

 A Brambles Company		DOCUMENT TYPE Process	DOCUMENT #	OWNER Global Procurement Team
LOCATION All BRAMBLES Regions	SECURITY LEVEL Non-confidential	VERSION # 6.0	ORIGINAL ISSUE DATE 8 January 2013	LATEST UPDATE DATE 10 April 2020
TITLE	Brambles Procurement Policy for sustainable sourcing of timber			

Owner <i>Alessandro Caronia</i>	Job Title <i>Procurement Manager Sustainability</i>	Signed	Approval Date <i>07/07/2020</i>
Manager Approval <i>Fernando Martínez-Arribas</i>	Job Title <i>Vice President, Global Procurement</i>	Signed	Approval Date <i>11/08/20</i>
User Manager <i>Maurice Morwood</i>	Job Title <i>Director, Procurement Europe</i>	Signed	Approval Date <i>7/7/20</i>
User Manager <i>Andrew Wilson</i>	Job Title <i>Director, Procurement APAC</i>	Signed	Approval Date <i>8/7/20</i>
User Manager <i>Urvashi Narayan</i>	Job Title <i>Director, Procurement Africa, India & Middle East</i>	Signed	Approval Date <i>10/08/20</i>
User Manager <i>Roberto Jimenez</i>	Job Title <i>Senior Director, Procurement North America</i>	Signed	Approval Date <i>07/07/2020</i>
User Manager <i>Guillermo Soto</i>	Job Title <i>Director, Procurement Latin America</i>	Signed	Approval Date <i>07/07/20</i>

 A Brambles Company		DOCUMENT TYPE Process	DOCUMENT #	OWNER Global Procurement Team
LOCATION All BRAMBLES Regions	SECURITY LEVEL Non-confidential	VERSION # 6.0	ORIGINAL ISSUE DATE 8 January 2013	LATEST UPDATE DATE 10 April 2020
TITLE	Brambles Procurement Policy for sustainable sourcing of timber			

Summary

1	Description and Purpose	3
2	References	3
3	Definitions	3
4	Roles and Responsibilities	3
5	Policy	4
5.1	Lumber Sourcing Policy	4
5.1.1	Supplier Policy	4
5.1.2	Safety	4
5.1.3	Brambles Code of Conduct	5
5.1.4	Obligations for CHEP Suppliers	5
5.1.5	Managing Supplier Relationships	5
5.1.6	Supplier Qualification	6
5.1.7	Supplier Approval Phase	6
5.1.8	Brambles Due Diligence Policy	7
5.1.9	Speak Up Policy	7
5.1.10	Specification	7
5.1.11	Chemical/Wood Treatments	8
5.1.12	Sustainability	8
5.2	Due Diligence in Lumber Sourcing	9
5.2.1	Gathering Information	9
5.2.2	Risk Assessment	10
5.2.3	Management of Significant Risk Supplies	11
5.2.4	Due Diligence Work-flow – actions to take	12
5.3	Procedures for Sustainable Lumber Sourcing	12
5.3.1	Due Diligence Process	12
5.3.2	Reporting	12
5.4	Guidelines for Targets Setting	13
5.4.1	Metrics	13
5.4.2	Targets	13
6	Annexes	13

 A Brambles Company		DOCUMENT TYPE Process	DOCUMENT #	OWNER Global Procurement Team
LOCATION All BRAMBLES Regions	SECURITY LEVEL Non-confidential	VERSION # 6.0	ORIGINAL ISSUE DATE 8 January 2013	LATEST UPDATE DATE 10 April 2020
TITLE	Brambles Procurement Policy for sustainable sourcing of timber			

1 Description and Purpose

This policy describes the Brambles requirements which Procurement functions in all Regions must fulfill when sourcing lumber, with special focus on the sustainability of lumber sources and wood supply chain. In scope is all lumber or lumber based products directly purchased by the business unit “CHEP pallets” for the purpose of pooling wooden pallets, even if such purchase was done to resell. It covers the purchase of lumber used into new pallets and into CHEP owned and subcontracted repair service centers.

Out of scope are

- Any lumber for MFS (manufactured for sale) business which is not part of the pooling business;
- Any trading operation;
- Any recycling business;
- Any pallet management business besides the pooling business.

