



Sustainable Natural Rubber Policy

Implementation Manual

December 2018



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Introduction

In October 2017 Pirelli issued its [Sustainable Natural Rubber Policy](#) (further referred as “Policy” in this document) which aims at demonstrating Pirelli’s commitments to be an active player in global efforts towards natural rubber sustainability through promoting, developing and implementing a sustainable and responsible procurement and use of natural rubber throughout its entire value chain.

In line with Policy provisions – *pillar X “Policy Implementation”* - Pirelli has drawn up this Implementation Manual (further referred as “Manual” in this document) to provide clarification with regards to the underlying values and concepts Pirelli has set in its Policy, the end-goals and the aspirational expectations of Pirelli with regards to its natural rubber suppliers.

The Manual is the result of a multi-stakeholder engagement process. The drafting process started on the field with the consultation of key natural rubber business actors including processors, collectors, middle men, small holders/growers, local NGOs, natural rubber industry local unions. Draft provisions were then trialed on the ground. The Draft Manual was submitted to key International Stakeholders to be further enriched according to their feedback.

The purpose of this Manual is to ensure that Pirelli’s suppliers understand the values expressed by each pillar, demonstrate full alignment and strive to move towards them by implementing pragmatic and appropriate actions.

Additionally, the manual provides information and technical instructions on the concepts referred to in the Policy pillars, however it remains generic to ensure it is adaptable to any context (type of entity, sourcing region, etc.).

The Manual requirements may go beyond local legal requirements, however in line with international conventions and requirements. If the Manual establishes a higher standard than is required by applicable law, Pirelli expects its suppliers to align with the principles contained in this Manual.

Where alignment with the Manual could lead to a conflict with or a violation of applicable laws or regulations, the supplier shall promptly notify Pirelli of the situation and explain how it intends to operate in a responsible manner.

This manual should not be read as a standard or a checklist; it describes the aspirational expectations of Pirelli referred to its natural rubber supply chain actors and should therefore be read as a guidance for the implementers.

Pirelli will value its suppliers who share its values and demonstrate full alignment. Pirelli recognizes that each country, each context, provides specific challenges which may require different timing, processes and approaches to reach the full implementation of this manual provisions. Pirelli will evaluate alternative



approaches if suppliers have found better solutions than those identified in this Manual, subject in all cases to compliance with applicable legal requirements and the International References adopted by Pirelli Policy and Manual (see “References” chapter in this document).

Pirelli recognizes that this Manual is meant to evolve and improve over the time as experience on the ground will help to refine its content or as the laws, the industry, the concepts or the references will evolve. Therefore, Pirelli will review it on a yearly basis in order to ensure its updating and alignment with the latest progress.

Manual structure

Pirelli Policy Implementation Manual is structured around the 12 Pirelli Policy pillars.

For each pillar, the rationale behind it and the underlying principles are specified, providing the level of expectations for that specific pillar.

Each principle uses internationally and multi-stakeholders approved concepts which are then defined and explained.

First step guidance for each type of entity within the natural rubber supply chain is provided, to allow understanding of first actions to be implemented to start moving towards alignment with Pirelli Policy.

Note that these *first step guidance* points by definition do not constitute the ultimate requirement to ensure compliance with Pirelli’s Policy. Once first actions are implemented, Pirelli expects its supply chain to progress identifying the next steps to reach full and stable compliance. Indeed Principles and first step guidance refer to international regulations and conventions that should be used to work on and therefore show how far companies need to go towards natural rubber sustainable management.

Finally, references to internationally approved documents or links are provided as additional information and guidance which suppliers are suggested to follow for the implementation of Pirelli’s Policy.

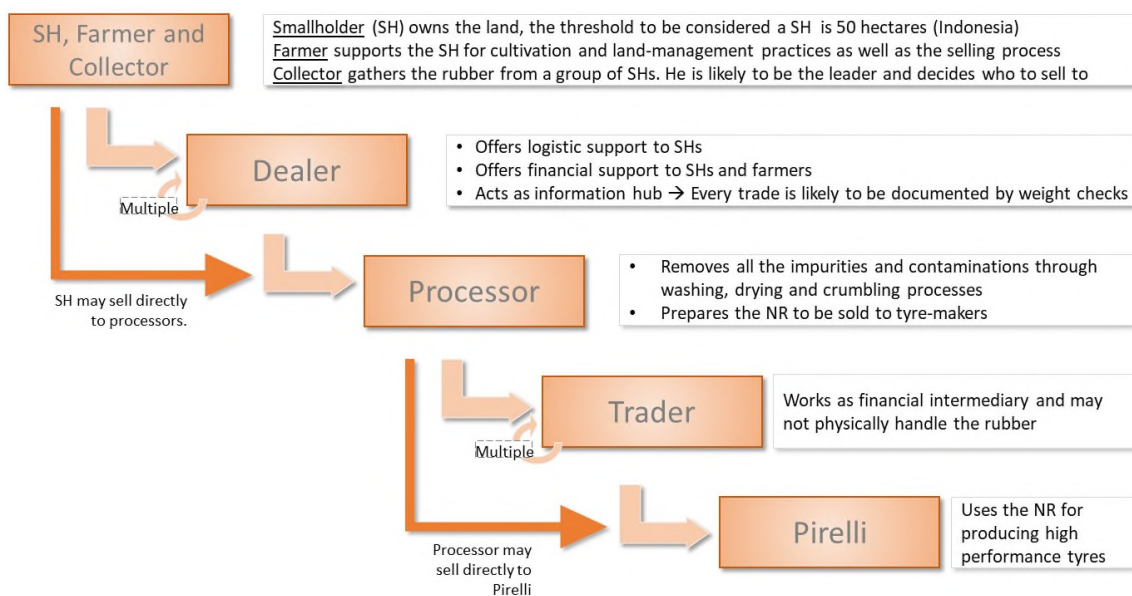
The Manual annexes include the list of documents, conventions or policies Pirelli refers to in working towards sustainable operations in the Natural Rubber industry. The last annex provides definitions of words used in this document.

Scope

This manual covers the entire Pirelli natural rubber supply chain: from the rubber growers (whichever their plantation size) to the processors, including small holders, industrial plantations, middle men/dealers, local and international traders, and Crumb Rubber Factory processors.

The following scheme describes the complexity of the natural rubber supply chain, and is applicable to all regions where Pirelli sources its natural rubber from.

Pirelli positions downstream in the chain as a pure consumer/purchaser of natural rubber (it does not own any plantation or processing plant).



Roles and responsibilities

Pirelli expects all its direct suppliers, existing and newcomers, to:

- manage all its activities in alignment with all pillars, values, principles and concepts described in this Pirelli Policy Implementation Manual;
- require its own suppliers to manage their activities in alignment with the Manual and to cascade it throughout their own supply chain.

However, Pirelli acknowledges that the work needed to meet these requirements may represent substantial efforts and a long journey for its suppliers and their supply chain.

Consequently, the suppliers should develop a time-bound roadmap.



The development and implementation of time-bound roadmaps aims to ensure accountability and promote uptake of concrete actions that create change so a responsible natural rubber industry can be realised to the benefit of all. This process also encourages transparency and collaboration.

Supplier's roadmaps should capture baselines, track progress with evidence, and measure impact. Pirelli's suppliers should also support the middle men and rubber growers they source from to develop their own roadmap.

Pirelli suppliers should:

- Identify the areas from which the natural rubber they buy / process originates
- Trace the sourcing chain back to the village considering the opportunity to adapt its quality systems to monitor the evolution of modification of the volumes purchased from specific sources in the future
- Carry out a gap analyses of its operations and the one if its supply chain with regards to this Manual, to assess the practices implemented by the actors in its supply chain and identify where those practices do not meet the expectations set in this Manual
- Identify the priorities within the supply chain based on the gaps identified, e.g. the one which affects irreversibly resources or people, or which affects a wide range of the production,
- Identify actions to fulfil the gaps with milestones and time lines and dedicate relevant resources,
- Share transparently this time-bound roadmap with Pirelli
- Implement the actions and monitor the outcomes and impacts of the actions,
- Report on the progress to Pirelli and review of the action plan.

Pirelli will work with its suppliers to ensure robust roadmaps are developed and implemented and will monitor that progresses are made by suppliers in alignment to the Policy.

Evidence of serious non-compliance with Pirelli Sustainable Natural Rubber Policy or refusal to set a recovery plan, or failure to implement an agreed recovery plan, may lead to the suspension or termination of Pirelli's business relations with the supplier in question.

Should any actor in Pirelli natural rubber supply chain¹ be implicated with serious evidence of non-compliance, Pirelli will discuss the most proper way to act with the tier 1 supplier involved. Proven good faith and a proactive approach to countermeasures are considered by Pirelli as a starting point toward responsible and shared mitigation, rather than immediate termination. Pirelli believes that such approach contributes to create a culture of continuous improvement, however suppliers must demonstrate commitment and willingness to be proactive in identifying and addressing any gap against the Policy provisions.

¹ This includes violations of the Natural Rubber Policy by subsidiaries, sister companies, mother companies or JV of Pirelli's direct natural rubber suppliers.



Pirelli will actively support the implementation of its Policy through a long-term Implementation Roadmap covering engagement with its supply chain towards policy implementation, and actions contributing to supply chain-wide solutions or to platform driving the industry towards responsible natural rubber production.

Pirelli will dedicate a specific webpage to share its roadmap, the work plans and related progresses and challenges.



Manual

i. Taking care of people

Protecting Human Rights and promoting decent working conditions

Respect for universal human rights and protection of employees' health, safety and welfare, are fundamental and non-negotiable principles.

Pirelli expects all actors in its supply chain:

- *to adopt high standards of prevention, assessment and management of Occupational Health and Safety risks;*
- *to avoid discrimination based on gender, marital status, sexual orientation, religious or political beliefs, union membership, racial ethnicity, nationality, age, social background or status, physical or mental disability;*
- *to promote adequate working conditions, including regular employment contracts, salaries at least equal to the country's minimum salaries for an equivalent job, fair working hours, 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 the necessary resources for adequate living conditions as described in ILO Convention 110;*
- *to have no tolerance for any form of labour exploitation, child labour, forced or compulsory labour, or any forms of abuse or mental or physical coercion towards direct employees and workers employed throughout the supply chain.*

These expectations are further clarified in the international reference documents used by Pirelli (see Annex).

Rationale:

The workers are among the most important asset to an entity for ensuring its long-term viability. Workers hold the technical knowledge for specific operations and implementation of this Manual. They also are the one who produce the resources the entity will sell and earn its living from and make benefit.

