

## Trelleborg Group Directive for Natural rubber



### Introduction

Our business activities and relations with customers, business partners and authorities are characterized by sound business ethics and respect for human rights.

We continuously assess risks of human rights infringements, and act to prevent them within our supply chain.

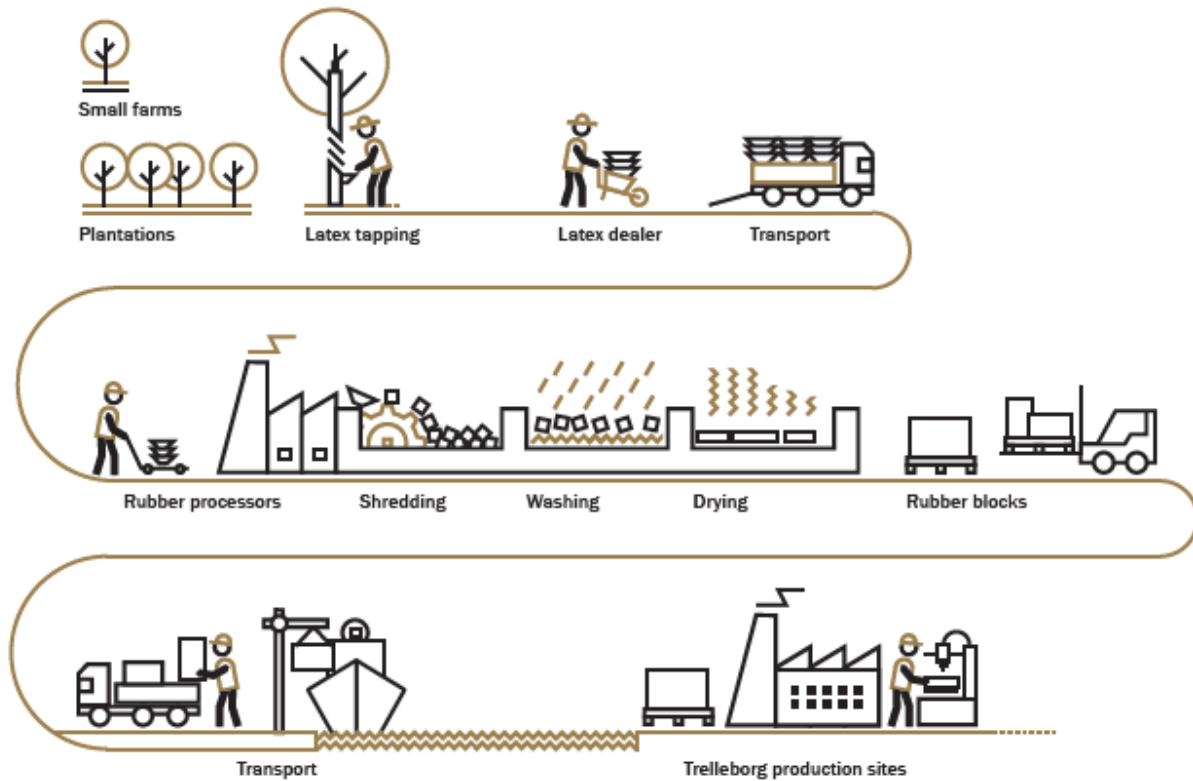
We comply with applicable local, national and international laws on human rights, labour, land use, and the environment.

We believe in and promote fair employment practices, for ourselves and our suppliers, including not only a fair salary but also fair conditions when it comes to the nature, the volume, and the duration of the work.

Human impact on the environment is undisputed, and we must all ensure that ecosystems are protected for future human generations. In all our activities we aim to use materials and energy as efficiently as possible and improve recovery, and therefore we train and inform our employees about how to avoid unnecessary scrap, waste, and emissions – including emissions of greenhouse gases. In our processes and products, we take particular precautions regarding health and environmental effects from chemical substances, as well as excluding conflict.

In line with our sustainability strategy *Protecting the essential* that aims to protect people, the environment and society, Trelleborg is committed to promote, develop, and implement a sustainable and responsible procurement and use of natural rubber throughout its value chain.

- The growing world population and the development of mobility and transport solutions will have an impact on the demand for rubber products and, in line with improved circularity, on natural rubber.
- This increased demand for bio-based raw materials must be addressed responsibly, or it will put further pressure on forests, ecosystems, biodiversity, agricultural land, and local communities.
- The natural rubber value chain is relatively long from growers to Trelleborg's production facilities. Three or four tiers are not unusual, but this varies depending on the country/continent.
- Trelleborg pursues a continuous dialog with its direct natural rubber suppliers, addressing themes such as working conditions, human rights, and biodiversity. Dialogs include regular face-to-face meetings and visits to the supply chain, and they will be open also to indigenous people and local communities. The dialog should include support training for natural rubber producers, including smallholders, to improve yield and quality.



From 2021, Trelleborg has joined the work of the Global Platform for Sustainable Natural Rubber (GPSNR). GPSNR is a shared stakeholder effort, an industry initiative aimed at leading the global improvement of socioeconomic and environmental performance in the natural rubber value chain.

This Group Directive aims to build on the learnings from the stakeholder dialog Trelleborg has pursued, and to fulfil GPSNR’s guidelines for Natural Rubber Policies. Thus, it builds on Trelleborg’s Code of Conduct – which sets out the guidelines for the whole company and its representatives’ own behavior – and aligns with principles and guidelines laid out in the UN Global Compact, the UN Guiding Principles for Business and Human Rights, the International Bill on Human Rights, and the ILO Fundamental Conventions.

Public, timebound and geographic-specific targets and milestones with associated indicators connected to this Natural Rubber directive will be set and embedded into Trelleborg’s decision-making processes, systems, and performance metrics, and the outcome will be regularly reported in Trelleborg’s Annual and Sustainability Reporting. Trelleborg will support multi-stakeholder planning and policy efforts that uphold the basic principles of the Directive at a jurisdictional or other spatial level.

**Protecting people: Commitment to Human Rights and working conditions**

Trelleborg expects its own company and its suppliers to:

- Respect human rights everywhere. Together with protection of employees' health, safety, and welfare it is a fundamental and non-negotiable principle.
- Have zero tolerance for any form of trafficking, labor exploitation, child labor, forced or compulsory labor, or any forms of abuse or mental or physical coercion towards employees and workers employed throughout the supply chain.
- Have zero tolerance for discrimination based on gender, race, religion, age, disability, sexual orientation, nationality, political opinions, or social or ethnic origin.
- Have fair and decent working conditions, including regular employment contracts, salaries at least equal to the country's minimum salaries for an equivalent job and fair working hours.
  - Full freedom to form or join trade unions and to collective bargaining in accordance with national and international applicable laws, supporting those living on plantations to obtain access to necessary resources for good living conditions.
  - High standards of prevention, assessment, and management of Health & Safety risks.
- Uphold applicable labor rights and labor laws in the jurisdictions where operating, the UN Guiding Principles on Business and Human Rights, and the intent of the ILO's eight core conventions. This includes:
  - 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)
  - No discrimination (ILO Convention No. 111 and No. 100)
  - No abusive practices (ILO Convention No. 105)
  - Legal working hours
  - Safe and healthy workplaces
  - Gender equity
  - Decent living wages

Safeguards apply to all workers, including contract, temporary and migrant workers.
- Establish and maintain a company grievance mechanism (consistent with UNGP criteria) to receive complaints and remedy adverse impacts caused, due to production or sourcing.

**Protecting the environment: Commitment to circular use of resources, waste minimization, biodiversity and nature preservation**

Trelleborg expects its own company and its suppliers to:

- Minimize energy consumption and greenhouse gas emissions, maximize resource efficiency, including a circular approach to reducing, reusing, and recycling resources, as well as to managing and recovering waste.
- Minimizing and mitigating carbon emissions.
- Comply with laws and regulations concerning the use of chemical products in the industrial sector, and manage chemicals to ensure their safe handling, movement, storage, use, recovery, or disposal.
- Preserve biodiversity and wildlife, including threatened and critically endangered species, and support wildlife protection through activities such as stakeholder and local communities' education.

- Protect water quantity and quality, preventing water contamination from agricultural and industrial chemicals, and preventing erosion and sedimentation, and promoting ecological buffer zones around bodies of water
- Protect soil quality, preventing erosion, nutrient degradation, subsidence, and contamination in agricultural zones.
- Long Term Protection and preservation of primary forests and areas of high environmental value, including key ecosystems of peat lands and intact forest landscapes that could be negatively impacted by the development of rubber cultivation, and:
  - commit to preventing any form of production or sourcing of rubber from known peat land.
  - refrain from the use of fire in the preparation of new or ongoing operations, including land preparation and management, waste management, or any other reasons.
  - adopt the internationally recognized High Conservation Value (HCV) and High Carbon Stock (HCS) approaches when identifying and managing areas for development and conservation and to not contribute to deforestation or degradation of High Conservation Values. Trelleborg considers these approaches a trustworthy tool towards a Zero Deforestation goal, while fostering sustainable development for local communities and capitalizing on fair and open dialog with affected stakeholders.
  - commit to restoring or supporting restoration of deforested rubber landscapes
  - NOTE: Natural rubber from areas deforested or where HCVs have been degraded after the cutoff date of 1 April 2019 will be considered non-conforming with this element in the Natural Rubber Directive.

**Protecting society: Commitment to anti-corruption and people’s rights**

Trelleborg expects its own company and its suppliers to:

- Have zero tolerance for the offering or acceptance of any form of bribes or other corrupt behavior. A bribe includes any payment, kickback, or gift regardless of value if it is made to gain a business advantage, it violates applicable laws or is contrary to customary business practice. It covers payments made indirectly, through a third party, or to a family member or friend.
- In accordance with UNDRIP guide-line support decent living conditions of local communities, respect the economic, social, and cultural rights of indigenous people and local forest-dependent communities and their right to access and benefit fairly from forest resources.
  - To act responsibly, supporting the rights to local food supplies and food security, and granting fair compensation to local communities for conservation measures or commercial land use, to respect and protect customary land tenure rights and to strive for no land grabbing approaches.
- Ensure that, prior to any activity that might affect indigenous people/local community rights to their lands, territories, and resources, their free, prior, and informed consent (FPIC) is secured. This includes when planning, establishing restoring, or transforming corporate plantations and/or industrial sites, as well as associated infrastructure.

- The FPIC process is done in a culturally appropriate manner and follows credible accepted methodologies. Indigenous people/local communities have the right to give or withhold their consent to any activity that is subject to the FPIC process.
- Where operations impinge on indigenous people/local community rights, compensate, or accommodate indigenous people/local community through appropriate, mutually agreed measures described in the negotiated outcomes of the FPIC process.
- Adopt measures to provide remedy through mutually agreed procedures in cases where the company previously has caused or contributed to the appropriation of or harm to the lands, territories, or resources of indigenous people/local communities without securing FPIC. Implementation is jointly monitored by the community and Trelleborg and/or by mutually agreed third party.

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

### **Commitment to Monitoring and Reporting on Progress Towards, and Conformance with, Policy Framework**

Trelleborg is taking responsibility to monitor and ascertain both its own and its suppliers progress and commitments on Policy through the following approaches: a) monitoring at the production level; b) monitoring of sourcing areas; c) monitoring of supplier management and control systems including certification. Specifically:

- Trelleborg will define NR suppliers' assessment questionnaire based on here mentioned criteria and develop evaluation system of it.
- Trelleborg delegate direct suppliers or third-party companies for a factory rating based on policy compliance
- Trelleborg define regular visits to main NR factories every 2 years and perform supplier audit with a focus on compliance with all GPSNR standards
- In instances of supplier non-conformance with GPSNR Policy Framework, developing time-bound implementation plans to move towards conformance and/or remediation or past or ongoing harms.
- Trelleborg will create the system where we would collect and monitor all relevant information (formal – informal) from local stakeholders and affected parties regarding non-conformance with commitments.

### **Supply Chain Traceability Assessment**

Trelleborg conducts supply chain mapping and assessing suppliers through CSR Self-Assessment for social and environmental risk to prioritize risk mitigation actions.

Trelleborg is supporting traceability of natural rubber, at a minimum to an appropriate jurisdictional level, to know or control the conformance of purchased materials with GPSNR Policy Framework. Level

of traceability (defined in the implementation guidance) will differ for each "node" of the supply chain and will be documented, with justification for why the desired level of traceability may not be reached for all supply chains and plans to achieve this level.

Whenever possible Trelleborg will give a preferential priority to material produced and processed in accordance and conformance with the GPSNR Policy Framework. This will be mainly applied to all the suppliers or countries where the activities of GPSNR are already in place. Trelleborg will check and report if there is a plan with a deadline to adhere to GPSNR policy and Trelleborg will provide time bound requirements for suppliers to meet the policy.

Trelleborg expects its suppliers to:

- Perform supply chain mapping
- Assess social and environmental risks
- Mitigate the social and environmental risk
- Check if producers or suppliers' procedures are compliant to the GPSNR framework policy
- Verify what is the level of traceability of raw material
- Ensure that NR is produced and processed in accordance with GPSNR framework (preferred)
- Check if there is a plan with a deadline to adhere to GPSNR policy
- Have a code of conduct in reference to the social and environmental risks
- Have in place a monitoring system to ensure compliance to Trelleborg expectations

Trelleborg expects its own company and its supplier to have incentives and support mechanisms in order to support their conformance to policy on sustainability