



NATURAL RUBBER PROCUREMENT POLICY

October 2021



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The Goodyear Tire & Rubber Company's (together with its subsidiaries, "Goodyear") Natural Rubber Procurement Policy and its principles, along with the Goodyear's Business Conduct Manual and Supplier Code of Conduct, guide Goodyear in developing a long-term, sustainable supply chain for its natural rubber requirements ("Policy"). The procurement supply chain for natural rubber is long and fragmented, consisting of smallholder growers ("smallholders"), industrial plantations, intermediate dealers/consolidators, processors, traders, and Goodyear itself. Through the corruption-free implementation and adherence to this Policy and its principles, Goodyear will do its part to:

- Support and protect the rights of workers (including contract, temporary and migrant workers), landowners and local people,
- Promote responsible acquisition and management of land utilized for growing natural rubber,
- Promote practices that lead to the ability to trace natural rubber through the entire supply chain,
- Promote the use of responsible and sustainable production techniques,
- Promote the best available growing and harvesting techniques,
- Support the livelihoods of smallholders, and
- Regularly audit and work with our supply chain on Policy compliance.

KEY PRINCIPLES

1.0 – HUMAN RIGHTS

In collaboration with external parties and internally, Goodyear will work to ensure its natural rubber supply chain protects the rights of all involved and fosters a positive working environment at all levels of the supply chain.

All participants in the natural rubber supply chain must comply with all applicable human rights and labor laws in the jurisdictions where they operate, supporting principles

consistent with those reflected in the Guiding Principles on Business and Human Rights (UNGP) published by the United Nations Office of the High Commissioner for Human Rights and the International Labour Organization's (ILO's) eight fundamental conventions. This includes:

- Recognition of and respect for the **freedom of association** of workers to join organizations of their choosing or to likewise refrain from joining such organizations (see, e.g., ILO Convention No. 87 and No. 98). This also includes the rights of workers to collectively bargain through representatives of their choosing where a union has been established/chosen in accordance with applicable local law.
- No use of **forced or involuntary labor**, including, but not limited to, prison labor, indentured labor, slave labor, human trafficking, or other forms of compulsory labor (see, e.g., ILO Convention No. 29 and its 2014 Protocol).
- No unlawful **child labor** (see, e.g., ILO Convention No. 138 and No. 182).
- Compliance with applicable wage and hour labor laws, including those related to minimum wage, overtime and legally mandated benefits. Suppliers should promote and support decent living wages in their supply chains.
- No unlawful discrimination in the workplace (see, e.g., ILO Convention No. 111 and No. 100), and compliance with applicable local laws concerning discrimination, hiring and employment practices.
- Providing a safe and healthy work environment in accordance with, and adopting standards and providing protective equipment as required under, applicable local law.
- Promotion of the recognized rights of all workers, in accordance with applicable local law, including promotion of gender equity rights.
- **Industrial plantations** are encouraged to follow the standards set forth in ILO Convention 110.

See also Section 2.0 below, relating to Responsible Land Acquisition and Use, including actions relating to the protection of **customary use rights** and compliance with land tenure rules.

2.0 - RESPONSIBLE LAND ACQUISITION AND USE

Goodyear is committed to working internally, with its supply chain, and with external parties to promote a natural rubber supply chain that is environmentally and socially responsible, free from **deforestation** and **land grabbing**, helping to minimize significant impacts on biodiversity and **local communities** and economically viable.

Suppliers must ensure that they and their respective supply chains:

- Fully comply with all applicable environmental and local land use laws.
- Not develop natural rubber plantations on or source rubber from known peat land, regardless of depth, extent, or status (wet, drained or dry).
- Work to avoid use of open burning/fire in new or on-going land-use operations, 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.
- Take continuous effort to assess and monitor their supply chain, ensuring they and their subsuppliers do not engage in **deforestation** or significant degradation of **high conservation value (HCV) forests**. **Note:** Any such activity after April 1, 2019 comprises, without limiting anything else in this Policy, a violation of this Policy.
 - Suppliers should work to ensure the intended land is assessed with **High Conservation Value Forest Toolkit** and **High Carbon Stock Approach (HCSA)** land assessment and management toolkits or methodologies to help ensure land is appropriate for natural rubber planting and determine where **natural ecosystems** should be protected.
- Protect water quantity and quality, prevent water contamination from agricultural and industrial chemicals, and prevent erosion and sedimentation, at a minimum in accordance with applicable local law.
- Protect wildlife, including rare, threatened, endangered and critically endangered species, from poaching, over-hunting and habitat loss in areas under company management, at a minimum in accordance with applicable local law.
- Protect against soil erosion, nutrient degradation, subsidence and contamination, and other degradation of soil quality, as a result of **supplier's** action or activity, at a minimum in accordance with applicable local law.

