



# SUSTAINABLE NATURAL RUBBER POLICY

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SUBSIDIARY OF



# Introduction

**OUR MISSION:** To provide the market with the rubber it needs, by contributing to economic and social development while optimizing planted areas and promoting private and local rubber plantation.

**OUR VALUES:** RESPONSIBILITY, ETHICS, QUALITY

**OUR VISION:** To make SIPH a global reference as regard sustainable governance and operational performance. To maintain sustained and balanced growth between agricultural and industrial activities.

SIPH's Mission, Values, and Vision clearly establish its Sustainable Natural Rubber Policy, demonstrating that the foundations of its strategy are based on sustainability.

The strategic axes and action plan implement these sustainability principles in production, processing, and marketing of natural rubber.

SIPH is committed to prioritize stakeholders' satisfaction, i.e., customers, employees, partners, shareholders, communities, governments, as well as other relevant stakeholders.

SIPH, specialized in natural rubber, assumes its social and environmental responsibility in all its operations. To ensure a continuous and sustainable natural rubber supply, SIPH considers not only quality, cost, and delivery time, but also the environment and human rights, thus making natural rubber a sustainable resource.

Based on these principles, SIPH has been a founding member of the Global Platform for Sustainable Natural Rubber (GPSNR) set up by the World Business Council for Sustainable Development (WBCSD) in November 2017. SIPH contributes to the development of common objectives and focus its efforts on meeting these objectives.

To ensure a sustainable natural rubber supply chain, it is vital to achieve understanding and cooperation with this supply chain, including industrial plantations, private growers, intermediate raw material suppliers and natural rubber processors.

As a result, SIPH has defined areas of collaboration with suppliers, in the form of a Sustainable Natural Rubber Policy. Based on this policy, SIPH will continue to actively

communicate and work on initiatives with a wide range of natural rubber supply chain stakeholders, business partners, industry associations, NGOs, and industry experts.

## **SIPH Sustainable Natural Rubber Policy framework, evolves around 6 topics:**

1. Zero deforestation and environmental concerns (reduction of SIPH's ecological footprint).
2. Respect human rights.
3. Ensure full compliance.
4. Improve transparency and traceability.
5. Improve agricultural yields (support for the natural rubber upstream supply chain).
6. Promote Health and Safety conditions

## **1. Zero deforestation and environmental concerns (reduction of SIPH's carbon footprint)**

SIPH believes that it is important to promote coexistence with nature through sustainable and biodiversity-conscious activities. SIPH will work with stakeholders to continuously promote environmental conservation activities from a global perspective. In cooperation with stakeholders, SIPH commits to eliminate deforestation and HCV degradation, and reduce damage to the environment by promoting the following ideals throughout the natural rubber supply chain.

Through its sourcing and production SIPH will:

1. Abide by laws and regulations regarding forest protection.
2. Protect and preserve High Conservation Value (HCV) and High Carbon Stock (HCS) areas.
3. Not use burning in all of the company's operations, including replanting or extensions and fight against burning of wild areas or peatlands.
4. Commit to long-term protection of natural forests and other ecosystems.
5. Commit to zero conversion of natural ecosystems.
6. Commit to zero conversion of natural ecosystems applies to all suppliers.
7. Restore ecosystems and their values to their initial state and / or provide appropriate compensation to restore these values in the event of non-compliant deforestation or conversion within its concessions. This commitment took effect from 2015, cut of date from which no deforestation or conversion is accepted in the Group.
8. Contribute to the achievement of a sustainable society by striving to be a company which business and production activities are environmentally friendly, through the following efforts to minimize negative environmental impacts:

### **Create a low carbon society.**

- SIPH commits to reducing Greenhouse Gas emission intensity by 2% by 2030
- Reduce CO2 emissions in the product life cycle.

### **Promote management of the ecological footprint,**

- Including chemical control and odor control measures in manufacturing processes and products.

### **Build a society focused on recycling.**

- To reduce waste generation, water consumption and carry out appropriate effluent treatment; and reuse and recover whenever possible.

### **Implement a global environmental management.**

- To provide internal training on environmental issues in each factory and achieve global ISO 14001 certification

## **2. Respect for human rights and decent working conditions**

SIPH's activities are based on respect for Human Rights, which are a fundamental non-negotiable value of our corporate culture and strategy. SIPH works to manage and reduce the risks of human rights violations, to avoid causing or contributing to causing negative effects on these rights in the international, multiracial, socially, and economically diverse conditions in which it operates.

