

ASEAN RUBBER BUSINESS COUNCIL (ARBC)

INFORMATION ON SUSTAINABLE DEVELOPMENT OF NATURAL RUBBER (SDNR)

Background

1. Sustainability of Natural Rubber Development (SNRD) aims to provide everyone involved in the supply chain to lead a better life. It also requires transparency and traceability in the supply chain. From this, the buyers would be able to know their original source of supply of raw materials, viz, which plantations or smallholdings. There should not be any deforestation to plant rubber trees.
2. Other aspects of SNRD include proper working conditions in plantations/smallholdings (no child labour), proper waste disposal (no plastics to be used and all waste must be buried and able to disintegrate by themselves), number of trees/ha to be reduced to ensure that the tree is healthy and therefore gives higher yield, no chemicals to be used in plantations such as weed killers, leaving adequate space between trees for drainage as well as around the borders.
3. If all these conditions are met, then the Forest Stewardship Council (FSC) would come and certify the plantations as sustainable.
4. The European buyers would want to partner with such companies as they are deemed to be clean and green.
5. By obtaining the sustainability certification, the sellers would have greater market penetration as the buyers would seek them out to source for their raw material supply.
6. This initiative was started by the NGOs, and now involve the government. The NGOs would use the media to highlight any wrongdoings and the buyers would avoid making purchases from the company concerned.
7. Thailand and Vietnam are actively educating their producers on this matter so as to maintain their selling position with the big tyre manufacturers. The policies for Sustainability in Agriculture had approved by Vietnam government in 2012 and 2017. Indonesia is also actively pursuing this matter under EcoVadis (rating agency).

Global Platform for Sustainable Natural Rubber (GPSNR)

1. The development of NR sustainability platform was initiated by the World Business Council for Sustainable Development (WBCSD) Tire Industry Project (TIP) in November 2017 and has since been led by a Working Group of TIP member companies.

2. The Tyre Industry Project (TIP) of the World Business Council for Sustainable Development had formally launched an independent platform (named as Global Platform for Sustainable Natural Rubber (GPSNR) on 25 October 2018 to improve the socio-economic and environmental performance for all those involved in the NR supply chain.
3. Membership of the GPSNR comprises 11 big tyre companies, viz, Bridgestone Corp, Continental A.G., Cooper Tire & Rubber Co, Goodyear, Hankook Tire Co Ltd, Kumho Tire Co Ltd, Michelin, Pirelli & C. S.p.A., Sumitomo Rubber Industries Ltd, Toyo Tire & Rubber Co Ltd and Yokohama Co Ltd.
4. GPSNR membership is open to all tyre manufacturers, other rubber users, suppliers and processors, vehicle makers and non-governmental organisations that demonstrate commitment and/or action to sustainable natural rubber production and supply.
5. The ceremonial launch included the signing of a GPSNR Member Statement by the 11 members of TIP and other companies i.e. Ford Motor Company, Halcyon Agri Corporation Limited, ITOCHU Corporation, Kirana Megatara, SIPEF, The Socfin Group, and Southland Global Pte Ltd.
6. Essentially, the GPSNR will look into improving the supply chain in respect of human rights, prevent land grabbing, protect biodiversity and water resources, improve yields and increase supply chain transparency and traceability.
7. Among others, members of the GPSNR must demonstrate sustainability in their production and sales plans, and it would need to involve the stakeholders in the supply chain (from producers to consumers).
8. Members are required to fulfil all 12 principles/criteria which have been determined as follows:
 - i. To advance natural rubber production and processing that protects peatlands, and avoids ecosystem conversion, deforestation and forest degradation based on identification and management of forests and other natural ecosystems as outlined in the guidelines of the High Conservation Value Resource Network, the High Carbon Stock Approach, or other applicable regulatory frameworks.
 - ii. To appropriately manage water along the natural rubber value chain.
 - iii. To recognize, promote, and protect the rights of indigenous peoples and local communities; to not engage in “land grabbing”; to obtain Free Prior and Informed Consent (FPIC), as defined by the UN-REDD Programme from existing land users; and to promote adequate compensation where land use is granted.
 - iv. To comply with applicable labor laws for employees and contractors and fulfill the intent of the International Labor Organization’s eight core conventions.
 - v. To recognize and promote human rights within the natural rubber value chain, including alleviating poverty by promoting programs that improve smallholders’ livelihoods.

- vi. To promote principles of equity throughout the supply chain.
 - vii. To establish and implement protocols for rubber traceability from farm to end-user, working towards full traceability for industrial plantations and applying a risk-based approach for smallholder farms.
 - viii. To support transparent reporting along the entire natural rubber supply chain.
 - ix. To not engage in corruption and to take a zero-tolerance approach on corruption within the value chain.
 - x. To establish an open, transparent and independent grievance mechanism operated through the GPSNR to resolve complaints and conflicts related to any part of the supply chain in a timely manner.
 - xi. To develop auditing protocols that allow signatories to verify compliance with these principles and to establish due diligence procedures to adequately respond to non-compliance.
 - xii. To support training and educational efforts to raise awareness and build capacity for the implementation of these principles, including improvement of production practices by focusing on vertical (improved yield and quality) rather than horizontal (increase planted area) expansion.
9. A dedicated GPSNR Secretariat will be set up in Singapore and would begin operations in March 2019 with an inaugural GPSNR General Assembly.
 10. The GPSNR will work to harmonize standards to improve respect for human rights, prevent land-grabbing and deforestation, protect biodiversity and water resources, improve yields, and increase supply chain transparency and traceability.
 11. A company wishing to be a member would have to pay membership fees, except for the 11 founding members which had already contributed towards the sinking fund.

EcoVadis

1. EcoVadis is a rating agency set up to assess the commitment and conformance of companies to the sustainability of NR.
2. The company conducts a survey on members/interested participants on a series of criteria set and grades them accordingly. The grading can be in the form of Premium , Gold, Silver, etc.
3. The list will then facilitate buyers to choose the company they wish to source their raw material supply.
4. To be ranked by EcoVadis, the company needs to pay the required fees to EcoVadis.

5. GAPKINDO is currently developing a platform for Indonesia Sustainable Natural Rubber. The implementation of the first Focus Group Discussion (FGD) was held in April 2018, by inviting GAPKINDO members, government representatives, NGOs, tire factories and rubber farmer associations. The second FGD is planned to be held in February 2019.
6. Along with the efforts being made, several large tire companies of Indonesian rubber buyers have requested the TSR factory to send CSR rating from the EcoVadis Institute. To get this score, the crumb rubber factory must be an EcoVadis customer and pay annual membership fees. Score is given after the company answers a number of questions sent online.
7. The objective of the EcoVadis CSR rating methodology is to assess the quality of a company's CSR management system through its policies, implementation measures and results. The process analyses information and distils it into a scorecard with a Rating on a 0 to 100 scale. The rating methodology is based on seven founding principles, namely:
 - i. Evidence based
 - ii. Industry sector, country and size matter
 - iii. Diversification of Sources
 - iv. Technology is a must
 - v. Assessment by International CSR Experts
 - vi. Traceability & transparency
 - vii. Excellence through continuous improvement
8. All of which are based on the implementation of ISO 26000 covering 21 CSR Criteria as follows:
 - i. Environment:
 - a) Operations
 - Energy & GHGs
 - Water
 - Biodiversity
 - Pollution
 - Materials & Waste
 - b) Products
 - Product use
 - Product end of life
 - Customer Safety
 - Advocacy
 - ii. Social
 - a) Human Resources
 - Employee Health & Safety
 - Working conditions
 - Social Dialogue
 - Career Management & Training

- b) Human Rights
 - Child and forced labour
 - Discrimination and harassment
 - Fundamental human rights

- iii. Ethics
 - Corruption and bribery
 - Anti-Competitive Practices
 - Data Security

- iv. Sustainable Procurement
 - Supplier Environmental Performance
 - Supplier Social Performance