

Sharing Experiences of Deforestation-Free Supply Chains: Opportunities & Challenges

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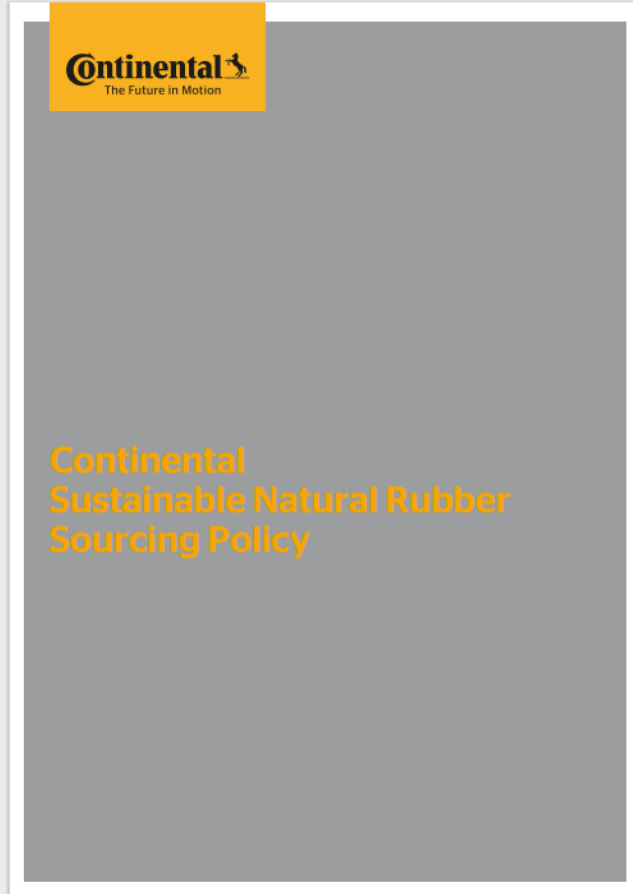
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Sustainable Natural Rubber Sourcing Policy

Fully aligned with the Policy Framework of Global Platform for Sustainable Natural Rubber



Global Platform for Sustainable Natural Rubber



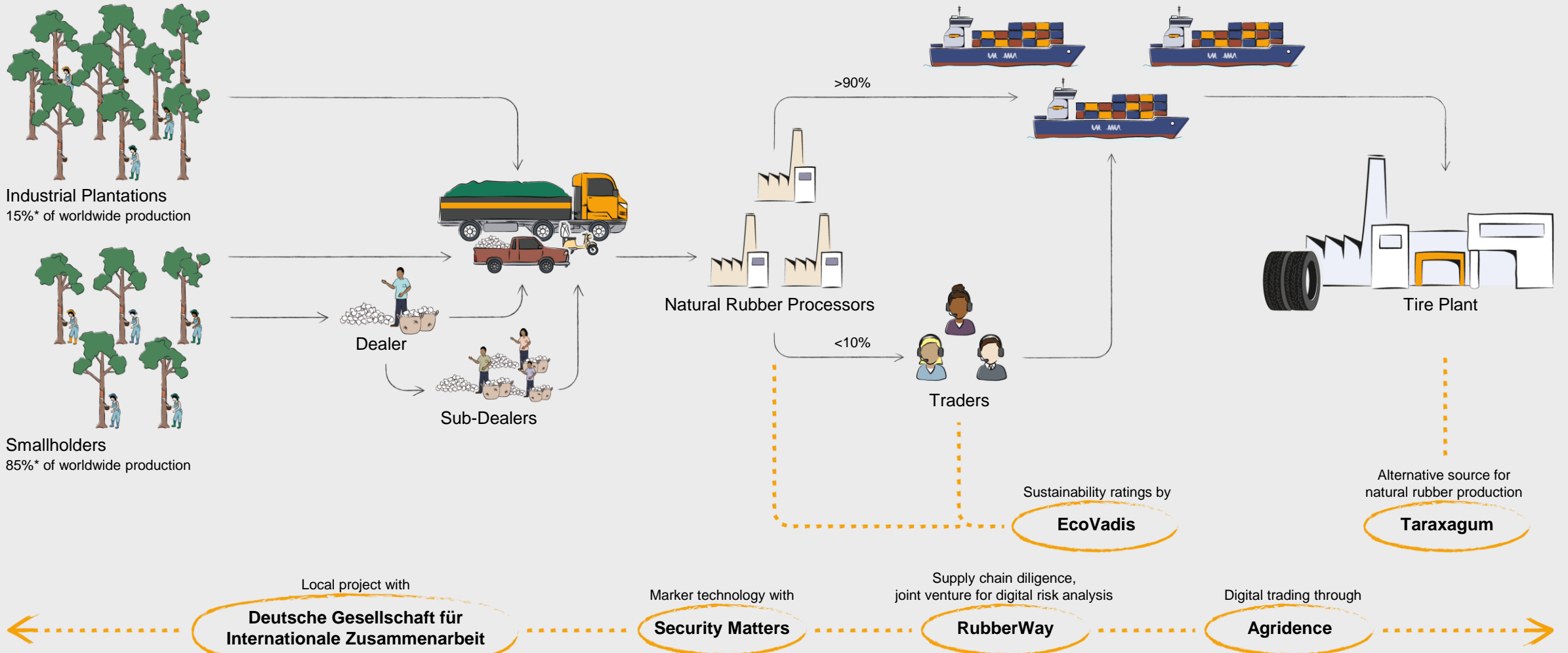
To continuously improve the sustainability of natural rubber value chain, this policy has identified 4 Sustainable Natural Rubber Commitments:

- › Respect for People
- › Minimize Environmental Impacts
- › Fair and Equitable Value Chain
- › Responsible Sourcing

[Sustainable Natural Rubber Sourcing Policy 2021](#)

Responsible Sourcing

The Natural Rubber Supply Chain until Tire Plant

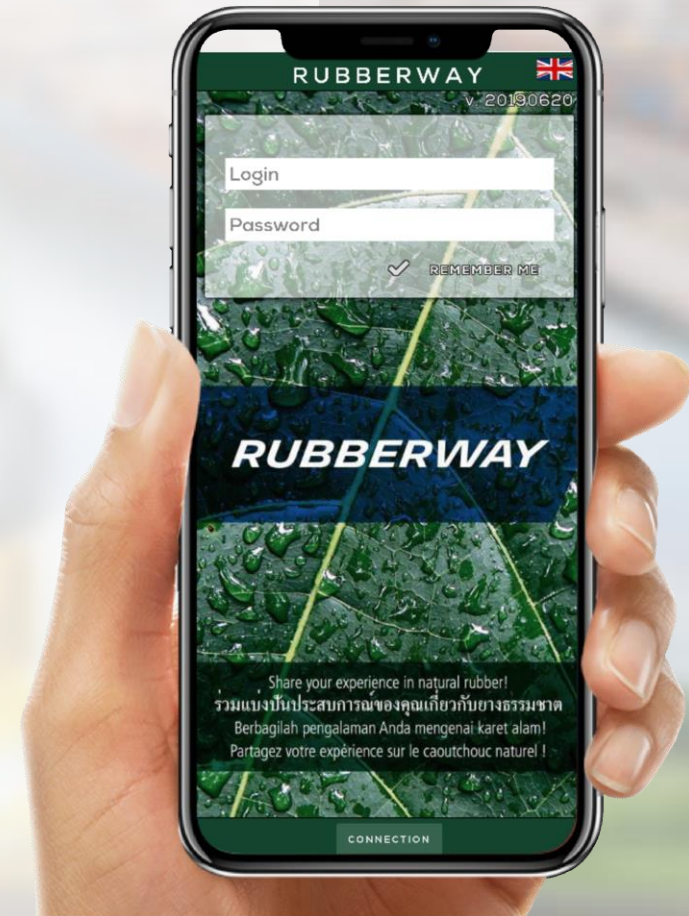
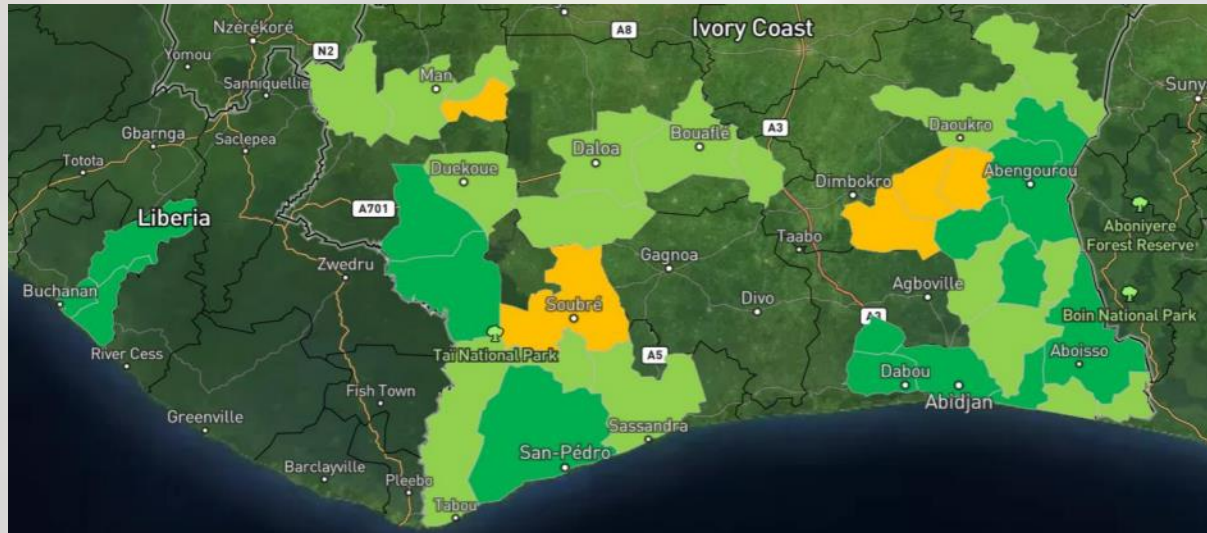


*Source: ETRMA

Responsible Sourcing starts with risk assessments

Transparency and risk mapping in upstream supply chain: Rubberway

- › Joint venture of Continental with Michelin and SMAG (IT Company).
- › Mobile app to assess and map social and environmental risks throughout the natural rubber supply chain
- › Already in use in Thailand, Indonesia, Ivory Coast, Nigeria, Ghana, Brazil
- › Continental, Michelin, Goodyear, Pirelli use Rubberway



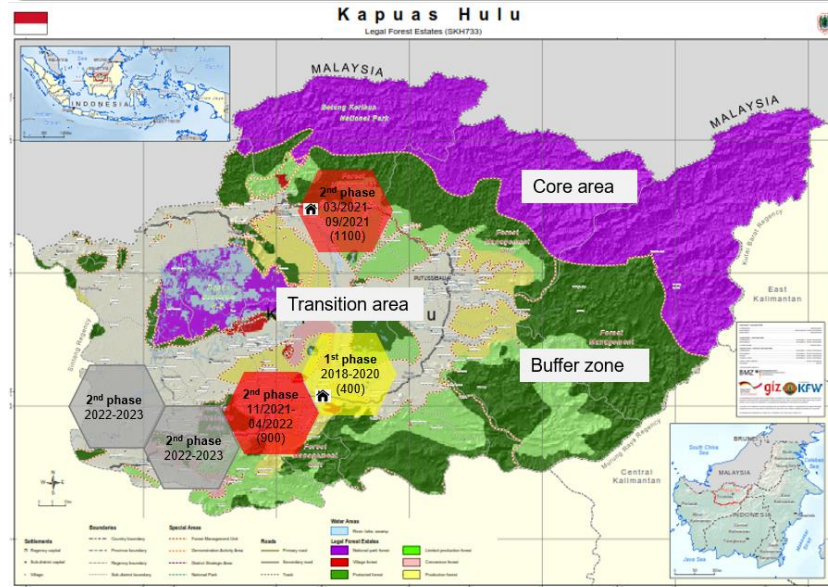
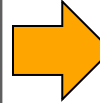
Lessons Learned from Conti – GIZ Project in Indonesia (2018 – today)

Project Location: Kapuas Hulu, West Kalimantan, Indonesia

- **High-risk and complex supply chain from Deforestation and Social perspective:** UNESCO Biosphere Reserve Kapuas Hulu
- **Area:** 30,957 km² (similar to Baden-Württemberg or NRW) ~ 12hrs land transport to Pontianak (factory). Project Scope: 6 sub-districts 34 villages.
- **Land Zonation:** 76% State forest, 24% Area for utilization
- **Low Rubber Productivity:** 700 kg/ha/year (global average ~1.2 tons/ha/year). Low income

Project Key Facts & Achievements:

- 4,000 farmers, GAP trained
- Polygon Mapping, 3 warehouses, 2 NR Processors established to build up Traceability in simplified supply chain
- Farmer Income increased
- Assist formation of Village-Owned Enterprises
- Rubber used in industrialized bicycle tires



Scaling Traceability is a Key Challenge (distances, many small farm areas, geolocation)

Key Challenges seen during EUDR implementation

	Plots of Land / Polygon Mapping	Data Exchange	Chain of Custody (missing clarity)	Enforceability of EUDR outside EU
Experience	Kapuas Hulu Project. Several systems in the market	Various systems in the market, currently no data standard / industry approach	Achieved though supply chain simplification in Kapuas Hulu project (warehouses instead of traders)	Companies have a global footprint.
Challenge	Roll-out to 6 Mio smallholders	Different nomenclature of smallholders, no data exchange between different systems	Does EU require integration of ten thousands of traders, middlemen to the traceability system?	Establish level-playing field for EU-based companies
Evaluation	Big Effort and high cost, but implementable (based on project experience: full worldwide implementation 18 months not feasible)	Potentially critical If EU system guidance is available only at a late stage	Critical EU Guidelines need to consider particularities of NR value chain	Critical If leakage option (“ex classification”) is possible with EUDR

X-sector alignment is crucial. EU & Germany to support?

Thank you for your attention!