The more the workers are satisfied with their working conditions the more they are motivated for working for the entity and therefore help the industry in being sustainable economically and environmentally.

It is therefore important for an entity using workers for the running of its operations to ensure that the working conditions and employment practices are beneficial for the workers and meet the following expectations that are aligned to the universal human rights and protection of employees' health, safety and welfare.



Principles:

Pirelli expects all actors in its supply chain to follow the guiding principles of the United Nations on Business and Human Rights², as well as the ILO core conventions listed below.

These principles are applicable to any person working on the entity's site, including a contracted, casual, temporary, subcontracted, migrant workers and family workers. The entity is expected to ensure all its subcontractors are respecting the same expectations.

These conventions and underlying expectations are further detailed in the below principles.

- [*Freedom of Association and Protection of the Right to Organise Convention, 1948 \(No. 87\);*](#)
- [*Right to Organise and Collective Bargaining Convention, 1949 \(No. 98\);*](#)
- [*Forced Labour Convention, 1930 \(No. 29\);*](#)
- [*Abolition of Forced Labour Convention, 1957 \(No. 105\);*](#)
- [*Minimum Age Convention, 1973 \(No. 138\);*](#)
- [*Worst Forms of Child Labour Convention, 1999 \(No. 182\);*](#)
- [*Minimum Wage Fixing Convention, 1970 \(No. 131\);*](#)
- [*Equal Remuneration Convention, 1951 \(No. 100\);*](#)
- [*Discrimination \(Employment and Occupation\) Convention, 1958 \(No. 111\);*](#)
- [*Safety and Health in Agriculture Convention, 2001 \(No. 184\);*](#)
- [*Plantations Convention, 1958 \(No. 110\).*](#)

Protecting all workers and their families from exposure to human rights abuses and promoting decent working conditions is the responsibility of the entity owning and/or managing the site where they work. The respect of those principles is also an expectation at the level of small holders. However, given the particular situation of small farming businesses, expectations regarding the fulfilment of workers' rights need to be adjusted. Some red lines like child or bonded labour and safe working conditions shall not be crossed. Beyond that, the most important aspect is the farmers' willingness to improve its practices in a pragmatic and meaningful way.

² https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf



Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
<p>a. The health and safety of workers is protected</p>		<ul style="list-style-type: none"> - Workers are protected from exposure to occupational health and safety hazards that are likely to pose a risk of permanent injury, illness or death; - The entity has identified such risks and implement measures to prevent accident, injury or illness. This includes, but not exhaustively: <ul style="list-style-type: none"> ➢ The use of appropriate Personal Protective Equipment (PPE), which provision is free of charge, and workers are trained on how to adequately use them; ➢ All workers are provided accident insurance; ➢ Workers have access to drinking water and sanitary facilities. 	<ul style="list-style-type: none"> - Safe conditions of work are ensured for all workers; - Workers have adequate personal protective equipment (PPE) according the risks of their tasks and trained on how to use them. Adequate PPE are identified based on the risks the workers face in their tasks (snake bites, chemicals inhalation, eye contact or intoxication, etc.); - Workers have access to drinkable water and sanitary facilities. 	<p>The following ILO convention provides further details on the underlying expectations:</p> <ul style="list-style-type: none"> - Safety and Health in Agriculture Convention, 2001 (No. 184); - Plantations Convention, 1958 (No. 110). <p>Additional information and technical guidance can be found on the following fact sheets:</p> <ul style="list-style-type: none"> - Health and safety; - Sample – Workers training plan. <p>Further guidelines can be found in TFT guidelines for workers in palm oil plantations: “Respect for workers – palm oil Guidelines for sites” Or in the “New principles and guidance for responsible palm oil production” developed by Humanity United</p>
<p>b. The entity has identified the entire workforce in its operation</p>	<p><i>Family labour</i> occurs in two types:</p> <ul style="list-style-type: none"> - When family members support or are involved in the labour undertaken by one of their family members on the 	<ul style="list-style-type: none"> - The entity has identified and recorded (documented) any person working on its operations, including contracted, casual, temporary, subcontracted, migrant workers and family workers, at minimum their name, their date of birth, their 	<ul style="list-style-type: none"> - When the entity uses external workers, it has identified and recorded (documented) their details, including their name, their date of birth, their address and their identity papers number; 	<p>Further guidelines can be found in TFT guidelines for workers in palm oil plantations: “Respect for workers – palm oil Guidelines for sites” Or in the “New principles and guidance for responsible palm oil”</p>



Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
	<p>operations of another entity;</p> <ul style="list-style-type: none"> - When family members support or are involved in the labour undertaken on the operations of their family members. <p><i>External worker</i> is a person working and being paid directly or indirectly by the entity for the labour he/she carries out on the entity's operations.</p>	<p>address and their identity papers number;</p> <ul style="list-style-type: none"> - Family labour is not allowed. 	<ul style="list-style-type: none"> - Any type of family labour should be identified and recorded. 	<p>production" developed by Humanity United.</p>
<p>c. The entity treats all its workforce equitably</p>	<p><i>Discrimination</i> is any distinction, exclusion, restriction or preference based on race, color, descent or national or ethnic origin, sex, religion, political opinion, which has the purpose or effect of nullifying or impairing the recognition, enjoyment or exercise, on an equal footing, of human rights and fundamental freedoms in the political,</p>	<ul style="list-style-type: none"> - There is no discrimination on basis of on gender, marital status, sexual orientation, religious or political beliefs, union membership, racial ethnicity, nationality, age, social background or status, physical or mental disability; - There is equal opportunity for all workers to promotion, training and remuneration; - No violence, abuse and harassment, mental or physical, occurs in the workplace; - Safeguard against any unlawful or unethical discrimination are 	<ul style="list-style-type: none"> - There is no discrimination on basis of race, colour, sex, religion, political opinion, national or social origin. 	<p>The following ILO convention provides further details on the underlying expectations:</p> <ul style="list-style-type: none"> - Equal Remuneration Convention, 1951 (No. 100); - Discrimination (Employment and Occupation) Convention, 1958 (No. 111). <p>Additional information and technical guidance can be found on the following fact sheets:</p> <ul style="list-style-type: none"> - Harassment and abuse; - Sample – sexual harassment policy;



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	<p>economic, social, cultural or any other field of public life³.</p>	<p>established such as procedures allowing the identification of harassment of any kind;</p> <ul style="list-style-type: none"> - The entity has identified vulnerable groups (women, youth, disabled, pregnant, nursing workers, etc.) and equitable working conditions and opportunities are provided to them. 		<ul style="list-style-type: none"> - Respect for diversity. <p>Further guidelines can be found in TFT guidelines for workers in palm oil plantations: "Respect for workers – palm oil Guidelines for sites" Or in the "New principles and guidance for responsible palm oil production" developed by Humanity United.</p>
<p>d. Children and young people's rights and wellbeing are respected</p>	<p><i>Child labour</i> is a work that deprives children of their childhood, their potential and their dignity, and that is harmful to their physical or mental development, including night work.</p> <p><i>Young worker</i> is a worker above the minimum age of employment by law but under the age of 18.</p> <p><i>Hazardous work</i> is work that, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of the children or youths.</p>	<ul style="list-style-type: none"> - The entity doesn't use child labour and takes appropriate measures to prevent the use of such labour, such as recording the date of birth the workers from official documents; - The wellbeing of children and young people is safeguarded; specific attention is drawn to the education and healthcare of the children. To this purpose, the entity promotes and supports children and youths' access to education. Young workers' employment does not divert those youths from school; - Where young workers are engaged or employed, appropriate measures are taken to safeguard them and 	<ul style="list-style-type: none"> - No children are employed; - When children support their family in their labour, this does not divert those children from school; - Young people do not carry out heavy or dangerous activity; - Young workers' employment does not divert those youths from school; - Children's education and wellbeing is ensured. 	<p>The following ILO convention provides further details on the underlying expectations:</p> <ul style="list-style-type: none"> - Minimum Age Convention, 1973 (No. 138); - Worst Forms of Child Labour Convention, 1999 (No. 182). <p>Additional information and technical guidance can be found on the following fact sheets:</p> <ul style="list-style-type: none"> - Child labour; - Sample – No child labour policy. <p>Further guidelines can be found in TFT guidelines for workers in palm oil plantations: "Respect for workers –</p>

³ Definition from the UNESCO <http://www.unesco.org/new/en/social-and-human-sciences/themes/international-migration/glossary/discrimination/>



Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
		<p>they do not carry out heavy or hazardous work activities;</p> <ul style="list-style-type: none"> - The minimum age of workers meets ILO convention 138 on Minimum Age of Workers or national legislation, whichever sets the highest minimum age for workers. 		<p>palm oil Guidelines for sites" Or in the "New principles and guidance for responsible palm oil production" developed by Humanity United.</p>
<p>e. There is no forced or bonded labour</p>	<p><i>Forced labour</i> refers to situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as accumulated debt, retention of identity papers or threats of denunciation to immigration authorities. Forced labour, contemporary forms of slavery, debt bondage and human trafficking are closely related terms though not identical in a legal sense. Most situations of slavery or human trafficking are however covered by ILO's definition of forced labour⁴.</p>	<ul style="list-style-type: none"> - Forced or compulsory labour, bonded labour and human trafficking/exploitation is not used and appropriate measures are taken to identify and prevent the use of such labour; - The entity should ensure that when an event of such labour or trafficking is found, victims are immediately released from this situation and referred to existing services for support and assistance; - The entity ensures that workers' freedom of movement is not restricted, for example, their identity papers are not retained in any way by an employer or agency, and they have direct access to their savings at any time, with no conditions; 	<ul style="list-style-type: none"> - Workers have free access to their belongings and documentation at any time without condition. 	<p>The following ILO convention provides further details on the underlying expectations:</p> <ul style="list-style-type: none"> - Forced Labour Convention, 1930 (No. 29); - Abolition of Forced Labour Convention, 1957 (No. 105). <p>Additional information and technical guidance can be found on the following fact sheets:</p> <ul style="list-style-type: none"> - Forced and bounded labour; - Sample – Employment policy. <p>Further guidelines can be found in TFT guidelines for workers in palm oil plantations: "Respect for workers – palm oil Guidelines for sites". Or in the "New principles and guidance for responsible palm oil"</p>

