern Slavery Act)

As of June 2018, a Bill pertaining to the proposed Modern Slavery Act was presented to Australian parliament with the expectation this will pass into legislation in the near future. Whilst Bapcor are 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.

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.

Whilst the legislation will articulate key outcomes required for compliance, there is an expectation that this is a journey of continuous improvement. One upon which Bapcor has already embarked.

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.

5. Consequences for non-compliance

5.1 Internal - Bapcor Staff

From an internal Bapcor perspective, breaches of the policy pertaining to *Section 4.2 Gifts, gratuities and entertainment* may be subject to disciplinary action including termination of employment, if appropriate.

5.2 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.

6. References

1. Bapcor ESG Strategy (draft).
2. Bapcor Code of Conduct.
3. Fact Sheet: Modern Slavery Reporting Requirement.
 - Australian Government Department of Home Affairs

7. Version Control

| Version | Amendment/s | Date created | Author |
|---------|------------------|------------------|-----------|
| 1.0 | Establish policy | 27th August 2018 | Jim Lynch |
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