

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Since 1889, Michelin has constantly innovated to facilitate the mobility of people and goods. Today, the Group is setting the standard across every tire and travel-related services market, while leading a global strategy to drive responsible, sustainable and profitable growth. In short, Michelin is making mobility safer, cleaner, more connected and more accessible. Michelin enjoys exceptional geographic coverage and is stepping up its deployment in emerging markets. Currently operating in 26 countries at 123 production facilities and 9 research centers, and 7,900 dealerships and service centers in 30 countries. Michelin employs a total of 125,000 people worldwide. Net sales in 2021 were €23.7 billion.

Technological leader in tires and tracks and the world's leading brand of premium tires for individuals and businesses, the Michelin group works closely with manufacturers to bring innovations to all markets (sustainable tires, connected tires, radial tires for agricultural machinery, civil engineering, and aircraft and off-road solutions). Associated brands and services also include dealerships and service centers (Euromaster, TBC, TyrePlus), online retailing (Allopnus, Blackcircles) and wholesalers (Euromaster and Ihle AG).

As the market leader in connected tires and a major partner in digital fleet management, the Michelin Group offers its corporate customers services and solutions that improve their performance, simplify their maintenance, increase asset uptime, enhance their safety performance, reduce their costs and attenuate their environmental impact. Unveiled in November 2021, the Michelin Connected Fleet umbrella brand now consolidates all the fleet Services & Solutions under a single identity, enhancing the synergies among Sascar, Masternaut, and Michelin's long-standing tire-related products and services. The new solution will be gradually deployed around the world.

In June 2021 Michelin launched "WATEA by Michelin" to support its corporate customers in transitioning to zero-emission mobility.

Michelin enjoys unrivaled expertise in high-tech materials, from their properties and possible combinations to their process engineering and applications. Already a core factor in the unique sustainable performance of the Group's tires, these capabilities are being enhanced and marketed to customers in other industries through a proactive policy of acquisitions, incubators and partnerships as part of specialized joint ventures. The high-tech materials business is organized around four divisions: - High-tech sustainable flexible composites (composites solutions: Fenner, Fabri Cote, AirCaptif; Polymer components: ResiCare, AraNea Composite; Sustainable materials: Pyrowave, Enviro, Lehigh and Biobutterfly) . - Medical applications, expanding the range of biocompatible products, in particular for use in regenerative medicine and cell therapy. - Metal 3D printing with AddUP, a 50/50 joint venture created in 2016 with industrial engineering specialist Fives. AddUP markets a comprehensive range of metal 3D printing solutions comprising machines and software, consulting and training services, and component design and production. - Hydrogen mobility, making the Symbio joint venture with Faurecia a world leader in hydrogen mobility systems (hydrogen fuel cell systems for light vehicles, commercial vehicles, trucks and other applications).

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

| | Start date | End date |
|----------------|----------------|------------------|
| Reporting year | January 1 2021 | December 31 2021 |

W0.3

(W0.3) Select the countries/areas in which you operate.

- Brazil
- Canada
- China
- France
- Germany
- Hungary
- India
- Italy
- Japan
- Mexico
- Poland
- Romania
- Russian Federation
- Serbia
- Spain
- Thailand
- United Kingdom of Great Britain and Northern Ireland
- United States of America

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

EUR

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which financial control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

| Exclusion | Please explain |
|--|--|
| Tire distribution centers (retail and wholesale) | Calculations show that this source represents less than 3% of the Group total. For this reason, and consistent with legal requirements for reporting Group-wide extra-financial information under French law, this source is not included in the Group's consolidated annual report. |
| Acquisitions | Recently acquired businesses are gradually integrated into the Group indicator through a process based primarily on aligning and consolidating their data. An action is taking place to integrate recent acquisitions in Group reporting. |

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

| Indicate whether you are able to provide a unique identifier for your organization. | Provide your unique identifier |
|---|--------------------------------|
| Yes, an ISIN code | FR0000121261 |

