

Sustainable Natural Rubber Policy

NEXEN TIRE constantly strives for economic, social and environmental sustainability in its natural rubber supply chain. Industry experts predict that demand for tires will increase with the expansion of both the global population and the automobile industry. As a result, consumption of natural rubber will increase worldwide as well. As a major consumer of natural rubber, NEXEN TIRE aims to establish a sustainable supply chain by improving the productivity and quality of natural rubber as well as decrease negative impact in terms of the environment.

Policy Principle

Natural rubber is mostly mass-produced in Southeast Asia. The natural rubber value chain starts from small rubber producers and is divided into various groups. Only few of the top suppliers are responsible for sales and processing to make a massive profit. (Tier groups: small farms, medium and large-scale landlords, raw material brokers, processing factories, rubber manufacturers, and etc.) For the reason above, since 2020, NEXEN TIRE has joined GPSNR to contribute to making a sustainable natural rubber policy in cooperation with the interested parties in natural rubber production and consumption. To secure sustainable natural rubber business, NEXEN TIRE is trying to establish globally recognized standards that balance economic, environmental, and social aspects through GPSNR activity.

1) Commitment to Legal Compliance

- NEXEN TIRE complies with local, national and international laws on human rights, labor, land use, and the environment.
 - Work against corruption in all of its forms including extortion and bribery.
1. Implementation of the policy and compliance
 - The ESG Strategy Committee approves the goals and policy implementation plan for the policy's continuous maintenance once a year, and they are included in the company's decision-making process. All policy provisions and approved targets must be disclosed, and the targets must be time-bound and geographically specific.
 - Policy plans and performance are planned and implemented annually in accordance with NEXEN TIRE's internal policies and are transparently and faithfully disclosed.
 - A clear policy implementation and performance evaluation process is developed to monitor progress on a regular basis, to supplement and develop continuously.
 2. Conducting supply chain evaluation
 - To ensure compliance with supply chain assessments and nonconformities, implementation plans are established.
 - If there are significant negative social and environmental impacts resulting from non-compliance, transactions may discontinue.
 3. Supporting partners in the supply chain to comply with policies, including training and monitoring
 - We use monitoring systems to provide feedback and suggestions on policy implementation, by actively communicating with stakeholders on a regular basis.
 4. We support multi-stakeholder initiatives and efforts to uphold the GPSNR Principles-

2) Supporting environmental activities and requiring supply chain partners to minimize environmental impacts

1. Prevention of deforestation

- We demand that deforestation and the degradation of high conservation values (HCV) be avoided in the production and procurement of natural rubber, and that sourcing be prohibited if deforestation or HCV degradation is confirmed after April 1, 2019. Identification and management of development and conservation areas will follow methodologies and guidelines based on the High Carbon Stock Approach (HCSA) and the HCV Approach.

2. Prevention of groundwater/soil contamination

- Prevent water contamination and protect water quality and quantity in local communities.
- Protects soil quality and prevents erosion, nutrient degradation and contamination.
- Prohibit open burning/fire in new or ongoing operations or any other reason, other than in justified and documented cases of fire break establishment, waste management for sanitary reasons where public garbage collection is not available, phytosanitary and other emergencies.
- Prohibits the development or procurement of farms that grow natural rubber on peat.

3. We support the preservation and restoration of natural forests and ecosystems, as well as the conservation of rare, threatened, endangered, and critically endangered species and wildlife.

- Support for long-term protection of natural forests and natural ecosystems, and restore or support the restoration of degraded forests.

4. Efforts to prevent climate change / prevent resource exhaustion

- Manage operations to minimize rate of energy usage
- Manage operations to maximize natural resource efficiency
- Minimize and mitigate carbon emissions

3) Respecting human rights and opposing any impact on human rights violations

1. We comply with NEXEN Tire's Declaration of Human rights, which observes the principles of the UN Guiding Principles on Business and Human Rights and the Fundamental Conventions of the International Labour Organization.

2. We recognize of the rights of indigenous people and local communities in compliance with the UN Declaration on the Rights of Indigenous Peoples

- We recognize the traditional rights of access to hunt and harvest animals and plants for the sake of survival, and indigenous, cultural and religious traditions, customs and rituals.
- We recognize and protect the customary, traditional, and communal land tenure rights of indigenous people and local communities
- For activities that can influence indigenous peoples and local communities (IP/LC), FPIC (Free, Prior, and Informed Consent) is obtained in accordance with the methodology prescribed in the UN-REDD (2012) Guidelines on FPIC. If we cause or have caused harm to the lands, territories, rights, or resources of IP/LC without securing FPIC, we take measures to remedy such issue through a mutually agreeable process. Implementation will be jointly monitored by the community and the GPSNR member and/or by mutually agreed third party(ies).
- We operate sustainable, effective, and culturally appropriate dialogue channels with indigenous people and local communities.

3. We employ a Grievance Mechanism that is consistent with the effectiveness criteria of the UN Guiding Principles on Business and Human Rights.
4. NEXEN TIRE supports the intent of the eight core conventions of the International Labor Organization, including labor rights and labor laws in the jurisdiction in which it operates, the UN Implementing Principles on Business and Human Rights, and the International Labor Organization.
 - Freedom of association and collective bargaining (ILO Convention No. 87 and No. 98)
 - No forced labor (ILO Convention No. 29 and its 2014 Protocol)
 - No child labor (ILO Convention No. 138 and No. 182)
 - Decent living wages
 - No discrimination (ILO Convention No. 111 and No. 100)
 - Legal working hours
 - Safe and healthy workplaces
 - No abusive practices (ILO Convention No. 105)
 - Gender equity

Safeguarding applies to all workers, including contract, temporary and migrant workers.

4) Supporting farmers' quality of life

1. We actively support the development of farm owners' capabilities, the distribution of good agricultural practices, and the improvement of raw rubber material quality. We will make every effort to increase yield and quality for sustainable economic, social and environmental reasons.
2. Support local communities' living conditions (e.g. access to drinking water, housing, sanitation)
3. Support the local people's economic, social and cultural rights, including access to education and employment.

5) Traceability

1. Conduct supply chain mapping and assessing suppliers for social and environmental risk in order to prioritize risk mitigation actions.
2. To identify purchased raw materials that meet GPSNR policy requirements, we strive for and support the traceability and traceability of the complex and diverse natural rubber supply chain from growers to manufacturers, or to an appropriate jurisdictional level.
3. We will communicate with all of our trading partners that preference will be given to materials produced in accordance with the GPSNR POLICY. We collaborate with suppliers to develop timebound requirements that meet policy requirements. Suppliers must also have a plan and results for implementing the policy.
4. We support the right to food and food security for individuals and local communities

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