The policy requires to achieve and continue the Brambles’ 2020 Sustainability goals being:

- Source 100% of the lumber from certified sources by 2020
- Achieve year on year improvement toward aspirational goal of 100% Chain of Custody (CoC) certification for all lumber supply

Going past 2020, Brambles will define our new Sustainability Goals and how these will be captured by our Lumber Sourcing Strategy. Moving forward, we aim to identify opportunities to have a net positive impact as a Business. In order to do so, it is planned to define a program to explore and support Suppliers having a role in the regeneration of existing forest or afforestation of new lands.

The policy establishes the guidelines for the Global and Regional Procurement Teams on Sustainable Lumber Sourcing.

2 References

Brambles Procurement Policy for sustainable sourcing of timber is available on SharePoint. (<https://bramblesgroup.sharepoint.com/sops/Pages/Home1.aspx>)


- Global Procurement Guideline – New Supplier Approval Process
- Brambles Code of Conduct
- Global Procurement – Procedures for conducting Third-Party Due diligence

3 Definitions

Definitions are italic marked and are explained in Appendix A.

4 Roles and Responsibilities

Role	Responsibility
Procurement Manager – Sustainability	Responsible for the lumber policy in alignment with BPLT. Specialist in the content and available to answer question of regions and liaison between Procurement and Sustainability. Will collect input for the sustainability reporting.

 A Brambles Company		DOCUMENT TYPE Process	DOCUMENT #	OWNER Global Procurement Team
LOCATION All BRAMBLES Regions	SECURITY LEVEL Non-confidential	VERSION # 6.0	ORIGINAL ISSUE DATE 8 January 2013	LATEST UPDATE DATE 10 April 2020
TITLE	Brambles Procurement Policy for sustainable sourcing of timber			

	Establishes the right tracking and meas. criteria
Regional Procurement Team	Purchases lumber for the Region and is responsible to follow the lumber policy and perform due diligence according to the policy Tracking regional performance acc. To the principles and formats established in this policy
Regional Procurement Head	Responsible for the Regional Teams and will make sure Teams are following the strategy and due diligence process.
Global Procurement VP	Responsible for the overall Procurement Strategy. Infringements of non-compliance need to be approved by Procurement VP.

Any infringement of non-compliance to this policy should be addressed and approved by Global Procurement VP.

5 Policy

The policy contains 4 major parts.

- First part provides lumber sourcing guidelines
- The second part explains the due diligence process valid for all lumber purchases
- The third explains the procedures required to fulfill sustainability reporting requirements
- The fourth defines the guidelines for the setting of metrics and targets for each Procurement Team

5.1 Lumber Sourcing Policy


5.1.1 Supplier Policy

The Brambles Supplier Policy applies to all suppliers of lumber and pallets. Aspects of that Supplier Policy are elaborated on in this Lumber Sourcing Policy under headings such as Safety, Code of Conduct and Sustainability. A fundamental requirement is that suppliers to CHEP need to be assessed for alignment with the Supplier Policy. Procurement is responsible for assessing alignment as part of Supplier Qualification and for monitoring ongoing alignment.

5.1.2 Safety

CHEP is committed to achieving Zero Harm, meaning no injuries, no environmental damage and no human rights breaches. The Brambles Code of Conduct sets out in Schedule 7 the CHEP policy on maintenance of a healthy and safe working environment.

Forest harvesting and milling environments have an inherent element of risk. CHEP personnel visiting supplier premises need to take particular care to ensure that they adhere to all supplier health and safety requirements whilst on the premises. Under no circumstances should CHEP personnel be unaccompanied during harvesting or milling site visits. CHEP personnel are required to also make their own assessment of risk at the supplier site and not expose themselves to risk outside CHEP levels of acceptability.

 A Brambles Company		DOCUMENT TYPE Process	DOCUMENT #	OWNER Global Procurement Team
LOCATION All BRAMBLES Regions	SECURITY LEVEL Non-confidential	VERSION # 6.0	ORIGINAL ISSUE DATE 8 January 2013	LATEST UPDATE DATE 10 April 2020
TITLE	Brambles Procurement Policy for sustainable sourcing of timber			

If a supplier's health and safety risk management is not considered to be of an acceptable standard, CHEP Procurement personnel should address this with the supplier and if appropriate action is not undertaken by the supplier, Procurement needs to consider temporary or permanent cessation of supply from that supplier.

