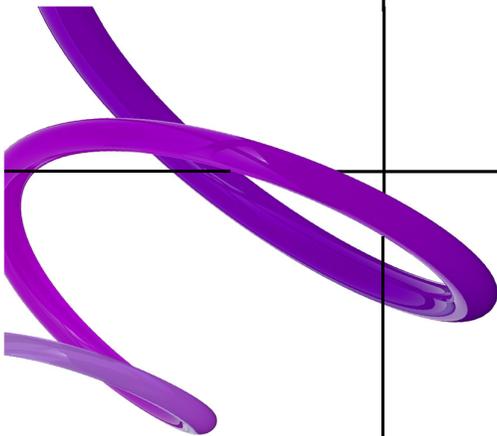


# Apollo Tyres

## Sustainable Natural Rubber Policy



September 2021

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## Revision of Policy

This Policy may be revised in response to changes in the GPSNR Policy Framework and / or external factors pertaining to the Natural Rubber purchasing activities of the Company.

<b>Edition</b>	<b>Revision Description</b>
Sep 2021	1 <sup>st</sup> Edition

# Apollo Sustainable Natural Rubber Policy (ASNRP)

## Introduction

Natural Rubber is one of the primary raw material used in the production of tyres and it is harvested from the trees of the Hevea Brasiliensis species. Cultivation of rubber trees requires specific weather, soil conditions and is often affected by disease and climate change.

## Apollo Tyres Ltd

Apollo Tyres is in the business of manufacturing and sale of tyres since the year 1972. The Apollo Sustainable Natural Rubber Policy (referred to as “**ASNRP**”) extends to Apollo Tyres Limited and to any of its subsidiaries, affiliates, joint venture companies and associates (collectively referred to as the “**Apollo Tyres**”). Apollo Tyres recognizes that in order to secure balanced supply of natural rubber, the production needs to be conducted in a sustainable way without adversely affecting environment and people.

## Scope

The scope of ASNRP is to comply, develop, publish, and implement components and principles laid down by Global Platform for Sustainable Natural Rubber (referred to as “GPSNR”). GPSNR is committed to promoting the uptake of sustainable natural rubber in the global market by addressing forest and other ecosystem conversion, biodiversity loss, human rights violations, and inequity in the natural rubber supply chain.

The ASNRP comprises of two (2) parts which are:

- i. Apollo Tyres’ Sustainable Procurement Components
- ii. Apollo Tyres’ Sustainable Natural Rubber Policy Components

## **Part 1: Apollo Tyres' Sustainable Procurement Components**

Apollo Tyres' Sustainable Procurement Components are made up of three (3) sections: Sustainable Procurement Vision, Sustainable Procurement Policy and Sustainable Procurement Guiding Principles:

### **Section I: Sustainable Procurement Vision**

Apollo Tyres shall work towards minimizing the environmental and social impacts to its business by adopting sustainable procurement policies and in this regard ensure the suppliers' participation in promoting sustainable practices in the raw material supply chain. We shall ensure strong sustainability governance framework that provides for both identification of key material issues, risks and opportunities arising in the raw material supply chain; and strategies to address them.

### **Section II: Sustainable Procurement Policy**

Apollo Tyres considers its suppliers as long-term business partners and is committed to conducting its business affairs in a fair and ethical manner that promotes open and fair competition in the best interests of Apollo Tyres and its suppliers. We shall strive to continuously enhance customer satisfaction by providing cost effective and quality materials on a timely basis, while working together with our supply chain partners on environmental, economic and social aspects to enable sustainable business practices.

### **Section III: Sustainable Procurement Guiding Principles**

Apollo Tyres is committed to the protection of the environment by mandating elimination of "deforestation" and "ecosystem conversion" as well as safeguarding "human rights" in its Natural Rubber Supply Chain.