SIPH's activities are governed by its Values and its Code of Conduct and comply with the Sustainability Model envisioned by the Global Compact. SIPH respects and protects the fundamental human rights, labour, land use and environmental laws established by the laws and regulations of each country in which it operates, and endorsed in applicable international standards.

- The International Charter of Human Rights, which consists of the Universal Declaration of Human Rights, the Global Compact on Civil and Political Rights and the Global Compact on Economic, Social and Cultural Rights.
- The United Nations Convention on the Rights of the Child; the ILO Declaration on Fundamental Principles and Rights at Work and the relevant conventions in force.
- The European Convention on Human Rights.
- The United Nations Convention against Corruption.
- Support for gender equity, including no discrimination commitment.
- The law on transparency, the fight against corruption and the modernization of economic life, known as "Sapin 2".
- The UN Guiding Principles on Business and Human Rights and ILO ten core conventions.

All the stated safeguards apply to all workers, including contract, temporary and migrant workers.

SIPH support respect for human rights and compliance with international standards in force with its partners and stakeholders and focus its management model on the recommendations endorsed in the United Nations guiding principles on Human Rights and Business, by setting up the "Protect, Respect and Remedy" principles.

## PRINCIPLES:

- **Non-discrimination** - SIPH opposes any form of direct or indirect discrimination based on gender, marital status, sexual orientation, religious or political opinions, trade union membership, race, ethnicity, nationality, age, social origin, social status, physical or mental disability, and is committed to the prevention of discrimination in all areas of professional life.
- **Freedom of association** - SIPH recognizes the right of its employees to organize and to bargain collectively and maintains a constructive and open dialogue with representatives of recognized unions.
- **Opposition to forced labor** - SIPH opposes any form of labor exploitation, including Child Labor, Forced Labor, and any form of abuse or moral or physical coercion both for its employees and for those in its supply chain, and strongly condemns all forms of human trafficking and exploitation.
- **Decent working conditions** - SIPH supports a working environment based on trust, dialogue and mutual respect and protects the well-being and work-life balance of its employees, ensuring decent living wages and reasonable working time.

- **Occupational health and safety** - SIPH considers the safety and health of its employees as an essential value and actively maintains a safe and healthy working environment by adopting strict standards of prevention, assessment, and management of related risks, and by constantly promoting and disseminating a corporate culture focused on occupational health and safety.
- **Local communities** – SIPH commits to supporting decent living conditions, including disseminating and supporting its core business values, disseminates and supports its core business values, while respecting local cultures and indigenous peoples, protecting cultural and natural heritage and local customs and traditions. SIPH contributes to the economic well-being and growth of the communities in which it operates by providing support for educational, cultural, and social initiatives to support personal development and improve living conditions. SIPH is convinced that dialogue with relevant institutions and non-governmental agencies is the key to identifying priority areas for support to local communities.

SIPH thus commits to :

- Maintain regular stakeholder dialogue, including local communities and smallholder producers.
- Participating in or supporting multi-stakeholder planning and policy efforts that uphold the GPSNR principles at a landscape, jurisdictional or other spatial level, by supporting sustainable development activities.
- **Integrity** - SIPH rejects all forms of corruption in any jurisdiction, even in places where it is acceptable in practice, tolerated or not prosecuted, with the conviction that corruption also undermines human rights. To this end, SIPH has set up its Ethics Committee which constitutes the corporate benchmark for the prevention of corrupt practices and represents a set of principles and rules aimed at preventing or reducing the risk of corruption.
- **Privacy** - SIPH is aware of the importance of providing adequate guarantees to the parties concerned by personal data processing and respects stakeholders right to privacy and correctly use data and information communicated.
- **Human Rights:** SIPH is involved in the identification, assessment, prevention, and mitigation of risks of human rights violations, by implementing corrective actions if necessary.; namely:
  - ◊ To raise awareness among employees through information and training and by carrying out business activities while respecting human rights.
  - ◊ To manage its supply chain responsibly by including human rights in the criteria for selecting suppliers, contractual provisions and verifications carried out by auditors.
  - ◊ To require its suppliers to implement a similar management model within their supply chain.
  - ◊ To require its suppliers to apply the same policy within their supply chain to ensure that products and materials supplied to SIPH are “non-conflicting” throughout the supply chain. SIPH reserves the right to terminate its business relations with suppliers if there is undeniable evidence of conflicting raw materials in the supply and for any incident of human rights violation.
- SIPH complies with the Plantation Convention relating to the conditions of employment of plantation workers (ILO C110)
- SIPH respects the principles of Free, Prior, and Informed Consent (FPIC) and does not participate in land grabbing. when SIPH acquires concession and industrial sites, it will apply the guidelines developed by the UN-REDD Program on FPIC principles in its relations with

indigenous peoples and local communities concerned. SIPH respects the use of forest resources as livelihood of indigenous peoples and local communities in their daily lives.

