

Omni United (S) Pte. Ltd.

PAS2060 QUALIFYING EXPLANATORY STATEMENT

Version 01
24 Mar 2023

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1. Carbon Neutrality Declaration

Carbon neutrality of “Radar brand tyres¹ produced by our contract manufacturers and sold in Nordics, Germany, UK, Japan and Asia-Pacific” achieved by Omni United (S) Pte. Ltd. in accordance with PAS 2060 on 24 March 2023 for the period commencing 1 Jan 2021 to 31 Dec 2021.

EY has provided external limited assurance in accordance with ISAE 3000 for:

1. Product carbon footprint w.r.t the criteria in Green House Gas Protocol Product Life Cycle Accounting and Reporting Standard (GHG protocol) issued by WRI and WBCSD and
2. Carbon neutrality w.r.t to the criteria in PAS2060:2014 Specification for demonstration of carbon neutrality (PAS2060) for the period commencing 1 Jan 2021 to 31 Dec 2021. See **Annex XX** for assurance statement by EY.

Achal Kumar

Chief Financial Officer

Omni United (S) Pte. Ltd.

¹ Restricted to following 16 patterns of Omni’s Radar brand tyres by two of our contract manufacturers only. The patterns are as follows: ARGONITE ALPINE, ARGONITE RV-4, DIMAX 4 SEASON, ARGONITE RV-4S, DIMAX 4 SEASON RFT, DIMAX ALPINE, DIMAX ECO, DIMAX ICE, DIMAX R8, DIMAX R8 RFT, DIMAX R8+, DIMAX R8+ RFT, RPX-800, RPX-800 RFT, RPX-800+ and RPX-800+ RFT.

2. General Information

This document presents the Qualifying Explanatory Statement (QES) to demonstrate that Omni United (S) Pte. Ltd. (Omni) has achieved carbon neutrality for its Radar brand tyres¹ produced by Omni's contract manufacturers and sold in Nordics, Germany, UK, Japan and Asia-Pacific from the period 1 Jan 2021 to 31 Dec 2021 and is also committing to maintaining carbon neutrality for the period of 1 Jan 2021 to 31 December 2030, in accordance with PAS2060:2014 standard.

This QES provides details on the following –

1. Product carbon footprint of Omni's Radar brand tyres¹ produced by Omni's contract manufacturers and sold in Nordics, Germany, UK, Japan and Asia-Pacific.
2. Methodology of product carbon footprint calculation
3. Omni's carbon footprint management plan covering the emission reduction initiatives, and
4. Omni's carbon offset process that was used to achieve carbon neutrality.

Table 1 – General information

PAS2060 Requirement	Omni Response
Name of the entity making declaration	Omni United (S) Pte. Ltd.
Individual responsible for the evaluation and provision of data necessary for the substantiation of the declaration including that of preparing, substantiating, communicating, and maintaining the declaration;	Achal Kumar (Chief Financial Officer)
Subject of the declaration	Omni's Radar brand tyres produced by their contract manufacturers and sold in Nordics, Germany, UK, Japan and Asia-Pacific. For further details refer to "Characteristics of the subject" section below. Total no. of such tyres are 540,536 for the year 2021.
Boundary	Product lifecycle: Cradle to grave Geographic boundary: Tyres sold in Nordics, Germany, UK, Japan and Asia-Pacific Total no. of tyres sold during the time period: 540,536
Characteristics of the subject	Radar brand tyres produced by Omni's contract manufacturers and sold in Nordics, Germany, UK, Japan and Asia-Pacific include the following 16 patterns –

