

Policy on Sustainable Natural Rubber Policy

Preface

We, at CEAT Ltd., are continuously striving for synergies with the environment & society, by offering products and services that meet the quality, performance, and price aspirations of our customers. While doing so, we maintain the highest standards of environmental, ethical, and societal responsibilities.

As we embark on our journey towards becoming one of the sustainability leaders in the tyre Industry sector, we seek the support of our large and diverse CEAT family. We will continue to work with fortitude towards our targets, with our core value system firmly in place and pursuing the larger agenda of a greener, inclusive, equitable and economically stable society.

CEAT is committed towards promoting sustainability across its value chain. Through collaboration with our business partners, we aim to enhance business relationships, ensure the highest quality standards and create a sustainable supply chain. We view our suppliers and business partners as an extension of our global enterprise and an integral part of our company's long-term success. Through collaboration with best-in-class suppliers, we would like our Suppliers and Business Partners to gain full understanding of our expectations towards sustainable development and good corporate citizenship, to always assure legal compliance, and to work together with CEAT in the spirit expressed in CEAT's Sustainable Procurement Guidelines and Sustainable Natural Rubber Policy.

CEAT Limited is committed to creating a sustainable and responsible supply chain that ensures environmental stewardship, ethical conduct, and social accountability. Through this Sustainable Natural Rubber Policy, CEAT provides comprehensive guidelines to its suppliers, vendors, and value chain partners to align with global best practices and ensure sustainability across economic, social, ethical, and environmental domains.

This policy serves as a framework to:

- a) Uphold the highest standards of sustainability and business ethics throughout the value chain.
- b) Address key sustainability issues, including energy consumption, GHG emissions, waste management, health and safety, and human rights.
- c) Create long-term value for stakeholders while generating opportunities for local enterprises and MSMEs.

Our expectation is that our business partners/suppliers will not only implement necessary policies and procedures at their own company, but they will also promote and ensure the same responsible behaviour in their own value chain.

Index

S. No.	Particulars	Page No.
01	Introduction	4
02	Objective & Commitment	5
03	Promote Environmental Responsibility	5
04	Support No Deforestation, No Peat, No Burn	6
05	Support Social Accountability	6
06	Foster Health, Safety, and Inclusivity	8
07	Promoting local community development and preventing land ownership conflicts	8
08	Ensure Ethical Practices	9
09	Supply Chain Assessment and Traceability	10
10	Enhance Governance and Transparency	10
11	Systems, Monitoring & Reporting	11
12	Grievance Redressal Mechanism	11

Introduction

At CEAT, we remain committed to improving the quality of life through the products and services we offer. Therefore, we hope to contribute to the realization of a sustainable society through the following philosophy and activities in addition to implementing thorough management systems.

CEAT Procurement is having a VISION - "Drive sustainable competitive sourcing & exceptional customer centricity through smart processes and enhanced stakeholder engagement."

We and our suppliers/business partners need to work together as a single enterprise. We must maintain close communication, exchanging ideas and coming to terms with each other on the matters of importance. We would like to carry out the following philosophy together with our suppliers and business partners:

1. Organize a culture of trust between Supplier workers and management and develop a work climate to promote human development.
2. Improve our business operations continuously, always driving innovation and evolution.
3. Maintain transparent and two-way communication with Business partners.
4. Establish an effective Compliance Management system within the business strategy.

CEAT's Sustainable Procurement includes the Sustainable Procurement Vision, Sustainable Procurement Guiding Principles, and Sustainable Procurement Guidelines, as outlined in the documents: [CEAT's Sustainable Procurement Guidelines](#) and the [Supplier Manual](#).

The natural rubber supply chain includes farmers, dealers, processing plants, sales subsidiaries, and manufacturing plants. CEAT is the final step in this chain as a tyre manufacturer and does not own rubber plantations or processing plants.

CEAT aims to actively contribute to global natural rubber sustainability efforts by collaborating with its value chain and industry to improve transparency and develop processes and tools for better traceability, using a risk-based approach.

Scope

This policy applies to the operations of CEAT and its suppliers, including all partners involved in the supply chain (collectively referred to as "Suppliers"). All provisions in this policy represent a commitment by CEAT.

This policy applies to:

- All CEAT business units and manufacturing facilities.
- Suppliers, vendors, contractors, and partners in the natural rubber supply chain.
- Third-party stakeholders, joint ventures, and MSMEs who work with CEAT.

Objective and Commitment

CEAT is committed to promoting and implementing sustainable and responsible procurement and use of natural rubber across its value chain.

