

# SOCIÉTÉ DES MATIÈRES PREMIÈRES TROPICALES PTE LTD (MICHELIN)

## SUSTAINABLE MOBILITY STARTS WITH SUSTAINABLE SUPPLY CHAINS

**Société Des Matières Premières Tropicales Pte Ltd (SMPT) is the sole natural rubber buyer for the Michelin Group. SMPT serves as a procurement hub for the Group: purchasing natural rubber (amounting to approximately eight percent of the world natural rubber market); managing supply chain logistics; performing quality audits; control and claims management to guarantee the quality of natural rubber shipped; and promoting and implementing the Michelin Sustainable Natural Rubber Policy.**

Found in almost every tire, natural rubber is key to the future of sustainable mobility—unique for characteristics that synthetic alternatives cannot replicate, the renewable material has great potential in a climate-smart future. By ensuring that sourcing of this important material is ethical and sustainable, SMPT hopes to offer everyone a better way forward.

### THE MICHELIN OF TOMORROW

In the Michelin of tomorrow, everything will be sustainable, says Florent Menegaux, CEO Michelin Group. Michelin cares about offering everyone a better way forward

and innovates to make human mobility safer, more efficient and more environmentally friendly. It is guided by three inseparable criteria: the growth and development of people, financial and operational performance, and positive contribution to planet and inhabitants. At SMPT, these values translate to a commitment to respect people, protect the environment, improve farming practices and adopt transparent practices throughout its natural rubber value chain.

### LEVERAGING DIGITAL INNOVATION TO SOLVE COMPLEX PROBLEMS: RISK MAPPING WITH RUBBERWAY®

The natural rubber industry is unique in that 85% of producers are small-holder farmers. While this means that the industry supports a huge number of livelihoods, it also results in very complex supply chains. This makes understanding ESG risks a difficult endeavour for purchasers and downstream manufacturers (like tire makers). Developed to help tackle these difficulties, Rubberway® is an innovative risk mapping and supplier engagement solution that combines a field-ready data collection platform with robust data analysis tools.

Central to the integrated solution is the Rubberway® mobile application, which leverages a device that even the most remote smallholders have: a mobile phone. Through a unique URL link that can be sent through typical messaging platforms, farmers and smallholders can access a web-based application that surveys them on business, social and environment practices. This can be done by the farmers themselves or deployed at scale by primary natural rubber processing factories.

From there, data points are then aggregated on a web-based dashboard, which generates ESG risk scores from groups of data for statistical analysis. Data can be visualized at multiple scales, from a single factory's supply shed, to an interactive world map that can identify risks at jurisdictional levels. The analysis provides useful insights that can be used to prioritize specific interventions for each supplier factory or geographic region.

To date, more than 32,000 questionnaires, deployed by 53 natural rubber processing factories supplying SMPT, have been completed. The responses cover farms in Thailand, In-



onesia, Cote d'Ivoire, Ghana, Nigeria and Brazil, and make up more than 1.5 million data points.

While initially developed in partnership with Smag—a leading French software developer for agriculture—for deployment among SMPT's suppliers, the solution has since been shared with the wider industry in a pre-competitive manner. The goal is for Rubberway® to play a role in catalysing lasting transparency and risk mitigation in the global natural rubber value chain.

### SUPPORTING SUSTAINABILITY JOURNEYS: A GLOBAL EFFORT

In addition to Rubberway®, SMPT is heavily involved in multi-stakeholder partnerships to forge inclusive and sustainable development throughout the natural rubber value chain. This includes an eight-year partnership with the Worldwide Fund for Nature (WWF), as well as long-standing engagements with The French Agricultural Research Centre for International Development (CIRAD) and the International Rubber Research Development Board. The health and wellness of rubber farmers is also a key concern, and to that end, the Michelin Group is financing an Institut Pasteur research and education program in Laos and Ivory Coast on mosquito borne diseases in rubber plantations.

With the Livelihoods Carbon Funds (LCF), Michelin works on leveraging the carbon economy to finance ecosystem restoration, agroforestry and rural energy projects to improve food security for rural communities and increase farmers' revenues. Michelin Group provides field training on agricultural practices and health & safety to about 100,000 rubber farmers household per year in West-Africa, Indonesia, Sri Lanka & Brazil. In West Africa, the Group and its Joint Venture have built and/or renovated 47 schools receiving 12,000 students per year. It also built and/or renovated 37 clinics that provide more than 120,000 free medical consultations annually.

The Group and its Joint Ventures are protecting and preserving more than

36,000 ha of forest representing close to 25% of the rubber concessions landbank. About 10% of those protected areas is the Michelin Ecological Reserve (REM) in Brazil. In this reserve, Michelin has restored a large patch of forest by planting 105,000 trees spanning 275 species and sponsored more than 110 research projects on various species of animals and plants resulting in the discovery of 16 new species.

### DEMONSTRATING PROGRESS

At Group level, Michelin undergoes regular third-party non-financial ESG assessments. With SMPT specifically, progress on the implementation of the Sustainable Natural Rubber Policy is reported through the Sustainable Natural Rubber Dashboard on the Michelin purchasing website. In 2013, SMPT was the first to adopt the EcoVadis assessment system for use in the natural rubber supply chain, and today uses the platform to regularly assess the ESG performance of its suppliers. A majority of suppliers assessed improve their scores with each assessment.

In 2016, SMPT/Michelin became the first tire manufacture company to publish a Sustainable Natural Rubber Policy, committing to sustainability across its supply chain. This commitment has driven other industry players to publish their own sustainable natural rubber policies. More recently, in 2019, SMPT/Michelin became a founding member of the GPSNR (Global Platform for Sustainable Natural Rubber): a multi-stakeholder, voluntary membership organization with a mission to lead improvements in the socioeconomic and environmental performance of the natural rubber value chain.

### TOWARD A SUSTAINABLE NATURAL RUBBER VALUE CHAIN

Michelin envisions sustainable natural rubber as a means to uphold human rights, protect forests and foster essential environmental services. Progress involves stakeholders in a participatory process and look to improve livelihoods for local communities, while ensuring that ecological and environmental values are appro-



riately protected. With more than two million rubber farmers in its supply chain, Michelin understands that it has an important responsibility to contribute to this vision.

Through SMPT, Michelin is leading the way toward a truly sustainable natural rubber value chain.



**Société des Matières Premières Tropicales Pte Ltd (Michelin)**  
**78 Shenton Way #23-02 | Singapore 079120**  
**W: [www.michelin.com](http://www.michelin.com)**  
**T: +65 6320 3110**