⁴ Definition from ILO



Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
				<p>production” developed by Humanity United.</p>
<p>f. Ethical recruitment practices are in place</p>	<p><i>Due diligence</i> refers to an enterprise’s ongoing process which aims to identify, prevent, mitigate, and account for how it addresses the adverse human rights impacts of its operations. The process should include assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed.</p> <p><i>Recruitment agency</i> is either public employment services or private employment agencies and all other intermediaries or subagents that offer labour recruitment and placement services.</p>	<ul style="list-style-type: none"> - The entity implements recruitment practices that are fair, transparent and meet legal requirements; - The workers do not pay their recruitment fees; - All workers understand the terms of their engagement, what is required of them and the calculation of wages; - The entity provides to all workers work agreements or employment contracts in a language they understand explaining clearly their terms of employment and in accordance with national regulations; - Direct recruitment is preferred, however where recruitment agencies or labour contractors are used, due diligence is conducted to ensure they operate legally and fairly as described by the ILO guidelines. 	<ul style="list-style-type: none"> - All workers understand the terms of their engagement, what is required of them and the calculation of wages; - The entity provides to all workers a simple work agreement or an employment contract in a language they understand explaining their terms of employment and in accordance with national regulations, including at minimum: the duration of the agreement, the working hours and rest time, the calculation of wages. 	<p>The following ILO convention provides further details on the underlying expectations:</p> <ul style="list-style-type: none"> - Plantations Convention, 1958 (No. 110). <p>Additional information and technical guidance can be found on the following fact sheets:</p> <ul style="list-style-type: none"> - Employment contracts; - Sample – Employment contract. <p>Further guidelines can be found:</p> <ul style="list-style-type: none"> - In the ILO Fair recruitment principles and operating guidelines; - in TFT guidelines for workers in palm oil plantations: “Respect for workers –palm oil Guidelines for sites”; - in the “New principles and guidance for responsible palm oil production” developed by Humanity United.

Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
<p>g. Wages, benefits, working hours including overtime hours must at least meet legal requirements</p>	<p><i>Minimum wage</i> is the lowest wage permitted by law or by a special agreement. <i>Payslips</i> are issued to workers when they are paid. They clearly state the details of the worker who is being paid, the amount of earnings, and any deductions.</p>	<ul style="list-style-type: none"> - The entity meets all minimum national legal requirements, if not exceed them, with regard to wages, overtime premiums, working hours, overtime hours and benefits; - Overtime hours are worked on a voluntary basis and are recorded; - All workers should have at least one day off every six days; - The entity's payment, deduction and advance systems are transparent to the workers; - The entity should document working hours and payments, and all workers should receive payslips. 	<ul style="list-style-type: none"> - Workers have the minimum legal wage, where this is not achieved because of external circumstances (low season, market price, pest outbreak), the entity must support its workers to develop alternative sources of revenue in order to meet the minimum legal wage; - Payment and advance system are transparent and documented; - Working hours and overtime should be documented. 	<p>The following ILO convention provides further details on the underlying expectations:</p> <ul style="list-style-type: none"> - <u>Minimum Wage Fixing Convention, 1970 (No. 131)</u>; - <u>Equal Remuneration Convention, 1951 (No. 100)</u>; - <u>Discrimination (Employment and Occupation) Convention, 1958 (No. 111)</u>; - <u>Plantations Convention, 1958 (No. 110)</u>. <p>Additional information and technical guidance can be found on the following fact sheets:</p> <ul style="list-style-type: none"> - <u>Wages and working hours</u>; - <u>Sample: Monthly payroll, payslip, attendance register</u>. <p>Further guidelines can be found:</p> <ul style="list-style-type: none"> - in TFT guidelines for workers in palm oil plantations: "<u>Respect for workers –palm oil Guidelines for sites</u>"; - in the "<u>New principles and guidance for responsible palm oil production</u>" developed by Humanity United;



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<p>h. There is clear, transparent and readily accessible access to remedy</p>	<p><i>Access to remedy</i> is the means to recover a right or to prevent or obtain redress for a wrong.</p>	<ul style="list-style-type: none"> - The entity ensures that all workers, at all levels, have access to remedy and to credible and transparent grievance mechanisms without fear of recrimination or dismissal; - A system allowing for confidentiality is established and communicated to all workers in a way they understand it; - Workers are aware of their rights under law and Pirelli's policy. 	<ul style="list-style-type: none"> - The entity should ensure that all workers understand their rights by law and have access to remedy through giving them access to governmental agencies or workers' union. 	<p>Additional information and technical guidance can be found on the following fact sheets:</p> <ul style="list-style-type: none"> - Access to remedy - Sample: Grievance policy, grievance management procedure, grievance record <p>Further guidelines can be found:</p> <ul style="list-style-type: none"> - in TFT guidelines for workers in palm oil plantations: "Respect for workers –palm oil Guidelines for sites" - in the "New principles and guidance for responsible palm oil production" developed by Humanity United.
<p>i. Accommodation is safe and hygienic</p>	<p><i>Safe and hygienic accommodation</i> is an adequate and decent housing accommodation and a suitable living environment.⁵</p>	<ul style="list-style-type: none"> - When the entity provides accommodation to the workers, it is safe, hygienic and conditions are acceptable (according to the ILO Workers' Housing Recommendation, 1961, No. 115). - Segregated accommodation is provided for families, for single women and for single men. 	<ul style="list-style-type: none"> - When accommodations are provided, these are safe and hygienic, and accommodation are segregated for families, single women and single men. - Demarcated accommodation segregated from production and storage area with basic facilities. 	<p>The following ILO convention provides further details on the underlying expectations:</p> <ul style="list-style-type: none"> - Safety and Health in Agriculture Convention, 2001 (No. 184); - Plantations Convention, 1958 (No. 110). <p>Additional information and technical guidance can be found on:</p>

⁵ International Labour Organization, 2014. ILO Helpdesk: workers' housing. www.ilo.org



Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
		<ul style="list-style-type: none"> - No fees for the housing should be charged by the entity to the workers. 		<ul style="list-style-type: none"> - ILO workers housing helpdesk document; - TFT Safe and hygienic accommodation factsheet. <p>Further guidelines can be found:</p> <ul style="list-style-type: none"> - in TFT guidelines for workers in palm oil plantations: "Respect for workers – palm oil Guidelines for sites" - in the "New principles and guidance for responsible palm oil production" developed by Humanity United.
<p>j. Freedom of association and the right to collective bargaining is respected for all workers</p>	<p><i>Freedom of association</i> is the right of workers to freely form and join workers organisations such as trade unions, worker associations and worker councils or committees for the promotion and defence of occupational interests.⁶</p> <p><i>Collective bargaining</i> is the negotiation of wages and other conditions of</p>	<ul style="list-style-type: none"> - The entity ensures that there is constructive and effective dialogue between workers and management. - All workers, regardless of rank, job grade or length of stay in the organisation, are aware of their rights to and can freely form and join trade unions of their choice, and to bargain collectively, in accordance with national legislation. - Where the rights to freedom of association and collective 	<ul style="list-style-type: none"> - The entity ensures that there is constructive and effective dialogue between workers and management. 	<p>The following ILO convention provides further details on the underlying expectations:</p> <ul style="list-style-type: none"> - Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); - Right to Organise and Collective Bargaining Convention, 1949 (No. 98); - Plantations Convention, 1958 (No. 110).

⁶ Responsible Jewellery Council, 2013. (COP 19) Freedom of Association and Collective Bargaining, www.responsiblejewellery.com/



Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
	<p>employment by an organized body of employees.⁷</p>	<p>bargaining are restricted or not allowed by law, alternative means of association and bargaining are proposed and respected for all workers. The establishment of workers' councils (informal, at entity level) can be an alternative mean.</p>		<p>Additional information and technical guidance can be found on the following fact sheets:</p> <ul style="list-style-type: none"> - Freedom of association and collective bargaining. <p>Further guidelines can be found:</p> <ul style="list-style-type: none"> - in TFT guidelines for workers in palm oil plantations: "Respect for workers –palm oil Guidelines for sites"; - in the "New principles and guidance for responsible palm oil production" developed by Humanity United.

⁷ Concise Oxford English Dictionary, 2011. Collective bargaining. Oxford Dictionaries



i. Taking care of people

Fostering the development of local communities and preventing conflicts related to land ownership

The economic and social development of local communities implies creating jobs and increasing the employability of the local populations, improving living standards and avoiding making any contribution knowingly, directly or indirectly, to actions which might lead to the detriment of local communities or populations.

Pirelli recognizes the right of indigenous people and forest-dependent communities to access and benefit fairly from forest resources.

Pirelli expects its suppliers:

- *to act responsibly, avoiding compromising local food supplies and granting fair compensation to local communities for conservation measures or commercial land use;*
- *to respect and protect customary land tenure rights;*
- *to strive for no-land grabbing approaches.*

The risk of contributing knowingly, directly or indirectly, to actions which might lead to the illegitimate appropriation of land and/or to the detriment of local communities or populations shall be avoided and to this aim Pirelli suppliers - especially if and when setting up or transforming plantations and/or industrial sites - are expected to apply the methodology and Guidelines on Free, Prior and Informed Consent (FPIC) developed by the UN-REDD Programme.

Rationale:

Local communities⁸ may be directly or indirectly impacted by the operations of the entity. These impacts can have positive as well as negative consequences.

It is therefore important for the long-term viability of the entity to ensure that the positive impacts are maximised and the negative impacts are avoided in order to ensure good relationships with these populations and minimise the occurrence of conflicts that may affect the entity's operations, reputation or lead to judicial proceedings.

⁸ In this document the terms "local communities" includes the communities and population of indigenous people.