The policy aims to comply with, develop, publish, and implement the principles and requirements set by the Global Platform for Sustainable Natural Rubber (GPSNR). GPSNR is committed to promoting the uptake of sustainable natural rubber in the global market by addressing forest and other ecosystem conversion, biodiversity loss, human rights violations, and inequity in the natural rubber value chain.

CEAT's Sustainable Natural Rubber Policy focuses on achieving the following objectives:

- Promote Environmental Responsibility
- Support No Deforestation, No Peat, No Burn
- Support Social Accountability
- Foster Health, Safety, and Inclusivity
- Promoting local community development and preventing land ownership conflicts
- Ensure Ethical Practices
- Supply Chain Assessment and Traceability
- Enhance Governance and Transparency
- Monitoring & Reporting
- Grievance Redressal Mechanism

Promote Environmental Responsibility

CEAT embraces lifecycle thinking to create safe and sustainable products, materials, processes, technology, and services. Throughout the material lifecycle, we focus on continuously improving environmental impacts by assessing, protecting, and potentially restoring ecosystems, while minimizing or addressing negative effects on resources, climate change, ecosystems, and biodiversity.

In line with this approach, CEAT requires its stakeholder throughout the value chain to:

- Comply with local, national, and international environmental laws.
- Develop land use plans to prevent overuse of resources, protect water quantity & quality, and avoid contamination from chemicals, erosion, and sedimentation.

- Protect soil quality by preventing erosion, nutrient loss, subsidence, and contamination.
- Comply with laws on chemical use in industry and ensure safe handling, storage, and disposal of chemicals.
- Minimize energy use, reduce and mitigate carbon emissions, maximize natural resource efficiency, and manage and recover waste.
- Support training for natural rubber producers, including smallholders, to improve yield and natural rubber quality.
- Protecting wildlife, including rare, threatened, endangered and critically endangered species from poaching, over-hunting and habitat loss in areas under company management and supporting wildlife protection activities in areas of influence.

Support No Deforestation, No Peat, No Burn

CEAT promotes the protection, conservation, and restoration of natural forests, as well as areas of significant environmental value. This includes critical ecosystems such as peatlands and intact forest landscapes, which could be adversely affected by the expansion of rubber cultivation. CEAT supports the adoption of sustainable practices throughout its supply chain and expects its supply chain partners to:

- Avoid any form of rubber production on identified peatlands
- Avoid using fire in the preparation of new plantings, re-plantings, or any other developments.
- Avoid using open burning for land preparation, waste disposal, or other purposes, unless it's necessary for things like creating fire breaks, managing waste where there's no public garbage service, or in emergencies
- Source natural rubber in a manner that does not contribute to deforestation or harm High Conservation Values (HCVs). Adopt internationally recognized methodologies for identifying and managing areas designated for development and conservation, following the guidance and principles aligned with the HCV Approach and the High Carbon Stock Approach (HCSA).

Natural rubber from areas deforested or where HCVs have been degraded after the cut-off date of 1 April 2019 is considered to be non-conforming with this policy.

Support Social Accountability

CEAT provides a platform that ensures the protection of fundamental human rights for all stakeholders and is committed to upholding these rights in its interactions with employees, business partners, and suppliers.

CEAT expects its suppliers and business partners to adopt a similar approach, going beyond mandatory legal compliance to actively address human rights issues within their operations. This includes respecting and protecting internationally recognized human rights in line with the UN Guiding Principles on Business and Human Rights (UNGPs) and key ILO conventions, by preventing or mitigating any adverse human rights impacts linked to their business activities, supporting decent living wages, no abusive practices, ensuring gender equity and that safeguards apply to all workers including contract, temporary, and migrant workers.

CEAT's suppliers and business partners:

- **Non-discrimination:** Do not discriminate on the basis of personal characteristics protected by local applicable laws and regulations, such as race, ethnic and national origin, religion, age, gender, etc.-with regards to all aspects of employment, including application process, hiring, promotion, compensation, access to training, job assignment, wages, benefits, discipline, termination and/or retirement.
- **Free from Harassment:** Ensure safe & secure workplace for your workforce which is free from harassment of any form involving verbal, visual or physical conduct that negatively interferes with work performance, diminishes the dignity of any employee, or creates an intimidating, hostile or otherwise offensive work environment. Promote equal opportunities to all your employees and qualified applicants for employment, without regard to their race, caste, religion, colour, ancestry ethnic origin, sexual orientation, marital status, gender, age, nationality, and disability. Implement procedures for prompt reporting and examination of any harassment complaints and enable employees to report any instances of harassment without fear of reprisal, intimidation, or harassment. Further, supplier and business partner to maintain a work environment free of all forms of harassment, whether physical, verbal, non-verbal or psychological.
- **Child Labour:** Do not employ child labour. Suppliers and business partners shall comply with the laws and regulations related to minimum working age, as per applicable law from time to time. No employee of any age, including apprentices or vocational students, may be employed in breach and/or contravention of any applicable law & regulations governing the minimum age for work.
- **Forced Labour:** Suppliers and business partners shall not use forced labour and shall ensure that all work is voluntary, and employees are free to leave work or terminate their employment. Supplier and business partner shall comply with local applicable labour laws and regulations.
- **Wages and Benefits:** Supplier and business partners shall pay wages in compliance with applicable labour laws and regulations, including those relating to minimum wages, overtime hours, deduction from wage, piece rates and other elements of

