



NOVEMBER 12, 2020

# ODDO ESG CONFERENCE





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November 12, 2020

# ESG Conference

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- 01. It is in Michelin's DNA to address global ESG challenges to develop a sustainable business
- 02. Michelin's Strategic ESG Agenda
- 03. ESG is Core to Michelin's Growth Story and Competitive Edge
- 04. Corporate Governance Framework Supporting Oversight and Accountability

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November 12, 2020

# ESG presentation

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**01.**

**It is in Michelin's DNA to  
address global ESG  
challenges to develop a  
sustainable business**

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# In a world shaken by rising social and environmental challenges...



**/// TRANSPARENCY**

**/// TRADE WARS**

**/// MIGRATION FLOWS**

**/// CLIMATE EMERGENCY**

**/// GEOPOLITICAL  
CONFLICTS**

**/// SOCIAL UNREST**

**/// SOUND GOVERNANCE**

**/// SAFETY**

**/// SYSTEMIC  
CRISIS**

**/// CIRCULAR ECONOMY**

**/// SOCIAL EQUITY**

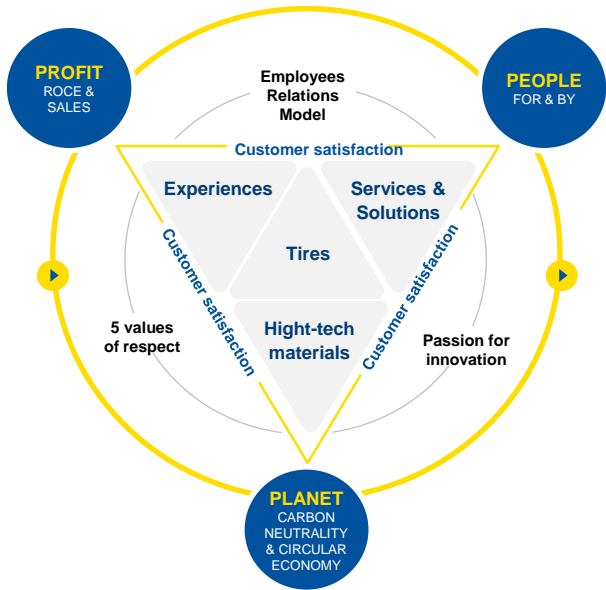
# ... Michelin's identity and values balancing People, Planet and Profit for over 130 years bring unrivaled solutions to a changing world