Suppliers should establish appropriate channels of dialogue with indigenous people and **local communities** impacted by applicable **supplier** operations.

Goodyear will work with **Suppliers** to ensure applicable customary use rights of **indigenous peoples** and **local communities** as well as applicable **land tenure rights** are respected and protected. **Suppliers** must operate in accordance with these rights, and in a manner consistent with the principles set forth in the UN Declaration on the Rights of Indigenous Peoples.

Suppliers should ensure that free, prior and informed consent (FPIC) is secured prior to taking any action that would otherwise contravene or potentially contravene **indigenous peoples'** and **local communities'** applicable rights to their lands, territories and resources, including when planning, establishing, restoring, or transforming corporate plantations and/or industrial sites, as well as associated infrastructure.

Where operations contravene **indigenous peoples'** and **local communities'** applicable rights as a result of past or present activities, **suppliers** should work, with collaboration and monitoring of implementation as described in Section 7.0 below, to provide accommodation or compensation through appropriate, mutually agreed measures reflecting and described in the negotiated outcomes of the FPIC process, or provide required remediation and remedy.

For land acquired and/or transformed for **industrial plantation** usage, **suppliers** must also apply the FPIC guidelines developed by the United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation (UN-REDD). In addition, adequate and fair compensation for any land usage/transfer must be present in all transactions.

Goodyear supports, and **Suppliers** should support within their supply chains, protection of **natural forest** and other ecosystems, to include, as applicable, restoration of deforested and degraded rubber landscapes.

3.0 - TRACEABILITY

Goodyear will take the appropriate steps and support the development of advanced methods and/or technology to promote practices that lead to the ability to trace natural rubber through the entire supply chain. This includes conducting supply chain mapping and assessments of **suppliers** for social and environmental risks to prioritize risk mitigation actions.

- **Suppliers** with back integration or raw material purchases from an **industrial plantation** will be required to provide transparency and **traceability** of this natural rubber.
- **Traders** should have **traceability** back to the natural rubber **processor** level.
- To enable a risk-based approach, Goodyear will work with **suppliers** to trace the natural rubber obtained from **smallholders** by the following steps:
 - Country Level Source – e.g., country in which the rubber from the cup lumps, sheets or latex received by the factory was produced.
 - Local Area Source – e.g., natural rubber source will be assessed to the general region of a local dealer's/consolidator's business influence and/or assessed to the general region of consolidated farmers/direct sales.
- Goodyear continues to closely monitor other **traceability** developments, including third-party approaches, and intends to refine its approach as appropriate.

4.0 - NATURAL RUBBER PROCESSING

Goodyear expects its **suppliers** who process natural rubber for Goodyear's usage to manufacture their product in a responsible and environmentally friendly manner, managing their operations to help minimize the rate of energy use, maximize natural resource efficiency and minimize or mitigate carbon emissions. This includes:

- Complying with applicable local legal requirements and **customary use rights** regarding water usage.
- Ensuring all wastewater produced from natural rubber production is properly treated in full compliance with applicable local law.
- Using reasonable efforts to maximize water recycling in the production process.

- Optimizing energy usage where possible and practicable.
- Controlling odors from natural rubber production.
- Controlling, using and disposing of all chemical substances used in natural rubber processing in line with applicable local law.
- Ensuring compliance with applicable local laws regarding the manufacturing process and land usage for the manufacturing facility.
- Using processing techniques that minimize scrap natural rubber.

5.0 - NATURAL RUBBER GROWING AND HARVESTING PROCESS

Goodyear supports its **suppliers** of natural rubber using, and educating **smallholders** within their supply chain with, the best-known cultivation practices in the field to ensure maximum yield and quality are obtained from existing planted and replanted natural rubber trees.

