

COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN

Michelin launches a simplification and competitiveness project to support the evolution of its activities in France

- **Michelin is going to launch a reinforced simplification and competitiveness plan to significantly improve the agility and overall performance of its manufacturing and corporate and administrative operations in France.**
- **The plan is part of a broad co-construction and social dialogue approach and will rely on negotiating a three-year framework agreement that will not entail any layoffs. The plan does not rely on plant closures.**
- **The Group reaffirms its development ambitions in France, by consolidating its positioning in premium and specialty tires while continuing to locate new high value-added businesses in the country, particularly in the service, sustainable materials, energy transition and recycling domains.**

Over the past 10 years, Michelin has been faced with profound, structural shifts in the global tire market, led by the massive influx of low-cost products. The Group therefore needs to support strategic shifts in its operations to prepare for the future. This is particularly the case in France, where the vitality of its positions depends on significantly strengthening its competitiveness. The Group thus plans on modernizing its sites and reinforcing its positioning in premium and specialty tires with high value-added technological content. At the same time, Michelin will pursue its strategy of locating new high value-added businesses in France, particularly in the service, sustainable materials, energy transition and recycling domains.

In this way, it will evolve its French activities in the framework of a three-year competitiveness plan for all of its local manufacturing and corporate and administrative operations, based on an innovative social dialogue approach.

A three-year simplification and competitiveness plan

- Michelin believes strongly in France's assets and is committed to maintaining the country at the heart of its strategy. As such, the Group must significantly improve its overall performance to invest in the future by continuing to modernize its French manufacturing and corporate and administrative operations and by reinforcing their competitiveness.

For the corporate and administrative entities, there are two objectives. The first is to eliminate the complexities in the operating modes that, as employees have raised, are currently an obstacle to operational efficiency and to better working conditions for everyone. The second objective is to allocate the right resources to help maintain the Group, over the next three years, on its path to reducing Selling, General & Administrative expenses, thanks to the combined impact of simplification and competitiveness measures.

For the manufacturing sites, the Group's objective is to drive robust gains in plant performance over the next three years. The competitiveness strategy deployed in France in recent years has delivered tangible outcomes and needs to be strengthened, by relying on the social dialogue approach already being pursued locally with unions and employees in every plant in France since mid-2019.

- The Group intends to improve its competitiveness by up to 5% a year in the corporate and administrative activities and by up to 5% a year in the manufacturing operations, which may vary depending on the plant's activities and competitive environment. This could mean position reductions of up to 2,300 jobs over the next three years (up to 1,100 positions in the offices and up to 1,200 in the plants). Nearly 60% of the projected separations would be based on voluntary early retirement opportunities and the remainder on Group-supported voluntary severances. For each job eliminated, Michelin is committed to help create another, either through the development of its new businesses or through its participation in local job market revitalization programs, within a realistic timeframe.

- To support this simplification and competitiveness plan, Michelin will commit the capital expenditure needed to modernize its plant-based and office-based activities and to improve the quality of work life, with a focus on automation, digitalization, ergonomics and environmental excellence, etc. The amount of this capital expenditure program and its implementation process will be specified at a later time, as they will depend on decisions regularly made and reported by the Group, based on identified needs and progress observed on projects.

An ambitious co-construction and social dialogue approach

To support the evolution of the corporate and administrative and manufacturing operations in France and the deployment of the competitiveness plan, Michelin is offering to quickly initiate negotiations with the unions to devise a three-year framework agreement.

- This framework agreement will be informed by a large locally based co-construction process, whereby each production plant and each corporate and administrative entity will work on the resources to be deployed to help improve its overall performance.
- Under the agreement, Michelin will offer an employee support program comprising, on a voluntary basis, early retirement opportunities open to all eligible employees (with full retirement over the period) and outplacement initiatives. To implement these measures, Michelin will propose that the unions negotiate mutually agreed annual severance packages (RCC), which will be used to support the evolution in the workforce and jobs resulting from the project over the next three years. This annual approach is designed to manage these changes step-by-step as the project reaches each milestone, as defined through a local social dialogue process.
- As part of these negotiations, Michelin also intends to propose innovative measures for employees who will continue their careers with the Group. In addition, the Group will offer that these employees be able to pursue their careers in their current region. In this way, the Group intends to:

- support employees in their career development, retraining or outplacement, to enable them to learn future-facing job skills;

- to set up a team dedicated to project-related internal transfers, to provide these employees with appropriate assistance.

A reaffirmed development ambition in France

- While modernizing its manufacturing facilities and operating modes to improve its competitiveness and strengthen its core business, the Group also intends to pursue an assertive commitment to locating high value-added businesses in France, particularly in the service, sustainable materials, energy transition and recycling domains. One compelling example is Michelin's ambitious expansion strategy in hydrogen solutions. Through Symbio, its joint venture with Faurecia, the Group is going to build France's first hydrogen fuel cell production plant in Saint-Fons, in the Auvergne Rhône-Alpes region. This project is expected to create hundreds of jobs over time. In addition, the Group plans to start up new businesses in France over the next three years in recycling and sustainable materials, with the industrial-scale production of a breakthrough plastic waste recycling technology in partnership with Canadian-based Pyrowave, and the industrial-scale production of a non-toxic resin by its Resicare subsidiary. Lastly, pioneering green chemicals manufacturer Carbios is relocating its headquarters, R&D teams, laboratory and semi-industrial-scale demonstrator to a Michelin site, as part of the Group's uniquely ambitious "Parc Cataroux" program in Clermont-Ferrand.

- In a further illustration of its commitment to its home region, in the coming months, Michelin intends to strengthen its deep roots in Clermont-Ferrand with the launch of the “Parc Cataroux” program. Initiated by Michelin and located on part of its Cataroux production site, the project, conducted as a public-private partnership, will be regional, national and international in scope, nurturing the area’s vibrant culture and economy, while helping to drive innovation and job creation. Launched in 2021 and scheduled to open in 2024, the program will be developed around four core activities: education/training with the *Manufacture des Talents*, sustainable materials/biotech businesses, innovation, and a cultural, sports and wellness venue open to local residents. The *Manufacture des Talents* project is a tangible, innovative expression of the Group’s belief that successfully adapting to changes in the workplace depends on a company’s ability to prepare its employees for the jobs of tomorrow, in both corporate and production sites, by fostering closer ties between the private and academic sectors.

“The ultimate goal of this project is for France, the birthplace of Michelin, to remain a key country in the Group’s strategic transformation in the years ahead,” said Florent Menegaux, CEO of Michelin. *“Our economic responsibility is to improve our overall performance while developing new high value-added business projects. This business responsibility has to go hand-in-hand with a highly demanding commitment to social responsibility, to work with our unions and employees to forge consensus solutions that are as balanced as possible, and to do everything we can to provide exemplary support to people and our host communities in these transformations.”*

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