Principle:

Pirelli expects its suppliers to conduct a due diligence according to the following guidance:

Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
<p>a. Respect the health, safety and well-being of local communities as well as manage the impacts of its operations on these communities</p> <p><i>The entity has conducted a due diligence to identify, prevent, mitigate, and account for how it addresses the adverse human rights, direct or indirect, impacts of its operations to local communities. Measures are subsequently identified and implemented in order to avoid and minimise any negative impact. These measures are validated by a stakeholder consultation. The effectiveness of the measures is then monitored in order to improve them.</i></p>	<p><i>Local community</i> includes people living in or around the entity's site that are directly or indirectly impacted by the operations of the entity's site. In this document, it includes also "indigenous people" as defined by the United Nations⁹.</p> <p><i>Stakeholder</i> is a person, a group or an organisation that has a legitimate interest in a project or entity. This legitimate interest can come from effects of the entity's activities which are or are likely to affect the stakeholder, or from specific knowledge or mission the stakeholder has which is related to the entity's activities or to the subject of consultation.</p>	<ul style="list-style-type: none"> - The entity has identified the local communities that may be impacted by its operations, including those impacted by the use of their resources (such as water, etc.). - The entity identifies the potential social impacts its operations may have, directly or indirectly, on them, - Negative impacts should be classified according their severity, - The entity then develop a list of mitigation and other management measures to address social issues, - The impacts assessment and the mitigation measures should be communicated via a public consultation, - The entity should also identify the positive social impacts and seek to reinforce them through developing a Community Development (CD) programme, - Where negative impacts identified are too severe the entity revise its investment plan to avoid it. 	<p>Small holders should demonstrate their rights (legal or customary/traditional) on the land they use for the development of their plantations.</p>	<p>In many countries a specific legal framework exists and sets the requirements for Social Impact Assessments. However, there are various level of requirements throughout the globe therefore Pirelli promotes the use of guidance provided by international institutions such as:</p> <ul style="list-style-type: none"> - The guiding principles of the United Nations on Business and Human Rights - The Guidelines for ESIA from the World Business Council for Sustainable Development - The FAO - The IFC Performance Standards <p>Pre-investment guidance can be found in the "Guidance for Sustainable Natural Rubber" developed by the CCCMC.</p>

⁹ Definition can be found in the FPIC manual for practitioner p.12 <http://www.fao.org/3/a-i6190e.pdf>



Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
<p>b. Support of local communities' livelihood</p> <p><i>The entity supports the local communities' livelihood through economic, social and environmental actions (e.g. job offer, partnership, business development, technical support, roads, nursery, school, roads, sewage, etc...). Community development (CD) programme's activities will have to be identified through a participatory approach with the related communities. Appropriate resources are allocated to the development, management and follow-up of the CD programme in order to ensure the long-term effects of the actions and avoid dependence of the</i></p>	<p>- Community Development is a process where community members come together to take collective action and generate solutions to common problems ¹⁰. The programme will list actions identified by civic leaders, activists, involved citizens and professionals to improve various aspects of communities, typically aiming to build stronger and more resilient local communities.</p>	<ul style="list-style-type: none"> - The entity uses the outcomes of the SIA and EIA as the basis for developing the CD program, - The entity should ensure that communities have required access to inputs, credit, capacity-building and land. - The entity prioritises and systematically includes the vulnerable groups while developing CD programs, - The entity should develop strategic plan, annual plan, and budget, - The monitoring and evaluation of the CD program is carried out in participatory approaches, the entity respected the communities' FPIC with regards to the CD programme's activities. 	<p>Small holders should ensure that the development of their plantation is not done to the detriment of the community livelihood.</p>	<p>N/A</p>

¹⁰ Definition from UNTERM:

<https://web.archive.org/web/20140714225617/http://unterm.un.org/DGAACS/unterm.nsf/8fa942046ff7601c85256983007ca4d8/526c2eaba978f007852569fd00036819?OpenDocument>



Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
<p><i>communities on the company.</i></p>				
<p>c. Respect the right to Free Prior and Informed Consent</p> <p><i>Before developing any new plantation or infrastructure, or before carrying out any activities which will affect a community, the entity has consulted with all local communities having legal or customary right on the land in order to identify their customary rights, proceed to a participatory mapping and respect their rights (of indigenous and local communities) to give or withhold their Free, Prior and Informed Consent (FPIC).</i></p>	<p><i>Participatory mapping</i> is the process of identifying and mapping borders and community land uses zoning of the communities in order to ensure the sustainability of the livelihood of the indigenous people and local community, through a consultation and with the final agreement by the community members of the neighbouring villages.</p> <p><i>Free, Prior and Informed Consent (FPIC)</i>¹¹ is a specific right that pertains to local communities. It allows them to give or withhold consent to a project that may affect them or their territories. Once they have given their consent, they can withdraw it at any stage.</p> <p>Furthermore, FPIC enables them to negotiate the</p>	<ul style="list-style-type: none"> - The entity studies and investigates to gain full understanding of land-related laws and regulations, as well as planning information within the proposed investment area, - The entity carries out land tenure assessment to understand land ownership in the area of its project, especially where lands are mainly held by customary or traditional tenures, - The entity carries out participatory mapping that includes customary lands, - Negotiations are carried out with local communities in an open and transparent manner, and on a voluntary basis, - The entity ensures that agreement of acceptance is signed by self-chosen representatives of the local communities, freely chosen according to their local decision making mechanism, - Full information of the proposed project is provided to the local communities with the appropriate language that is sensitive to the culture and local context, 	<p>Prior the development of any new project:</p> <ul style="list-style-type: none"> - The farmer should ensure he holds the land tenure rights on the project area, - If any other farmer or entity uses the project land, the farmer should reach an agreement with this entity before starting any activity on the land, 	<ul style="list-style-type: none"> - The UN provide the following guidance on FPIC "Manual for practitioners"; - FSC provides also some guidelines for practitioners to implement FPIC; - RSPO guide for companies on FPIC - Interlaken Group: Respecting Land & Forest Rights: The Full Guide - The International Fund for Agricultural Development provide guidance for participatory mapping. - Pre-investment guidance can be found in the "Guidance for Sustainable Natural Rubber" developed by the CCCMC.

¹¹ Definition from the FAO <http://www.fao.org/indigenous-peoples/our-pillars/fpic/en/>
See full definition in the annex.



Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
	<p>conditions under which the project will be designed, implemented, monitored and evaluated.</p>	<ul style="list-style-type: none"> - Where the communities' FPIC is withhold or no agreement on compensations are reached, the entity revises its project. - For existing operations where no FPIC has been looked for before its development, the entity should retroactively implement the FPIC principle. 		
<p>d. Regular consultation with local communities and indigenous people are carried out to ensure their rights are respected and to monitor how the FPIC agreement impacts their livelihood.</p>	<p><i>Vulnerable group</i> is a population, individual or organization unable to anticipate, cope with, resist and recover from negative impacts.¹² It includes 12 groups; people with limited resources or increased relative risk for morbidity, mother child mortality, women-headed household, children with special needs, elderly people or youth, ethnic minorities, displaced populations, people living away from services or suffering from chronic illness, people with disability.¹³</p>	<p>Throughout the lifetime of the entity and the running of its operations, the entity:</p> <ul style="list-style-type: none"> - identifies and understands the tenure rights on the lands in and around its operations; - carries out participatory mapping that includes customary lands; - negotiates with local communities in an open and transparent manner, on a voluntary basis, including with vulnerable group; - ensures that agreement of acceptance is signed by self-chosen representatives of the local communities, freely chosen according to their local decision making mechanism, implement the FPIC process. 	<p>Small holders should take part to the identification and decision process for site conservation.</p>	<ul style="list-style-type: none"> - The UN provide the following guidance on FPIC "Manual for practitioners"; - FSC provides also some guidelines for practitioners to implement FPIC; - RSPO guide for companies on FPIC; - The International Fund for Agricultural Development provide guidance for participatory mapping.

¹² Definition from the World Health Organisation http://www.who.int/environmental_health_emergencies/vulnerable_groups/en/

¹³ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5442580/>



ii. *Protecting ecosystems, flora and fauna*

Along the entire material life, cycle continuous improvement on environmental impacts implies assessing, securing and possibly restoring ecosystems while avoiding, mitigating or remedying adverse environmental impacts on resources, climate change, ecosystems and relevant flora and fauna.

In line with this approach, Pirelli expects from the actors in its supply chain:

- to develop proper land use plans to prevent the overexploitation of natural resources, to preserve surface water and groundwater resources, to reduce, manage and recover the produced waste;*
- to comply with laws and regulations concerning the use of chemical products in the industrial sector and to manage chemicals to ensure their safe handling, movement, storage, use, recovery or disposal;*
- to apply proper processes and technologies to reduce odours produced by rubber milling.*

Rationale:

Any industry depends on the resources generated by Nature and People. Subsequently any industry's operations, whether large or small, have impacts on its environment that, over time, may affect irreversibly the resources used by the industry and other stakeholders. It is therefore important for any industry player to minimize and avoid all negative impacts it may generate to ensure the sustainability of the environment it relies on and therefore its own long-term viability.



Principle:
 Pirelli expects its suppliers to conduct an environmental due diligence on its current operations as well as when planning for new investments, according to the following guidance:

Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
<p>a. Minimising environmental impacts</p> <p><i>The entity has identified the environmental impacts its operations are causing and implements measures in order to reduce and minimise the negative impacts.</i></p> <p><i>The effectiveness of these measures is monitored in order to improve them. Ideally, the companies are expected to carry out an Environmental Impact Assessment and develop an action plan based on the conclusion of the assessment.</i></p>	<p>N/A</p>	<p>Depending on the size and extent of its operations:</p> <ul style="list-style-type: none"> - The entity identifies all potential environmental impacts on the air, the soil, the water and natural resources/wild life and define measures to avoid or minimise any negative impacts; - The environmental impact assessment and management plan covers at least, where relevant: <ul style="list-style-type: none"> ➤ GHG emissions of the operations and measures to reduce it; ➤ Alternative measures to the use of burning for land preparation (for new plantation or for re-planting), for waste disposal, etc.; ➤ Storage and management of waste, in hazardous, chemicals, etc.; ➤ Pollution and degradation of the air, the soils and fresh waterbodies (rivers, pond, lake, etc.), including odours and erosion; ➤ Water table management on peat soils; 	<p>The small holder should identify the pollution its practices are causing and strive to reduce them, mainly in terms of:</p> <ul style="list-style-type: none"> ➤ Soil, water and air pollution; ➤ Solid waste disposal; ➤ Chemicals storage, use and disposal; ➤ Use of fire for land preparation and waste disposal; ➤ Water table management on peat soils. 	<p>In many countries, a specific legal framework exists and sets the requirements for Environmental Impact Assessments. However, there are various level of requirements throughout the globe therefore Pirelli promotes the use of guidance provided by international institutions such as:</p> <ul style="list-style-type: none"> - The Guidelines for ESIA from the World Business Council for Sustainable Development; - The FAO; - The IFC Performance Standards. <p>Pre-investment guidance can be found in the "Guidance for Sustainable Natural Rubber" developed by the CCCMC.</p>



Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
		<ul style="list-style-type: none"> ➤ Pest management and measures to maximise the use of integrated pest management; ➤ Use of chemicals, banning chemicals classified from class 1A and 1B of the WHO as well as Paraquat; ➤ When the entity considers new investments it carries out a rapid impact assessment to identify stakeholders, the population profile, the major issues in the area and the major environmental features and key biodiversity spots. 		
<p>b. Protection of the biodiversity</p> <p><i>The entity's operations are implemented in a way that ensures the protection, maintenance and restoration of significant ecosystem attributes and sites on its lands and in the neighbouring landscape. To this purpose, the entity is expected to identify such areas, defined as High Conservation Value areas,</i></p>	<p><i>Attribute is a specific feature (e.g. a species, a species' population, a site, an ecosystem service, a landscape, etc.) of an area which makes this area considered as an HCV area, an HCS forest, an Intact Forest Landscape or a peatland.</i></p>	<ul style="list-style-type: none"> - Processors and middle men should identify if their operations may potentially affect HCVs, HCS or peatlands and subsequently incorporate their identification and protection in the environmental and social impact assessment; - Industrial plantations should: <ul style="list-style-type: none"> ➤ Map the significant biodiversity attributes on their sites as well as on neighbouring landscapes; ➤ Identify measures to ensure that each attribute is maintained over time and incorporate them in the management of the entity's 	<ul style="list-style-type: none"> - Small holders should adapt their practices in a way that does not jeopardise the integrity of nationally recognised biodiversity areas (National Park, Natural Reserve, peatlands, etc.); - When there is conflict between wildlife and small holder's activities, the small holder should seek for support to find alternative methods to 	<p><i>HCV specific guidance for identification, management and monitoring of HCV areas are developed by the HCV resource network:</i></p> <ul style="list-style-type: none"> - <i>Common guidance for identification of HCV;</i> - <i>Common guidance for management and monitoring of HCV;</i> - <i>Forest integrity assessment tools.</i> <p><i>Or in the Guidance for small holders to meet biodiversity conservation</i></p> <ul style="list-style-type: none"> - <i>FSC step-by-step guide for biodiversity and HCVF in SLIMF</i>



Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
<p><i>High Carbon Stock forests and peatlands. To ensure the protection and maintenance of such areas, the entity should implement protection measures and monitor the effectiveness of such measures and adapt when and where needed. Industrial plantations are expected to carry out integrated land use planning which will take into considerations, at the landscape level, those specific areas as well as stakeholders' expectations.</i></p>	<p><i>High Conservation Value</i> ¹⁴ (HCV) are biological, ecological, social or cultural values which are outstandingly significant or critically important at the national, regional or global level. <i>High Carbon Stock (HCS) Approach</i> ¹⁵ 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</p>	<p>operations. Such measures could include low impact agricultural and forestry practices, water pollution control process, protection measures, training and communication to workers and local communities, etc.;</p> <ul style="list-style-type: none"> ➤ Monitor, on a regular basis, the effectiveness of these measures by assessing the maintenance of the attributes and their integrity; ➤ Use the HCS Approach toolkit developed and monitored by the HCSA Steering Group; ➤ If, when mapping the presence of significant ecosystem attributes on its area or in neighbouring landscapes, it is identified that the integrity of one or more attributes is jeopardise by the entity's operations, the entity should look into the opportunity to restore the land to its natural state. <p>For more guidance, see iii. No deforestation pillar below.</p>	<p>control the wildlife and avoid using violent techniques.</p>	<p><i>Peatlands</i> management guidance can be found: either on International Peat Society website Strategy for Responsible Peatland Management. or in RSPO manual on best management practices for existing oil palm cultivation on peat.</p> <p>Further information on peatlands is available on the Wetlands International website.</p> <p><i>HCS</i> forests identification and management guidance are provided by the HCSA Steering Group in the HCS Approach Toolkit.</p>

¹⁴ Definition by the HCV resource network <https://www.hcvnetwork.org/>

¹⁵ Definition by the HCSA steering group <http://highcarbonstock.org/>



Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
	<p>that is widely accepted to implement commitments to halt deforestation in the tropics, while ensuring the rights and livelihoods of local peoples are respected.</p> <p><i>Peat lands</i>¹⁶ are any land with peat soils which are characterised by an organic content of more than 65%, regardless of depth and surface area. By their important content in non-decayed organic matter, peat soils are important carbon sink.</p> <p><i>Intact Forest Landscape</i>¹⁷ (IFL) is</p>			

¹⁶ No multi-stakeholders and international consensus has been achieved for the definition of peat lands, Pirelli uses as basis for its policy the definition from RSPO in its manual on best management practices for existing oil palm cultivation on peat. <https://www.rspo.org/key-documents/supplementary-materials#>

¹⁷ Definition by the IFL Mapping Team <http://www.intactforests.org/>



Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
	<p>a seamless mosaic of forest and naturally treeless ecosystems within the zone of current forest extent, which exhibit no remotely detected signs of human activity or habitat fragmentation and is large enough to maintain all native biological diversity, including viable populations of wide-ranging species. IFL should be considered an HCV area.</p>			



iii. No deforestation, no peat, no burn

Pirelli advocates for the 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 calls for its supply chain:

- to refrain from any form of rubber production on known peat land;*
- to refrain from the use of fire in the preparation of new plantings, or re-plantings or any other developments;*
- to adopt the internationally recognized High Conservation Value (HCV) and High Carbon Stock (HCS) approaches. Pirelli considers the latter as a trustworthy tool towards a Zero Deforestation goal while fostering sustainable development for local communities and capitalizing on fair and open dialogue with the affected Stakeholders.*

Rationale:

The development of new operations, being plantations, nursery, roads, factory, etc. ("project") leads eventually to land cover change. Depending on what is the initial type of the land cover of the project area, there may be loss of specific environmental or social features that are critical either to the sustainable livelihood of local communities or to the integrity of significant biodiversity and ecosystem attributes. Such loss may lead to conflict with the affected population or stakeholders but also contribute, over time, to climate change.

In order to avoid such side effects, entities, while planning for development of new projects (plantations, infrastructures, etc.) on greenfield sites, should carry out, when and where relevant, an integrated land use planning which will take into considerations, at landscape level, the significant biodiversity and ecosystem attributes and sites to be maintained and protected as well as the attributes of significant importance for the living of local communities and indigenous people.



Principle:

Pirelli expects its suppliers to follow the guidance and Principles described below in new development projects as well as in current operations when extensions or new developments on green fields are considered.

Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
<p>a. Maintaining peat lands</p> <p><i>Before developing any new project, the entity has identified any area with peat soil. These are then considered as a HCV area, regardless of depth and surface area.</i></p>	<p><i>Peatlands¹⁸ are any land with peat soils which are characterised by an organic content of more than 65%, regardless of depth and surface area. By their important content in non-decayed organic matter, peat soils are important carbon sinks. The dome-shaped¹⁹ peat surface possesses its own perched water-table fed by rainwater.</i></p>	<ul style="list-style-type: none"> - The entity should carry out a soil assessment in the project area in order to identify the nature of the soils and their suitability for development of the project; - Depending on the extent of the project, it may require the entity to hire experts to carry out this assessment; - Where wetlands, including peat lands, are identified, the entity should neither clear nor drain the land; - Where the entity's concession partially covers a peat dome, the entity should work with its neighbours to identify the best way to ensure the integrity of the peat dome. 	<ul style="list-style-type: none"> - Where wetlands, including peatlands, are identified, the entity should neither clear nor drain the land. 	<p><i>Peatlands</i> management guidance can be found: either on International Peat Society website Strategy for Responsible Peatland Management. or in RSPO manual on best management practices for existing oil palm cultivation on peat.</p> <p>Further information on peatlands is available on the Wetlands International website.</p>
<p>b. No use of burning</p> <p><i>While clearing and preparing land for the development of a new project, the entity shall not</i></p>	<p><i>Land clearing and preparation</i> is the activity carried out when an entity removes the current land cover</p>	<ul style="list-style-type: none"> - The entity uses alternative techniques to remove the remnants from the project area, for example chipping and/or burying the residuals; 	<ul style="list-style-type: none"> - Small holders use alternative techniques to remove the remnants from the project area, for example transport it outside the project area and 	<p>ASEAN has adopted a zero-burning policy in 1999 and since then has developed guidelines for implementation of Zero Burning Policy.</p>

¹⁸ No multi-stakeholders and international consensus has been achieved for the definition of peat lands, Pirelli uses as basis for its policy the definition from RSPO in its manual on best management practices for existing oil palm cultivation on peat. <https://www.rspo.org/key-documents/supplementary-materials#>

¹⁹ Definition source: FAO <http://www.fao.org/docrep/x5872e/x5872e05.htm>



Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
<p><i>use fire or burning to destroy and remove remaining vegetation, roots or anything else.</i></p>	<p>(forest, scrub, savanna, etc.) in order to start its project.</p>	<ul style="list-style-type: none"> - When a specific pest is threatening the entire area and neighbouring plantations, if fire is the only emergency solution to eliminate it and if the use of fire is allowed by law, the entity may locally use fire during this specific time. Evidence that all the above conditions occurred (pest threatening the entire area and neighbouring plantations, no alternative solutions than fire, and fire allowed by law) shall be justified with the proper evidences upon request; - When fire is used as such emergency response, fire control measures are implemented to ensure that the fire doesn't extend to other, non-targeted, area and doesn't impact local communities; - If such pest attacks and the use of fire to address it are recurring, the entity is expected to put resources towards research for finding alternative techniques; - Any use of fire on peatland is banned. 	<p>away from any rubber plantations;</p> <ul style="list-style-type: none"> - When a specific pest is threatening the entire area and neighbouring plantations, if fire is the only emergency solution to eliminate it and if the use of fire is allowed by law, the small holder may locally use fire during this specific time, Evidence that all the above condition occurred (pest threatening the entire area and neighbouring plantations, no alternative solutions than fire, and fire allowed by law) shall be justified with the proper evidences upon request; - When fire is used as such emergency response, fire control measures are implemented to ensure that the fire doesn't extend to other, non-targeted, area and doesn't impact local communities; - Any use of fire on peatland is banned. 	<p>The FAO Conservation Agriculture website may be of interest to find case studies on the use of alternative techniques.</p>



Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
<p>c. Maintaining High Conservation Value areas</p> <p><i>Before developing any new plantation or infrastructure, the entity has assessed the area to identify the High Conservation Value (HCV) attributes and related areas in order to maintain them while carrying the development.</i></p> <p><i>Entities are expected to consult all relevant stakeholders to validate the HCVs identification process as well as the development of protection and maintenance measures.</i></p> <p><i>Peatlands and IFL should be considered as HCV areas.</i></p> <p><i>Entities are expected to make integrated HCV and HCS assessments as per the HCS Approach.</i></p>	<p>See definitions in pillar ii. Protecting ecosystems, flora and fauna; Section b. Protection of the biodiversity.</p>	<p>Prior to the development of any new project:</p> <ul style="list-style-type: none"> - Processors and middle men should identify if their operations may potentially affect HCVs and subsequently incorporate their identification and protection in the environmental and social impact assessment; - Industrial plantations should: <ul style="list-style-type: none"> ➤ Assess the area of the project in order to identify and map the attributes which would be classified as HCV, the entity may need the support of experts to carry out such assessment; ➤ Consult relevant stakeholders (local communities, local authorities, academics, civil society organisations, conservation groups) who may contribute to the identification of such attributes; ➤ Define measures to ensure the integrity of the identified HCVs and consult with relevant stakeholders to verify their adequacy; 	<p>When small holders are organised in farmers group or cooperative, a landscape analysis should be carried out prior the development of any new project in order to identify the significant biodiversity attributes to be protected in the landscape.</p>	<p>HCV specific guidance for identification, management and monitoring of HCV areas are developed by the HCV resource network:</p> <ul style="list-style-type: none"> - Common guidance for identification of HCV; - Common guidance for management and monitoring of HCV; - Forest integrity assessment tools. <p>Or in the Guidance for small holders to meet biodiversity conservation</p> <ul style="list-style-type: none"> - FSC step-by-step guide for biodiversity and HCVF in SLIMF. <p>Intact Forest Landscape (IFL) are considered as HCV and the guidance are provided by http://www.intactforests.org/.</p>



Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
		<ul style="list-style-type: none"> ➤ Integrate those measures in the development plan and management plan of the project; ➤ Monitor the efficiency of the measures and, where one or more measures fail to its purpose, adapt them; ➤ Be transparent about the HCV areas identified, the measures implemented and the outcomes of the monitoring. 		
<p>d. Maintaining High Carbon Stock forests</p> <p><i>Before developing any new plantation or infrastructure, the entity has identified the High Carbon Stock (HCS) forests in his area in order to maintain them while carrying on the development. To this purpose the entity is expected to follow the HCS Approach Toolkit developed by the HCSA Steering Group and get the plan approved through their quality control process.</i></p>	<p>See definitions in pillar ii. Protecting ecosystems, flora and fauna; Section b. Protection of biodiversity</p>	<p>Prior the development of any new project:</p> <ul style="list-style-type: none"> - Processors and middle men should identify if their operations may potentially affect any forest as defined in the HCS Approach Toolkit and subsequently incorporate their identification and protection in the environmental/ social impact assessment; - Industrial plantations should: <ul style="list-style-type: none"> ➤ Assess the area of the project in order to identify and map any forest as defined in the HCS Approach Toolkit in order to do that the entity will need to use a qualified HCS assessor; 	<p>If the land cover of the project area is considered as forest, the farmer must look into other use that does not require to clear the forest.</p>	<p>HCS forests identification and management guidance are provided by the HCSA Steering Group in the HCS Approach Toolkit.</p> <p>Participatory Conservation Planning guidance can be found on Conservation Gateway website.</p>



Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
		<ul style="list-style-type: none">➤ Identify and map any sites/ resources used by the local communities;➤ Based on these outcomes the entity should implement the HCS approach toolkit which requires the entity to carry out, by approved assessors, a scoping assessment and then a full assessment in order to map the areas which are suitable for the development of its new project;➤ Include the local communities for the identification of the sites for conservation, the entity may want to use the Participatory Conservation Planning methodology;➤ Submit and receive the validation of their development plan through the HCSA quality control process.		



iv. *Preserving resources*

Pirelli undertakes to use natural rubber in a highly qualitative and efficient way, engaging in research and development activities aimed at reducing the average mass of tyres, extending tyre life, increasing material recovery.

Pirelli promotes the same qualitative and efficient approach along its supply chain in order to reduce pressure on biodiversity, increasing product efficiency and reducing disposal costs.

Rationale:

Given the recognised impact on natural resources and the risk of over-exploitation, it is important that each natural rubber industry player works to improve the efficiency of its operations in order to reduce waste and make the best use of the raw material and natural resources it harvests or exploits. This will reduce the pressure on natural resources and ensure the long-term viability of the operations and of the natural rubber industry.



Principle:

Requirements	Definitions	First Steps Guidance for industrial plantations, processors, middle men and SH	Available Resources
<p>a. Best use of natural resources</p> <p><i>The entity pursues the most efficient use of available natural resources, promoting practices (planting, harvesting, storing and processing) that increase higher productivity of its existing land and minimizing the amount of wastes produced.</i></p>	<p>N/A</p>	<ul style="list-style-type: none"> - The use of natural resources (natural rubber, timber, water, land, energy) is limited to the need of the entity, minimising waste; - Rubber plantation management and natural rubber or timber harvesting practices are reviewed and constantly adapted in order to increase the yield, through improving the trees selection, plantation and trimming, the processing techniques, the storage, the recycling of waste, etc. The entity should look for the support of experts in order to identify such potential improvement and to estimate the benefits it will bring; - Processors or middle men should provide support to the small holders they supply from in order to increase their yield and the efficiency of their practices; - While planning for planting or replanting, the entity should assess whether the site is suitable for rubber trees plantations (economically and environmentally) or if restoration of natural habitat is preferable. 	<p>N/A</p>



v. *Ethics as the base: Fighting corruption*

Active and/or passive corruption shall not be tolerated, in any guise or form, in any affected jurisdiction and even in places where such activity was admissible in practice, tolerated, or not challenged in the courts.

Rationale:

Laws and legislation framework are developed to ensure no abuse or disrespectful action is perpetrated to public or private assets. The use of corruption as a mean to obtain something in an easier, cheaper or faster way or something that would not be obtainable by legal means, infringes the rights of others and put at risk the entire entity for which this act has been perpetrated.

It is important for any type of entity to respect the laws and prevent any type of corruption in its operations to avoid conflicts with affected people, scandals, judicial proceedings or any other repercussions as well as putting at risk the other people working or depending on the entity.



Principle:

Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
<p>a. Legal compliance</p> <p><i>The entity is expected to meet at the local legal requirements, as well as international conventions, linked to its operations.</i></p>	<p>N/A</p>	<p>In this section, the document highlights topics or requirements to which Pirelli draws specific attention or on which Pirelli's expectations may go beyond local requirements.</p> <ul style="list-style-type: none"> - The entity should be legally registered, i.e. the company has all required documents proving its legal registration according to the local laws (e.g. land title, concession title, etc.); - The grower has the appropriate land title demonstrating its right to harvest on the plantation; - A valid land title provides a clear description of boundaries. These are easily identifiable on the ground and, ideally, mapped; - The harvesting is covered by the appropriate legal documents; - Based on the legal requirements, the crop is recorded on appropriate documents in order to monitor the volumes, the producer and the harvesting site. 	<p>These points on legal compliance are also considered as expectations for small holders however, a higher level of tolerance is accepted while support is provided to them in order to achieve full completion of these expectations.</p>	
<p>b. Fighting corruption</p> <p><i>The entity has banned any type of corruption and communicated this commitment to all its suppliers, employees and contractors.</i></p> <p><i>There is a whistleblowing policy that describes the process in place to avoid or to denunciate such practices, in confidence.</i></p>	<p>N/A</p>	<ul style="list-style-type: none"> - Prior to any investment in a new country, the entity should carry out research on political and economic environment, contact local Civil Society Organisations working with communities in order to identify and understand the major risks and issues linked to corruption. to reach out to them and identify the major issues; - The entity should develop a commitment/policy which bans any type of corruption and communicate it to its workers, through employment contracts, publication 	<p>N/A</p>	<p>Further information on fighting corruption can be found at: The World Bank website.</p> <p>The UN Global Compact site: "Fighting Corruption in the Supply Chain: A Guide for Customers and Suppliers"</p>



Requirements	Definitions	First Steps Guidance for industrial plantations, processors and middle men	First Steps Guidance for SH	Available Resources
		<p>on the entity billboard, explanation through specific training;</p> <ul style="list-style-type: none"> - The entity's management should especially be aware, understand and commit to implement this commitment; - The entity should communicate to its subcontractors the commitment and require them to observe same commitment; - The entity should develop and communicate to its workers, subcontractors and stakeholders, a whistleblowing mechanism which allows any party to safely denunciate such corruption practices and to keep anonymity. Subsequently any identified act of corruption should be corrected. 		<p>Information on country corruption level is available on Transparency International website.</p> <p>Pre-investment guidance can be found in the "Guidance for Sustainable Natural Rubber" developed by the CCCMC.</p>



vi. Traceability and risk mapping

Pirelli has been studying procedures for tracing its natural rubber supply chain and, to that end, partners and engages with contractors to develop and use social and environmental traceability and risk mapping tools along the relevant chain that are efficient and trustworthy, in order to reach full traceability in the medium-term.

Pirelli cannot precisely state how long this process will take, due to the high fragmentation of the natural rubber supply chain and the complexity of the traceability and risk mapping process. Pirelli will report on progress made as per Section XI of this Policy.

Risk mapping results, as well as the willingness of the supply chain to engage in recovery plans when necessary, will impact on Pirelli's natural rubber purchasing decisions and development strategies.

Rationale:

Mapping its supply chain allows an entity to know the area it sources its products from and the type of organisations it works with (directly or indirectly).

Identifying the supply chain areas of sourcing until upstream allows to understand the reality on the ground, identifying the challenges, the problems and the risks of non-alignment with sustainability commitments taken.

Once the supply chain of the sourcing areas is known, it is important to prioritise the areas and the topics where the entity should focus its work to bring it towards full implementation of the policy in an effective and efficient manner.

To trace its purchased rubber flow along the chain Pirelli shall count on the engagement of each of the supply-chain nodes, directly engaging with its first tier suppliers and expecting them to equally engage their relevant first and second tiers on site.

Pirelli has been scouting traceability systems offered by the market in order, where possible, to complement its suppliers data systems, though understanding that its suppliers might prefer to use and develop their own systems to trace the chain while protecting competitive information.