compensation. Provide legally mandated benefits. Ensure wages, other compensation, benefits, and deductions are detailed and explained, in compliance with local applicable laws and regulations, clearly and regularly to employees.

- **Working Hours:** Comply with applicable labour laws and regulations governing employees' working hours, including overtime work.
- Establishing ongoing, effective, culturally appropriate channels of dialogue with indigenous people and local communities.

Foster Health, Safety, and Inclusivity

CEAT believes that safe work practices lead to better business performance, a motivated workforce and higher productivity. Place the highest priority on safety and health programs and policies at work, so that each employee is able to work without undue concerns and strive to prevent accidents and injuries from happening at work. Support efforts to improve the health of employees through health promotion activities at work, guidance for preventing illness, and other means.

Create a safety culture in the organization by:

- Integrating safety and health matters in all activities.
- Promoting safety and health awareness amongst employees, suppliers, and contractors.
- Continuous improvements in safety performance through precautions besides participation and training of employees.
- Ensuring compliance with all applicable legislative requirements.
- Empowering employees to ensure safety in their respective workplaces.
- Supplier and business partners shall not tolerate any form of sexual harassment at workplace and employees of supplier and business partners shall respect the dignity of women. Supplier and business to ensure that Internal Committee (IC) is constituted to redress the complaints received from the women employees in accordance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("SHW Act" or "POSH") and Rules

Promoting local community development and preventing land ownership conflicts

Local communities' development means creating jobs, improving living standards, and avoiding actions that could harm the community, either directly or indirectly.

CEAT expects its suppliers to

- Respecting and protecting the customary, traditional and communal land tenure rights of Indigenous People and Local Communities (IP/LC) in accordance to UN Declaration on the Rights of Indigenous Peoples (UNDRIP) : Ensuring that prior to any activities that might affect the Indigenous People and Local Communities (IP/LC) rights to land, territories, and resources, Free Prior and Informed Consent (FPIC) is secured and the IP/LC have the right to give or withhold their consent to any activity that is subject to the FPIC process. When operations impinge on IP/LC rights, compensation shall be discussed and any possible accommodation to the IP/LC must be made through appropriate, mutually agreed measures as reflected and described in the negotiated outcomes of the FPIC process. CEAT takes corrective actions through mutually agreed procedures when it or its natural rubber suppliers have caused harm to or taken land or resources from IP/LC without obtaining FPIC. Implementation is jointly monitored by the community and the GPSNR member and/or by mutually agreed third party(ies).

The accepted methodologies to be followed for the FPIC process are:

- UN-REDD (2012) Guidelines on Free, Prior and Informed Consent
 - RSPO (2015) Free, Prior and Informed Consent for RSPO Members
 - FAO (2015) Free, Prior and Informed Consent Manual
- Support decent living conditions of local communities (e.g, drinking water, adequate housing sanitation).
 - Support the right to food and food security of individuals, households and local communities.
 - Support the economic, social and cultural rights of local people, including through access to education and employment.

Ensure Ethical Practices

CEAT's suppliers and business partners must:

- Comply with local applicable labour laws and regulations.
- Establish and implement policies, structure and mechanisms for ensuring and verifying legal compliance including a code of conduct, confidential compliance hotline and training.
- Must not engage in active and/or passive corruption, which will not be tolerated in any form or disguise, in any jurisdiction.

Supply Chain Assessment and Traceability

CEAT shall conduct supply chain mapping and assessing suppliers for social and environmental risk to prioritize risk mitigation actions and promote traceability of natural rubber, at a minimum to an appropriate jurisdictional level. CEAT currently tracks traceability to tier-1 suppliers and is working to extend this beyond tier-1. CEAT will:

- Communicate to all natural rubber suppliers that material produced and processed in accordance with the GPSNR Policy Framework will be preferred.
- Provide time-bound requirements for meeting policy standards and ensure supplier codes, contracts, and engagement activities reflect these expectations.
- Regularly engage both direct and indirect suppliers to support their conformance with company commitments through incentives, support mechanisms, and purchase monitoring systems. Suppliers must comply with CEAT's Sustainable Natural Rubber Policy and develop time-bound plans to address any non-compliance.