5.1.3 Brambles Code of Conduct

The Brambles Code of Conduct provides an ethical and legal framework for all Brambles employees in the conduct of business. All procurement transactions shall be done in context of the Brambles Code of Conduct.

Central to this code is the requirement for Brambles employees to be fair and above board in dealings and to avoid any conduct that can have adverse interpretation put to it. In dealing with existing or prospective suppliers, actual, potential or perceived conflicts of interest should always be avoided.

Procurement personnel are responsible for familiarization with the Brambles Code of Conduct and for communicating the Supplier Policy set out in the Code and the corresponding compliance terms and conditions to suppliers. Communication of the Supplier Policy and the compliance terms and conditions forms part of the supplier onboarding process.

5.1.4 Obligations for CHEP Suppliers

Specific requirements of CHEP suppliers warranting mention in this Lumber Sourcing Policy are:

- a. Keep CHEP information confidential
- b. Maintain accurate business records and report accurately
- c. Comply with competition laws and other applicable laws and regulations
- d. Not offer, pay or receive bribes, kickbacks or other forms of illicit payments or engage in corrupt practices
- e. Not offer gifts, favors or entertainment or anything else (other than of modest value defined as less than EU75 or equivalent in any currency) that is against the law or in violation of Brambles' Gifts and Hospitality Policy
- f. Not employing or making use of individuals under the age of 15, under the age of 18 in hazardous positions, or under the legal employment age, whichever is more stringent, directly or through subcontractors, and not tolerating suppliers who do
- g. Comply with the applicable wage and hour laws and regulations
- h. Not use forced labor, including prison labor, indentured labor, bonded labor, military labor, slave labor, and any form of human trafficking in its own operations and those of its suppliers Operate a safe and healthy work environment for all workers (whether full-time, part-time, temporary or contract laborers)Should Procurement become aware of circumstances not fulfilling these commitments, appropriate action will be taken to address the matter with the supplier or alternatively, other sourcing options will be pursued.


5.1.5 Managing Supplier Relationships

Linked to CHEP work on Global Lumber Strategy is the management of the supply base at Business, Regional & Global levels. Active management of supply relationships is essential to ensure achievement of objectives relating to:

- a. Continuity of lumber & pallet availability to meet market driven new pallet demand volatility
- b. Adherence to quality standards.
- c. Price fluctuations.

Key elements of CHEPs supply relationship strategy are:

- a. Long term relationships with key suppliers

 A Brambles Company		DOCUMENT TYPE Process	DOCUMENT #	OWNER Global Procurement Team
LOCATION All BRAMBLES Regions	SECURITY LEVEL Non-confidential	VERSION # 6.0	ORIGINAL ISSUE DATE 8 January 2013	LATEST UPDATE DATE 10 April 2020
TITLE	Brambles Procurement Policy for sustainable sourcing of timber			

- b. Sharing demand forecasts and setting ordering arrangements that support suppliers in efficient and effective management of their supply chains and milling/manufacturing facility operation
- c. Periodic and transparent price review mechanisms and processes
- d. Periodic Supply Relationship Meetings and site visits.
- e. Quality management processes at both the supplier and CHEP facilities.

5.1.6 Supplier Qualification

CHEP Global Procurement has established a standard operating procedure addressing Qualification of Suppliers. Warranting specific mention in relation to lumber supplier qualification, CHEP will not seek to source forest products from:


- a. Forests or forest product suppliers where CHEP is not confident that the supplier is complying with all relevant national legislation relating to the trade in forest products.
- b. High-conservation-value forests where these are recognized nationally or regionally, unless these forests are progressing towards credible forest certification in a transparent and timely manner.
- c. Protected areas, parks or similar areas where harvesting operations are not complementary to responsible forest management.
- d. Forests which are in areas of armed conflict or civil unrest where there is a direct relationship between the forest products trade and the funding of such conflicts.
- e. To ensure these goals are achieved CHEP will:
 - Qualify and monitor suppliers of lumber.
 - Monitor and report on the level of compliance against this policy.

