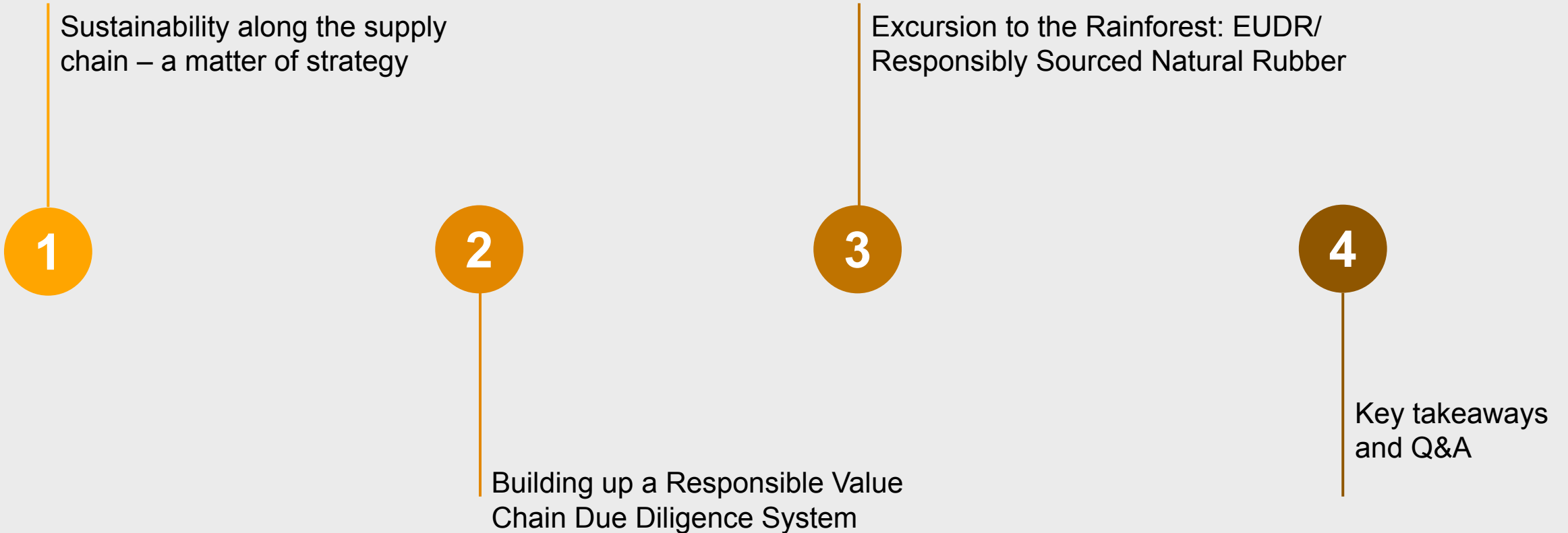


# Continental @ European Supply Chain Summit 2025

Aligning Procurement Strategies with Changing Sustainability Regulations

Dr. Andrea Appel, SVP Group Purchasing

# Agenda



# The Starting Point

1

## Classical Procurement Organizations

- › Classical procurement organizations are used to focus on the bottom line – generating a maximum of “savings” in a defined time period

2

## Risk management

- › “Before Corona” many supply chains performed reasonably well and showed a typical automotive cyclic behavior. Invest in risk management was challenged from a cost perspective.

3

## Regulatory compliance

- › Regulatory and sustainability requirements have drastically increased. We need to ensure regulatory compliance from tier-1 suppliers and before materials are sourced.

4

## Need for a 360° approach

- › Besides value generation, there was the need for a 360° approach which included the requirements of the Business Partners, Innovation, Sustainability & Quality.



How to embed it into the PUR Strategy?



## **BUSINESS PARTNERS**

We provide sourcing expertise, consultancy and market guidance.



Our passion  
for purchasing.  
Your ambitions.  
Succeed  
together.



## **VALUE CONTRIBUTION**

We maximize our value contribution with best sourcing solutions.



## **RESPONSIBILITY**

We live quality excellence and care for sustainable solutions.

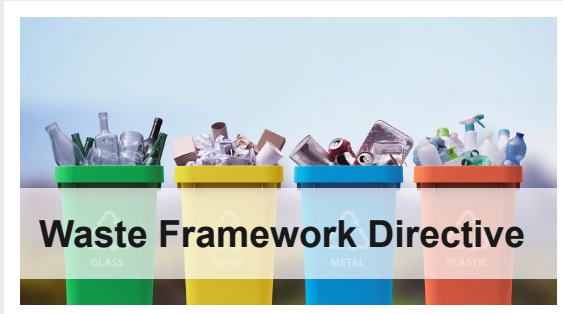
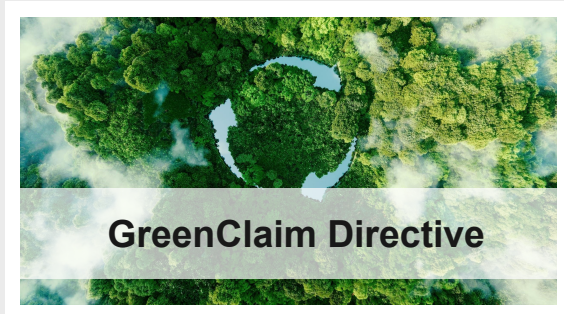


## **INNOVATION**

We seek value innovation from our suppliers and from ourselves.