**The guiding principles for sustainable procurement of Apollo Tyres is as follows:**

1. Driving through governance, transparency, and accountability
2. Enhanced usage of recycled and renewable raw materials in our products including encouraging our RM supply chain partners in increasing the content of their recycled & renewable raw materials in their manufacturing processes
3. Striving towards highest environment, health & safety standard in the raw material suppliers' manufacturing processes and operations and to work towards applicable certifications in their respective industries

4. Integrating international and domestic standards on Human Rights as applicable within the raw material suppliers' operations
5. Ensuring compliance of international norms on decent work agenda and encouraging our 'One Family' culture in the raw material supply chain
6. Work on Natural Rubber Sustainability in line with the GPSNR guidelines to drive improvements in the Social, Economic and Environmental performance of Natural Rubber supply chain
7. Driving continual improvement in sustainable procurement agenda in the raw material supply chain

Natural rubber suppliers supplying to Apollo Tyres are expected to comply with the Apollo Sustainable Natural Rubber policy – ASNRP, which is aligned with the GPSNR Policy Framework. Natural rubber produced in accordance with GPSNR's Policy Framework will be preferred. Apollo Tyres encourages all its natural rubber suppliers to develop and publish their own SNR Policy which is aligned with the GPSNR policy framework not only in their business but also to promote this initiative within their upstream supply chain. Apollo Tyres shall provide time bound requirements for meeting the policy requirements, and ensure that supplier codes and contracts, engagement activities, and other mechanisms reflect these supplier expectations.

## **Part 2: Apollo Tyres' Sustainable Natural Rubber Policy Components**

Apollo Tyres' sustainable Natural Rubber Policy Components are made up of six (6) sections which outline standards for Labour and Human Rights, Health and Safety, Ethics and Legal Compliance, Environmental protection and preservation, Improving Production Efficiency, Supply chain Assessment and the monitoring of performance indicators for this policy implementation.

### **Section I: Labour and Human Rights**

Apollo Tyres complies, recognizes, respects and upholds applicable laws (local, national and international) including UN Guiding Principles on Business and Human Rights (UNGP) on Labour and Human Rights and the ILO's eight core conventions within its business activities. This policy applies to all workers, including contract, migrant, and temporary workers. Apollo Tyres avoids causing or contributing to adverse human rights impacts. Apollo Tyres along with its suppliers, complies with aforementioned, including the following:

- 1) Forced or Bonded Labour: Forced, bonded or indentured labour is not to be practiced in any manner. Employment should be voluntary and all employees should be free to leave upon reasonable notice.
- 2) Child Labour: Child labour to be prohibited. The term Child refers to any person under the age of fifteen (15) (or fourteen (14) where the law of country permits, or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is applicable. Apollo Tyres supports the use of legitimate workplace apprenticeship programmes which comply with local laws and regulations applicable to such apprenticeship programmes.
- 3) Working Hours: Working hours of employment to comply with national laws. Workers should not be required to work more than sixty (60) hours per week, including overtime, except in extraordinary business circumstances with their consent, subject to local laws. Employees should be allowed at least one (1) day off per week and there should not be any unfair labour practices.
- 4) Support Decent Living Wages and Benefits: Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours, piece rates and other elements of compensation, and provide legally mandated benefits stipulated under local or international laws.
- 5) Non-discrimination: There should not be any discrimination in hiring and employment practices on the basis of race, colour, age, gender, sexual orientation, ethnicity, nationality, marital status, pregnancy, political affiliation, or as is prohibited under local law. Apollo Tyres and its natural rubber suppliers shall support gender equity in their workplaces.
- 6) Humane Treatment: All employees are treated with respect and dignity. There is no harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse.
- 7) Freedom of Association and Collective Bargaining: Suppliers shall respect the legal rights of employees as is permissible under local law; and shall encourage employees to form such associations which undertake the overall welfare of the employees.
- 8) Community Livelihood: Supporting decent living conditions of local communities with adequate sanitation and housing, access to potable water and sanitary food as well as economic, social and cultural rights.