- When and where available, all new and replanting efforts must use only clones recommended by the relevant authority or leading research institutes.
- All new and replanting efforts of **industrial plantations** must follow planting density guidelines established by relevant authorities. Any trees that do not survive one year shall be replaced as soon as possible.
- All new and replanting efforts of **industrial plantations** must ensure that the use of natural fertilizer is optimized, biological pest and disease control methods are employed, and chemical use is minimized.
- **Suppliers** must offer or support training to the **smallholders** that supply them with raw materials with best-known cultivation practices such as clone usage, fertilizer application, tree density and tapping techniques.
- **Suppliers** shall have a transparent grievance process consistent with UNGP principles for all affected persons and entities, including **local communities**. Violations may also be reported to and addressed by Goodyear as described in Section 7.0 below. Goodyear will ensure that grievances received by Goodyear under this Policy are resolved in a manner consistent with UNGP effectiveness criteria.

6.0 - SMALLHOLDER OUTREACH, ENGAGEMENT AND COMMUNITY DEVELOPMENT

As 85% of the natural rubber growing market comprises **smallholders**, Goodyear strongly believes that increasing yields and improving the livelihoods of existing **smallholders** is one key path forward toward addressing future **deforestation** and human rights issues related to natural rubber. Furthermore, because the many steps in the natural rubber supply chain impact communities all over the world, Goodyear encourages all its direct **suppliers** and relevant members of their supply chain to work actively to improve the communities in which they operate and conduct business, including by:

- Supporting decent living conditions of **local communities** (e.g., drinking water, adequate housing, sanitation).
- Supporting food security of individuals, households and **local communities**.
- Supporting economic, social and cultural rights and opportunities of **local communities**, including through access to education and employment.

Goodyear will complete projects with **smallholders** targeted at improving yields and/or livelihoods. For example, projects may focus on replanting with new clones, natural rubber cultivation workshops to increase existing quality and yields, improving harvesting techniques and outreach to improve education and livelihoods of rubber producing communities.

7.0 - POLICY IMPLEMENTATION AND COMPLIANCE

Goodyear is committed to the corruption free and transparent implementation of this Policy and its principles and expects all **suppliers** in the supply chain to adhere and comply similarly in a corruption-free manner and must cascade this Policy to the relevant members of their supply chain. Goodyear expects that all suppliers will monitor the relevant members of their supply chain for compliance using reasonably available means. Additionally,

- Goodyear, or an appointed third party, will visit 100% of all active natural rubber **suppliers** every two years for onsite and/or remote audits. These audits will focus

on the quality of the supplied natural rubber, and all aspects of this Policy. Issues, gaps and non-compliances identified will be addressed with collaborative efforts to close associated gaps. Goodyear will establish public time-bound and geographic-specific targets moving forward.

- Goodyear will consult external companies and experts, and maintain active and regular communications with stakeholders, to further focus on sustainability-related areas and will use data from those consultations and dialogues to identify and close compliance gaps.
- Goodyear will appoint an independent third party to verify that the Policy commitments are being implemented by Goodyear.
- Goodyear's business decisions consider **supplier's** commitment and compliance to Goodyear's Policy and requirements. This is assessed periodically through a **supplier** scorecard, which includes the sustainability scoring obtained through Goodyear's audit. Material produced and processed in accordance with this Policy is preferred. **Supplier's** failure to comply with Goodyear Policy would require a time-bound implementation plan to work towards compliance. Substantiated non-compliance and/or failure to close agreed identified gaps in compliance may result in suspension or termination of the business relationship.
- Goodyear expects to be an active business sector participant in appropriate processes and programs that seek sustainable outcomes, deliver social and environmental benefits and are economically viable. Such program could be at the landscape, jurisdictional or spatial levels.
- Goodyear will transparently report on progress regarding the implementation of this Policy on an annual basis.

Known or suspected violations of this Policy may be confidentially reported, including anonymously, through the Goodyear Integrity Hotline (phone numbers and web intake form may be accessed at www.goodyear.ethicspoint.com). Goodyear reserves the right to update, enhance, or change this Policy, at any time, for any reason or as deemed appropriate by future learnings and experiences gained through the implementation of this Policy.