# Legal Requirements and Regulations

## Increasing Framework Creates New Requirements



# Sustainability Requires a Multi-Stakeholder View

## Shareholder Requirements



## Customer Requirements



## Legal Requirements



## Requirements from Society (,License to Operate')



**Continental** 

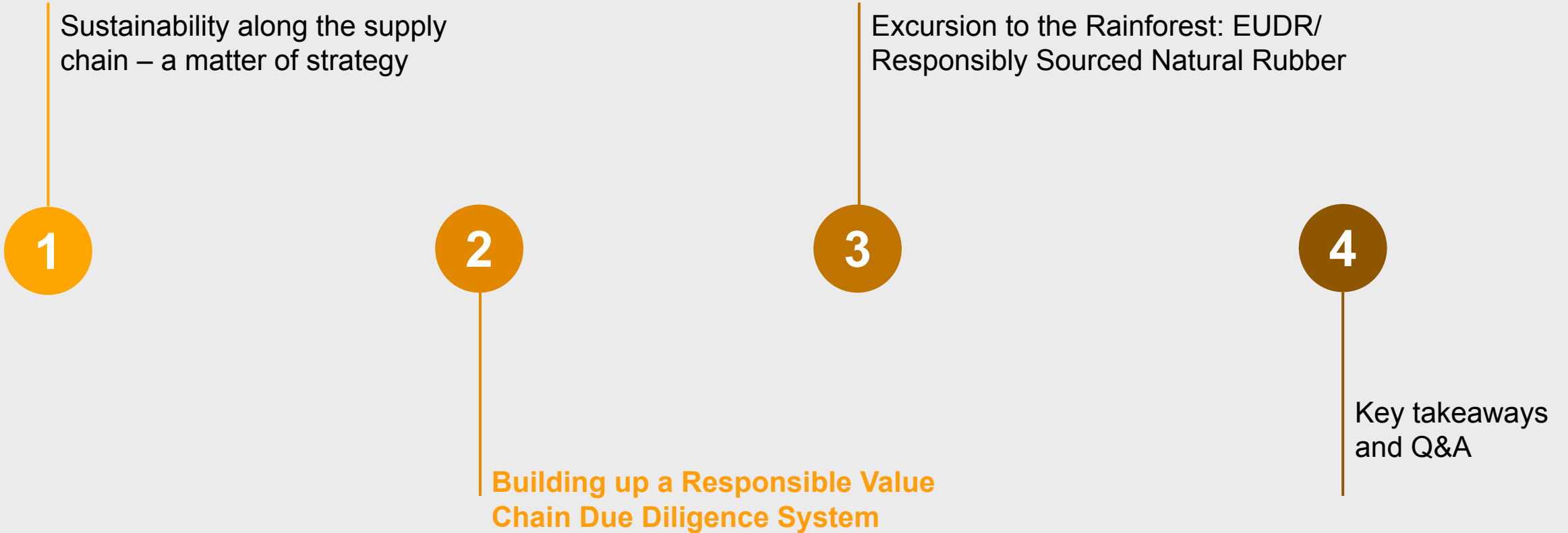
# Sustainable by Design

- › **Aligning procurement strategies with changing global and regional sustainability regulations** to ensure compliance and to drive responsible sourcing
- › Embedding **circular economy principles** and innovative procurement models to enable more sustainable and resilient value chains
- › **Strengthening supplier transparency** and collaboration to identify, assess, and mitigate environmental and social risks across multi-tier supply networks
- › Leveraging **digital tools and advanced technologies** to enhance ESG risk monitoring, predictive analytics, and real-time supply chain visibility
- › **Integrating sustainability KPIs into procurement** to create long-term value, improve supplier resilience, and support organizational ESG goals

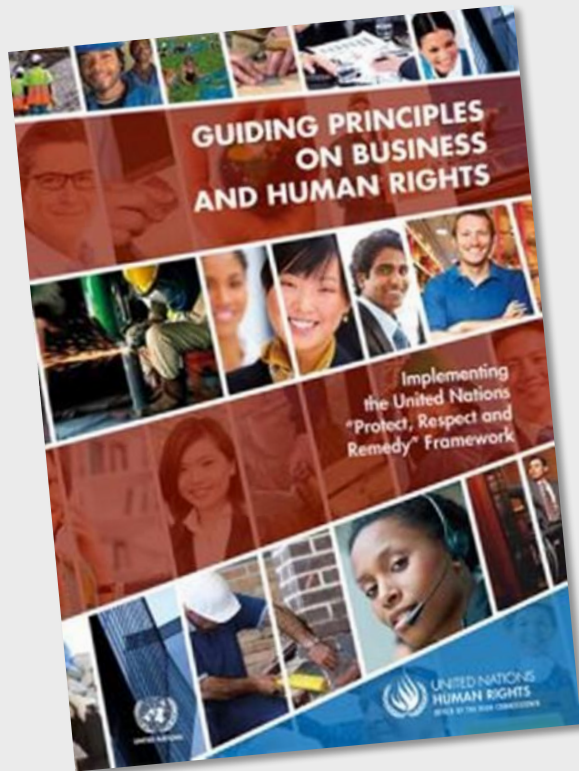


**Transforming  
Procurement and Risk  
Management for a  
Greener Future**

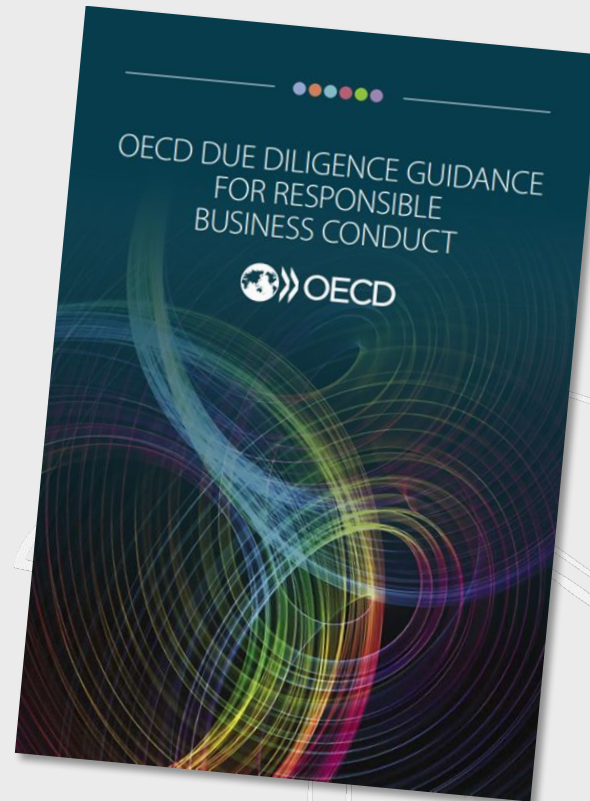
# Agenda



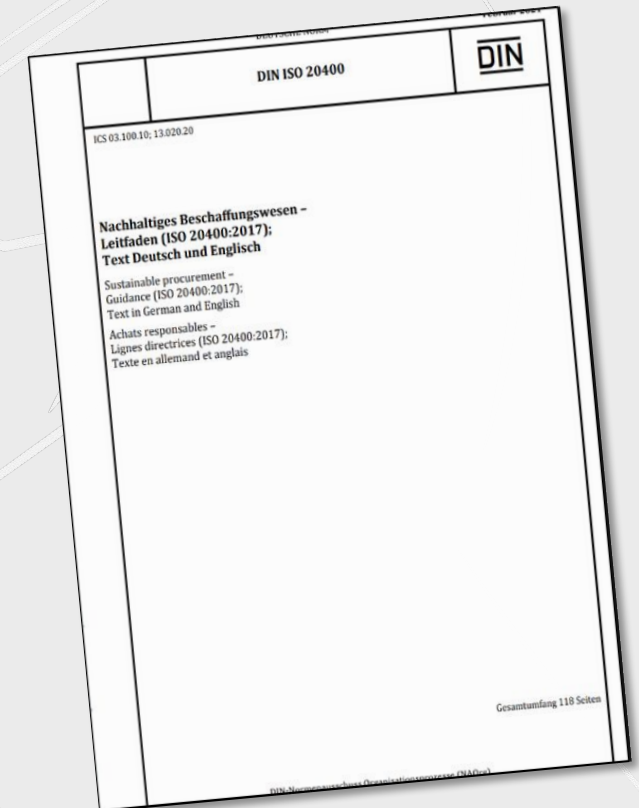
# Frameworks for Responsible Business Conduct