- 9) Establish ongoing, effective, culturally appropriate channels of dialogue with indigenous people and local communities.
- 10) Respect and protect the customary, traditional and communal land tenure rights of Indigenous People and Local Communities (IP/LC) in accordance to UN Declaration on the Rights of Indigenous Peoples (UNDRIP) : Ensuring that prior to any activities that might affect the Indigenous People and Local Communities (IP/LC) rights to land, territories, and resources, Free Prior and Informed Consent (FPIC) is secured and the IP/LC have the right to give or withhold their consent to any activity that is subject to the FPIC process. When operations impinge on IP/LC rights, compensation shall be discussed and any possible accommodation to the IP/LC must be made through appropriate, mutually agreed measures as reflected and described in the negotiated outcomes of the FPIC process. Apollo Tyres supports adopting such measures to provide remedy through mutually agreed procedures in cases where Apollo Tyres or its natural rubber suppliers has previously caused or contributed to the appropriation of or harm to the lands, territories, or resources of IP/LC without securing FPIC. Implementation is jointly monitored by the community and the GPSNR member and/or by mutually agreed third party(ies).

The accepted methodologies to be followed 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

- 11) Grievance Mechanism: Apollo Tyres and its Natural Rubber Suppliers shall establish and maintain a company grievance mechanism as well as communication channels with all the stakeholders, including Indigenous People and Local Communities (IP/LC) by year 2022. Said mechanisms must be operated consistently with UNGP effectiveness criteria.

## **Section II: Health and Safety**

- 1) Occupational Safety: Worker exposure to potential safety hazards (for example, electrical & other energy sources, fire vehicle, and fall hazards) are to be controlled through proper design, engineering and administrative controls, preventive maintenance and safe work procedures (including lockout/ tag out). Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate personal protective equipment. Workers shall not be penalized for raising safety concerns.

- 2) **Emergency Preparedness:** Emergency situations and events are to be identified and assessed, and their impact minimised by implementing emergency plans and response procedures, including emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.
- 3) **Industrial Hygiene:** Worker exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled. When hazards cannot be adequately controlled by engineering and administrative means, workers are to be provided with appropriate personal protective equipment.
- 4) **Physically Demanding Work:** Worker exposure to physically demanding tasks, including manual material handling and heavy lifting, prolonged standing and highly repetitive or forceful assembly tasks is to be identified, evaluated and controlled.
- 5) **Machine Safeguarding:** Physical guards, interlocks and barriers are to be provided and properly maintained for machinery used by workers.
- 6) **Dormitory and Canteen:** Workers are to be provided with clean toilet facilities, access to potable water and sanitary food preparation and storage facilities. Worker dormitories provided are to be clean, safe, and provide emergency egress, adequate heat and ventilation and reasonable personal space. Also, the workers employed in the canteen should undergo regular periodic health check-up.
- 7) **Health Check-up:** Workers who are exposed to chemical and biological hazards should undergo regular periodic health check-up.

### **Section III: Ethics and Legal Compliance**

Apollo Tyres complies with applicable laws and regulations in the regions in which it operates and expects that its suppliers to also comply with all legal requirements in their operations at all time.

- 1) Intention and Practices of Land grabbing/acquisition shall be prohibited.
- 2) Business Integrity: The highest standards of integrity to be expected in all business transactions. Any and all forms of corruption, extortion and embezzlement are strictly prohibited by Apollo Tyres and its suppliers, may result in immediate termination of dealings.
- 3) No Improper Advantage: No bribes or other means to be adopted for obtaining undue or improper advantage.
- 4) Disclosure of Information: Information regarding business activities, structure, financial position and performance is to be disclosed in accordance with applicable regulations and best industry practices.
- 5) Fair Business, Advertising and Competition: Standards of fair business, advertising and competition are to be upheld. Means to safeguard customer information should be available.

### **Section IV: Environmental Protection and Preservation**

Apollo Tyres' natural rubber suppliers will function in a manner that is protective of environment. In manufacturing operations, adverse effects on the community, environment and natural resources are to be minimised while safeguarding the health and safety of the public.

Apollo Tyres' Business and its natural rubber suppliers shall preserve and / or support preservation –

- 1) HCVs and HCS: Prevent deforestation or degradation of High Conservation Values (HCVs) land area and High Carbon Stock (HCS) forests which are critical in addressing climate change. Apollo Tyres and its natural rubber suppliers shall not source from areas that have been deforested or have had HCV-degraded. Any infringement after 1<sup>st</sup> April 2019 (in alignment with GPSNR) will be considered as non-compliance to this Policy.