APPENDIX 1: DEFINITIONS

CHILD LABOR

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 and that accordingly is prohibited under applicable local law.

CUSTOMARY USE RIGHTS

Traditional common rule or practice that has become an intrinsic part of the accepted and expected conduct in a community, profession, or trade and constitutes a legal requirement under applicable local law.

DEFORESTATION

Loss of a natural forest (primary forest, HCV/HCS forest, or secondary forest) as a result of conversion to agriculture or other non-forest land use, conversion to a tree plantation or severe and sustained degradation.

FORCED OR INVOLUNTARY LABOR

All work or service that is exacted from any person under the menace and/or threat of any penalty and/or harm and for which the person has not offered himself or herself voluntarily. (See, e.g., **ILO Convention No. 29** and its **2014 Protocol**.)

FOREST DEGRADATION

Changes within a **natural ecosystem** that materially and negatively affect its species composition, structure and/or function and reduce the ecosystem's capacity to supply products, support biodiversity and/or deliver ecosystem services. Degradation may also be considered conversion if it:

- is large-scale and progressive or enduring,
- alters ecosystem composition, structure and function to the extent that regeneration to a previous state is unlikely, or
- leads to a change in land use (e.g., to agriculture or other use that is not a natural forest or other **natural ecosystem**).

FREEDOM OF ASSOCIATION

The rights of workers and employers to establish and join organizations of their own choosing without previous authorization. (See, e.g., **ILO Convention No. 87** and **No. 98**.)

HIGH CARBON STOCK APPROACH (HCSA)

The High Carbon Stock 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. The HCSA stratifies the vegetation in an area of land into six different classes using analyses of satellite data and ground survey measurements. These six classes are: High Density Forest, Medium Density Forest, Low Density Forest, Young Regenerating Forest, Scrub, and Cleared/Open Land. The first four classes are considered potential high carbon stock (HCS) forests.

HIGH CONSERVATION VALUES (HCVS)

A biological, ecological, social or cultural value of outstanding significance or critical importance as defined by the **Common Guidance for the Identification of High Conservation Values** published by the HCV Resource Network, as amended as of September 2017, consisting of six (6) categories identified in **HCSA** above.

INDIGENOUS PEOPLES

Distinct groups of people who satisfy any of the more commonly accepted definitions of **indigenous peoples**, which consider (among other factors) whether the collective:

- has pursued its own concept and way of human development in a given socio-economic, political and historical context,
- has tried to maintain its distinct group identity, languages, traditional beliefs, customs, laws and institutions, worldviews and ways of life,
- has at one time exercised control and management of the lands, natural resources and territories that it has historically used and occupied, with which it has a special connection, and upon which its physical and cultural survival typically depends,
- self-identifies as **indigenous peoples** and/or

- descends from populations whose existence pre-dates the colonization of the lands within which it was originally found or of which it was then dispossessed.

When considering the factors above, no single one will be determinative. **Indigenous peoples** are defined as such regardless of the local, national, and regional terms that may be applied to them, such as “tribal people,” “first peoples,” “secluded tribes,” “hill people,” or others. Commonly accepted definitions generally include, but are not limited to, those provided for in the Convention concerning Indigenous and Tribal Peoples in Independent Countries (**ILO Convention No. 169**), the Study on the Problem of Discrimination against Indigenous Populations, and the UN Working Paper on the Concept of “Indigenous People” prepared by the Working Group on Indigenous Populations.

INDUSTRIAL PLANTATION

Plantations with an area planted or replanted with more than 50 hectares of natural rubber.

LAND GRABBING

Land acquisitions or concessions that are: (i) in violation of human rights, including the rights of women; (ii) not based on FPIC where FPIC is required under this Policy; (iii) not based on an appropriate assessment, or are in disregard of, material social, economic and environmental impacts; or (iv) if contractually based, obtained fraudulently or without assent meeting the requirements of applicable local law.

LAND TENURE RIGHTS

Land tenure rights under applicable local law. Land tenure rules, as defined by the U.S. Agency for International Development (USAID), define the ways in which property rights to land are allocated, transferred, used, or managed in a particular society. Land tenure, as defined by USAID, is the relationship that individuals and groups hold with respect to land and related resources.