[Click here for the report](#)

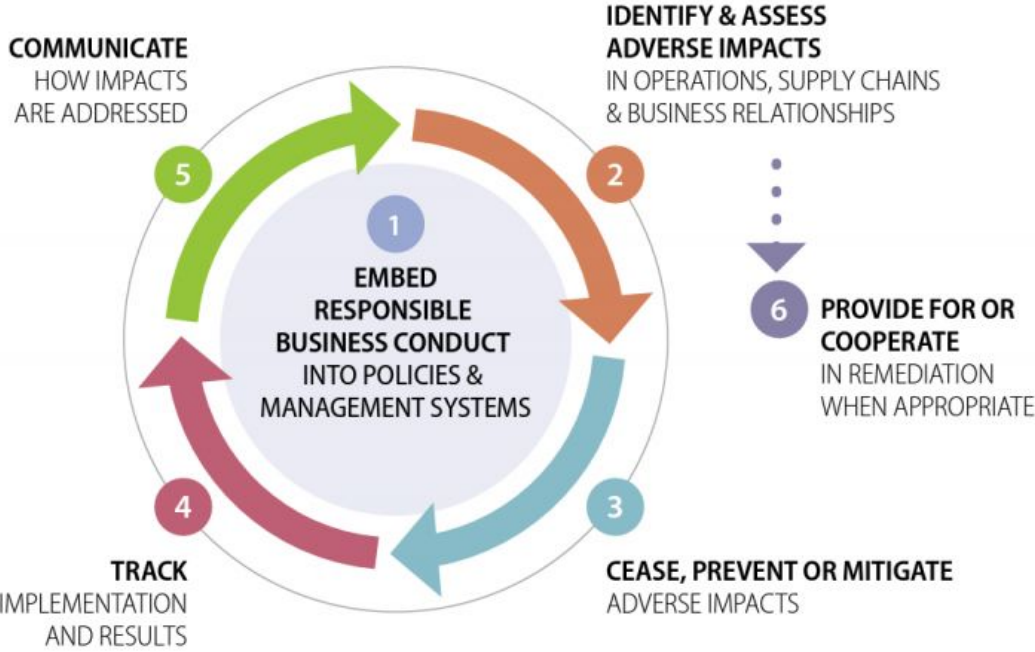


[Click here for the report](#)



[Click here for the report](#)

# OECD-Guidelines on Human Rights Due Diligence

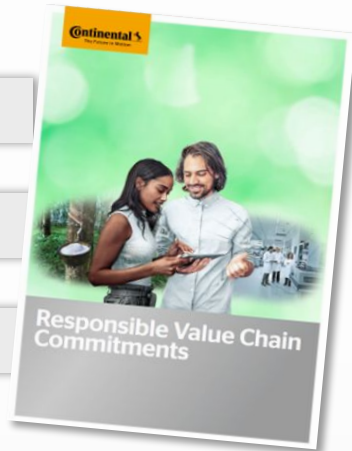


# Continental's Responsible Value Chain Due Diligence System (RVC DDS)

Human rights

Labor rights

Environmental Protection



The Responsible Value Chain Management System is in line with OECD Guidelines for ensuring due diligence to detect and mitigate risks and potential violations related to our commitments. It is founded on the following policies and guidelines:

- › Code of Conduct for Employees
- › Business Part Code of Conduct
- › Responsible Value Chain Commitments
- › Responsible Value Chain training for suppliers
- › Sustainable Natural Rubber Sourcing Policy
- › Conflict Minerals Policy
- › Supplier Requirements Manual

1- Embed in Policies and Management Systems

2- Risk Assessments

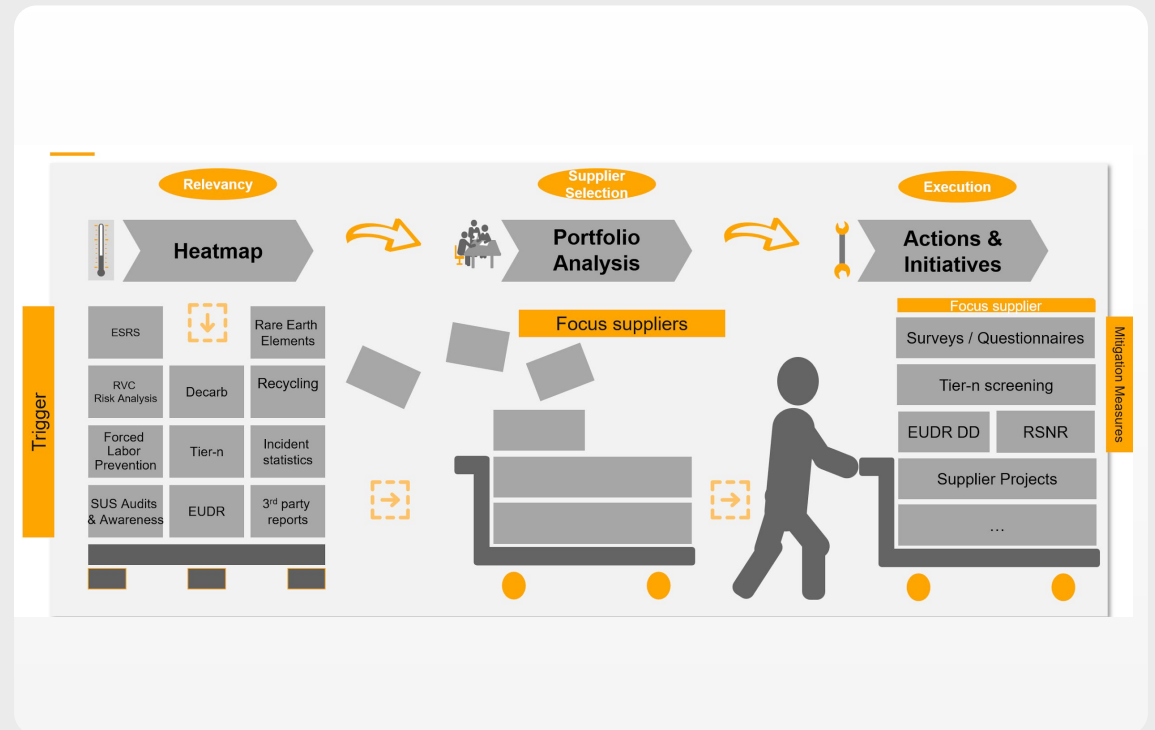
3 – Risk Mitigation & Prevention

4 – Reporting

5 – Grievance Mechanism

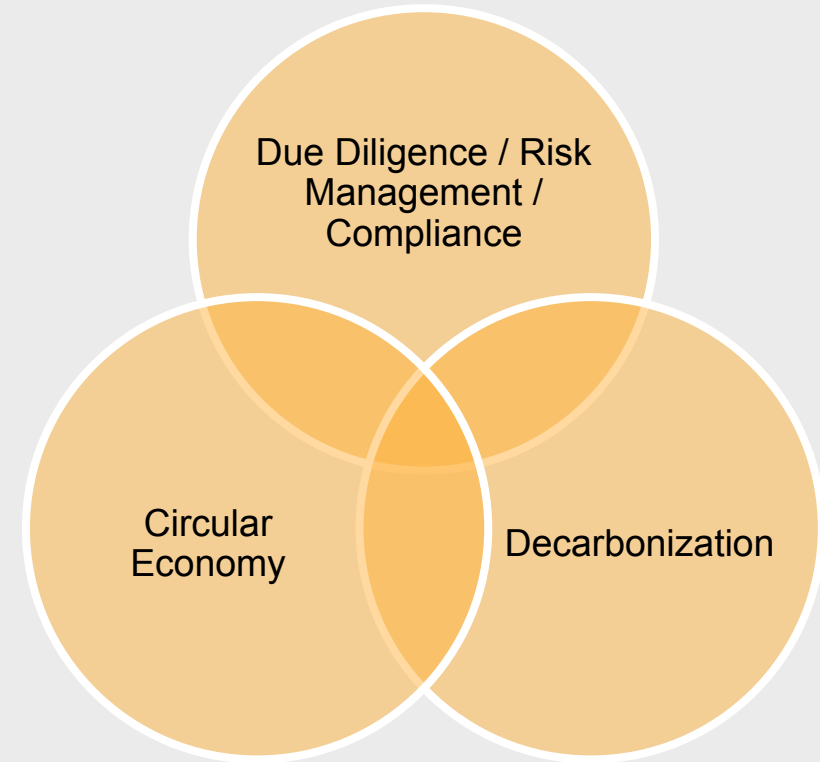
# Continental's Approach of Risk Assessment Methodology

1. **Processes:** Risk Analysis, Supplier Site Release, Supplier Performance Management, Incident Management, Forced Labor Risk Exposure Screening, Sanctions Screening, Conflict and Extended Minerals Reporting
2. **Methods:** Country & Industry Risk Analysis, Supplier Self-Assessment Questionnaires, Supplier Audits, Internal & Supplier Trainings
3. **IT Tools:** EcoVadis, Prewave, Osapiens, Compliance Solution
4. **Scope:** Tier-1 to Tier-n (Risk and Incident-Based Approach)



# Sustainability IT Tools

## A market with a lot of investments – and complexity



# Design & Sourcing Impact

## Where sustainability begins

- › **Capacity Building:**
  - › Corrective Action Plans via EcoVadis
  - › Supplier Trainings
  - › Awareness Visits
- › **Multi-stakeholder Engagement:** GPSNR, RBA, Drive+, Responsible Minerals Initiative
- › **Supplier Performance Measurement / Price Correction Factors**



1- Embed in Policies and Management Systems

2- Risk Assessments

3 – Risk Mitigation & Prevention

4 – Reporting

5 – Grievance Mechanism

# Sustainability Reporting

## Fully integrated into Annual Report



# Grievance Mechanism

## Integrity Hotline

The screenshot shows the Continental Integrity Hotline website. At the top left is the Continental logo. To the right are links for 'FAQ', 'Inbox', and 'Er'. The main heading is 'Make a Report by Phone'. Below it, a note states: 'Any personal data reported via the Continental Integrity Hotline are processed according to the [Integrity Hotline Privacy Policy](#).' There are two sections: 'International Number' with a note 'EUR 0,06 per call originating from German landline network; the amount charged can vary from cellphone or other networks.' and a phone number '+49 (0) 1802 73 76 78 / +49 (0) 1802 REPORT'. The 'Local Numbers' section has a note 'In case your country is not listed, please use the international number as stated above.' and a dropdown menu with 'Select an option'.

## Integrity E-mail

The screenshot shows the Continental Integrity E-mail website. At the top left is the Continental logo. To the right are links for 'Global', 'EN', 'Search', and a menu icon. The main heading is 'Continental Integrity Hotline'. Below it, a note states: 'Unethical and unlawful behavior harms Continental and its stakeholders. Reporting such concerns is an important contribution to Continental's awareness and to the exposure and prevention of misconduct. Continental does not tolerate retaliation against whistleblowers. Reports are processed in accordance with the [Rules of Procedure - PDF \(184KB\)](#). Please take note of our [Data Protection Notice - PDF \(156KB\)](#) according to Art. 13 and 14 GDPR.'

## Integrity Platform

The screenshot shows the Continental Integrity Platform website. At the top left is the Continental logo. To the right are links for 'FAQ', 'Inbox', and 'English'. The main heading is 'Welcome to the Continental Integrity Hotline'. Below it, a note states: 'To report a case related to AUMOVIO (formerly Continental's Automotive sector), please use the dedicated [AUMOVIO reporting channels](#).' There are three buttons: 'Make a report for Tires, ContiTech (incl. DECS) or Holding', 'Make a Report by Phone', and 'Case Access/Communication'. At the bottom, a note states: 'You are on the secure Continental Integrity Hotline. The Hotline is not part of the Continental website or intranet. Your report cannot be traced back if you report anonymously.'