5.1.7 Supplier Approval Phase

CHEP is committed to positively impact local communities and industries, and to achieve an improvement of the environments we operate in, through the support to the implementation of Sustainable Forest Management and Chain of Custody systems.

As in diverse Regions there are different levels of implementation of SFM and CoC, we are conscious that onboarding new wood Suppliers could require an interim phase where we will accept the purchase of uncertified materials, provided that none of the following requirements is breached:

- a. The Source is complying with local, national or international legislation, related to the following areas:
 - Forestry operations & harvesting, including conversion of forest to other use;
 - Management of areas with designated high environmental and cultural values;
 - Protected and endangered species;
 - Adequate anti-bribery and anti-corruption policies, procedures and controls;
 - Compliance with human rights, health and labor issues relating to forest industry workers;
 - Indigenous people's property, tenure and use rights;
 - Payment of taxes and royalties;
- b. The Source is not utilizing genetically modified organisms;
- c. The Source is not converting forest to other vegetation type, including conversion of primary forest to forest plantations;
- d. The source forest is not a High Conservation Value;
- e. The source forest is not in an armed conflict zone.

 A Brambles Company		DOCUMENT TYPE Process	DOCUMENT #	OWNER Global Procurement Team
LOCATION All BRAMBLES Regions	SECURITY LEVEL Non-confidential	VERSION # 6.0	ORIGINAL ISSUE DATE 8 January 2013	LATEST UPDATE DATE 10 April 2020
TITLE	Brambles Procurement Policy for sustainable sourcing of timber			

Additionally, the following steps must be completed:

- a. We have a documented ongoing certification process (letter from Certification Body, including a reasonable timeline and preliminary audit report if available);
- b. We complete a:
 - detailed due diligence;
 - detailed flow chart of the wood supply chain (from forest owner to CHEP), this for each uncertified log Supplier.

Under the above requirements, and documented acknowledgment on timeline and volumes by Global Procurement VP, Regional Procurement Team will source the materials and support the Supplier to the final approval.

These flows of materials will be considered as “non-established” and reported in a separate template for the scope of the BxB Sustainable Lumber Sourcing Reporting.

All documents and evidences referred to these specific under-approval cases will be maintained by the Regional Procurement Team and made available for internal and external auditing requests.

5.1.8 Brambles Due Diligence Policy

Brambles has launched an enterprise-wide, risk-based due diligence program which screens all suppliers, including all lumber or timber suppliers, for compliance-related risks, including sanctions, money laundering, bribery and corruption, human rights and environmental risks (“Compliance Due Diligence”). The due diligence described in this Policy supplements this Compliance Due Diligence. It does not replace or supersede it.

5.1.9 Speak Up Policy

The Brambles Code of Conduct includes a Speaking Up Policy. Suppliers who may feel pressured to violate the law, this Lumber Sourcing Policy or the Brambles Code of Conduct are strongly encouraged to immediately contact either:

- a. local CHEP Procurement Manager/Director, or
- b. Brambles or CHEP contact persons listed in the Speak Up Policy
- d. The Speak Up hotline at www.brambles.ethicspoint.com, which provides a list of country or region-specific local or toll-free telephone numbers or a link to the available online reporting system


5.1.10 Specification

Care is required to ensure new suppliers of lumber have a full understanding of Brambles specification and quality requirements.

All Products in scope have a specification with the sole intention to secure quality and durability of the products. During Approval phase (see 5.1.7), the products and service sourced will be verified according to all applicable materials and processes specifications, in collaboration with Quality Assurance and Product Engineering Functions.

Key matters to address with lumber suppliers in this regard are:

- a. The Global Lumber Specification
- b. Applicable Product Engineering Approved Pallet Specification document (non-confidential elements only)
- c. Applicable Product Engineering supplied Approved Species Schedule for each specific pallet (select information from this document can be shared with the supplier on a need to know basis, however the full document is confidential)

 A Brambles Company		DOCUMENT TYPE Process	DOCUMENT #	OWNER Global Procurement Team
LOCATION All BRAMBLES Regions	SECURITY LEVEL Non-confidential	VERSION # 6.0	ORIGINAL ISSUE DATE 8 January 2013	LATEST UPDATE DATE 10 April 2020
TITLE	Brambles Procurement Policy for sustainable sourcing of timber			

- d. Where assembled pallets are being supplied, there is generally a Product Engineering approved Manufacturing Specification for the pallet.
- e. Quality assurance processes to be adhered to by the supplier and agreed processes for handling defective lumber, including components outside dimensional tolerances.
- f. It is not allowed to share the list of approved species to any supplier since this is considered knowledge that provides Brambles competitive advantage.