Enhance Governance and Transparency

Effective governance is essential for implementing and maintaining a sustainable supply chain. This section defines the roles and responsibilities of CEAT’s leadership, procurement teams, sustainability heads, and supply chain partners, ensuring that accountability is embedded at every level.

Stakeholder	Responsibilities
ESG Council	<ul style="list-style-type: none"> • Approves and oversees the implementation of the policy across all operations.
Chief Procurement Officer (CPO)	<ul style="list-style-type: none"> • Ensures sustainable procurement practices are embedded into procurement strategies and supplier contracts.
Sustainability Central Team	<ul style="list-style-type: none"> • Leads policy implementation, conducts periodic reviews, and engages with suppliers for compliance.
SQA Teams	<ul style="list-style-type: none"> • Monitor supplier performance at local levels and resolve on-ground issues.
Procurement Teams and Employees	<ul style="list-style-type: none"> • Ensure adherence to this policy during supplier selection, contracting, and evaluation processes.
Suppliers and Partners	<ul style="list-style-type: none"> • Comply with CEAT’s sustainability standards and report performance data as required.

Systems, Monitoring & Reporting

CEAT establishes public, time-bound, and location-specific targets and milestones, along with their relevant indicators and metrics, to implement its commitments. The company embeds these commitments into decision-making processes, systems, and performance metrics across corporate management, relevant business units, joint ventures, and affiliates and subsidiaries.

CEAT regularly engages with its key natural rubber suppliers through both in-person and virtual meetings. Through supplier assessments and audits, CEAT helps suppliers improve and strengthen their quality management systems and policy implementation. These interactions also help identify and address supply chain risks. CEAT supports multi-stakeholder efforts to uphold GPSNR principles at a landscape, jurisdictional or spatial level and conducts routine audits covering areas like quality management, procurement, production, customer service, and health, safety, and environment. Any gaps found are addressed with improvement action plans. CEAT applies monitoring systems and practices to incorporate crowd-sourced information from local stakeholders and affected parties regarding non-conformance with commitments. These information sources may be either informal or formal.

CEAT integrates GPSNR principles into its management framework through Sustainable Natural Rubber Policy and regularly monitors progress. Performance updates are shared publicly on annual basis.

Grievance Redressal Mechanism

CEAT and its Natural Rubber Suppliers will establish and maintain a grievance mechanism and active and regular communication channels with all stakeholders, including Indigenous Peoples and Local Communities (IP/LC), by 2022. These mechanisms must operate in line with the UNGP effectiveness criteria.

While the CEAT's Code of Conduct defines the expectations in terms of their integrity and professional conduct, the Grievance Redressal mechanism defines the mechanism for reporting deviations from the standards defined in the code. The Grievance Redressal mechanism is implemented as a safeguard to unethical practices. This mechanism is intended to provide mechanism for reporting genuine concerns or grievances and ensure that deviations from the Company's Business Conduct Manual and Values are dealt with in a fair and unbiased manner as provided in Section 177 (9) and (10) of the Companies Act, 2013 and the Companies Rules, 2014. Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 as amended from time to time, and other applicable laws.

In the context of our business relationship, if you or your employees believe that the terms of this CEAT's Sustainable Natural Rubber Policy are not adhered to, or that CEAT is not acting in accordance with its own CEAT's Sustainable Natural Rubber Policy, then we encourage you to raise your concerns via below mentioned reporting channels.

S. No.	Reporting Channel	Contact Information
1	Phone	+91-22- 24930621
2	Email ID	ethics@rpg.in
3	Address	The Secretary Corporate Governance & Ethics Committee RPG House, 3rd Floor 463, Dr. Annie Besant Road Worli, Mumbai- 4000030 Maharashtra
4	Link to online Grievances Form	https://www.ceat.com/corporate/sustainability.html

Version History <<on the last page>>

Version	Approved by	Approval Date	Effective Date	Reason for Modification
01	Senior VP – Procurement	March 2025	March 2025	The policy is created in response to requirements from GPSNR Policy Framework. The policy is in compliment to CEAT's Sustainable Procurement Guidelines

Notes:

1. All pages to be numbered and font should be Tahoma 12.
2. Round stamp of the Company to be affixed on all pages.
3. The policies requiring approval of Board of Directors to be signed by Chief Financial Officer / personnel authorized by the Board of Directors.
4. Other policies to be signed by the respective Functional Head.