1- Embed in Policies and Management Systems

2- Risk Assessments

3 – Risk Mitigation & Prevention






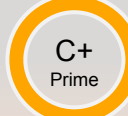



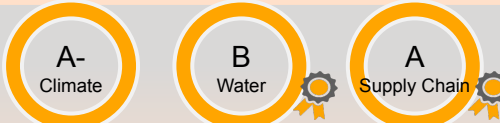


4 – Reporting

5 – Grievance Mechanism

# Sustainability / ESG Ratings

## SCORING CONTINENTAL

## CLASSIFICATION

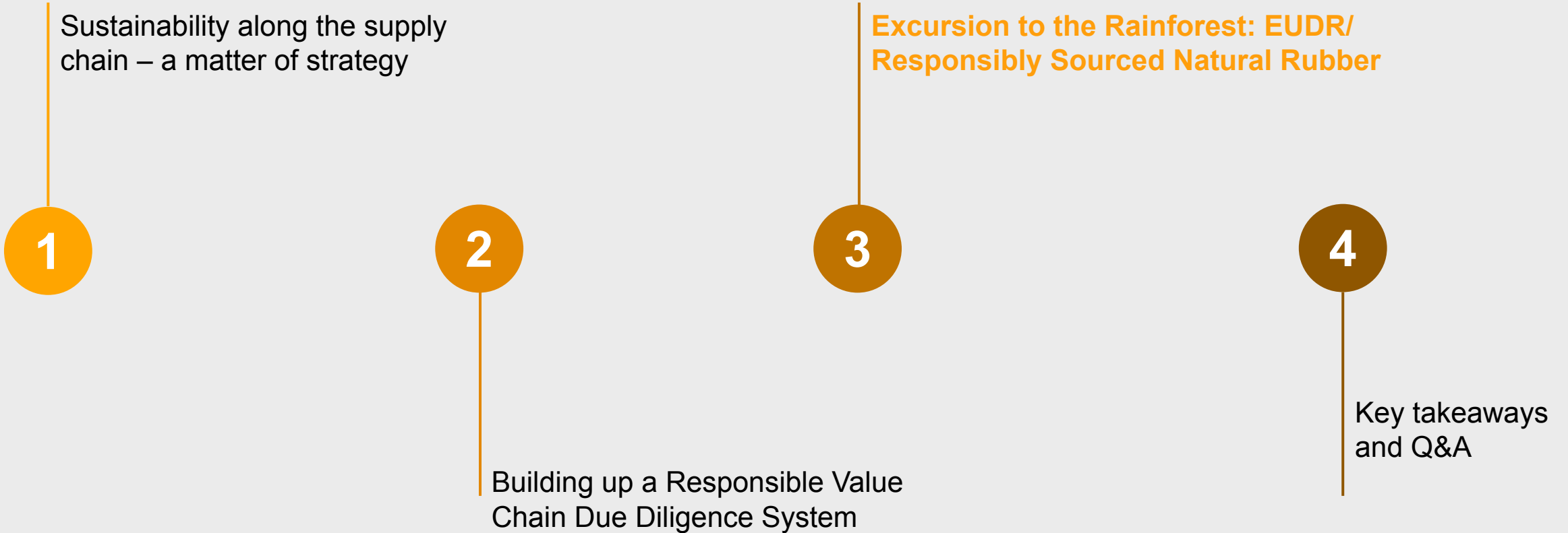
	<i>as of July 2025</i>		AAA = best result CCC = worst result
	<i>as of June 2025</i>		5 = best practice 0 = no disclosure
	<i>as of November 2024</i>		A+ = best performance D- = worst performance
	<i>as of August 2025</i>		0-10 = neglectable risk 10-20 = low risk 20-30 = medium risk 30-40 = high risk 40+ = severe risk
	<i>as of March 2025</i>		A = Leadership score B = Management score C = Awareness score D = Disclosure score F = Failure to disclose
	<i>as of May 2025</i>		85-100 = Outstanding score 65-84 = Advanced score 45-64 = Good score 25-44 = Partial score 0-24 = Insufficient score



Continental is listed in the following indices

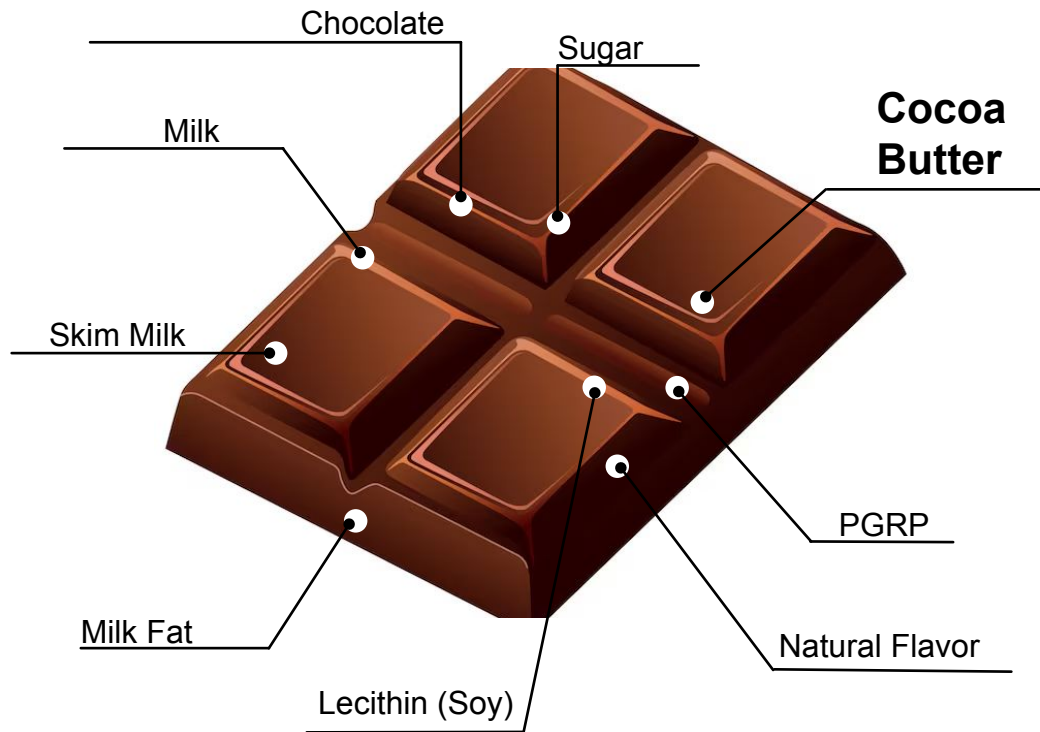


# Agenda

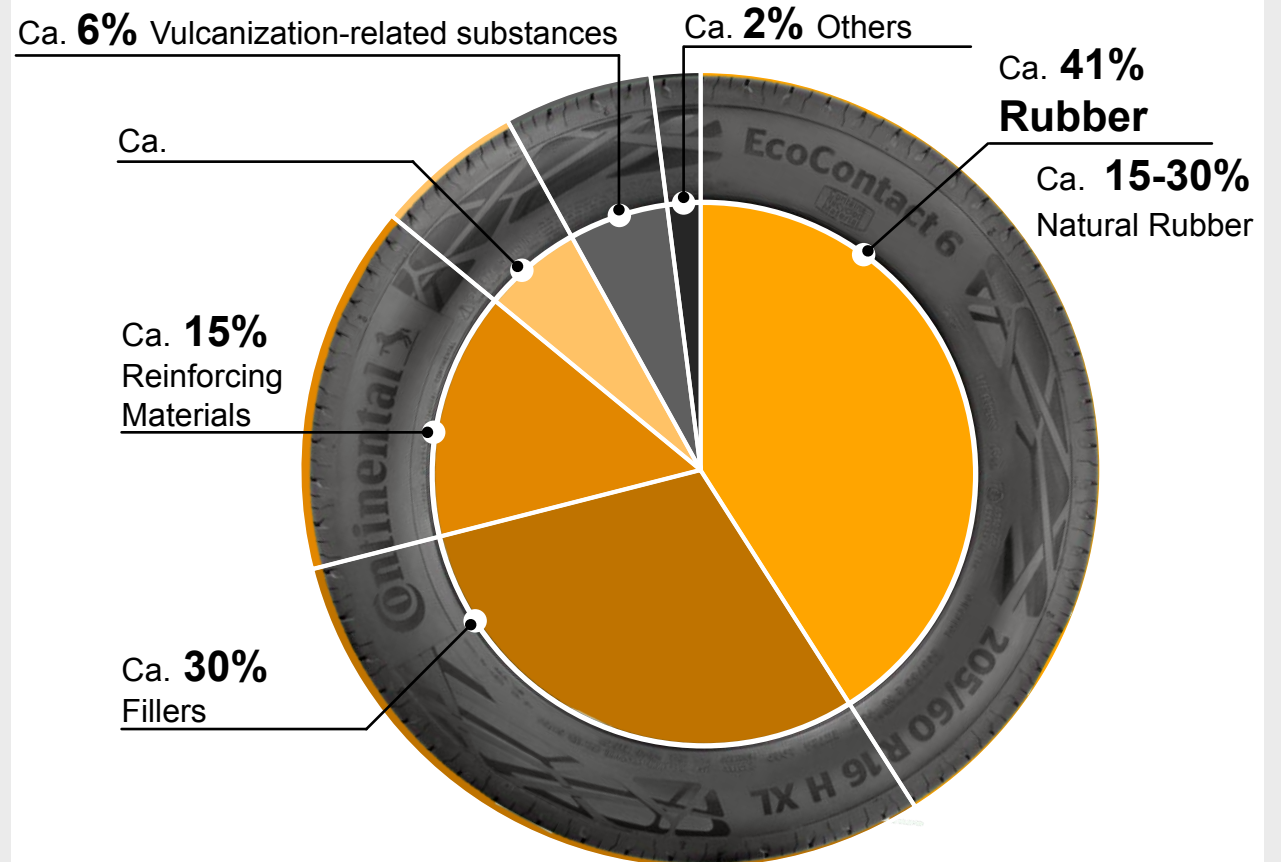


# What is Cocoa in Chocolate is Natural Rubber in Tires

## Ingredients of a „basic“ milk chocolate



## Materials of a standard tire (depending on the segment)



# European Union Deforestation Regulation (EUDR)

## Overview

### Goal

- › EUDR forbids products linked to deforestation to be placed on the EU market.
- › Natural rubber falls under the scope of EUDR, amongst others.
- › Tire manufacturers must ensure that natural rubber used does not contribute to deforestation by tracing it to its cultivation area.

### Timing

- › The EUDR entered into force in June 2023, with a transition period for companies to implement due diligence obligations.
- › The measures will be fully applicable as of **December 30, 2025** \*.

### Sanctions

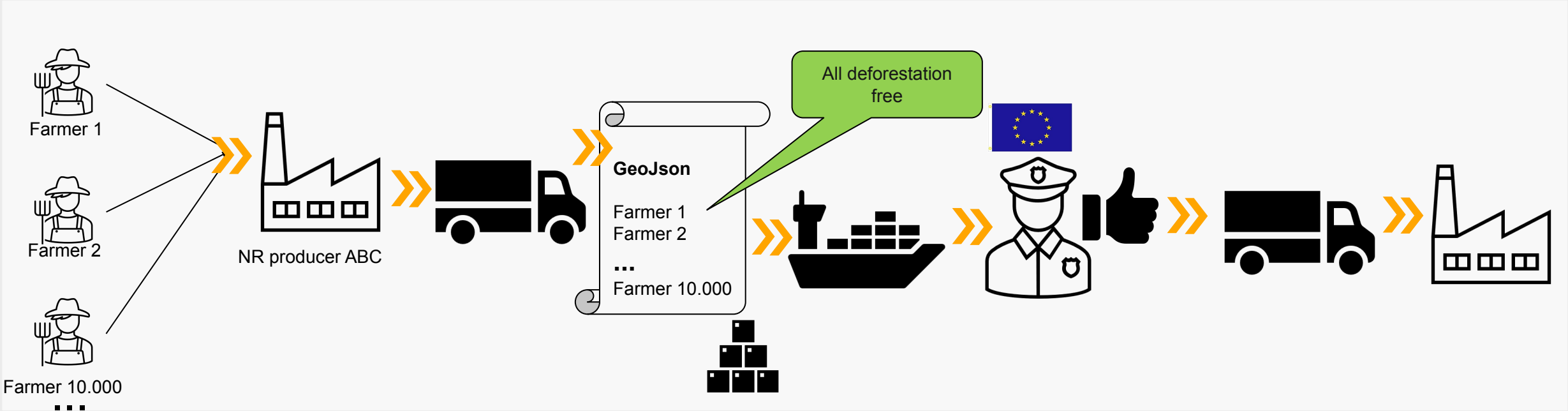
- › Bringing non-compliant products onto the market may incur fines **up to 4% of annual turnover** in the EU, or even temporary market exclusion.



\* End September 2025 the EU Commission has announced a potential further delay due to technical restrictions with IT Systems

# EU Deforestation Regulation Traceability Requirements

## Group Declaration: Rubber Plant to Tire Plant



### Natural rubber industry faces several risks besides Deforestation:

- › Poor working conditions
- › Land grabbing
- › Low wages in times of low market prices
- › Monoculture
- › Low yield in some countries pressure on land, farmers income
- › Concentration in tropical areas, as rainforests

Tire Plant

# NR Price Development in the Last ~30 Years

- › **Description:** Rubber (Asia), RSS3 grade, Singapore Commodity Exchange Ltd (SICOM) nearby contract beginning 2004; during 2000 to 2003, Singapore RSS1; previously Malaysia RSS1
- › **Unit:** US Dollars per Kilogram; Data Source Singapore Commodity Exchange (SICOM) / Index Mundi



DW ist Teil des deutschen öffentlich-rechtlichen Rundfunks.

Continental

Continental Automotive (Thailand) Co.,Ltd.  
บริษัท คอนติเนทอล ออโตโมทีฟ (ประเทศไทย) จำกัด

Weitere Videos



14:19 / 28:25

YouTube

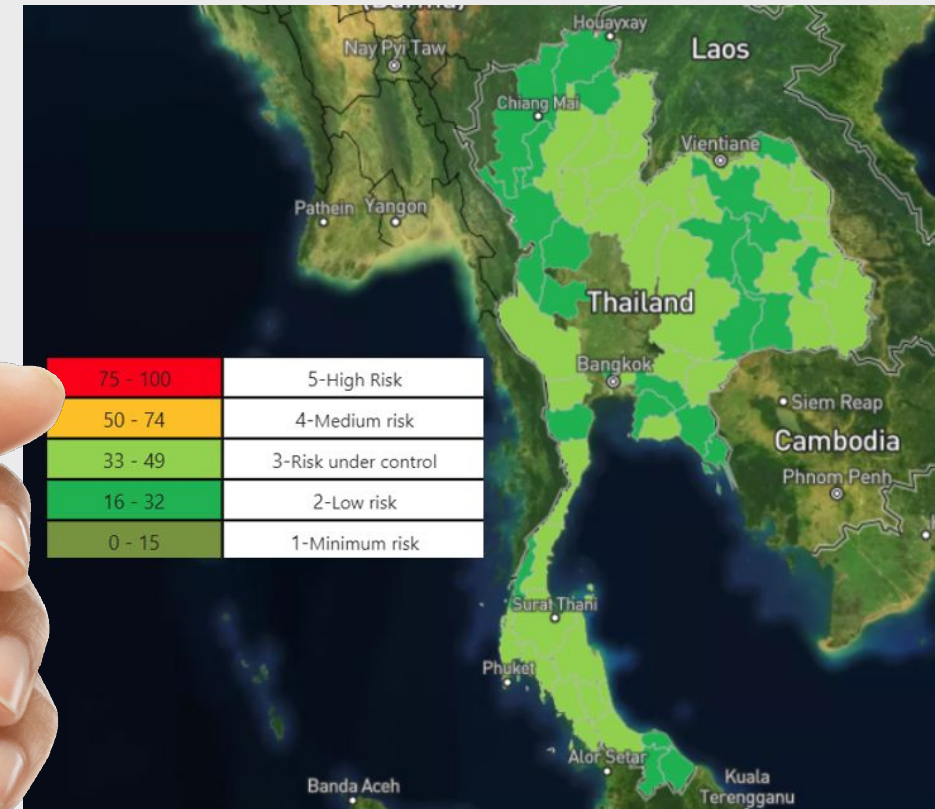
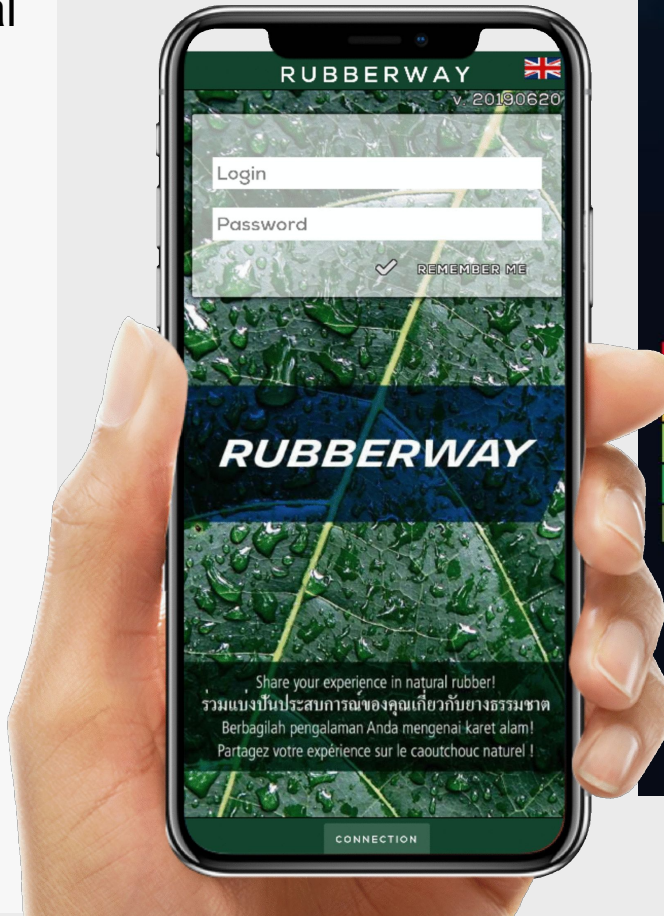
Rubber tires – a dirty business | DW Documentary

YouTube | DW Documentary | 5,2Mio. Aufrufe | 17. Sept. 2019

# Responsible Sourcing in Upstream supply chain

## Transparency and risk mapping in natural rubber supply chain

- › Continental is founding member of the Global Platform for Sustainable Natural Rubber (GPSNR) and established management system in line with the GPSNR requirements for responsibly sourced natural rubber.
- › RubberWay: Joint venture of Continental together with Michelin and SMAG
  - › Mobile app to assess and map social and environmental risks throughout the natural rubber supply chain
  - › Already in use in Thailand, Indonesia, Malaysia, Ivory Coast, Nigeria, Ghana, Brazil

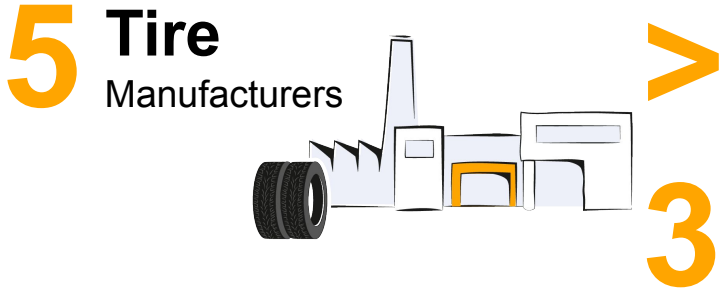


# Responsible Value Chain

## Transparency and risk mapping: Rubberway

### Natural rubber industry faces social and environmental risks:

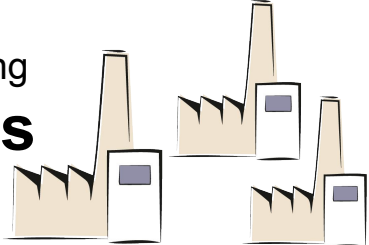
- › Poor working conditions
- › Low wage when low prices
- › Low yield in some countries pressure on land, farmers income
- › Land grabbing
- › Deforestation
- › Monoculture
- › Concentration in tropical areas, as rainforests