- 2) Natural Forest: Protect natural forests, other ecosystems and support their restoration as well as support wildlife protection activities in areas of influence from poaching, over-hunting and habitat loss.
- 3) Land Management: Prohibit use of open burning/fire in new or ongoing operations for land preparation, land management, waste management and / or other reasons.
- 4) Water and Soil Quality: Protect water quantity and quality along with soil quality, prevention of water contamination from agricultural and industrial chemicals, and prevention of erosion, sedimentation, nutrient degradation, subsidence and contamination. Suppliers shall comply with all applicable environmental laws, regulations and standards, such as requirements regarding chemical and waste management and disposal, recycling, industrial wastewater treatment and discharge, environmental permits and environmental reporting.
- 5) Peat Lands: Peatlands, when drained of water and burned, release large amounts of carbon dioxide into the air, contributing to climate change, disturbing ecosystems, and impacting human health. So, suppliers shall prevent development of natural rubber on or sourcing from natural rubber plantations on peatland.

## **Section V: Improving Production Efficiency**

Apollo Tyres supports and encourages its natural rubber suppliers in improving production processes, quality and yield of its product through periodic meetings, training and awareness programs for suppliers. We believe that such improvements in productivity and quality will help in enhancing supply capacity of the producer without excessively increasing the new rubber plantation area.

Apollo Tyres and its suppliers must ensure that processes are in place to actively minimize the usage of finite resources, such as energy, water, and raw materials, and maximize the efficiency with which these finite resources are used and at the same time, minimize and mitigate carbon emissions.

Apollo Tyres expects its suppliers to implement and extend these requirements to next tier levels in their supply chain.

## **Section VI: Supply Chain Assessment and Traceability**

Apollo Tyres shall conduct assessment of its natural rubber supply chain and will further work with its suppliers to minimize any risks. We will promote mapping and traceability of natural rubber in our supply chain to a point at the appropriate jurisdictional level where compliance can be verified.

Apollo Tyres has maintained the traceability for natural rubber suppliers to tier-1 level. However, due to fragmented nature of small holders in the supply chain, it is extremely complex to establish traceability of all supplies up to the smallholders and farmers. Apollo Tyres is actively working with internal and external stakeholders through GPSNR initiatives to further improve on traceability of rubber beyond Tier-1 level.

In instances of supplier non-conformance with this ASNRP (and GPSNR Policy Components), suppliers shall develop time-bound implementation plans to move towards conformance and/or resolution of past or ongoing issues.

### **Monitoring and Reporting**

Apollo Tyres has been and will regularly interact with its key natural rubber suppliers through direct and virtual mediums. Through its process of supplier assessment and development, Apollo Tyres conducts factory audits with the aim to support its natural rubber suppliers in their journey of continuous improvement and in strengthening their quality management system. Regular interactions with its suppliers would support its work with the upstream supply chain partners in assessing actual and potential risks within the supply chain. This will then help in prioritizing risks and developing risk mitigation actions. Apollo Tyres commits to participate in / support multi-stakeholder planning and policy efforts that uphold the GPSNR principles at a landscape, jurisdictional or other spatial level.

Routine audits are conducted periodically based on pre-defined criteria which covers topics on Quality Management system, Procurement process, Production process, Customer care and servicing, Health, safety and environment. Any identified gaps are discussed and addressed jointly with supplier through improvement action plans. It shall follow risk-based approach by integration of all the principles of GPSNR within its management framework.

Apollo Tyres pledges to set and monitor specific targets and milestones on its commitments and resolves to entrench these commitments into the decision-making processes of the Apollo Tyres. These targets, milestones and their respective

performances will be made available publicly to all stakeholders by Apollo Tyres via periodical update and feedback on an annual basis.

## **Contact Us**

In case of any queries on ASNRP, please feel free to contact us at [richard.lim@apolloyres.com](mailto:richard.lim@apolloyres.com).

~~~ The End ~~~

## **Appendix (Terminology & Definitions)**

### Global Platform for Sustainable Natural Rubber (GPSNR)

The GPSNR is a platform for natural rubber sustainability, founded in Oct2018. It was founded by the World Business Council for Sustainable Development (WBCSD)'s Tyre Industry Project (TIP) involving various stakeholders like natural rubber farmers, traders and processors, tyre manufacturers, other rubber product manufacturers, car manufacturers and Civil Service Organisations.

Link to GPSNR Website - <https://sustainablenaturalrubber.org/>

### Child labour

Work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development.

### Forced labour

All work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.

### Freedom of association

The right for workers and employers to establish and join organisations of their own choosing without previous authorization.

### High Carbon Stock (HCS) approach

The High Carbon Stock (HCS) Approach is a methodology that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values that may be developed. The methodology was developed with the aim to ensure a practical, transparent, robust, and scientifically credible approach that is widely accepted to implement commitments to halt deforestation in the tropics, while ensuring the rights and livelihoods of local peoples are respected.

### High Conservation Values (HCVs)

An HCV is a biological, ecological, social or cultural value of outstanding significance or critical importance, as defined by Common Guidance for Identification of HCVs.

The six categories of HCVs are:

- 1) HCV 1: Species diversity Concentrations of biological diversity including endemic species, and rare, threatened or endangered species, that are significant at global, regional or national levels.
- 2) HCV 2: Landscape-level ecosystems, ecosystem mosaics and IFL Large landscape-level ecosystems, ecosystem mosaics and Intact Forest Landscapes (IFL) that are significant at global, regional or national levels, and that contain viable populations of the great majority of the naturally occurring species in natural patterns of distribution and abundance.
- 3) HCV 3: Ecosystems and habitats Rare, threatened, or endangered ecosystems, habitats or refugia.
- 4) HCV 4: Ecosystem services Basic ecosystem services in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes.
- 5) HCV 5: Community needs Sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples (for livelihoods, health, nutrition, water, etc...), identified through engagement with these communities or indigenous peoples.
- 6) HCV 6: Cultural values Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or indigenous peoples, identified through engagement with these local communities or indigenous peoples.

Local community

A group of interacting people living in and sharing a specific environment and place, and sharing common concern around local facilities, services, and environment and which may at times depart from traditional or State definitions. Such communities may attach particular meaning to land and natural resources as sources of culture, customs, history, and identity, and/or depend on them to sustain their livelihoods, social organisation, culture, traditions, and beliefs. Local communities may be legally or customarily known or designated using various terms, such as “traditional communities.” Like Indigenous Peoples, they may use and manage land in accordance with customary tenure systems and associated rights and may depend on their land for cultural and physical survival.

### Peat

A soil with cumulative organic layer(s) comprising more than half of the upper 80 cm or 100 cm of the soil surface containing 35% or more of organic matter (35% or more Loss on Ignition) or 18% or more organic carbon. Note for management of existing plantations in Malaysia and Indonesia, a narrower definition has been used, based on national regulations: namely soil with an organic layer of more than 50% in the top 100 cm containing more than 65% organic matter.

### Small SNR grower/ Smallholder

Holder of natural rubber plantation that is relatively small in size and that has been verified to be in compliance with the SNR Criteria and Indicators. Each country has different definition on small growers, the threshold area of not more than 50 ha is set to define a small SNR grower for GPSNR.

### Supply chain transparency

Transparency refers to the capture and transference of ‘high-level’ information along the supply chain. Supply chain transparency is an all-in strategy, requiring harmonious agreement of various moving parties. Strategic transparency is contingent upon the gathering of existing data, and building a knowledge base for existing supply chain activities and suppliers. Supply chain transparency requires companies to know what is happening upstream in the supply chain and to communicate this knowledge both internally and externally.

### Target date

The date by which a given company (or other commitment- or policy-issuing entity) intends to have fully implemented its commitment or policy.

### Traceability

The ability to follow a product or its components through stages of the supply chain (e.g., production, processing, manufacturing, and distribution).

GPSNR Policy Framework (Reference : GPSNR-POL-B01-003)

International Labour Organization

<https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>

Free, Prior and Informed Consent manual (Food and Agricultural Organization)

<http://www.fao.org/3/i6190e/i6190e.pdf>

UN Declaration on the Rights of Indigenous Peoples (UNDRIP)

<https://www.un.org/development/desa/indigenouspeoples/declaration-on-the-rights-of-indigenous-peoples.html>

UN Guiding Principles on Business and Human Rights (UNGPR)

[https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf)