

## Natural Rubber Procurement Policy

### Our commitment to “Global Platform for Sustainable Natural Rubber (GPSNR)”

#### Preface

ITOCHU Corporation (hereinafter “ITOCHU”) has established its sustainability approach based on our founding spirit of “*Sampo-yoshi*” (“good for the seller, good for the buyer, good for society”) in its Basic Policy on Sustainability, which aims to bring about and lead towards a sustainable society.

<https://www.itochu.co.jp/en/csr/itochu/policy/index.html>

In addition, ITOCHU has established its Action Guidelines for Supply Chains and is striving to improve its supply chains and prevent the occurrence of problems through dialogue with its suppliers.

[https://www.itochu.co.jp/en/csr/society/value\\_chain/policy/index.html](https://www.itochu.co.jp/en/csr/society/value_chain/policy/index.html)

ITOCHU has participated in the Global Platform for Sustainable Natural Rubber (GPSNR, established in October 2018) as one of its founding members. ITOCHU has agreed to the GPSNR’s 12 specified principles, and commits to fulfill the policy components.

#### Purpose

The purpose of ITOCHU’s policy in this area is to bring about a sustainable natural rubber supply and to fulfil ITOCHU’s social responsibilities.

\* ITOCHU conducts processing operations in the natural rubber business.

#### Scope

ITOCHU and its subsidiaries (ITOCHU Group) are committed to the transparent implementation of this Policy and its principles. ITOCHU Group expects our Business Partners to have appropriate management systems to ensure compliance with laws and regulations, conformity with this Policy, and shared responsibility in contributing to sustainable development which ultimately leads to the enhanced competitiveness of our Business Partners. ITOCHU Group encourages our Business Partners to hold their suppliers and subcontractors accountable to these same standards and requirements.

#### Items

##### 1. Commitment to Legal Compliance

- Complying with applicable local, national and international laws on human rights, labor, land use, and the environment.
- Working against corruption in all of its forms including extortion and bribery.

+ [Code of Ethical Conduct] URL

[https://www.itochu.co.jp/en/about/ethical\\_conduct/index.html](https://www.itochu.co.jp/en/about/ethical_conduct/index.html)

+ [Respect and Consideration for Human Rights] URL

[https://www.itochu.co.jp/en/csr/society/human\\_rights/index.html](https://www.itochu.co.jp/en/csr/society/human_rights/index.html)

+ [Environmental Policy] URL

<https://www.itochu.co.jp/en/csr/environment/policy/index.html>

## 2. Commitment to Healthy, Functioning Ecosystems

- By establishing the traceability of our supply source, avoiding procurement that contributes to deforestation or degrade High Conservation Values (HCVs) after the cutoff date of 1 April 2019 under the guidance of GPSNR and in accordance with the HCV Approach and with the High Carbon Stock Approach (HCSA).
- Supporting the long-term protection of natural forests, other ecosystems and their conservation values, and restoring or supporting restoration of deforested and degraded rubber landscapes.
- Protecting wildlife, including rare, threatened, endangered and critically endangered species from any illegal activities such as poaching, over-hunting and habitat loss, and supporting wildlife protection activities.
- Protecting water quantity and quality, preventing water contamination from agricultural and industrial chemicals, and preventing erosion and sedimentation.
- Protecting soil quality, and preventing erosion, nutrient degradation, subsidence and contamination.
- Expecting suppliers not to use paraquat and World Health Organisation (WHO) Class 1A and 1B pesticides, and to minimize the use of chemicals including pesticides and chemical fertilizers.
- Preventing the development of or sourcing from natural rubber plantations on peat by identifying suppliers that contribute to development on peat.
- Prohibiting any form of rubber production on known peat land of any depth and the use of fire in the preparation of new planting areas and replanting areas or for any other reason other than emergencies, fire break establishment or sanitary and phytosanitary reasons where waste management services are not available.
- Managing operations to minimize air pollutants to minimize odor produced from storage and processing.

## 3. Commitment to Respecting all Human Rights

- Respecting and protecting internationally recognized human rights, including upholding the UN Guiding Principles on Business and Human Rights (UNGPR).  
+ [Respect and Consideration for Human Rights] URL  
[https://www.itochu.co.jp/en/csr/society/human\\_rights/index.html](https://www.itochu.co.jp/en/csr/society/human_rights/index.html)
- Establishing a system to accept opinions, proposals, and grievances and to accept inquiries from the general public and all our stakeholders including indigenous peoples and local communities, and maintaining a company grievance mechanism (consistent with UNGP effectiveness criteria) to receive complaints and remedy adverse impacts caused due to production and sourcing.
- Recognizing and protecting the customary, traditional, and communal land tenure rights of indigenous peoples and local communities, including by carrying out operations in accordance with the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), ensuring ongoing land tenure

and access rights, and 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.

- Prior to any activity that might affect indigenous peoples and local communities, following the procedures set out in the Free, Prior and Informed Consent (FPIC) principles established by the Reducing Emissions from Deforestation and Forest Degradation (UN-REDD) program, and identifying and avoiding procurement of rubber from suppliers whose activities cause any negative impacts to indigenous peoples, such as the illegal acquisition of land.
- In cases where our business activities induce a negative impact on human rights of indigenous peoples and local communities or if involvement in such becomes clear, remedying and rectifying this through appropriate, mutually agreed measures reflecting and described in the negotiated outcomes of the FPIC process.
- Adopting 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 peoples and local communities without securing FPIC. Implementation will be jointly monitored by ITOCHU, the community, and/or mutually agreed third parties using accepted methodologies based on UN-REDD (2012) Guidelines on FPIC.
- Upholding 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 International Labor Organization's eight core conventions.
  - Freedom of association and collective bargaining (ILO Convention No. 87 and No. 98)
  - Elimination of forced labor; legal working hours; elimination of abusive practices (ILO Convention No. 29 , No.105 and its 2014 Protocol)
  - Elimination of child labor (ILO Convention No. 138 and No. 182)
  - Elimination of discrimination; decent living wage (at least equal to the country's minimum wage) (ILO Convention No. 111 and No. 100)
  - Gender equality
  - Safe and healthy workplaces
  - Safeguards applied to all workers, including contract, temporary and migrant workers
- Protecting the health and safety of employees, visitors, contractors, and suppliers by ensuring the work areas are satisfactorily safe by following the Hierarchy of Controls. This includes taking appropriate actions to eliminate hazards and reduce health and safety risks, and providing suitable personal protective equipment (PPE) if necessary.

#### 4. Commitment to Community Livelihoods

- Supporting decent living conditions for local communities.
- Supporting the right to food and food security of individuals, households and local communities.
- Supporting the economic, social and cultural rights of local peoples, including through access to education and employment.

## 5. Commitment to Increased Production Efficiency

- Offering or supporting training for natural rubber producers, especially smallholders, to improve yield and quality with sustainable tapping practice.
- Managing operations to minimize the rate of energy usage by waste reduction and recycling, and minimizing and mitigating carbon emissions.
- Maximizing the efficiency of natural resource usage in areas under company management.

## 6. Commitment to Systems and Processes to Drive Effective Implementation of Policy Components

- Committing to set public, timebound and geographic-specific targets to apply our commitments, including complying with the policy components of GPSNR in the entire supply chain by 2050.
- ITOCHU commits to embedding the stated commitments into decision-making systems and processes, including through an established system of reporting and receiving approval on the target and progress made to senior management, and in line with the ITOCHU Group Sustainability Policy in order to further promote sustainability in accordance with our corporate mission.
  - + [Sustainable Procurement: Policies and Initiatives by Product Type] Management Approach URL [https://www.itochu.co.jp/en/csr/society/value\\_chain/activity/index.html](https://www.itochu.co.jp/en/csr/society/value_chain/activity/index.html)
  - + [Structure and System] URL <https://www.itochu.co.jp/en/csr/itochu/system/index.html>
- ITOCHU will take necessary measures to ensure that we disclose accurate and clear information and maintain a communicative relationship with our stakeholders. In doing so, we aim to be receptive and responsive to the expectations and demands of society.
  - + [The ITOCHU Group Sustainability Policy] ( 2 ) URL <https://www.itochu.co.jp/en/csr/itochu/policy/index.html>
- Participating in/supporting multi-stakeholder planning and policy efforts that uphold the GPSNR principles at a landscape, jurisdictional or other spatial level.

## 7. Commitment to Supply Chain Assessment, Traceability, and Management Applicability

- Aiming to achieve 100% traceability for the natural rubber raw materials which we procure by 2025 through an original block chain-based traceability system.
- Conducting supply chain mapping and assessing suppliers for social and environmental risk to prioritize risk mitigation actions.
- Communicating to all suppliers of natural rubber that material produced and processed in accordance and conformance with the GPSNR Policy Components will be preferred. Providing time bound requirements to meet the policy requirements, and ensuring that engagement activities, and other mechanisms reflect these expectations to suppliers.
- Regularly engaging the supply chain (both direct and indirect suppliers) to support their conformance with company commitments through effective incentives, support mechanisms, and purchase monitoring systems.
- In instances of supplier non-conformance with GPSNR Policy Components, developing time-

bound implementation plans to move towards conformance and/or remediation for past or ongoing harms.

8. Commitment to Monitoring and Reporting on Progress Towards, and Conformance with, Policy Components.

- Regularly monitoring progress toward company commitments in order to ascertain performance.
- Establishing a system to accept opinions, proposals, and grievances and to accept inquiries from the general public and all our stakeholders.
  - + [Inquiry Form]
  - <https://www.ptabp.co.id/contacts/representativecontacts>
- Reporting publicly on progress related to this policy annually.

Policy regarding Operations

We will work to review the operational policies periodically in cooperation with suppliers, specialists, NGOs and other stakeholders, while considering further initiatives for the entire supply chain aimed at the sustainability of natural rubber, all of which we shall conduct through GPSNR.

(※ This policy does not reflect the content of Implementation Guidance and Reporting Requirement of the GPSNR policy component, which has not yet concluded.)

January 2024