Any change to Product Specification documentation requires prior approval in writing from CHEP Product Engineering and this may necessitate materials and/or pallet testing by or under Product Engineering supervision. The CHEP Product Development & Governance Review Process maintained by Product Engineering is the system through which Procurement and other functions request Product Engineering assistance. It is the Specification Change Request (SCR) process that needs to be followed for any changes to wooden pallets to be approved.

Special care is required to ensure we only buy approved species from approved suppliers. Changes in the mechanical properties of the lumber have significant impact on the total pallet cost. Consult Product Engineering in case of doubts on compliance to our technical specifications.

5.1.11 Chemical/Wood Treatments


Wood treatment is strictly prohibited unless approved in writing by Brambles Legal and Product Engineering or unless specified in the specifications. This includes, but is not limited to, any industry and/or government approved chemicals and methods for the prevention of stain, mold, or fungus, or preservation of any kind.

All purchases are subject to random compliance checks. Non-compliant purchases shall be blocked, and the supplier informed, and products are to be removed as soon as possible from the delivery location at the supplier's cost. CHEP reserves the right to visit or have its agent(s) visit raw material suppliers for the purpose of quality inspections and chemical treatment analysis.

5.1.12 Sustainability

Brambles is committed to source lumber from sustainable sources. Brambles' order of preference for sourcing of lumber is:

1. Procure lumber with full CoC certificate.
 - CoC Certification can be FSC, PEFC or SFI.
 - Certification can only be claimed in case there is a formal valid CoC certification received by Brambles and if transaction is completed with certified lumber (Claim and license number should be mentioned on invoice/delivery note) for more information see appendix B;
 - The objective is to enable Brambles to state that lumber purchased by Brambles for pooled pallets has been chain of custody certified. Brambles' chain of custody certification preference does not require individual Brambles sites to be certified.
2. In the event FSC, PEFC, or SFI COC is not available, procure the lumber from Certified Sources (Forest certification). The Brambles Procurement team shall undertake actions to be able to confirm lumber is forest sourced and demonstrate the certification of the source.
3. Where timber is procured without CoC certificate and not from Certified Sources, the Brambles Procurement team shall undertake detailed due diligence to minimize and manage risk(s) such as assuring that:
 - Procured timber does not come from illegally harvested forest resources;
 - Procured timber is not categorized as coming from Controversial Sources;

 A Brambles Company		DOCUMENT TYPE Process	DOCUMENT #	OWNER Global Procurement Team
LOCATION All BRAMBLES Regions	SECURITY LEVEL Non-confidential	VERSION # 6.0	ORIGINAL ISSUE DATE 8 January 2013	LATEST UPDATE DATE 10 April 2020
TITLE	Brambles Procurement Policy for sustainable sourcing of timber			

- Procured timber does comply to our sustainability 2020 requirements.
4. New suppliers of strategic importance without COC Certification will be given a grace period of 6 months to become fully COC Certified with FSC, PEFC or SFI and must comply to the Due Diligence requirements until full certification is achieved (See Sections 5.1.7 and 5.2).

Moving forward past 2020, Brambles will look to having a net positive impact on UN Sustainable Development Goals 13 and 15. In order to achieve this, a new criterion for the assessment of existing and new Suppliers will be implemented. This will be related to the participation of Suppliers to documented forest regeneration and afforestation projects.

The International Union for Conservation of Nature (IUCN) rating of the endangerment status of species is used by Brambles as primary guide to sustainability risk associated with tree species and ecosystems.

More information regarding certification can be found in Annex B.

5.2 Due Diligence in Lumber Sourcing

Brambles' Due Diligence (DD) Guideline considers PEFC guidance about DD and tailors it to the Brambles' needs. PEFC has set out a minimum Due Diligence System taking into account several governmental actions. The intention is to undertake investigation to assure that lumber purchased was not in conflict with the Brambles' Lumber Policy. Only timber that meets Brambles DD requirements can be purchased.

Brambles Procurement shall undertake due diligence for all lumber purchasing in scope, with a higher level of DD for sources which are considered as high risk or which not CoC certified (FSC, PEFC or SFI) or which are not Certified sourced.

The regional Procurement team is responsible for determining what is the required level of due diligence for each lumber source. Regional Procurement leaders are responsible for ensuring that Regional Procurement Team received sufficient guidance and has undertaken the appropriate level of investigation and has maintained sufficient documentation to support the conclusions reached. All documents will be stored by the regional procurement departments. The regional Procurement leaders will provide written confirmation that all Due Diligence requirements have been met.


Each due diligence process exists out of 3 steps:

- a. Gathering information
- b. Risk assessment
- c. Management of significant risk suppliers.

Appendix C and D provide guidelines to perform the due diligence process. The due diligence checklist (appendix C) is to be completed for each lumber source. The annual confirmation is only required in case of significant risk scenarios. In case of questions, the Procurement Manager - Sustainability will be able to provide more detailed information.

5.2.1 Gathering Information

- a. Commercial details of the business supplying lumber to Brambles
- b. Information on the supply source & supply chain through each chain step back to the forest
- c. Species information including common and scientific names and IUNC endangerment status
- d. Information on the certification status of forest resources, source mills and lumber supplied to Brambles
- e. Information on other forms of third-party evidence supporting Brambles DD views on the acceptability of the lumber source (e.g. Govt logging permits, Transit permits, Forestry authorizations, National accreditation schemes, permits to export, Independent audit reports etc)

 A Brambles Company		DOCUMENT TYPE Process	DOCUMENT #	OWNER Global Procurement Team
LOCATION All BRAMBLES Regions	SECURITY LEVEL Non-confidential	VERSION # 6.0	ORIGINAL ISSUE DATE 8 January 2013	LATEST UPDATE DATE 10 April 2020
TITLE	Brambles Procurement Policy for sustainable sourcing of timber			

5.2.2 Risk Assessment

All timber sources need to be assessed using the risk assessment model below taking into account the origin and the supply chain.


- a. Supply chain: Refers to whether there is a risk of controversial lumber entering the supply chain.
- b. Origin: Refers to whether there is risk of controversial lumber at the origin level.

Likelihood on supply chain level	High	Significant Risk	Significant Risk
	Low	Negligible Risk	Significant Risk
		Likelihood on origin level	
		Low	High

In case a lumber purchase meets one of following indicators, the purchase is considered as coming from a Significant Risk Supplier:

- a. *CPI index* of the country of the company or country of the lumber origin is 60 or less
 - a.1 Transition period is required to change CPI from 50 to 60
 - a.2 FY18: CPI index of 55 – FY19: CPI index of 60
- b. Lumber is sourced from a country or a company residing in a country, which is listed as a HSBC high risk (see appendix F)
- c. All lumber purchases that are coming from uncertified sources
- d. Lumber sourced with CoC or forest certification coming from a high-risk country
- e. All situations where lumber purchases go together with possible uncertainties or doubts. Examples are:
 - e.1 Country of origin has a prevalence or armed conflict
 - e.2 Country of origin has a low level of forest governance and law enforcement
 - e.3 Potential use of controversial sources in the country, source or supply chain
 - e.4 Evidence of illegal activity by a company in the Supply Chain
 - e.5 Use of intermediaries giving rise to limited transparency in the supply chain
 - e.6 Tree species are not known or are unclear

As from January 2017 onwards, Brambles cannot approve timber suppliers if they would deliver uncertified sourced lumber unless approved by Brambles CPO.

 A Brambles Company		DOCUMENT TYPE Process	DOCUMENT #	OWNER Global Procurement Team
LOCATION All BRAMBLES Regions	SECURITY LEVEL Non-confidential	VERSION # 6.0	ORIGINAL ISSUE DATE 8 January 2013	LATEST UPDATE DATE 10 April 2020
TITLE	Brambles Procurement Policy for sustainable sourcing of timber			

5.2.3 Management of Significant Risk Supplies


Brambles will perform a risk analysis (as described above) considering how the lumber was purchased (CoC, Certified sources or uncertified) and this for all purchases. A due diligence checklist to be used for this assessment can be found in Appendix C.