**OFFERING  
EVERYONE A  
BETTER  
WAY  
FORWARD**

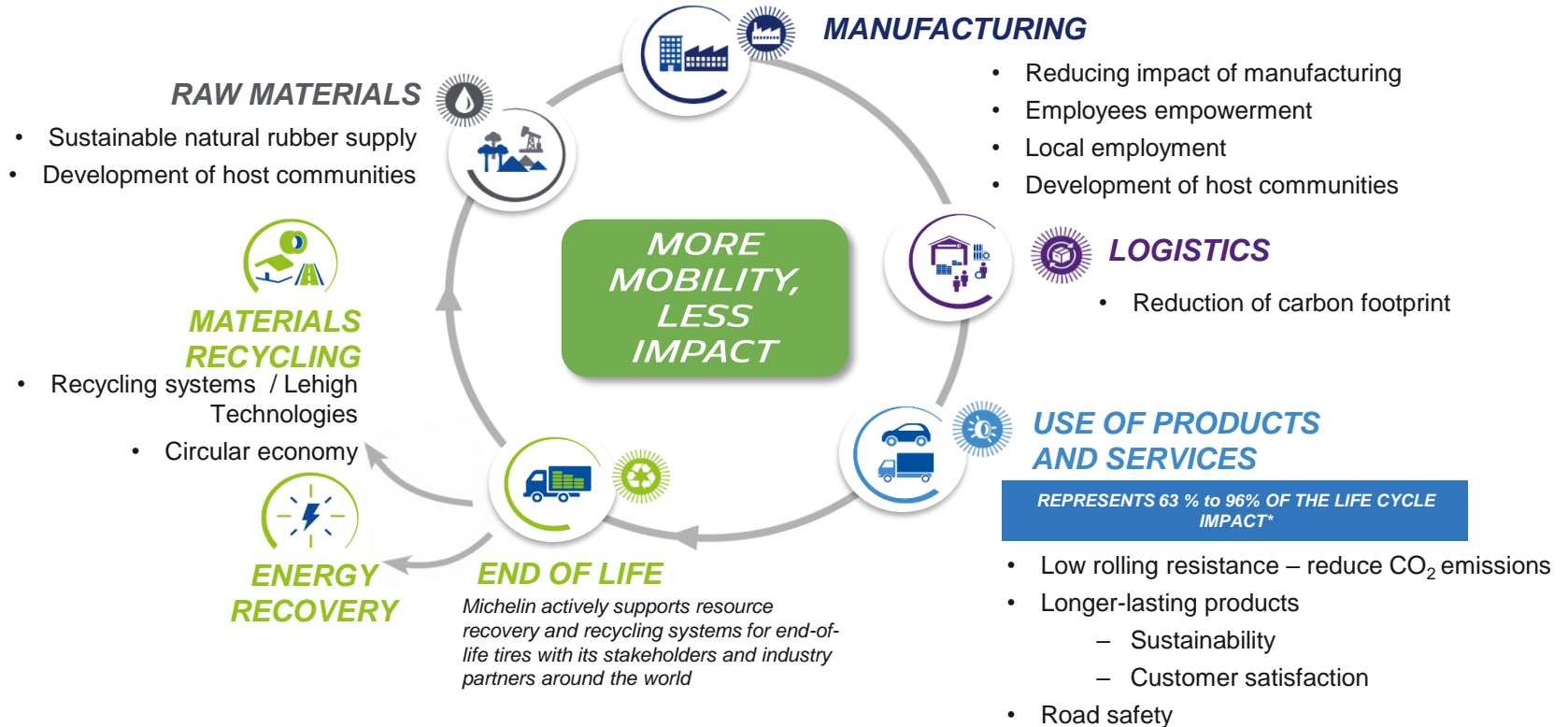


**CREATING  
VALUE WHILE  
BUILDING A  
SUSTAINABLE  
FUTURE**



**OUR RESPONSE TO ESG CHALLENGES HAS BEEN IN OUR PURPOSE FOR OVER 130 YEARS**

# ESG is embedded in Michelin strategy all along its product lifecycle



# Michelin is continuously delivering breakthrough solutions to the challenges of our ever-changing world

## MOVIN'ON

An ecosystem initiated by Michelin, which aims at identifying practical solutions in order to meet major mobility challenges

## FIRST CARBON-FREE PRODUCTION PLANT

All the electricity used at the Les Gravanches facility in France is generated from guaranteed renewable sources



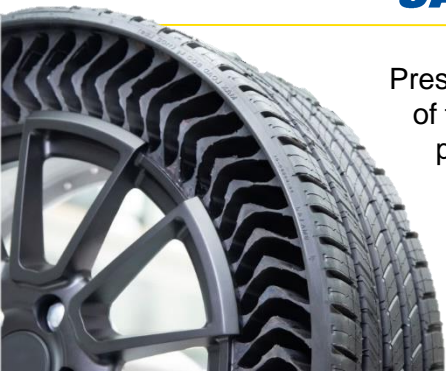
## HYDROGEN

Faster deployment of zero-emission mobility



## UPTIS

Presentation of the new puncture-proof airless concept tire



## BIOSOURCED MATERIALS



Construction of France's first demonstrator unit capable of producing butadiene using biosourced ethanol



Creation of a new adhesive resin without any Substances of Very High Concern (SVHC)





**02.**

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## Michelin's Strategic ESG Agenda

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# Michelin's pioneering ESG strategy is praised by major non-financial rating agencies