### Natural Rubber Suppliers



### Processing Plants





# Increasing Farmer Livelihood and Building Resilient Supply Chains

# Project with GLZ in Indonesia

## We strive for responsibly sourced natural rubber

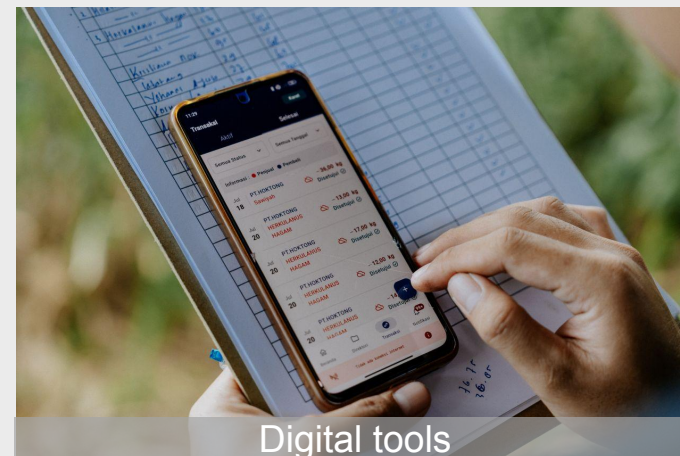
- › Partnership between Continental and German government's development service Deutsche Gesellschaft für Internationale Zusammenarbeit (**GIZ**) since 2018
- › **Goal:** training for smallholders in sustainable production of natural rubber; supporting farmer communities and sustaining natural rubber production; Farmer income and livelihood improvements.
- › **Project:** 6,000 farmers
- › **Benefits:** trainings and farmer support will lead to higher yields. Supply chain optimization will generate higher incomes and better livelihood for rubber tree cultivators



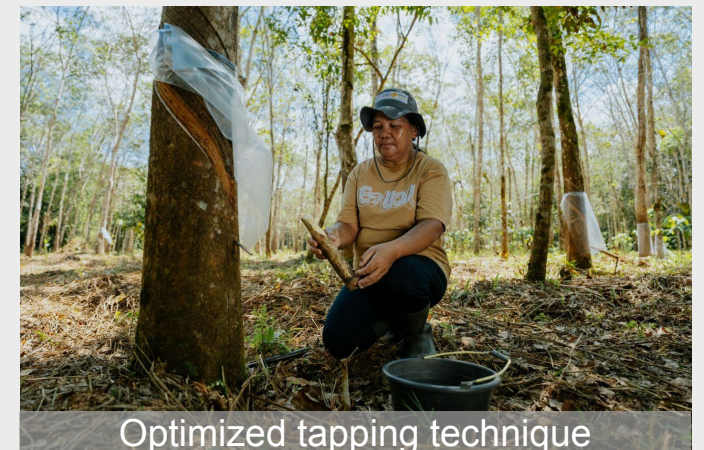
Classroom trainings



Field trainings



Digital tools



Optimized tapping technique

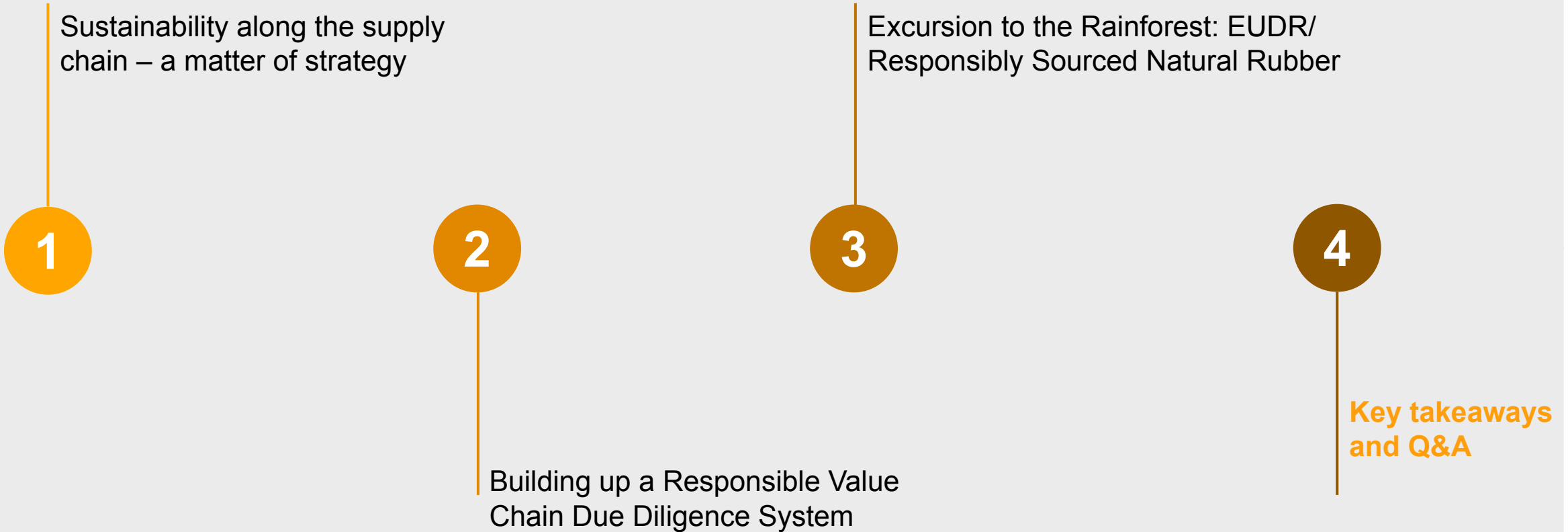
# Results of the training concept: Improved quality



Improved Rubber Quality

Continuous feedback process on rubber quality takes place & repetitive issues are taken into account at the GAP Trainings. The results speak for themselves: Farmers taking part in the program are supplying Continental AG with Grade A, sustainably and fairly produced natural rubber.

# Agenda



# Key Takeaways

## Manage supply chain complexity

Our supply chain is complex due to the diverse nature of its parts and components and multiple processing stages

## Risk management & Strategy

We ensure **strategic supplier management** to control various types of **salient risks** inherent to different feedstock sources & industries

## Regulatory compliance

We ensure **regulatory compliance** of suppliers within our purchasing processes. Our **Responsible Value Chain Due Diligence System** includes own operations, tier-1 and tier-N suppliers

## Procurement for business success

**Procurement is a multi-stakeholder approach** that requires **360° KPIs** (financial, sustainability, quality, supply chain reliability,...) to ensure corporate success



# Any Questions

Please contact me on LinkedIn:

[www.linkedin.com/in/dr-andrea-appel-6a3571112](https://www.linkedin.com/in/dr-andrea-appel-6a3571112)

**Continental** 

**The Future in Motion**