In case of negligible risk scenarios, procurement will undertake following actions:

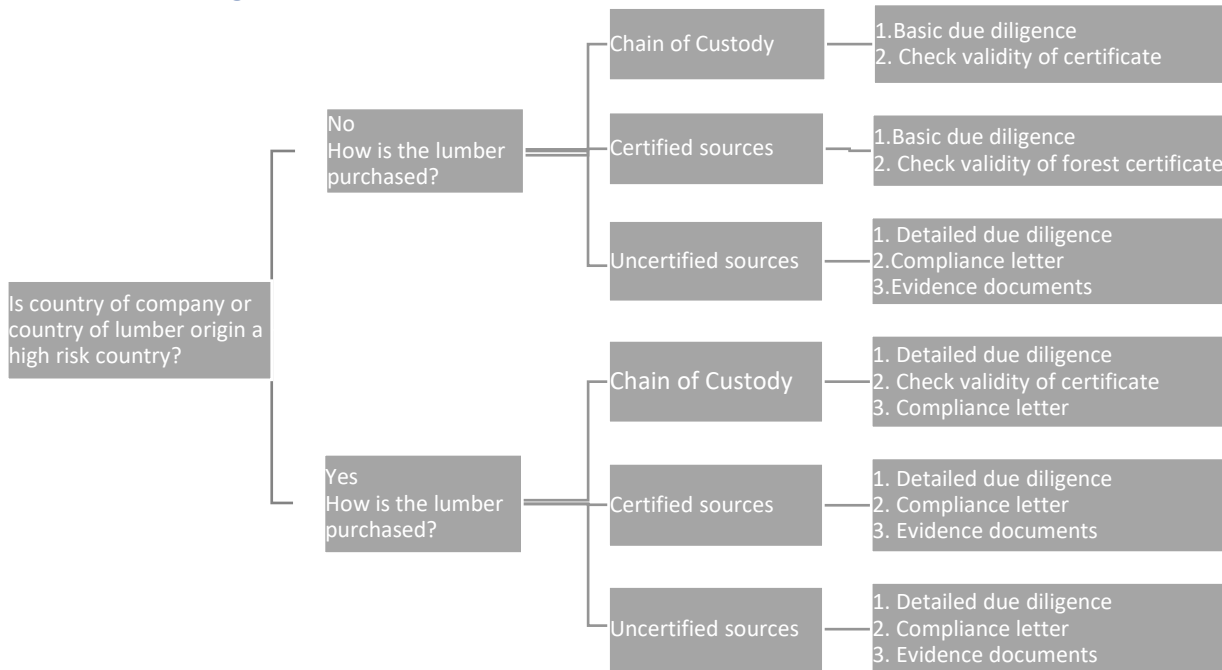
- a. In addition to Compliance Due Diligence, perform basic due diligence under this Policy
- b. Check at least yearly the validity of the certification on the website of either FSC, PEFC or SFI for all necessary purchases

In case of high-risk scenarios, Brambles is obligated to manage or minimize the risks (see 5.1.5.) sufficiently to allow Brambles to consider the situation as Negligible Risk. The Procurement team will undertake following actions:

- a. In addition to Compliance Due Diligence, perform detailed due diligence (appendix C for checklist)
 - a.1 Understand Supply Chain from beginning to end
- b. Request Supplier Acknowledgement by asking the supplier to perform a yearly update of the Lumber Sustainability Compliance letter (Appendix D)
- c. In case lumber is purchased with CoC certification, Check at least yearly the validity of the certification on the website of either FSC, PEFC or SFI for all necessary purchases
- d. In case lumber is purchased with certified sources or under due diligence, request at least 2 documents of proof provided by a trustworthy third party (government, certification body, etc.). Examples of documents are:
 - d.1 Certification body and certification auditor reports and authorization
 - d.2 Government harvesting permits
 - d.3 Enquiries of government forestry or environmental departments/bodies
 - d.4 In case external documents are not available, the procurement team shall request additional information
 - d.4.1 Forest ownership documentation
 - d.4.2 Log receipt records and/or Government harvesting permits
 - d.4.3 Log transport/cartage permits issued by Government
 - d.4.4 Government forestry body invoices and log supply summaries
 - d.4.5 Mill input and output records
 - d.4.6 IUCN publications of the endangerment status of species supplied
 - d.4.7 Enquiries of forest owners
 - d.5 Procurement on-site inspections and discussions – Detailed procedures and site visit notes and accompanying documentation are gathered and maintained.
 - d.6 Third party review and independently sourced evidence may be deemed necessary by Brambles.