	2013 - 2020 TARGET	2019 ACHIEVEMENT	2019 vs 2014
<b>PLANET</b>	Use 30% renewable or recycled materials in our tires	26%	nd
	Improve the overall performance of our products by at least 10% vs 2010	+9.9% vs 2010	nd
	Reduce CO <sub>2</sub> emissions from logistics activities by 10% vs 2010	(10.3%) vs 2010	(5.3%)
	Ensure that 70% of our leading suppliers are confirmed as compliant with Michelin standards	715 suppliers assessed / 84% compliant with Michelin standards	+360 /+33pts
<b>PEOPLE</b>	100% of the targeted customer groups reach the intended NPS	67.4%	nd
	Health & Safety: Total Case Incident Rate (TCIR) <2	1.4	-1.44
	80% of top managers in the growth regions were born there	75%	+10 pts
	85% of employees engaged	81%	+7pts
	Create 2,000 local jobs per year with the support of Michelin Development	1,702	-286
	Dedicate 30.000 work-days per year to local communities	32,850	+8,908
	100% of Michelin plants are deploying a community involvement program	110 sites	-
<b>PROFIT</b>	€1,400M in structural free cash flow per year	€1,605M	+€898M
	> 15% ROCE	13.7%	+2.6pts





# Michelin's non-financial ratings: a leading, and recognized player in sustainable mobility



- Major sustainability rating (As of September 30, 2020)

	SUSTAINALYTICS 2018	MSCI 2019	CDP 2019	ECOVADIS 2019	ISS-OEKOM 2019	VIGEO EIRIS 2018
Status	<b>OUTPERFORMER</b> 	<b>AA</b> 	<b>LEADERSHIP</b> 	<b>GOLD</b> 	<b>PRIME</b> 	<b>A1+</b> 
Rating	<b>77/100</b>	<b>7.4/10</b>	<b>A-</b>	<b>78/100</b>	<b>B-</b>	<b>68/100</b>
Ranking / Distribution of ratings	7 <sup>ème</sup> of 54 in the sector 		<b>Climate change</b>  <b>Water security</b> 	Top 1%(natural rubber) 		1 <sup>er</sup> of 31 in the sector 

# Our ESG ambition is fully integrated into our business outlook

- Michelin's ESG near, mid- and long-term goals are part of our strategy and business plan

## Near Term Ambition

### 2020 Targets

- **85%** employees engaged in 2020
- Reduce the environmental impact of our sites measured through Michelin Environmental footprint (MEF) by **50%**, notably by improving our energy efficiency by **38%** vs 2005
- **10%** reduction of CO2 emissions from logistics activities vs 2010



### Annual Milestones

- **Management is incentivized** on annual ESG objectives
- Group's financing structure is tested every year on the following metrics through the group's **green RCF**:
  - Employee engagement rate;
  - Environmental Footprint of our Industrial Sites ; and
  - CO2 emissions reductions on scopes 1 and 2

## Mid-Term ESG Goals Aligned with Business Outlook

Mid-term ESG targets integrated with upcoming Capital Markets Day business plan

## Long-Term ESG Ambition To be refined on the 8<sup>th</sup> of April 2021

- **Most** of end-of-life tires are recovered thanks to efforts made with external partners
- In 2020, the Group committed to reducing CO<sub>2</sub> emissions from its plants by **38%** over the period from 2010 to 2030
- Meeting this stricter target would prepare us to aim for **carbon neutrality** across our manufacturing base by 2050
- **Most** of the material used by the group will be sustainable (recycled or renewed)





03.

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**ESG is Core to  
Michelin's Growth  
Story and  
Competitive Edge**

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# Michelin's ESG ambition leverages its technological leadership for a safer and cleaner world

## ENGAGEMENT ON BIOSOURCED MATERIALS

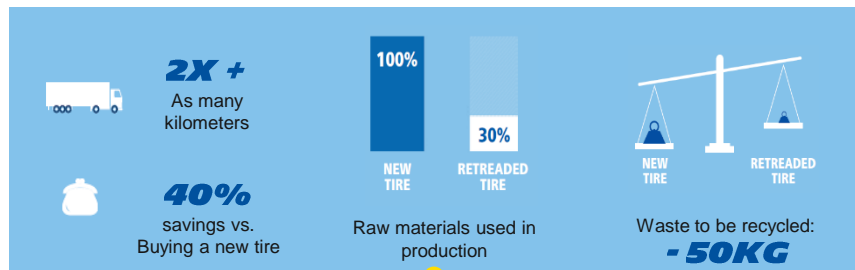


Coordinated by Michelin through its ResiCare entity, the BioImpulse project aims to replace Substances of Very High Concern (SVHCs) in resins



Construction of France's first demonstrator unit capable of producing butadiene using biosourced ethanol

## RETREADING – REDUCING RAW MATERIAL CONSUMPTION



Source: Michelin

- Growth driver for the Group's Road transportation tire business
- Supports Michelin's "All Sustainable" strategy
- Unmatched solutions, thanks to Michelin's robust tire casings
- A profitable business that is more recession-proof than new tires

## END OF LIFE TIRE RECYCLING



- Michelin acquired Lehigh Technologies in 2017 to find innovative solutions in areas inside and outside Michelin's applications
- Lehigh Technologies won the Innovation Award from the ICIS in 2018

# Michelin is playing a key role in the emergence of an Hydrogen mobility ecosystem

- With its more than 15 years expertise in the hydrogen fuel cell technology, notably in the coated membranes technology, **Michelin** is accelerating the deployment of zero-emission mobility:

By first investing in Symbio in 2014 before creating a JV in partnership with Faurecia in 2019



**€140M**

will be committed by Michelin and Faurecia

**÷ 10**

the price of a fuel cell stack + components in the future (due to growing demand)

**2019**

partnership with Renault to integrate Symbio's hydrogen kit into its commercial vehicle range

**2030 outlook**

**12%**

market share

**~€1,5BN**

in sales

by participating in the Zero Emission Valley project (Hympulsion) in France, involving public-private partners

by being the major player in hydrogen competition, a solution accelerator, with Mission H24 partnership

by being a key stakeholder and a trusted third party in hydrogen mobility (Hydrogen Europe, Hydrogen Council, MOVIN'ON...)



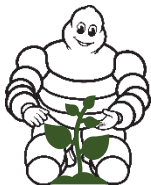
# Innovative solutions and business models to better serve our customers and respect our world

## Benefits for all

Michelin is improving the tire industry's environmental footprint

- by avoiding raw material waste
- by reducing carbon emissions

Engagement with Tyre Industry Project (TIP) to measure the impact of Tire and Road Wear Particles



## High Tech Materials

*Uptis airless technology*  
*« puncture proof »*  
*3D-printed rechargeable*  
*Renewable & bio-sourced*  
*materials*



## Solutions benefitting to fleet owners and professionals

Tire as a Service: usage-based billing  
Connected services  
Data collection via connected device  
Monetization of data analyses

## Products benefitting to car owners

Safer and cleaner journeys, increased purchasing power

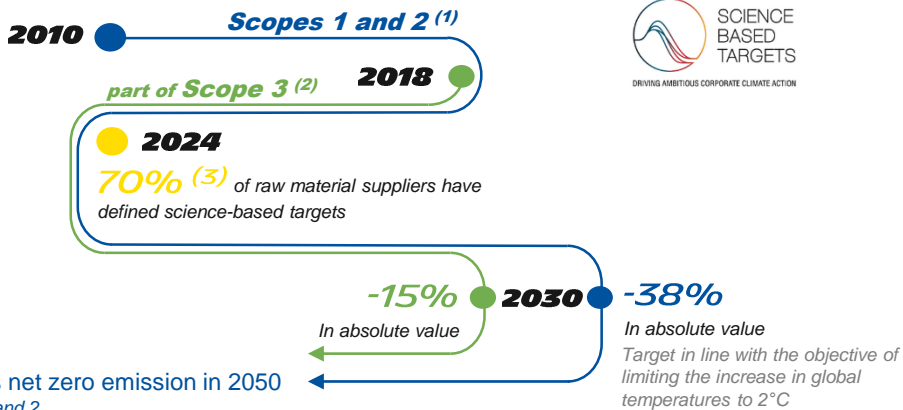
- Safer tires
- Lighter tires
- Long lasting performance
- Fuel efficient



# Environment protection: Michelin is a leader in acting against climate change

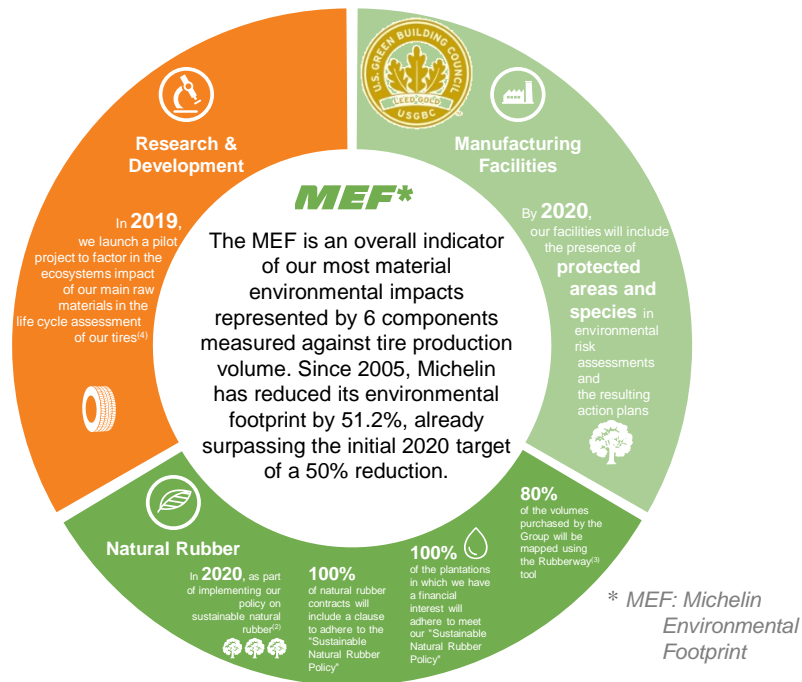
## CO<sub>2</sub> EMISSIONS REDUCTION TARGETS

Michelin has ambitious CO<sub>2</sub> emissions reduction targets which have been approved by the **Science Based Targets** initiative (SBTi)



- (1) **Scope 1 and 2** emissions are emissions either from sources owned or controlled by the company or from the generation of energy purchased and consumed by the company.
- (2) **Scope 3** emissions from fuel- and energy-related activities; upstream and downstream transportation and distribution; and end-of-life treatment of sold products
- (3) % in greenhouse gas emissions

## ENVIRONMENT PROTECTION COMMITMENTS



# Responsible employer: taking care of the well being and development of all employees

81% ///

employee's engagement rate target

87% ///

response rate to the employee engagement study

(2.67%) ///

pay gap ratio between men and women in

4.6 millions ///

training hours, representing:

2.9% of total working hours

49 training hours per employee per year

98% of employees trained\*

As people have always been key to Michelin's success and technological leadership, our top priority is to offer a safe and empowering working environment for all. In 2019, this resulted in...



/// 74%

of managers promoted from within Michelin

/// 27.4%

of women in management

/// 32.2%

of women employees and technicians

/// 1.4

TCIR\*\*

\* "Ambitions 2020" scope of reporting excluding the dealership networks and recently acquired companies and representing 93,807 employees.

\*\* TCIR: Total Case Incident Rate



# A strong contribution to the development of Michelin's host communities

**€6.7 MILLION** ///  
**DONATED**

to or invested in outreach initiatives in the communities around the Group's plants and offices in 2019



**BECAUSE WE CARE  
ABOUT GIVING  
PEOPLE A BETTER  
WAY FORWARD**

/// **33 000 DAYS AND  
170 AGREEMENTS  
SIGNED** of volunteer work by employees in 2019 to support **1,346 jobs** in local companies, backed by around **€4.2 million**

- provides local companies with expertise and technical support in a wide variety of areas
- provides funding in the form of subsidies or five-year, low-interest, collateral-free loans, designed to create a dynamic process of local job creation

**MORE THAN 38 000 JOBS** ///

created with the support of Michelin Development of which **27,000** in France since 1990



/// **124 PROJECTS** have been backed by the Foundation in 2019 with a total budget of **€20.3 M€**

## COMMITMENTS RELATING TO ETHICS & HUMAN RIGHTS



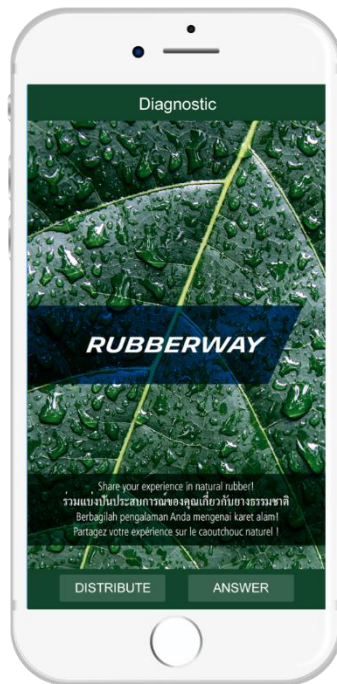
- Contribute to the elimination of all the forms of forced or obligatory labor
- Act against corruption in all its forms, including the bribe and extortion of money
- Respect freedom of association and acknowledge the right of collective bargaining
- Contribute to the effective abolition of the child labor
- Contribute to the elimination of any discrimination in respect of employment and occupation

# Responsible purchasing: a long-term sustainable partner for our suppliers

- 715 suppliers assessed in 2019 (EcoVadis desktop assessment)
- 84% obtained a satisfactory score
- 90% of Raw material spent from suppliers operating in countries at risk of human rights are being assessed
- Mandatory training « Responsible Purchasing » for every member of the Purchasing department
- CSR criteria integrated in internal audits of suppliers
- Purchasing Principles translated in 14 languages, included in all contracts with suppliers



- Responsible Supplier Relations and Procurement Label : obtained again in 2019
- Certification of alignment with ISO 20400 sustainable purchasing standard
- Score of 80/100 for “responsible purchasing” by Michelin EcoVadis assessment



## For a sustainable natural rubber supply

### Rubberway, an innovative Mobile App to assess upstream supply chain

- Comprehensive supply chain questionnaires
- User friendly data collection
- Automatic data compilation on web-based dashboard
- Interactive map

### Dedicated questionnaires for 4 supply chain levels

- Factories
- Intermediaries
- Smallholders / Farmers
- Estates / plantations >50 Ha

### Close-ended questions (single / multiple answers)





# Michelin makes a positive contribution towards safer and cleaner mobility

## CONCILIATING PRODUCTS SAFETY AND ENVIRONMENT PROTECTION...



**SAFE WHEN  
NEW**  
**SAFE WHEN  
WORN**

The **MICHELIN e.PRIMACY** tire is the first tire on the market for which an environmental product declaration (EPD) has been published

By promoting long lasting performance, Michelin is improving:

- **the tire industry's environmental footprint:** less raw material waste and carbon emission
- **the consumer purchasing power:** increased time between tire changes and improved fuel efficiency

## ... AND ACTING FOR ROAD SAFETY

### Partnerships



### Actions

Each year, Michelin invests around **€3 million** in support of Safe Mobility through forming global strategic partnerships



Global Road Safety Education via a new generation



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***Corporate Governance  
Framework Supporting  
Oversight and  
Accountability***

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# A governance that is aligned with long-term stakeholders' interests

## General Partners

**SAGES** - Société Auxiliaire de Gestion

**Florent Menegaux**

- Unlimited joint and personal liability for the Company's debts
- Say on pay resolutions are subject to their approval (Ordinary general meeting) as well as extraordinary resolutions

*"Profit shares" allocated under the Bylaws*

## Managers

**Florent Menegaux**

Managing Chairman and General Partner

**Yves Chapot**

General Manager

### Role:

- Administer and manage the Company

Term:  
4 years

## Limited Partners

**Shareholders**

- Liability limited to the amount of their investment
- Ultimate decision-making power in the event of a disagreement between the General Partners and the Limited Partners

### Role:

- Approve the appointment of the Managers
- Elect the members of the Supervisory Board
- Adopt the financial statements approved by Management
- Appoint the Statutory Auditors

*Share of profits in the form of a dividend*

## Supervisory Board

- 9 members of which 1 Lead independent member

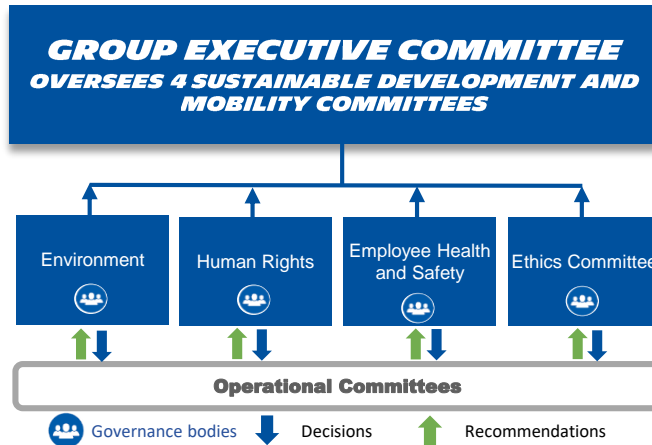
### Role:

- Exercises permanent oversight of the Company's management and reviews the financial statements approved by Management
- Reviews strategic roadmaps and advises without intervening in management
- Ensures that shareholders' rights are respected

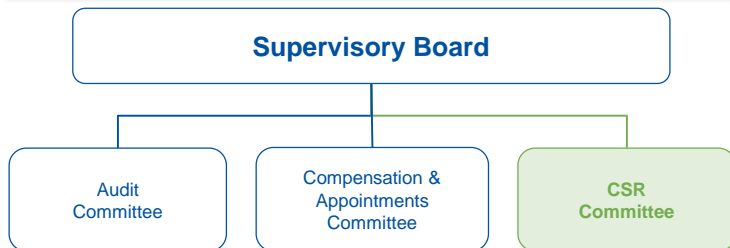
Term:  
4 years

*Compensation for serving on the Supervisory Board (previously referred to as « attendance fees »)*

# ESG awareness and oversight are fully embodied within Michelin's governance structure



## **SUPERVISORY BOARD - CSR COMMITTEE**



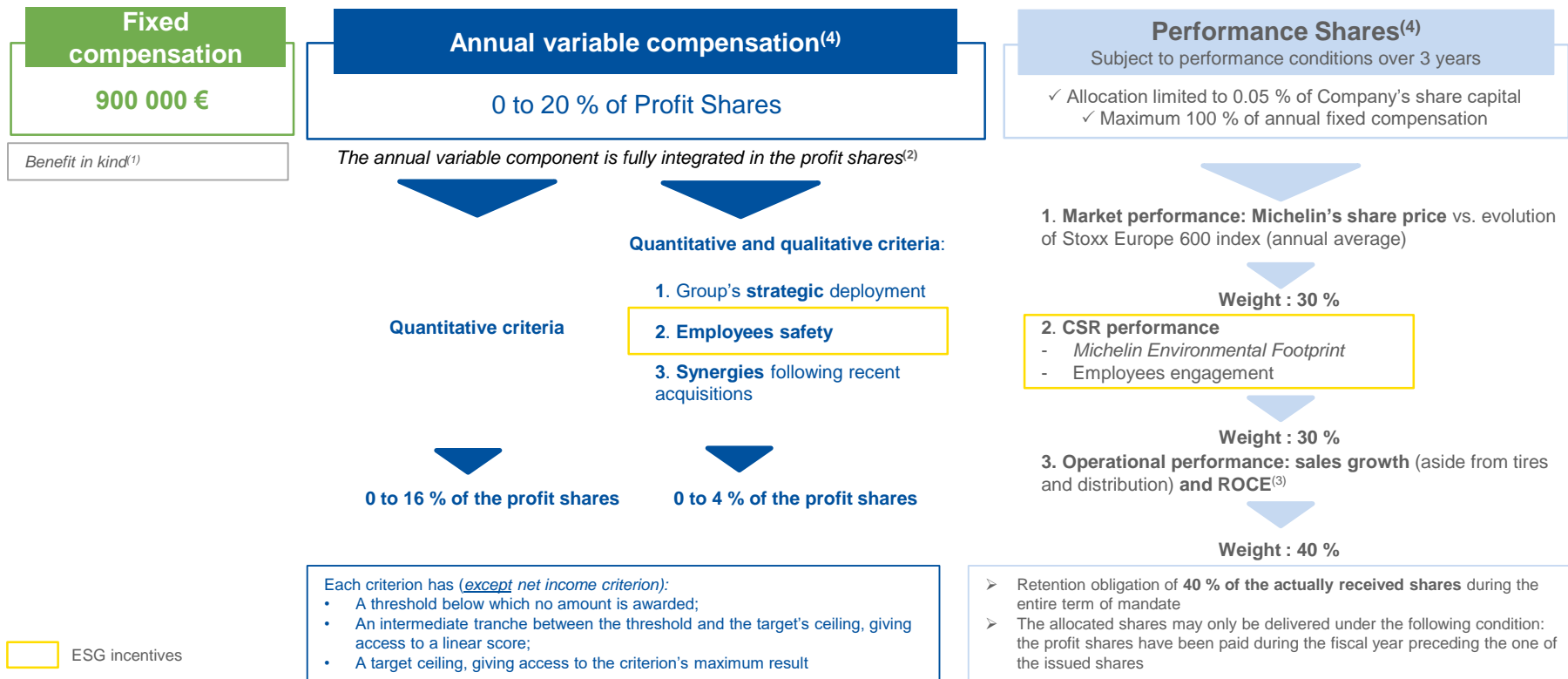
## **STAKEHOLDERS COMMITTEE**

At the corporate executive level, a Stakeholders Committee set up in 2016 brings together 12 people representative of the Group's leading stakeholders, including suppliers, investors, unions, customers and NGOs. Four continents are represented on the Committee, which meets with the Executive Committee for a full day at least once per year

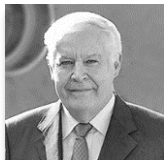


# ESG is managed at highest level by an incentivized team

## Florent Menegaux, CEO, compensation for year 2020



# A solid governance profile for a proper independent oversight



*Non-independent member  
(non-executive)*

**Chairman** of the Supervisory Board

**Michel Rollier**



**Lead Independent member**

*Audit Committee*

**Thierry Le Hénaff**



*Non-independent member*

*Audit Committee*

**Barbara Dalibard**



*Independent member*

**Chairman** of the Nomination and Compensation Committee

**Jean-Pierre Duprieu**



*Independent member*

Nomination and Compensation Committee

**Aruna Jayanthi**



*Independent member*

Nomination and Compensation Committee

*Corporate Social Responsibility Committee (CSRC)*

**Anne-Sophie de la Bigne**



*Independent member*

*Audit Committee*

**Chair** of the new Corporate Social Responsibility Committee (CSRC)

**Monique Leroux**



*Independent member*

**Chairman** of the Audit Committee

**Patrick de la Chevardière**

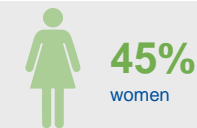
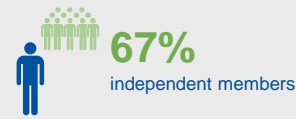
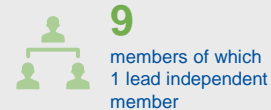


*Employee representative*

*Audit Committee*

**Cyrille Poughon**

## SUPERVISORY BOARD



**Election of two Supervisory Board members representing employees, effective December 2020, approved by shareholders at the June 23, 2020 AGM**



# Disclaimer



"This presentation is not an offer to purchase or a solicitation to recommend the purchase of Michelin shares. To obtain more detailed information on Michelin, please consult the documents filed in France with Autorité des marchés financiers, which are also available from the <http://www.michelin.com/eng/> website.

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