### **3. Ensure full compliance.**

SIPH respects the laws and regulations of the countries and regions in which it operates. SIPH ensures that employees are continually made aware of the importance of being compliant and the prevention of misconduct.

SIPH will commit to embed all commitments into decision-making processes and other corporate systems and :

1. Abide by laws et regulations regarding fair and free competition that are enforced in each country and region and will not prevent fair and free competition.
2. Maintain healthy relationships with officials and former officials of public entities, or similar public agencies. SIPH will not receive favor through gifts of a certain amount and will not pay or receive bribes in return for a favor.
3. Manage and protect information obtained during business transactions, appropriately and in accordance with applicable company laws, regulations, including customer data; personal data; know-how and customer lists in possession of companies; and other technical and commercial information (classified as secret).
4. Understand and comply with other applicable laws and regulations.
5. Clearly identify the departments (organizations) responsible for compliance and set up internal trainings or workshops to promote legal compliance within SIPH.
6. Monitor Group legal compliance, establish and maintain mechanisms to respond to identified issues.
7. Carry out awareness-raising actions with business partners to promote CSR activities within SIPH's supply chain, based on the Group's Code of Conduct.

SIPH will "regularly monitor progress towards company commitments in order to ascertain performance, as defined by the forthcoming GPSNR Reporting Requirements and Implementation Guidance and any other reporting Requirements.

SIPH will set public, timebound and geographic-specific targets and milestones with their associated indicators/metrics for applying its commitments.

## **4. Improve transparency and traceability**

SIPH will work to identify areas or sites exposed to high risk of environmental destruction, human rights violations or other compliance violations involved in natural rubber supply chain and precisely understand the impact of these risks on local communities and other stakeholders while continuously improving supply chain traceability to avoid and mitigate these risks.

The upstream natural rubber supply chain consists of many stakeholders, including about 45,000 private farmers, industrial plantations, intermediate commodity traders. As such, the tracing of finished products to the point of origin of raw materials is a complex task, and not a task that can be taken on by SIPH alone.

SIPH aims to improve traceability in a flexible way, by collaborating with relevant industrial organizations and other stakeholders in the supply chain, and by integrating new technologies and innovations.

To ensure transparency in SIPH's sustainable purchasing activities, including environmental, social, compliance and other matters set forth in this Policy. SIPH will update and publish progress of these efforts through the company's website and reports.

SIPH will apply monitoring systems and practices to incorporate crowd-sourced information from local stakeholders and affected parties regarding non-conformance with commitments.

## **5. Improving agricultural yields (supporting the upstream supply chain for natural rubber)**

SIPH believes that improving the quality and yields of natural rubber in the upstream supply chain is an important factor in ensuring natural rubber sustainability. The role of private farmers in the upstream supply chain is particularly important. The Group will support the improvement of agricultural productivity by disseminating information on effective approaches to agricultural production, variety selection and planting.

SIPH believes that by improving the latex quality and productivity, the supply capacity of natural rubber can be incremented. Subsequently, these improvements should make a positive contribution to general working conditions and to suppliers' income. Moreover, improved yields reduce the need to develop new land for rubber planting.

## **6. Promote health and safety measures**

SIPH complies with the health and safety laws and regulations of each country and region in which it operates. In addition, with the aim to eliminating all hazards and work accidents, SIPH carries out proactive safety activities aimed at eliminating causes of accidents and raising the level of safety at all levels. SIPH also carries out security audits and checks on all its sites.

SIPH seeks to eliminate all accidents by identifying health and safety issues and promoting a work environment and culture that makes all employees fully aware of safety issues. SIPH will

support safety initiatives of its rubber processing factories by performing safety assessments and communicating best practices, past incidents, and appropriate corrective actions.

### **SUPPLIER REQUIREMENTS:**

SIPH expects its suppliers to comply with this Policy, strive for its implementation and endeavor to communicate this Policy to upstream producers.

SIPH will support its suppliers' activities in accordance with the principles of this Policy.

SIPH recommends that its suppliers perform third-party audits to assess their current compliance with this policy and seek other opportunities to implement this policy.

