

Responsible timber procurement policy

This statement sets out Carillion's strategic commitment to responsible timber procurement.

This policy is mandatory for all Carillion business units. Relevant suppliers are also required to adopt similar sustainable timber procurement policies.

Carillion is committed to the responsible procurement of forest products. Our long-term intention is to source all forest products we procure directly or indirectly (through sub-contractors) from well-managed forests which have been verified to credible certification standards.

Globally, many state governments are taking steps to improve forest governance and eliminate illegal logging. These include new regulatory requirements in places we work. Therefore, it is important to Carillion that we abide by all applicable local, state and national laws and international conventions. In addition:

- Carillion will never knowingly become involved in, collude with or procure timber from illegal logging operations;
- we will work with our supply chain to ensure that where possible all forest products originate from FSC-certified sources;
- Carillion's Timber Procurement Policy requires that all timber and wood-derived products must have Forest Stewardship Council (FSC) Chain of Custody certification, or in cases where it is not possible to source FSC-certified products, we will source from independently verifiable legal and sustainable sources; and
- Carillion plc believes that the FSC currently represents the gold standard and a credible benchmark for responsible forest management, and it remains our preference to increasingly source from credibly certified forests or verified recycled sources. Timber which only meets legal and sustainable sources criteria, or is from other certified sources with a complete chain of custody, will be accepted only in very special cases, see exemptions to the policy below.

Subcontractor sourced timber

When requested, suppliers must be able to provide evidence to Carillion that the wood or wood products they supply are from legal and sustainable sources. Note that for a source to be considered sustainable the legality criteria also have to be met. In order to assist procurement personnel and suppliers, Carillion has identified two types of evidence that will demonstrate the legality and sustainability of timber and timber products.

- Type 1 evidence is independent certification of the timber and timber products by any of the forest certification schemes that meet the policy requirements and evidence these have been procured with a complete chain of custody for Carillion's use. FSC is by far the most robust and Carillion's preferred scheme. Others that may be considered are:

Sustainable Forestry Initiative SFI, Canadian Standards Association scheme CSA and PEFC. (PEFC is an "umbrella scheme" which endorses national schemes. The Canadian scheme, CSA, and the North American, SFI, have been endorsed by PEFC.)

- Please Note. For certain product groups and countries of origin (for example China, Central African countries, Indonesia, Russia, Brazil and Malaysia) we will only accept FSC-certified products.

Exemptions to the policy

Only in situations where a particular type of product or timber species is needed and it is not possible to source FSC products will exceptions to the requirements be accepted. Carillion will always take reasonable steps to ensure that the source is legal and sustainable and preference will be given to material from sources that are demonstrably in an active program to improve and certify forest management. Exemptions will only be permitted where authorised by the Supply Chain Director and Managing Director of the relevant business unit. They must be provided with:

1. a documented justification setting out why FSC products can't be used;
2. evidence that the source of material was legally managed; and
3. confirmation that the client is aware.

Timber reporting requirements

Timber reporting is embedded in the Carillion 2020 Sustainability Leadership Plan. All projects and business units are required to report on their timber usages on a quarterly and six-monthly basis respectively. Business units will ensure that projects report on all attributable spend that can be reasonably identified and monitored.

Our policy will be delivered by:

Supply chain directors are responsible for the overall delivery of this policy. Group sustainability and communications teams are responsible for the communication of the policy. Projects and business units are responsible for the collating of data.

Policy review:

This policy has immediate effect and replaces all previous versions. This policy will be reviewed periodically and amended as necessary.



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