

Southland Rubber Sustainability and Sustainable Procurement Policy 20221010

1) Purposes

- a) This Policy document affirms sustainability as a business core strategy for Southland Rubber.
- b) As a natural rubber processor, we aim to contribute to global economic prosperity by focusing on efficient use of natural and human resources.
- c) Our sustainability commitment is to provide quality products and services while maintaining long-term social and environmental balance along our supply chain.
- d) We have Southland Rubber Code of Conduct which is guided by
 - i) the ten principles in United Nations Global Compact (UNGC),
 - ii) ISO 26000 guidelines, and
 - iii) UN Sustainable Development Goals (SDGs).
- e) We seek to improve continuously on our sustainability performances by incorporating the diversified views of our stakeholders in our business planning and decision-making processes.
- f) A designated Director of each Group Company and/or the Head of a branch unit/factory shall be responsible for the collective implementation of and compliance with this Policy.

2) Sustainability Commitments

- a) The sustainability commitments identified in this Policy are applicable to all entities under Southland Rubber.
- b) It is our aim to identify opportunities, prevent and mitigate risks associated with our economic, environmental, and social activities to create a lasting positive impact on Southland Rubber's brand reputation and business performance.
- c) **Environment**
 - i) We acknowledge that we are accountable for the potential direct and indirect impacts on the environment caused by our activities and operations.
 - ii) We shall manage all these impacts in an ethical and practical manner with Southland Rubber Environmental Policy and our Environment Management System (ISO 14001).
- d) **Social**
 - i) We recognize the social benefits of working towards any acceptable protocol of traceability of rubber.

- ii) We support transparent reporting along the entire natural rubber supply chain.
- iii) We support sustainability awareness programs and capacity building by facilitating training and education for smallholders.
- iv) We support sustainable supply, including improvement of production practices by focusing on vertical expansion (improved yield and quality) rather than horizontal expansion (increased planted areas).
- v) We respect and protect internationally recognized human rights (including upholding the UN Guiding Principles on Business and Human Rights: UNGP) by avoiding, causing or contributing to adverse human rights impacts and preventing or mitigating any harm linked to our operations.
- vi) We maintain a company grievance mechanism, including a whistle-blower system, consistent with UNGP effectiveness criteria, to receive complaints and to remedy adverse impact that may be caused by production or sourcing.
- vii) We recognize and protect the customary, traditional and communal land tenure rights of indigenous peoples and local communities (IP/LC) including:
 - (1) Carrying out operations in accordance with the UN Declaration on the Rights of Indigenous Peoples (UNDRIP);
 - (2) Ensuring ongoing land tenure and access rights;
 - (3) Upholding traditional rights of access for hunting and gathering of animals and plants for the purpose of subsistence and indigenous cultural and religious traditions, customs and ceremonies.
- viii) We shall ensure that, prior to any activity, that might affect IP/LC rights to their lands, territories, and resources, their free, prior, and informed consent (FPIC) is secured through accepted methodologies associated with GPSNR guidance, when planning, establishing, restoring, or transforming our plantations and/or factory sites, as well as associated infrastructure.
- ix) Where our operations impinge on IP/LC rights, we will compensate or accommodate IP/LC through appropriate, mutually agreed measures reflecting and described in the negotiated outcomes of the FPIC process.
- x) We shall establish an open communication channel with IP/LC. We shall adopt measures to provide remedy through mutually agreed procedures including establishing appropriate channels of dialogues in cases where the company previously had caused or contributed to the appropriation of or harm to the lands, territories, or resources of IP/LC without securing FPIC through one of the 3 accepted methodologies (UN-REDD, RSPO, FAO) for the FPIC process. Implementation is jointly monitored by the community

and the GPSNR member and/or by mutually agreed third party(ies).

The accepted methodologies for the FPIC process are:

UN-REDD (2012) Guidelines on Free, Prior and Informed Consent

RSPO (2015) Free, Prior and Informed Consent for RSPO Members

FAO (2015) Free, Prior and Informed Consent Manual.

