

Sustainable Natural Rubber Policy

1. MISSION

Nexen Tire constantly strives for economic, social and environmental sustainability in its natural rubber supply chain.

2. BACKGROUND

Industry experts predict that demand for tires will expand with the expansion of both the global population and the automobile industry. As a result, consumption of natural rubber will increase worldwide as well. As a major consumer of natural rubber, Nexen Tire aims to establish a sustainable supply chain by improving the productivity, quality of natural rubber, decreasing of negative impact in terms of the environment.

3. NATURAL RUBBER VALUE CHAIN

Natural rubber is mostly mass-produced in Southeast Asia. The natural rubber value chain starts from small-sized and poor producers and is divided into various groups in a hierarchical way. Only few of the top suppliers are responsible for sales and processing to make a massive profit. (hierarchical groups: small farms, intermediate and large scale landlords, raw material brokers, processing factories, and rubber manufacturers, etc.)

For the reason above, since 2020, Nexen Tire has joined GPSNR to contribute to making the sustainable natural rubber policy in cooperation with the interested parties in natural rubber production and consumption. For securing sustainable natural rubber business, Nexen Tire is trying to establish globally recognized standards that balance economic, environmental, and social aspects through GPSNR activity.

1) Commitment to Legal Compliance

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

① Implementation of the policy and compliance

- The goals and policy implementation plan for the continuous maintenance of the policy

are approved by the ESG Strategy Committee once a year and included in the company's decision-making process. The targets must reflect time bound and geographic-specific features and all policy provisions and approved targets should be disclosed.

- Policy plans and performance are planned and implemented annually in accordance with NEXEN TIRE's internal policies and disclosed transparently and faithfully.
- Regularly monitoring progress by establishing an evaluation process for clear policy implementation and performance, and continuously complement and develop it.

② Implement supply chain assessments

- We formulate time-bound implementation plans for the compliance of suppliers who do not adhere to the elements of the Policy.
- If there are significant negative social and environmental impacts resulting from non-compliance, transactions may be discontinued.

③ Supporting partners in the supply chain to comply with policies, including training and monitoring.

- To apply monitoring systems to offer opportunities for feedback and suggestions related to our policy fulfillment, and to actively communicate with stakeholders regularly.

④ We support multi-stakeholder initiatives and efforts to uphold the GPSNR Principles at the appropriate spatial levels.

2) Demand for activities to support environmental protection and the least negative impact on the environment of supply chain partners

① Prevention of deforestation

- We demand the prevention of deforestation and the degradation of high conservation values (HCV) in the production and procurement process for natural rubber, and if deforestation or degradation of HCV is confirmed to have taken place after April 1, 2019, sourcing will be prohibited. Identification and management of areas for development and conservation will comply with methodologies and guidelines that observe the High Carbon Stock Approach (HCSA) and HCV Approach.

② Prevention of groundwater/soil contamination

- We Prevent groundwater contamination and protect water quality and quantity in local communities.
- Protects soil quality and prevents erosion, nutrient degradation and contamination.
- Prohibit open burning/fire in new or ongoing operations or any other reason, 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.

- Prohibits the development or procurement of farms that grow natural rubber on peat.

③ We demand the protection and restoration of natural forests and ecosystems, along with rare, threatened, endangered and critically endangered species, and wildlife.

- Support the long-term protection of natural forests and natural ecosystems, restore or support the restoration of degraded forests.

④ Efforts to prevent climate change /prevent resource exhaustion

- Managing operations to minimize rate of energy usage
- Managing operations to maximize natural resource efficiency
- Minimizing and mitigating carbon emissions

3) Respect human rights and oppose any impact on human rights violations

① We demand compliance with NEXEN Tire's Declaration of

Humanrights(www.nexentire.com/kr/company/csr_report/eng/index.php), which observes the principles of the UN Guiding Principles on Business and Human Rights and the Fundamental Conventions of the International Labour Organization.

② We demand the recognition of the rights of indigenous people and local communities in compliance with the UN Declaration on the Rights of Indigenous Peoples

- We demand the recognition of traditional rights of access to hunt and harvest animals and plants for the sake of survival, and indigenous, cultural and religious traditions, customs and rituals.
- We demand the recognition and protection of the customary, traditional, and communal land tenure rights of indigenous people and local communities
- For activities that can influence indigenous peoples and local communities (IP/LC), FPIC (Free, Prior, and Informed Consent) is obtained in accordance with the methodology prescribed in the UN-REDD (2012) Guidelines on FPIC. If we cause or have caused harm to the lands, territories, rights, or resources of IP/LC without securing FPIC, we take measures to remedy such issue through a mutually agreeable process. Implementation will be jointly monitored by the community and the GPSNR member and/or by mutually agreed third party(ies).
- We demand the operation of sustainable, effective, and culturally appropriate dialogue channels with indigenous people and local communities.

③ We run a Grievance Mechanism that is consistent with the effectiveness criteria of the UN Guiding Principles on Business and Human Rights.

④ NEXEN TIRE supports the intent of the eight core conventions of the International Labor Organization, including labor rights and labor laws in the jurisdiction in which it operates,

the UN Implementing Principles on Business and Human Rights, and the International Labor Organization.

- Freedom of association and collective bargaining (ILO Convention No. 87 and No. 98)
- No forced labour (ILO Convention No. 29 and its 2014 Protocol)
- No child labour (ILO Convention No. 138 and No. 182)
- Decent living wages
- No discrimination (ILO Convention No. 111 and No. 100)
- Legal working hours
- Safe and healthy workplaces
- No abusive practices (ILO Convention No. 105)
- Gender equity

Safeguards apply to all workers, including contract, temporary and migrant workers.

4) Supporting farmer's quality of life improvement

- ① We actively support the strengthening of farm owners' capabilities, the dissemination of good agricultural practices, and the improvement of the quality of rubber raw materials. We will make every effort to increase yield and quality for sustainable economic, social and environmental reasons.
- ② Supporting decent living conditions of local communities (eg drinking water, housing, sanitation)
- ③ Supporting the economic, social and cultural rights of local people, including through access to education and employment.

5) Traceability

- ① Conducting supply chain mapping and assessing suppliers for social and environmental risk to prioritize risk mitigation actions.
- ② To identify purchased raw materials that comply with the GPSNR policy, We strive and support the traceability and traceability of the complex and diverse natural rubber supply chain from growers to manufacturers, or to an appropriate jurisdictional level
- ③ We will communicate to all our trading partners that preference will be given to materials produced in accordance with the GPSNR POLICY. We work with suppliers to develop time bound requirements to meet the policy requirements. Suppliers must also have a plan and results for implementing the policy.
- ④ We support the right to food and food security for individuals and local communities.