 A Brambles Company		DOCUMENT TYPE Process	DOCUMENT #	OWNER Global Procurement Team
LOCATION All BRAMBLES Regions	SECURITY LEVEL Non-confidential	VERSION # 6.0	ORIGINAL ISSUE DATE 8 January 2013	LATEST UPDATE DATE 10 April 2020
TITLE	Brambles Procurement Policy for sustainable sourcing of timber			

5.2.4 Due Diligence Work-flow – actions to take



5.3 Procedures for Sustainable Lumber Sourcing

The procurement team (with guidance of the procurement manager – sustainability) need to fulfill certain procedures and reports to provide the annual lumber sustainability reporting. This reporting is required for the Brambles sustainability report.

5.3.1 Due Diligence Process

Due Diligence needs to be undertaken for all lumber purchases in scope. The documents should be available in case external parties (KPMG, governmental instances...) ask about the procedures followed and specific work done.


5.3.2 Reporting

Yearly, all procurement regions will be requested to report about lumber purchases in scope. Each region shall be asked to report following items

- a. Volumes;
- b. Information about lumber purchases (species and origin);
- c. How lumber has been purchased (CoC, Forest Certification or Due Diligence);
- d. Overall sustainability summary.

Further, each region will be asked to write a yearly due diligence memorandum. The memorandum provides an overview of the due diligence work undertaken and provides a conclusion on lumber purchasing compliance with the policy.

Memorandum and reporting will be collected before the end of each fiscal year and will be audited by KPMG. The regional Procurement leader shall sign off the memorandum and check accuracy of the content. KPMG will review data and select some regions to investigate more in detail. As part of this process, they would be able to ask more information and

 A Brambles Company		DOCUMENT TYPE Process	DOCUMENT #	OWNER Global Procurement Team
LOCATION All BRAMBLES Regions	SECURITY LEVEL Non-confidential	VERSION # 6.0	ORIGINAL ISSUE DATE 8 January 2013	LATEST UPDATE DATE 10 April 2020
TITLE	Brambles Procurement Policy for sustainable sourcing of timber			

documents. The procurement manager – sustainability can anticipate on this process by asking specific questions to the regions. Audited reports will be used to create the Brambles sustainability report.

If required, the procurement manager- sustainability can ask for a half-yearly update about lumber purchases and if required even a quarterly update about certain purchases.

5.4 Guidelines for Targets Setting

5.4.1 Metrics

At the end of each fiscal year, the Procurement Manager – Sustainability, completes and shares with Regional Procurement Teams and VP Global Procurement a report with Regional Performances, including:

- a. Country (where available) Certified Sources and CoC %
- b. Improvements vs previous FY
- c. Highlights (i.e.: specific Suppliers issues, action plans updates...)
- d. Proposed Global target for next Fiscal Year

The company commitment is 100% Certified Sources and the gradual increase year after year of the CoC%. The targets should be consistent with this directive in all the geographies.

5.4.2 Targets

Based on the performance of each Region, VP Global Procurement and Regional Procurement Teams will develop an action plan and define a performance target for each relevant Procurement Team member. These targets will be:

- a. Specific (i.e. related to a Region/Country/Supplier CS and CoC performance...)
- b. Measurable (i.e. volumes purchased from a specific CoC Supplier, CoC %, % CoC Suppliers)
- c. Actionable (i.e. it should be realistically defined according to the timing of Certification roadmaps or in line with yearly budget)
- d. Relevant (it shall have a sensible impact on the overall Regional performance and must be related to CS and/or CoC volumes)
- e. Time-bound (it should be achievable within the closure of the related FY, or at least split into mid-term milestones)

6 Annexes

A – Definitions

B – Timber Certifications

C – Due Diligence Checklist

D – Supplier Compliance Letter

E – Regional Memorandum

F – HSBC High Risk Countries List