Principle:

➤ **Expectations for industrial plantations, processors and middle men**

a. Traceability

- The entity records and keeps documentation on the sources it supplies from, engaging with its first and, in turn, with the second tier in order to identify the flow of its rubber from the origin.
- The entity's quality system includes the traceability of the rubber sold to a specific customer.
- The entity supports Pirelli in the collection of supply chain data and in the risk mapping of its sources.



b. First step guidance:

- The entity applies a system which allows it to identify all its suppliers (identity and location), the volume they supply, as well as the origin of the supplies (at minimum up to the village or origin, ideally up to the plantation),
- The entity engages with its suppliers to identify the risks and gaps within its own supply chain for non-alignment to Pirelli policy.

c. Definition:

Traceability: The ability to identify and trace the history, distribution, location and application of products, parts and materials, to identify their origin.

d. Additional information and resources:

FSC chain of custody standard provides some ideas of traceability system to put in place however it is important to note that natural rubber supply chain may be more complicated and therefore such system may not be applicable everywhere (essentially to small holders' sources). <https://ic.fsc.org/en/document-center/id/80>

- **Expectations for small holders:** openness and collaboration allowing customers to identify and trace the origin of the material they purchase, using the tools eventually provided, suggested or available.



vii. Governance

Pirelli expects its natural rubber suppliers:

- *to comply with this Policy;*
- *to promote it along the relevant supply chain;*
- *to develop and implement a due diligence system related to this Policy towards the supply chain.*

This Policy integrates the commitments¹ already taken by Pirelli towards sustainable management of its supply chain, and the management model Pirelli has been applying to, namely:

- *encouraging suppliers to apply continuous improvement by implementing knowledge-building opportunities and capacity building activities by themselves, with Pirelli and through other collaborative efforts;*
- *assessing potential natural rubber suppliers on their environmental, social and business ethics performance from the pre-homologation phase through onsite audits conducted by a third party;*
- *requiring its suppliers to sign the Pirelli sustainability contractual clause (which translates Pirelli's above-mentioned commitments into specific environmental, human and labour rights, as well as business ethics and anti-corruption compliance requirements for suppliers, with the formalized request to cascade the same sustainable management model into their direct supply chain and to properly monitor the relevant implementation, so as to enable a virtuous cycle;*
- *monitoring suppliers' compliance with the Pirelli sustainability clause through third party on site audits and defining any remedial actions if required.*

Evidence of serious non-compliance with this Policy or refusal to set a recovery plan, or failure to implement an agreed recovery plan, may lead to the suspension or termination of Pirelli's business relations with the supplier in question.

Should any tier 2 supplier in Pirelli's supply chain be implicated with serious evidence of non-compliance, Pirelli will discuss the most proper way to act with the tier 1 supplier involved. Proven good faith and a proactive approach to countermeasures are considered by Pirelli as a starting point toward responsible and shared mitigation, rather than immediate termination.

Rationale:

Natural rubber supply chains have complex setup, with multiple intermediaries between entities such as Pirelli and the rubber tree growers. Each node is important and is an asset to Pirelli. Each node has a role to play in supporting the implementation of Pirelli's Policy.

In order to ensure a robust approach is taken for the policy implementation, several systems and processes should be put in place while benefits for each node should be identified.



Principle:

➤ Expectations for industrial plantations, processors and middle men

Requirements	Definitions	First Steps Guidance for industrial plantations and processors	First Steps Guidance for middle men	Available Resources
a. Management and responsibilities are allocated and clear	N/A	<ul style="list-style-type: none"> - The entity's management understands and commits to the values and concepts highlighted in this document, - The entity has secured the appropriate human resources and budget to support the proper implementation of Pirelli Natural Rubber Sustainable Policy, - Roles and responsibilities have been clearly allocated in order to ensure the operations are aligned to those values and concepts. 	<ul style="list-style-type: none"> - The entity's management understands the values and concepts highlighted in this document, as well as what is required from them, - The entity has allocated time and resources to support the implementation of this Manual and work with the supply chain actors. 	N/A
b. There is a system in to manage complaints and grievances	Grievance raiser is an individual or a group submitting a concern or grievance through the grievance mechanism.	<ul style="list-style-type: none"> - The entity communicates transparently and publicly an internal and external grievance management mechanism to all stakeholders (including workers, suppliers, the local communities, civil society organisations, etc.), - The entity ensures that its grievance mechanism is transparent to the grievance raiser and third parties when required, - Any party can raise a grievance to the entity (e.g. worker, contractor, supplier, stakeholder, etc.), - The entity's grievance mechanism does not result into the use of force and allow for a fair resolution process. Alternative dispute resolution approach is explored to resolve the 	<ul style="list-style-type: none"> - The entity has an internal and external grievance management mechanism and has communicated it to all stakeholders (including workers, suppliers, the local communities, etc.), - The entity ensures that its grievance mechanism is transparent to the grievance raiser, - Alternative dispute resolution approach is explored to resolve issue than the immediate use of penalty or judicial route. 	Pirelli promotes the use of guidance provided by international institutions such as the <u>Guiding principles of the United Nations on Business and Human Rights.</u>



Requirements	Definitions	First Steps Guidance for industrial plantations and processors	First Steps Guidance for middle men	Available Resources
		<p>issue than the immediate use of penalty or judicial route.</p> <ul style="list-style-type: none"> - The mechanism ensures the protection of the grievance raiser or whistle-blower, - Grievance raiser or whistle-blower is able to keep anonymity, - Grievance raiser or whistle-blower is able to use a third party to raise his/her point or to support her/him in the resolution process, - Ideally, the entity should transparently and publicly report on its grievance management mechanism. 		
<p>c. <i>There is an implementation roadmap and the entity supports its suppliers towards the implementation of the policy</i></p>	<p>N/A</p>	<ul style="list-style-type: none"> - The entity has developed and implements a roadmap which describes the actions and timeline it will follow in order to implement the <i>Pirelli Sustainable Natural Rubber Policy</i>, - The entity has prioritised the actions in the roadmap according to the risks of its supply chain breaching <i>Pirelli's Policy</i>, - The entity communicates to its own suppliers its commitment and roadmap and requests for its suppliers to support them in this journey, - The entity has also identified and developed actions to support its own suppliers to implement the <i>Policy</i>, especially when it comes to supporting the small holders to implement the actions expected for plantation level. 	<p>The entity demonstrates willingness and provides support to its customers and its suppliers to implement this Manual through:</p> <ul style="list-style-type: none"> ➤ Intensive collaboration with its customer, ➤ Sharing with its customers its supply chain information in order to do the risk mapping, ➤ Support in identifying pragmatic actions to address the gaps, ➤ Support in communicating, implementing and monitoring these actions. 	<p>N/A</p>



Requirements	Definitions	First Steps Guidance for industrial plantations and processors	First Steps Guidance for middle men	Available Resources
d. <i>There is regular and transparent reporting</i>		- The entity communicates transparently and regularly, at least once a year, on the above-mentioned roadmap as well as on the progress achieved and the challenges faced.	- The entity communicates regularly to its customers on the progress. - The entity communicates regularly towards its suppliers.	

➤ **Expectations for small holders:**

- Collaboration with customers in setting a plan of activities aimed at covering identified gaps against the policy and Manual.
- Group representation of a number of small holders within the same areas of production should be fostered in order to allow efficient dialogue on key development issues that might be common to the majority of small holders within the same area.



viii. Cooperation and constructive dialogues as key levers

Pirelli believes that the global challenge of natural rubber sustainability requires engagement, cooperation, dialogue and partnership among all involved actors.

In addition to engaging with its suppliers, Pirelli fosters and supports active cooperation at industry level and among stakeholders playing a material role in the natural rubber value chain, with the conviction that in addition to corporations' individual engagement, a shared effort can result in stronger and faster progress towards sustainable development of the global natural rubber supply chain.

Pirelli cooperates with national and international governmental, non-governmental, industry-wide and academic initiatives to develop global sustainable natural rubber policies and principles.

Rationale:

The challenges of the Natural rubber supply chain cannot be solved alone, by one single company, or by working in one single supply chain.

It is therefore important that peers and supply chain actors join forces to exchange on the problems, share learning and develop together solutions, which can be used at the entire industry level.

Principle:

➤ Expectations for industrial plantations and processors

a. Collaboration and participation in local and industry dialog

Pirelli will work and expects its suppliers to collaborate on various multi-stakeholder platforms that aim at identifying pragmatic solutions, at the local landscape level and/or within the Natural Rubber industry.

b. First step guidance:

- The entity has identified the relevant stakeholders to consult and work with in order to help plan the operations and review the monitoring outcomes.
- The entity aims (up to its capacity) to participate in multi-stakeholder dialogue platforms relevant to its local context and activities.
- The entity should look for the opportunity to support the rubber farmers developing a regional or national rubber small holder association which would be independent from the governmental institutions and which role would be to represent their interests through dialogue with the government, the industry actors and the civil society.

Definition: N/A

Additional information and resources: N/A



➤ **Expectations for middle men and small holders:**

In some countries, particularly for small holders, there are little or no associations collecting their voice. This renders the dialogue and the advancement of development policies extremely fragmented with consequent dispersion of joint development opportunities and value sharing. Therefore, Pirelli promotes its supply chain's actors to adhere or form such associations / platforms:

- Middle men, and small holders, should adhere to and engage in existing associations or cooperatives representing their voice;
- Rubber farmers should engage in developing a regional or national rubber small holders association which would be independent from the governmental institutions and whose role would be to represent their interests through dialogue with the government, the industry actors and the civil society.

ix. Internationally recognised forms of certification

Pirelli encourages its supply chain to engage in internationally recognized, robust third-party audited certification systems for environmental, social and business ethics sustainable governance at all levels of the supply chain, from plantations to dealers, to processing plants and trading, ending downstream with Pirelli tyre manufacturing process.

Rationale:

Implementing requirements in a complex supply chain can sometimes be a heavy responsibility that the entity management may not always have the control on.

Certification is a verification system that provides to an entity a good mean to demonstrate the robustness of its achievements to clients, as well as to global stakeholders. Benefits of certification include the implementation of a management model that creates efficient traceability of the supply chain. Additionally, such independent third party monitoring systems are helpful to identify possible gaps against international standards and therefore support the entity and its supply chain's to progress with continuous improvement. In addition, having a valid certification based on *internationally recognized standards* implies that verification audits by clients, or stakeholders, with the relevant burden tend to diminish.

By implementing this manual, the entity reaches a level that meets the key expectations of the most advanced and widely recognized certification Standards.

Principle:

- **Expectations for industrial plantations, processors, middle men and small holders**
- a. Manual implementation roadmap considers also the requirements of the preferred international certification standard.**



First step guidance:

- Once the entity drafts its time-bound roadmap for alignment to this Manual, the entity should also verify whether any measure should be added, or modified, to reach certification according to the chosen standard;
- Once the roadmap actions have been implemented, the entity can ask for the independent audit aimed at obtaining the certification;
- For small holders, group certifications are usually more efficient, and usually pass through the key collaboration with processors willing to support the implementation of a certified supply-chain.

Definition: N/A

Additional information and resources: N/A

The following pillars are dedicated to Pirelli's own process and commitments. These are, therefore, not further developed in this Manual.

x. Policy implementation

To facilitate the implementation of this Policy, Pirelli will draw up a dedicated Implementation Manual and will provide dedicated training sessions and materials at the different levels of its natural rubber supply chain, as well as to its employees engaged in the process.

