



EQUITABLE AG

Smallholder Profit Sharing Program



About Yulex

We have a must-do ethos about solving challenging environmental problems but with a focus on local communities where we work. We focus on the responsible development of natural rubber supply chains to create better and safer products. We also have deep experience and expertise in all areas of natural rubber production including agriculture, materials science and processing, product prototyping, supply side logistics & regulatory issues.



About PEFC

The Programme for the Endorsement of Forest Certification ("PEFC") was founded in 1999 by small and family-owned forest owners from Europe to create a forest certification system that would enable them to demonstrate their excellence in sustainable forest management. From those origins, PEFC evolved to be the largest forest certification system worldwide. Unlike other certification organizations, PEFC recognizes that like many freedoms, formation and protection of sustainable resources including the forests and local communities that depend on them is a source of pride to be managed and controlled locally. Therefore, PEFC advances responsible forestry through local/country schemes while also meeting PEFC benchmarks. In Vietnam, where over 50% of the rubber is produced by small land owners (or "smallholders"), PEFC endorses the Vietnamese Forest Certification Office (VFCO), and YULEX, PEFC & VFCO together work to develop certified smallholder natural rubber supply chains.



PEFC & FSC

INDISTINGUISHABLE IN FUNCTION AND INTENT

- Both FSC and PEFC are international organizations dedicated to promoting sustainable forest management (SFM) and benefitting local communities and indigenous people through third party certification.
- Both protect high conservation values (HCVs).
- Both have public access to audits and complaints (transparency).
- Both received high marks (over 90%) from The Association of Southeast Asian Nations (“ASEAN”) for Responsible Investment in Agriculture and Food Systems.
- Both have passed the independent and rigorous review of the Dutch Timber Procurement Assessment Committee (TPAC) to facilitate the Dutch government’s commitment to procure 100% sustainable timber.

DISTINGUISHABLE IN PROCESS AND OUTCOMES FOR SMALLHOLDERS

- PEFC uses an independent 3rd party certification, which better ensures “independence” of compliance and outcomes.
- FSC uses its own subsidiary, Accreditation Services International (ASI), for certification.
- PEFC requires a legal entity in-country to administer and manage the scheme for smallholder group certification that includes thousands of smallholders per group, communes and/or cooperatives.
- FSC does not require a legal entity in country to be administering the scheme.
- PEFC endorses a national (in-country) forest management organization (e.g. VFCO in Vietnam) that oversees certified and uncertified forests and understands and is compliant with local laws and customs.
- FSC uses ASI, their accreditation body, to manage all certificate holders alike in each country.

TABLE 1: FSC AND PEFC SUSTAINABLE FOREST MANAGEMENT CERTIFICATE HOLDERS WORLDWIDE

PROGRAM	NORTH AMERICAN MEMBERS	GLOBAL MEMBERS	SFM CERTIFICATE HOLDERS	COC CERTIFICATE HOLDERS	CERTIFIED AREA (HECTARES, ACRES)
FSC	2	49	1777 (a)	44,934	222 M ha (548 M acres)
PEFC	3	55	11875 (b)	23,478	320 M ha (790 M acres)

FSC Facts and Figures, <https://fsc.org/en/facts-figures>

PEFC Facts and Figures, <https://pefc.org/discover-pefc/facts-and-figures>

(a) Derived from database searches for valid certificates <https://info.fsc.org/certificate.php>

(b) Derived from database searches for valid certificates <https://pefc.org/find-certified>

(c) Certificate holders have been audited and certified to the forest management and/or chain-of-custody standards of one or more programs.

Why Yulex works with smallholders

THE PROBLEM: There is no investment in smallholders

Sustainable forest management is a part of the circular bioeconomy and can promote a more equitable environment and a source of global climate solutions. These opportunities are much bigger than the tools and solutions offered by forest certification.

Vietnam is the 3rd largest rubber producer in the world, with over 260,000 smallholders that produce more than 50% of the total Vietnamese rubber supply. Thus, volatility of global rubber prices significantly effect, not just smallholder livelihoods but also Vietnamese rubber production and economic stability.

Smallholders have very small land plots (1-3 hectares), little to no understanding of sustainable forest practices, resource restricted agricultural practices, and no access to financing (bank loans). All this making them especially vulnerable to fluctuating rubber prices, and the cost of certification is perceived to outweigh the promised benefits of market demand and premiums that they are not connected to.

Yulex is committed to long-term solutions to improve access to resources and training to improve smallholder awareness and participation.

THE YULEX SOLUTION: Direct profit-sharing with smallholders

Vietnam is a manufacturing hub with a young competitive educated work-force, multilateral free trade agreements, digitally astute, and with easy access to airports and ports. Significantly, many of our partners have manufacturing facilities in Vietnam, thus making shipping YULEX PRIME and PURE grade certified natural rubber from Guatemala and Sri Lanka not a sustainable long-term solution.

Jeff and Liz, owners of Yulex relocated to Vietnam in early 2022 to access and develop certified natural supply chains in-country to support our partners with manufacturing in Southeast Asia including Vietnam, Thailand, Taiwan and China. Thus, also keeping the value

of each country's natural resources (natural rubber) and associated upstream manufacturing activities in-country including important the first producers of the natural rubber - the smallholder.

Yulex has signed an agreement to ensure premiums are shared across all stakeholders of our certified natural rubber supply chains. We will distribute the premium profits monthly including 30% to the smallholders.

In 2023/24, we endeavor to put in place a digital data system to trace the local buying and selling of natural rubber in the supply chain and the flow of premium profits back into the supply chain.

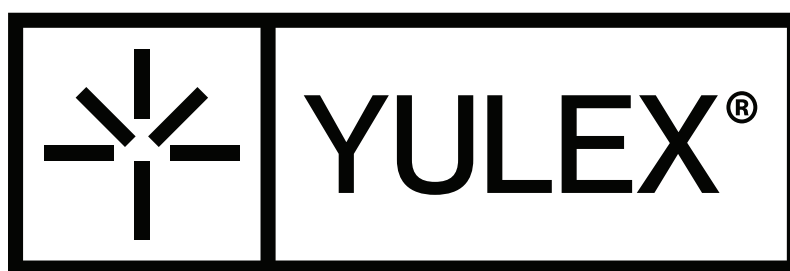
YULEX PEFC smallholder natural rubber: Capacity and prices

PEFC-group certification of a ~3,000 hectares, comprising over 1,700 smallholders, producing about 400 tons of natural (solid and latex) per day, or about 4,000 tons of natural rubber per annum. We can provide YULEX PRIME rubber solid, and YULEX PURE latex grades.

Our Agreement allows our partners to scale up smallholder group certification to well over 20,000 hectares by 2026/27 in the North, Central and Southern regions of Vietnam.

Yulex partners with a regional distributor wellversed in rubber and logistics to bring efficiency and assist our customers, allowing us to focus on scaling up smallholder programs and future projects.

YULEX PRIME and YULEX PURE latex is competitively priced. Plus with shorter distances and transport times, PEFCsmallholder natural rubber is an excellent sustainable regional solution. #seedtosuit



NATURAL RUBBER SALES IN SE ASIA:

Liz.bui@yulex.com

YULEX CLOSED CELL FOAM FOR THE REPLACEMENT OF NEOPPRENE:

kyrrha.martin@yulex.com

10120 W Flamingo Road, Suite 4-1034 Las Vegas, NV 89417

info@yulex.com

yulex.com