- xi) We actively engage in the development of communities, which we operate in by creating local employment opportunities, philanthropy, and volunteerism to enhance community capacity and contribute to the enrichment of society.
 - xii) We support programs for decent living conditions of local communities, the right to food and food security of individuals, households and local communities and the economic, social and cultural rights of local people, including and through access to education and employment.
- e) **Economic**
- i) We aspire to have a positive economic impact on our stakeholders and deliver sustainable profitable growth with high quality and reliable products.
 - ii) We shall work against any form of corruption, bribery, and extortion; shall adhere to ethical business conduct, implement free and fair competition as well as responsible marketing.
 - iii) We shall deliver economic growth:
 - (1) In compliance with national laws and regulations, and avoid any illegal practices such as bribery and/or corruption;
 - (2) Through implementation of free and fair competition, and pay competitive prices;
 - (3) By emphasizing on developing local economy by creating local job opportunities;
 - (4) By providing minimum wages to all employed according to local regulations.
 - iv) We shall uphold applicable labour rights and labour laws in the jurisdictions where we are operating, by applying the UN Guiding Principles on Business and Human Rights, and effecting the intent of the International Labor Organization core conventions. These include:
 - (1) Freedom of association and collective bargaining (ILO Convention No. 87 and No. 98)
 - (2) No forced labour (ILO Convention No. 29 and its 2014 Protocol)
 - (3) No child labour (ILO Convention No. 138 and No. 182)
 - (4) Decent living wages
 - (5) No discrimination (ILO Convention No. 111 and No. 100)
 - (6) Legal working hours
 - (7) Safe and healthy workplaces

(8) No abusive practices (ILO Convention No. 105)

(9) Gender equity

v) We shall apply safeguards to all workers, including contract, temporary and migrant workers.

3) **Sustainable Procurement Commitments**

- a) Our Sustainable Procurement extends our sustainability commitment and principles in achieving a sustainable supply chain.
- b) Our supply chain goals are to create mutual prosperity and establish long-term relationships with our suppliers.
- c) This is an ongoing and collaborative process with our suppliers as important partners in our journey.
- d) In a cycle of continual improvement, we have aligned our Sustainable Procurement with the 12 principles of Global Platform for Sustainable Natural Rubber (GPSNR).
- e) We shall focus on sourcing goods and services by taking into consideration environmental and social factors alongside economic factors in our procurement decisions.
- f) We embed the commitments of this policy within our systems and decision-making processes.
- g) We share the commitment of our customers in building a sustainable supply chain by establishing and communicating expectations to our suppliers.
- h) We support the Global Platform for Sustainable Natural Rubber's (GPSNR) Policy Framework, to the extent that is practicable, to invest in supplier engagement through training and educational efforts to raise awareness and build capacity to promote continuous improvement within our ability and resources, including improving the yield and quality of natural rubber supplied by producers and smallholders.
- i) We strive to map our supply chain and support transparent reporting to protect our brand and meet stakeholders' requirements.
- j) We shall participate in and support multi-stakeholder planning and policy efforts that uphold the GPSNR principles at landscape, jurisdictional or other spatial levels.

4) **Supplier Performance**

- a) We shall facilitate our suppliers to understand the standards in this policy.
- b) Consequently, we shall conduct programs for our suppliers to support our approach by working together with us to improve practices in sustainable procurement.

- c) To accelerate efforts and ensure effectiveness on this journey, we shall hold regular dialogues, collaborate with, and support our suppliers in working together to adopt and perform to our principles in their daily business activities.
- d) We support the Global Platform for Sustainable Natural Rubber's (GPSNR) Policy Framework, where practicable, in programs for supply chain mapping and assessing suppliers for social and environmental risk to prioritize risk mitigation actions.
- e) We shall conduct supply chain mapping within our ability and resources to assess our suppliers.
- f) Recognizing the current complexity in the supply chain, we shall progressively map out social and environmental risks to prioritize risk mitigation actions.
- g) We shall support programs for traceability of natural rubber, at a minimum to an appropriate jurisdictional level, to know or control the conformance of purchased materials with established standards.
- h) In addition, we expect that any implementation that is required will be outlined in the GPSNR Implementation Guidance document accepted by the GPSNR's General Assembly.
- i) We shall communicate to all suppliers of natural rubber that material produced and processed in accordance to and conformance with our standards will be preferred.
- j) We are committed to effect programs, systems and performance metrics by setting public, time-bound and geographic-specific targets and milestones with key performance indicators for meeting our standards progressively, recognizing the complexity of our supplier base.
- k) We will also within commercial practicability ensure that supplier codes and contracts, engagement activities, and other mechanisms reflect our expectations.
- l) We shall regularly engage the supply chain (both direct and indirect suppliers) to support their conformance with company commitments through effective incentives, support mechanisms, and purchase monitoring systems.
- m) We shall develop time-bound implementation plans to move suppliers towards conformance and/or remediation of past or ongoing harms.
- n) We shall regularly monitor the progress towards company commitments in order to ascertain performance. This will be reported annually and publicly.

**Updated by the Management of Southland Rubber
10 October 2022**