Pirelli supports and interacts with capacity building and capacity development initiatives aimed at securing the development of a skilled, qualified and sustainable natural rubber supply base.

xi. Communication on progress

Pirelli will communicate on progress made on Policy implementation through its institutional channels, including the Company web site and the Annual Report.

Where opportune, progress made and obstacles found will be discussed in dedicated Stakeholder Dialogues, aimed at supporting Policy implementation in the most sustainable and efficient way by the involved actors within the chain.

xii. Complaint procedure

Pirelli provides its supply chain and its Stakeholders in general with a dedicated and confidential channel (the "Group Whistleblowing Policy-Complaint Procedure" published on the Pirelli website) for reporting any situation that may constitute a breach of this Policy.



Annex

Definitions

Access to remedy is the means to recover a right or to prevent or obtain redress for a wrong.

Attribute is a specific feature (e.g. a species, a species' population, a site, an ecosystem service, a landscape, etc.) of an area, which makes this area considered as an HCV area, an HCS forest, an Intact Forest Landscape or a peatland.

Certification is the provision by an independent body of written assurance (a certificate) that the product, service or system in question meets specific requirements.

Child labour is a work that deprives children of their childhood, their potential and their dignity, and that is harmful to their physical or mental development, including night work.

Collective bargaining is the negotiation of wages and other conditions of employment by an organized body of employees.

Community Development is a process where community members come together to take collective action and generate solutions to common problems. The programme will list actions identified by civic leaders, activists, involved citizens and professionals to improve various aspects of communities, typically aiming to build stronger and more resilient local communities.

Customary rights are the rights of local communities and indigenous peoples to practise and revitalize their cultural traditions and customs. This includes the right to maintain, protect and develop the past, present and future manifestations of their cultures, such as archaeological and historical sites, artefacts, designs, ceremonies, technologies and visual and performing arts and literature.

Discrimination is any distinction, exclusion, restriction or preference based on race, colour, descent or national or ethnic origin, sex, religion, political opinion, which has the purpose or effect of nullifying or impairing the recognition, enjoyment or exercise, on an equal footing, of human rights and fundamental freedoms in the political, economic, social, cultural or any other field of public life.

Due diligence refers to an enterprise's ongoing process which aims to identify, prevent, mitigate, and account for how it addresses the adverse human rights impacts of its operations. The process should include assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed.

External worker is a person working and being paid directly or indirectly by the entity for the labour he/she carries out on the entity's operations.

Family labour occurs in two types:

When family members support or are involved in the labour undertaken by one of their family members on the operations of another entity.

When family members support or are involved in the labour undertaken on the operations of their family members.



Forced labour refers to situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as accumulated debt, retention of identity papers or threats of denunciation to immigration authorities.

Forced labour, contemporary forms of slavery, debt bondage and human trafficking are closely related terms though not identical in a legal sense. Most situations of slavery or human trafficking are however covered by ILO's definition of forced labour.

Free, Prior and Informed Consent (FPIC) is a specific right that pertains to local communities. It allows them to give or withhold consent to a project that may affect them or their territories.

'Free' means that there is no manipulation or coercion of the communities and that the process is self-directed by those affected by the project.

'Prior' implies that consent is sought sufficiently in advance of any activities being either commenced or authorised, and time for the consultation process to occur must be guaranteed by the relative agents.

'Informed' suggests that the relevant communities' representatives receive satisfactory information on the key points of the project such as the nature, size, pace, reversibility, the scope of the project, the reason for it, and its duration. The communities should also have access to the primary reports on the economic, environmental cultural impact that the project will have. The language used must be able to be understood by the people.

'Consent' means a process in which participation and consultation are the central pillars and where an agreement is reached.

Freedom of association is the right of workers to freely form and join workers organisations such as trade unions, worker associations and worker councils or committees for the promotion and defence of occupational interests.

Greenfield is an area with natural vegetation cover.

Grievance raiser is an individual or a group submitting a concern or grievance through the grievance mechanism.

Hazardous work is work that, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of the children or youths.

High Carbon Stock (HCS) 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.

High Conservation Value (HCV) are biological, ecological, social or cultural values that are outstandingly significant or critically important at the national, regional or global level.

Industrial plantation is any plantation with a size above the small holder size.

Intact Forest Landscape (IFL) is a seamless mosaic of forest and naturally treeless ecosystems within the zone of current forest extent, which exhibit no remotely detected signs of human activity or habitat



fragmentation and is large enough to maintain all native biological diversity, including viable populations of wide-ranging species. IFL should be considered an HCV area.

Land clearing and preparation is the activity carried out when an entity removes the current land cover (forest, scrub, savannah, etc.) in order to start its project.

Local community includes people living in or around the entity's site which are directly or indirectly impacted by the operations of the entity's site. In this document it includes also "indigenous people" as defined by the United Nations.

Middle men in this document means an entity which buys raw material to the growers (small or industrial) and sells it to another entity, this includes, but is not limited to, collecting centers, dealers, middle men, industrial plantations which purchase small holders harvest to further sell it.

Minimum wage is the lowest wage permitted by law or by a special agreement.

Participatory mapping is the process of identifying and mapping borders and community land uses zoning of the communities in order to ensure the sustainability of the livelihood of the indigenous people and local community, through a consultation and with the final agreement by the community members of the neighbouring villages.

Payslips are issued to workers when they are paid. They clearly state the details of the worker who is being paid, the amount of earnings, and any deductions.

Peatlands are any land with peat soils that are characterised by an organic content of more than 65%, regardless of depth and surface area. By their important content in non-decayed organic matter, peat soils are important carbon sink.

Processor represents in this document any type of supply chain actor who is transforming the natural rubber after its harvest and collection from the growers.

Recruitment agency is either public employment services or private employment agencies and all other intermediaries or subagents that offer labour recruitment and placement services.

Restoration is the process of assisting the recovery of an ecosystem, a habitat, a species, etc. that has been degraded, damaged or destroyed.

Safe and hygienic accommodation is an adequate and decent housing accommodation and a suitable living environment.

Small holders are defined by the size of their plantation. When no local legislations define the maximum size for the plantation of a small holder, this is set at 50 ha.

Stakeholder is a person, a group or an organisation that has a legitimate interest in a project or entity. This legitimate interest can come from effects of the entity's activities which are or are likely to affect the stakeholder, or from specific knowledge or mission the stakeholder has which is related to the entity's activities or to the subject of consultation.

Supplied represents the entire area from which an entity sources its input materials.

The dome-shaped peat surface possesses its own-perched water-table fed by rainwater.

Third party supplier is any supplier that is not part of the same organisation/ company as the entity. This includes, but not limited to: small holders, external growers, independent middle men.



Traceability is the ability to identify and trace the history, distribution, location and application of products, parts and materials, to identify their origin.

Vulnerable group is a population, individual or organization unable to anticipate, cope with, resist and recover from negative impacts.

It includes 12 groups; people with limited resources or increased relative risk for morbidity, mother child mortality, women-headed household, children with special needs, elderly people or youth, ethnic minorities, displaced populations, people living away from services or suffering from chronic illness, people with disability.

Young worker is a worker above the minimum age of employment by law but under the age of 18.



References

To develop this document Pirelli used and makes references to the following documents.

- Pirelli Sustainable Natural Rubber Policy:
<https://corporate.pirelli.com/corporate/en-ww/sustainability/policies/sust-sustainable-natural-rubber-policy>
- Pirelli Values and Ethical Code:
<https://corporate.pirelli.com/corporate/en-ww/sustainability/policies/sust-ethical-code>
- Pirelli suppliers Code of Conduct:
<https://corporate.pirelli.com/corporate/en-ww/sustainability/policies/sust-code-of-conduct>
- Pirelli Anti – Corruption program:
<https://corporate.pirelli.com/corporate/en-ww/sustainability/policies/sust-anti-corruption-program>
- Pirelli Quality Policy:
<https://corporate.pirelli.com/corporate/en-ww/sustainability/policies/sust-quality-policy>
- Pirelli Social Responsibility Policy for Occupational Health, Safety and Rights, and Environment:
<https://corporate.pirelli.com/corporate/en-ww/sustainability/policies/social-responsibility-policy-for-occupational-health-safety-rights-environment>
- Pirelli Green Sourcing Policy:
<https://corporate.pirelli.com/corporate/en-ww/sustainability/policies/sust-green-sourcing-policy>
- Pirelli Equal Opportunities Statement:
<https://corporate.pirelli.com/corporate/en-ww/sustainability/policies/sust-equal-opportunities-statement>
- Pirelli Whistleblowing Policy:
<https://corporate.pirelli.com/corporate/en-ww/sustainability/policies/sust-whistleblowing-policy>
- International Bill of Human Rights of the United Nations, consisting of the Universal Declaration of Human Rights:
<http://www.un.org/en/universal-declaration-human-rights/>
- International Covenant on Civil and Political Rights
<https://www.ohchr.org/en/professionalinterest/pages/ccpr.aspx>
- International Covenant on Economic, Social and Cultural Rights:
<https://www.ohchr.org/en/professionalinterest/pages/cescr.aspx>
- The Ten Principles of the UN Global Compact;
- United Nations Convention on the Rights of the Child;
- United Nations Declaration on the Rights of Indigenous People:
https://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf ;
- United Nations Guiding Principles on Business and Human Rights:
https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf
- United Nations Convention against Corruption;
- United Nations Sustainable Development Goals;
- OECD Guidelines for Multinational Enterprises:
<http://www.oecd.org/daf/inv/mne/48004323.pdf> ;
- ILO Declaration on Fundamental Principles and Rights at Work and the relevant applicable conventions;
- ILO Convention 110 concerning Conditions of Employment of Plantation Workers
- ILO Convention 169 concerning indigenous and tribal people;



- European Convention on Human Rights;
- New York Declaration on Forests;
- Rio Declaration on Environment and Development;
- “Principles for Responsible Investment in Agriculture and Food Systems” issued by the Committee on World Food Security;
- Convention on Biological Diversity;
- Convention on “International Trade in Endangered Species of Wild Fauna and Flora”.
- UN FAO Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests
- China Chamber of Commerce of Metals Minerals and Chemicals Importers and Exporters (CCCMC) Guidance for Sustainable Natural Rubber
<http://www.cccmc.org.cn/docs/2017-11/20171107204714430892.pdf>
- FAO International Code of Conduct on the Distribution and Use of Pesticides
- The Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria.
- Integration of High Conservation Values (HCV), High Carbon Stock (HCS) Forest and Free, Prior and Informed Consent (FPIC) by HCS Approach Steering Group.