LOCAL COMMUNITIES

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 that may at times depart from traditional or state definitions. Local communities may be legally or customarily known or designated using various terms, such as “traditional communities.”

NATURAL ECOSYSTEM

An ecosystem that substantially resembles – in terms of species composition, structure and ecological function – one that is or would be found in a given area in the absence of major human impacts.

NATURAL FOREST

A **natural ecosystem** that possesses many or most of the characteristics of a forest native to the given site, including species composition, structure and ecological function, including:

- Primary forests that have not been subject to major human impacts in recent history
- Regenerated (second-growth) forests that were subject to major impacts in the past (for instance by agriculture, livestock raising, tree plantations, or intensive logging) but where the main causes of impact have ceased or greatly diminished, and the ecosystem has attained much of the species composition, structure and ecological function of prior or other contemporary natural ecosystems.
 - Managed natural forest where much of the ecosystem’s composition, structure and ecological function exist.

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 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 100cm containing more than 65% organic matter. In all cases, consult and comply with applicable local law.

PROCESSOR

Organization that processes raw natural rubber.

REMEDATION AND REMEDY

Terms used interchangeably or in combination with one another to refer to both the legal processes under applicable local law of obtaining or providing redress for activities in contravention of applicable rights and the outcomes of such processes; and the

voluntary, agreed and/or supplementary efforts to those ends. Additional guidance on options for remediation and remedy can be found in the UNGP.

SMALLHOLDER

A small-sized, usually family run, farm of not more than 50 hectares. Smallholders are characterized by family-focused motives such as favoring the stability of the farm household system, using mainly family labor for production, and using the produce as a means of family income.

SUPPLIERS

Third party entities or individuals that directly supply Goodyear including its subsidiaries with products or services related to natural rubber.

TRADER

Trading organization (either individual or corporation) that is a **supplier** and that is involved in the local, national and/or international trade of natural rubber.

TRACEABILITY

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

APPENDIX 2: RESOURCES

| No | Description | Link or Reference |
|----|---|---|
| 1 | 2014 Protocol | See ILO Eight Fundamental Conventions, below. |
| 2 | Child Labor | See ILO Eight Fundamental Conventions, below. |
| 3 | Forced Labor | See ILO Eight Fundamental Conventions, below. |
| 4 | FPIC & UN-REDD | https://www.unclearn.org/sites/default/files/inventory/un-redd05.pdf |
| 5 | Freedom of Association | See ILO Eight Fundamental Conventions, below. |
| 6 | HCSA | http://highcarbonstock.org/ |
| 7 | HCV | https://hcvnetwork.org/ |
| 8 | ILO 29 | See ILO Eight Fundamental Conventions, below. |
| 9 | ILO 87 | See ILO Eight Fundamental Conventions, below. |
| 10 | ILO 98 | See ILO Eight Fundamental Conventions, below. |
| 11 | ILO 105 | See ILO Eight Fundamental Conventions, below. |
| 12 | ILO 100 | See ILO Eight Fundamental Conventions, below. |
| 13 | ILO 111 | See ILO Eight Fundamental Conventions, below. |
| 14 | ILO 138 | See ILO Eight Fundamental Conventions, below. |
| 15 | ILO 182 | See ILO Eight Fundamental Conventions, below. |
| 16 | ILO Eight Fundamental Conventions. | https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm |
| 17 | Land Grabbing | http://www.landcoalition.org/en |
| 18 | Land Tenure Rights | https://www.land-links.org/what-is-land-tenure |
| 19 | Operational Guidance on Applying the Definitions Related to Deforestation, Conservation and Protection of Ecosystems | https://accountability-framework.org/operational-guidance/applying-the-definitions-related-to-deforestation-conversion-and-protection-of-ecosystems/ |
| 20 | UN Declaration on the Rights of Indigenous Peoples (UNDRIP) | https://www.un.org/development/desa/indigenouspeoples/wp-content/uploads/sites/19/2018/11/UNDRIP_E_web.pdf |
| 21 | Guiding Principles on Business and Human Rights published by the United Nations Office of the High Commissioner for Human Rights (UNGPR) | https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf |

