

Factsheet “Responsibly Sourced Natural Rubber”

I. Speaker Info and Quotes



Claus Petschick

Head of Sustainability
Continental Tires

“We want to achieve 100 percent sustainable supply chains by 2050.”

“The valuable experience we are gaining in this project allows us to progressively increase the transparency of all our supply chains.”

“Education and digitalization are important contributors to making our supply chains more sustainable.”

“For us natural rubber is only a sustainable material if it is responsibly managed.”

II. Quick facts: Responsibly Sourced Natural Rubber

- › For Continental, materials are considered to be sustainable, when they come from closed loop material-flows, are not harmful to the environment, have a neutral environmental footprint and originate from a responsible value chain.
- › Continental considers natural rubber to be responsibly sourced if, based on the due diligence system we have defined, environmental, social and human rights-related risks have been assessed, monitored and minimized within the natural rubber supply chain, from direct and indirect suppliers (upstream supply chain) to smallholders.
- › We are convinced that only in a joint effort with all our stakeholders we can mitigate risks and negative impacts on workers, communities, forests, biodiversity, and agricultural land. Hence, we are engaging in different projects both within and outside the tires industry.

- › It is our ambition to source all natural rubber from sustainable origins by 2030.
- › For Continental, responsibly sourced natural rubber is a renewable resource with a transparent supply chain which is responsibly sourced through a due diligence mechanism to uphold human rights, minimize environmental impacts, improve communities' livelihood and productivity, while having a fair and equitable value chain.
- › Based on our due diligence approach, we strive to minimize potential risks at the various levels of our supply chain. In our due diligence system, we have defined minimum criteria in accordance with the industry alliance Global Platform for Sustainable Natural Rubber (GPSNR) that must be met for natural rubber to be classified as "responsibly sourced rubber".
- › Our due diligence system includes several processes and tools aimed at assessing, mitigating and monitoring environmental, social and human rights-related risks for direct and indirect suppliers (upstream supply chain) all the way to smallholders. These tools include our Sustainable Natural Rubber Purchasing Policy, digital risk analysis systems, and verified self-disclosure procedures.

III. Overview of Continentals efforts, projects and initiatives

In order to fulfil our ambition to source all natural rubber from sustainable origins by 2030, we are actively driving forward different solutions and various projects both within and outside the tires industry.

1. Sourcing Policy

- › Continental's **Sustainable Natural Rubber Sourcing Policy** specifies clear responsibilities and commitments for all our partners along the entire natural rubber value chain.

2. Local Projects

- › Since 2018 already, we have been involved in a joint project with the federal German development aid agency **GIZ** in Indonesian West Kalimantan on Borneo to prevent sustainability risks. Smallholder farmers in the natural rubber sector are trained to grow high-quality raw material in compliance with clearly defined sustainability criteria. The aim is to improve the income of the project participants through higher-quality natural rubber. From July onwards, the first tires of our mountain bike tire line Gravity will be produced with a tread of natural rubber coming from our project.
- › Our highly qualified experts have been researching innovative sustainable materials such as natural rubber from dandelion for many years. The central aim of Continentals **Taraxagum** project is to stop importing natural rubber exclusively from the tropics in the future and to start producing it as close as possible to the tire plants in order to prevent ongoing deforestation and to reduce CO2 emissions caused by long transport routes.

3. Industry cooperations

- › As a founding member of the industry alliance **Global Platform for Sustainable Natural Rubber** (GPSNR), Continental is actively involved in the development of global guidelines for sustainable natural rubber.

4. Supply Chain Due-Diligence

- › To increase transparency and sustainability along its supply chains, Continental is actively working with competitors and stakeholders in various collaborative industry approaches. For example, as an innovation driver in the natural rubber sector, Continental and partners (Michelin, SMAG) have already introduced the establishment of the joint venture **Rubberway** for digital risk analysis of the upstream supply chain (Tier 1 - Tier X) in 2019.
- › Continental uses digital risk analysis systems to ensure compliance with the defined principles of its relevant purchasing policies. For all direct and centrally managed suppliers (Tier 1), we assess human rights, environmental and ethical risks in our suppliers' business and procurement processes, using verified self-information with the help of third-party partners (**EcoVadis**). Continental set itself the target of obtaining valid, verified self-disclosure from all direct suppliers of the central purchasing volume by 2025 at the latest.

5. Digital tools and technologies

- › We are developing and testing a **marker technology for natural rubber**, which has been developed for use in natural rubber by Continental and its project partners SMX. It is intended to contribute to even greater transparency and traceability along the entire value chain of tires and technical rubber products from Continental in the future. Provided with special security features, the use of marker substances enables the invisible labeling of natural rubber with information on its exact geographical origin. With the aid of special reading devices and specially developed software, the information on the natural rubber can be read out and its origin can be precisely assigned at any time. As part of the industrialization of this technology, it would also be conceivable for the marker technology to be linked to blockchain technology, which is known to be particularly forgery-proof.
- › Continental already today handles part of its purchasing of natural rubber through a new **digital trading platform** designed to ensure greater transparency and sustainability in the natural rubber supply chain. The recently launched HeveaConnect platform validates key aspects of a sustainable supply chain and ensures compliance through increased transparency and special offers. Market participants are provided with standardized information on quality, traceability, and compliance with social and environmental standards, as well as information on average selling prices.

IV. Links

- › Continental's [Sustainable Natural Rubber Sourcing Policy](#) specifies clear responsibilities and commitments for all our partners along the entire natural rubber value chain.
- › As a founding member of the [Global Platform for Sustainable Natural Rubber \(GPSNR\)](#), Continental is also actively involved in the development of global guidelines for sustainable natural rubber and consistently implements agreed guidelines.
- › Transparency and risk mapping with the joint venture [RubberWay](#)
- › [EcoVadis](#) – Self-assessments of suppliers
- › Partnership between Continental and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ*): [Continental Extends Commitment to Sustainability in Natural Rubber Supply Chain - Continental AG](#)
- › In the region for the region: Tires made from dandelion rubber: [Taraxagum](#)
- › Continental and Security Matters Test Marker Technology to Trace Natural Rubber: [Continental and Security Matters Test Marker Technology to Trace Natural Rubber - Continental AG](#)
- › Continental Commits to Sustainability in Natural Rubber Supply Chain on Digital Trading Platform: [Continental Commits to Sustainability in Natural Rubber Supply Chain on Digital Trading Platform HeveaConnect - Continental AG](#)