SIPH will prioritize working with suppliers capable of promoting activities that comply with this policy.

If a supplier or group of suppliers do not comply with this policy, SIPH's relationship with them will be reviewed and this could result in the suspension of future business transactions.

SIPH will report publicly on progress and outcomes related to the implementation of policy-related commitments at least annually.

### **POLICY REVISION:**

This Policy may be revised in response to changes in the external environment and / or changes in circumstances regarding SIPH's sustainable natural rubber activities.

### **GLOSSARY**

**Customary land rights:** As defined by the Food and Agriculture Organization (FAO), customary tenure is a set of rules and norms that govern the allocation, use, access and transfer land and other natural resources by communities. The term "customary regime" evokes the idea of "traditional" rights to land and other natural resources: "the land tenure generally associated with indigenous communities and administered in accordance with their customs, as opposed to the statutory tenure system generally introduced during the colonial period."

**FPIC (UN-REDD): UN-REDD Guidelines** for Stakeholder Engagement Using the Principle of "Free, Prior and Informed Consent" (FPIC). The UN-REDD Program is the United Nations collaborative initiative on Reducing Emissions from Deforestation and Forest Degradation (REDD) in developing countries. "Free consent" means consent free from manipulation, interference, coercion, or intimidation. By "prior consent" we mean the provision of information to relevant stakeholders in a timely manner and before any final decision is taken. "Informed consent" means involving the relevant representative institutions, providing understandable and accessible information, such as assessments, action plans, project summaries and other relevant information.

**Fundamental conventions of the ILO:** The 10 fundamental conventions ILO are the Convention on Freedom of Association and the Protection of the Right to Organize (No 87), the Convention on the Right to Organize and Collective Bargaining (No 98), the Convention on Forced Labor (No. 29), Abolition of Forced Labor Convention (No. 105), Minimum Age Convention (No. 138), Worst Forms of Child Labor Convention (No. 182 ), Equal Remuneration Convention (No.



100), Discrimination (Employment and Occupation) Convention (No 111), Occupational Safety and Health Convention (No 155), Promotional Framework for Occupational Safety and Health Convention (No 185).

**HCV Approach:** The High Conservation Value (HCV) approach is designed to maintain or enhance environmental and social values in production landscapes based on six values covering species diversity (HCV 1), Landscape-level ecosystems and mosaics (HCV 2), rare ecosystems and habitats (HCV 3), Ecosystem services (HCV 4), community livelihood needs (HCV 5) and cultural values (HCV 6).

**HCS Approach:** The HCS (High Carbon Stock) approach is a methodology that distinguishes forest areas for the protection of degraded lands with low carbon and biodiversity values that can be developed.

**ILO Convention 110:** International Labor Organization, 1958 (No. 110): Convention concerning the conditions of employment of plantation workers.

**ILO Convention 169:** Convention on the Right of Indigenous Peoples to Self-Determination within a Nation-State, While Setting Standards for National Governments Concerning the Economic, Socio-cultural and Political Rights of Indigenous Peoples, including right to a land base.

Industrial plantations: natural rubber plantations with an area planted or replanted with more than 50 hectares of natural rubber.

Land grabbing: Land grabbing is the acquisition or concession of land based on one or more of the following characteristics: (i) in violation of human rights, in particular the equal rights of women; (ii) not based on the free, prior and informed consent (FPIC) of the users of the land concerned; (iii) not based on an in-depth assessment or do not take into account social, economic and environmental impacts, including gender; (iv) not based on transparent contracts that specify clear and binding commitments regarding activities, employment and benefit sharing, and; (v) not based on effective democratic planning, independent oversight and meaningful participation. This definition was obtained from the International Land Coalition.

**Rotterdam Convention:** Multilateral Treaty on the Environment signed in 1998 and entered into force in February 2004 to promote the sharing of responsibilities for the importation of dangerous chemicals.

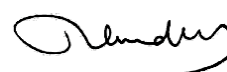
**Stockholm Convention:** An international environmental treaty on persistent organic pollutants signed in 2001 and entered into force in May 2004, which aims to eliminate or restrict the production and use of persistent organic pollutants.

**Smallholder:** Small farm, generally family-run, with a typical surface area of between one hectare and 10 hectares. Smallholders are characterized by primarily using family labor for production and using the products as a source of family income.

**Suppliers:** Entities or individuals who directly supply SIPH or its subsidiaries with products or services related to natural rubber.

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