

## Continental Extends Commitment to Sustainability in Natural Rubber Supply Chain

- **Project with German Federal Ministry for Economic Cooperation and Development for digital traceability of natural rubber in Indonesia is being expanded**
- **Number of small farmers involved to be expanded from 450 to 4,000 by 2024**
- **Digitization of the entire supply chain enables full traceability**
- **“Education and digitalization are important contributors to making our supply chains sustainable,” says Claus Petschick, Head of Sustainability of the Tires business area**

Hanover, Germany, April 30, 2021. Continental is extending its commitment to sustainability in the natural rubber supply chain. The premium tire manufacturer and the German Federal Ministry for Economic Cooperation and Development (BMZ) have agreed on a significant expansion of their successful project to ensure full traceability of the natural rubber supply chain in the Indonesian province of West Kalimantan in Borneo. Here, 4,000 small farmers, rather than the previous 450, are now to be involved in the project by 2024. The project objective remains the same: Small farmers in the natural rubber sector are trained to grow high-quality raw materials in compliance with clearly defined sustainability criteria. By improving the quality of the raw material, the income of smallholders is to be increased.

“Continental’s goal is 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 our natural rubber supply chains,” says Claus Petschick, Head of Sustainability of the Tires business area. He adds, “Education and digitalization are important contributors to making our supply chains more sustainable. Together with our partners, we are demonstrating in Borneo that this can succeed in the natural rubber sector. I am pleased that we are now significantly expanding this successful project.” Indonesia is one of the world’s largest producers of natural rubber. The Kapuas Hulu district, where Continental is collaborating with the BMZ, has two national parks that have been designated as biosphere reserves by UNESCO.

Continental and the BMZ already implemented a digital traceability system for natural rubber in the project region back in 2018. With its help, all steps of the natural rubber supply chain can be evaluated in detail - from cultivation to further processing to Continental's tire plants. The cultivation areas mapped by GPS, raw rubber delivery quantities and sales prices achieved are documented in the system for each transaction. For the further processing of the raw rubber produced in the project and in the implementation of the traceability, the project partners work in particular with the natural rubber suppliers Southland Global and Halcyon Agri Corporation.

Sustainable and responsible business practices have already been an integral part of Continental's corporate strategy for many years and also an important part of the "Vision 2030" strategy program for the Tires business area. The tire manufacturer aims to differentiate itself specifically with sustainable technologies and innovative solutions. The focus here is on the strategic topics of climate action, low-emission mobility, the circular economy and sustainable supply chains and therefore all phases along the value chain. The company's "Natural Rubber Sourcing Policy" defines clear responsibilities and commitments for Continental as well as all of its suppliers and service providers along the entire natural rubber value chain. The aim is to minimize environmental, human-rights and social risks.

Both the BMZ and Continental are members of the Global Platform for Sustainable Natural Rubber (GPSNR), which was founded in March 2019, a merger of the most important players in the natural rubber sector from the economy and civil society. Together with other members, they are working on the global improvement of sustainability in the natural rubber sector. Both Continental and the BMZ aim to promptly take into account the guidelines for greater sustainability in the natural rubber sector elaborated here in their projects in Indonesia.

**Continental** develops pioneering technologies and services for sustainable and connected mobility of people and their goods. Founded in 1871, the technology company offers safe, efficient, intelligent and affordable solutions for vehicles, machines, traffic and transportation. Continental generated sales of €37.7 billion in 2020 and currently employs more than 235,000 people in 58 countries and markets. In 2021, the company celebrates its 150th anniversary.

The **Tires business unit** has 24 production and development sites worldwide. Continental is one of the leading tire manufacturers and generated sales of €10.2 billion in this business unit in fiscal year 2020 with more than 56,000 employees. Continental is one of the technology leaders in tire production and offers a wide range of products for passenger cars, commercial and special vehicles, and two-wheelers. Through continuous investment in research and development, Continental makes an important contribution to safe, economical and ecologically efficient mobility. The portfolio of the Tires business unit includes services for the tire trade and for fleet applications, as well as digital management systems for tires.

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Digitization of the entire supply chain enables full traceability of natural rubber.



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By 2024, the number of small farmers involved in the project is to be expanded from 450 to 4,000.



Continental\_PP\_Claus Petschick

Claus Petschick, Head of Sustainability of the Tires business area.