	<p>ARGONITE ALPINE</p> <p>ARGONITE RV-4</p> <p>DIMAX 4 SEASON</p> <p>ARGONITE RV-4S</p> <p>DIMAX 4 SEASON RFT</p> <p>DIMAX ALPINE</p> <p>DIMAX ECO</p> <p>DIMAX ICE</p> <p>DIMAX R8</p> <p>DIMAX R8 RFT</p> <p>DIMAX R8+</p> <p>DIMAX R8+ RFT</p> <p>RPX-800</p> <p>RPX-800 RFT</p> <p>RPX-800+</p> <p>RPX-800+ RFT</p> <p>Further details on the Radar brand tyres can be found on Omni's website - https://www.omni-united.com/radar-us#tabs-carcuvsuv</p>
Rationale for the selection of the subject and boundary	<p>In 2022 Omni announced its commitment that Radar brand tyres produced by their contract manufacturers and sold in Nordics, Germany, UK, Japan and Asia-Pacific would be carbon neutral. For further details refer to "Characteristics of the subject" section above.</p> <p>The scope includes Green House Gas (GHG) emissions across their value chain from raw materials used, transportation of raw materials to manufacturing facilities, electricity and fuel consumed during manufacturing of tyres, transportation of final goods from manufacturing facilities to distribution centres/sales centres and from use phase end of life.</p>
Type of conformity assessment	<p>Independent third-party conformity assessment.</p> <p>EY has provided external limited assurance in accordance with International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000) for:</p> <ol style="list-style-type: none"> 1. Product carbon footprint w.r.t the criteria in Green House Gas Protocol Product Life Cycle Accounting and Reporting Standard (GHG protocol) issued by WRI and WBCSD and 2. Carbon neutrality w.r.t to the criteria in PAS2060:2014 Specification for demonstration of carbon neutrality (PAS2060). <p>See Annex XX for assurance statement by EY.</p>

Period for carbon neutrality	1 Jan 2021 – 31 Dec 2021
Period of future commitment	1 Jan 2022 – 31 Dec 2030
Baseline date for PAS2060	1 Jan 2021 – 31 Dec 2021

3. Carbon footprint breakdown

Green House Gas Protocol Product Life Cycle Accounting and Reporting Standard (GHG protocol) (XX) was used to quantify the GHG emissions associated with products covered by the certification scope, using data representing operations between 1 January 2021 and 31 December 2021. This method was chosen as it provides an internationally recognised approach to the calculation of representative product CO₂e footprints and meets the requirements of PAS 2060 for the substantiation of GHG emissions.

The carbon footprint of each kg of Radar brand tyres¹ produced at Omni's contract manufacturer and sold in Nordics, Germany, UK, Japan and Asia-Pacific was calculated by Omni and completed, where needed by third-party data from the factories. The product carbon footprint was calculated based on 2021 data and sales volumes. The footprint to offset in 2021 covers Radar tyres sold across the Nordics, Germany, UK, Japan and Asia-Pacific markets by Omni, covering 16 products/patterns as disclosed in Table 1. The carbon footprint for the subject of declaration is 111,713 tCO₂e for 2021 and the recognized carbon offsets retired by Omni is 115,877 tCO₂e.

GHG emissions that are accounted for in the study are based on the 100 year Global Warming Potential figures published in the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report, 2014 (xx) and include those required by the GHGP Product Standard. All relevant emissions to the scope of certification are included in the footprint and are summarised in Table 2 below. Where GHG emissions have been estimated, these have been determined based on a conservative approach. GHG emissions have been estimated for the use and end-of-life phases due to the absence of some data, yet care has been taken to ensure that emissions have been estimated based on conservative assumptions. Offsetting and avoided emissions have not been included in calculations.

Table 2 – GHG emissions per lifecycle stage for subject of declaration

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Lifecycle stage	Description	Emissions	Remarks and assumptions
Raw material, manufacturing and distribution of tyres	Embodied emissions of the tyre, transportation of raw materials, fuel to manufacturing facilities, electricity and fuel consumed during manufacturing of tyres and transportation of tyres.	25,198 Tco2e	<ul style="list-style-type: none"> • Tyre packaging is assumed to be negligible • Use of solvents such as chemtred and heptane during the tyre assembly and building process is not included as amount used is insignificant. • No use of raw materials during the molding process. • For onsite fuel consumption, assume that only raw coal (black lignite) coal used. • For raw material transportation, internal transportation within production facilities were not taken into account. • For raw material and final goods deliveries, number of deliveries is assumed to be the number of shipments made. • For distribution of final goods, distances under consideration include (a) final products from the factory warehouse to port/s in China, (b) ship travel distance to port/s in various countries, and (c) onward transport to distribution Center/s. • For distribution of final goods, road distances were calculated using Google Maps and ship distances were calculated using Port World. • For distribution of final goods, Omni takes the approach that our responsibility ends at the source port. • For embodied carbon emissions, we assume that raw materials considered include natural rubber, synthetic rubber, steel, carbon black and silica.

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Use Phase	Emissions generated in overcoming the rolling resistance by tyre in its lifetime	82,025 Tco2e	<ul style="list-style-type: none"> • The rolling resistance of representative tyre is used as to simplify the calculation. This is found to be = or > than the weighted average rolling resistance for all products. • Omni accounted for use-phase emissions by considering the contribution of emissions by rolling resistance of tyres. Other factors such as fuel consumption due to acceleration resistance or air resistance were not considered. • Product pattern is used for varying types of vehicles. As such, a representative vehicle is used to derive average mass of vehicle.
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End of life	End of life treatment for tyres	4,490 TCO ₂ e	<p>Emissions from end of life does not account for emissions from transportation of tyres to treatment facilities.</p> <ul style="list-style-type: none"> • Percentage of waste by treatment is referenced from a study done by the World Business Council for Sustainable Development. • Emissions from material and civil engineering includes process energy emissions from the recycling of tyres for the production of secondary tyre products (e.g., TDA and ground rubber) and steel recovery. • Emissions factor from incineration of tyres only considers emissions from the incineration of rubber material and carbon black in tyres. Emission factor considers the fraction of raw material used in each tyre, fraction of carbon and fossil carbon in each raw material and a oxidation factor of 1. • Emissions from landfilling are assumed to be zero since tyres do not contain biogenic carbon and do not decompose in landfills.
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Total		111,713 Tco2e	
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Data sources for carbon footprint calculation

1. Raw material: Primary data, collected directly within subject boundary (rubber, cord, other materials used) has been used.
2. Manufacturing: Primary data, collected directly within subject boundary (amount of energy used, production volumes, etc.) has been used.
3. Distribution: Primary data, collected directly within the subject boundary, have been used wherever available. Secondary data were used only when primary data were not available. Scope 1 and Scope 2 emissions have been calculated from primary data.
4. Use phase and end of life: A combination of primary data, secondary data, and several assumptions have been used to calculate Scope 3 emissions.

Data Quality and Uncertainty

During the computation of use phase emissions, the rolling resistance values used were based on representative tyre values. However, due to the variety of tyre brands included within Radar tyres, it may be more representative to include the actual rolling resistance of each tyre brand. In the coming years it is foreseen that Omni will use actual rolling resistance for the different products within Radar brand in order to improve the accuracy of use phase emissions.

4. Carbon Management Plan

PAS2060 Requirement	Omni Response
Statement of commitment to carbon neutrality for defined subject	Refer to section 1 of QES
Timescale of achieving carbon neutrality of the defined subject	Refer to table 1 of QES
Target for GHG reduction	Carbon emission reduction of 50% by 2035 from 2021 baseline
Planned means of achieving targets	<p>Ongoing progress of setting emissions reduction target against the Science Based Targets initiative (SBTi), with plans to reduce the total emissions by at least 50% from 2021 by 2035</p> <p>Collaborate with suppliers to manage the emissions impact from the outsourced production facilities it works with (e.g., promote sustainable logistics operations, where Omni has pledged to reduce emissions from logistics operations by 10% by 2030 from 2021)</p> <p>Replacing coal use in outsourced plants by 2030</p> <p>Reduce the amount of energy associated with tire use through R&D to lower rolling resistance (e.g., Omni aims to improve Total Performance by at least 10% by 2040, and also aims for 20% reduction in energy associated with tire use by 2040 compared to 2021)</p>
Offset strategy	<p>The quantity to offset for baseline period of 2021 is 111,713 tco₂e.</p> <p>Details related to carbon offset is in section 5 of QES.</p>

5. Carbon Offset

A total of 115,877 tCO₂e carbon offsets will be retired for the compliance period. The offsets retired are from the following projects.

Table 4 – List of carbon offset projects

Project name	Technology	Country	Offset schemes	Reference Link	Volume of CER (Tco2e)
CDM Project 1577:CGN Inner Mongolia Zhurihe Phase I Wind Farm Project	Renewable energy	China	Clean Development Mechanism (Certified emissions reductions (CER))	CDM: CGN Inner Mongolia Zhurihe Phase I Wind Farm Project (unfccc.int)	13,313
CDM Project 2953:Guangdong Taishan Shangchuandao Island Phase I Wind Farm Project	Renewable energy	China		CDM: H13WF7XKDOC67DVAZPTY8E8ZE68NL2 (unfccc.int)	34,821
CDM Project 2406: CGN Inner Mongolia Duerbote Wind Farm Project	Renewable energy	China		CDM: CGN Inner Mongolia Duerbote Wind farm Project (unfccc.int)	37,743
CDM Project 3306: Gansu Guazhou Ganhekou Fourth Wind Farm Power Generation Project	Renewable energy	China		CDM: Gansu Guazhou Ganhekou Fourth Wind Farm Power Generation Project (unfccc.int)	30,000
Total					115,877