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

| | Direct use importance rating | Indirect use importance rating | Please explain |
|--|------------------------------|--------------------------------|---|
| Sufficient amounts of good quality freshwater available for use | Important | Important | For direct use: Michelin plants use freshwater to cool installations, intermediate products and produce steam and hot water. Sufficient water is necessary to conduct industrial operations, which cannot continue for more than a couple of days if supply is cut off. Water is important for the continuity of operations even though on an intensity-basis, water use is relatively low compared to other industries. In some plants, water is used in the production of metallic cable reinforcements for tires in plating and cleaning processes, so water quality is extremely important. In the future, Michelin sites will be using less freshwater and more recycled water for cooling and heating purposes, driven by availability of supplies in 1) water-stressed regions and 2) localities with high water demand. For indirect use: Water quality and availability are also critical for the manufacturing of intermediate products purchased such as raw materials. Indeed our suppliers also depend on water for their production whether it be to produce steam, cool products or their installations. In the future, we expect that our suppliers will continue to depend on water for their operations so we expect that they will manage their withdrawals responsibly as there is a global increasing pressure on the demand for water. We do not expect a difference in future dependency between direct and indirect use since our supplier processes, and our operational activities are likely to remain broadly the same. |
| Sufficient amounts of recycled, brackish and/or produced water available for use | Not very important | Neutral | For direct use: Our industrial sites currently draw mainly on freshwater supplies, for historic reasons. Michelin plants use recycled water primarily to cool installations and to produce steam and hot water. Recycled water still accounts for less than 5% of all withdrawals and represents opportunities for diversifying our water sources in the future where appropriate. Regarding indirect use: Some of our suppliers can use recycled/brackish/produced water for their operations since the process does not demand high quality water (e.g., descaling process for steel or water for cooling purposes). There is potential for some suppliers to diversify their water sources in the future where appropriate. However, others cannot use this type of water since water comes into direct contact with the product and must be of a very high quality to not to alter the product (e.g. washing the fibres for textile reinforcements or water entering into the process for chemical products). We do not expect a difference in future dependency between direct and indirect use since our supplier processes, and our operational activities are likely to remain broadly the same. |

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

| | % of sites/facilities/operations | Please explain |
|--|----------------------------------|--|
| Water withdrawals – total volumes | 100% | 100% of manufacturing facilities and research centers are monitored. The data, based on meters and bills, are recorded at least daily at site level and are entered and uploaded by sites on a quarterly basis. They are consolidated and reviewed by the corporate EHS department on a quarterly and annual basis. The procedure is documented in an internal reference document. |
| Water withdrawals – volumes by source | 100% | Water withdrawal volumes by source are monitored at 100% of our operations. Sites measure have access to this data daily either through data from their water provider or in real time through flow meters installed on site. At corporate level, this information is collected in an annual questionnaire. The information is consolidated and reviewed by the corporate EHS department. 100% of the manufacturing facilities and research centers are monitored by this method. |
| Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector] | <Not Applicable> | <Not Applicable> |
| Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector] | <Not Applicable> | <Not Applicable> |
| Water withdrawals quality | 100% | In some cases, water and/or steam can be in direct contact with the product. In these situations, the water used must meet strict quality standards. The frequency and the parameters monitored will depend on the water source, availability of pre-treatment at the plant and the criticality of the water usage. Moreover, to ensure proper functioning and preserving the life of our equipment using water (boilers, cooling towers...), our sites monitor frequently ISO standard parameters such as turbidity, conductivity, silica, TDS etc. This concern is directly integrated in the running of operations and if the quality varies significantly in such a way that it doesn't meet the standards, actions are immediately launched to correct the situation. Corporate level monitoring by the EHS department is not focused on data collection, but rather on ensuring that the sites better measure and understand and manage any issues relating to the quality of their water sources. |
| Water discharges – total volumes | 100% | 100% of sites monitor their water discharges daily via flow meters. This information is collected in an annual questionnaire, 100% of the manufacturing facilities and research centres are monitored by this method and rely on meters. The information is consolidated and reviewed by the corporate EHS department. |
| Water discharges – volumes by destination | 100% | 100% of sites monitor their water discharges per destination daily via flow meters. This information is collected in an annual questionnaire, 100% of the manufacturing facilities and research centres are monitored by this method. The information is consolidated and reviewed by the corporate EHS department. |
| Water discharges – volumes by treatment method | 100% | All water discharged in our sites is measured through on-site flow meters monitored daily. This information is collected in an annual questionnaire, 100% of the manufacturing facilities and research centres are monitored by this method. The information is consolidated and reviewed by the corporate EHS department. |
| Water discharge quality – by standard effluent parameters | 100% | The plants' discharges are subject to many regulatory requirements that vary in frequency and parameters to be followed (according to destination of the water discharge and the on-site fabrication processes). This information is meticulously followed by each site and reported to the appropriate regulatory agencies as required. Measurements are either carried out via real time monitoring or in-house / third party sampling (mostly on a monthly basis) based on the standards where factories are located. |
| Water discharge quality – temperature | 51-75 | Approximately 3/4 of our facilities monitor daily the water temperature of discharged water. This is done via real time monitoring or sampling analysis based on the standards of the countries and regions where our sites are located. he other sites can monitor temperature. In locations where administrations have considered it unnecessary to measure water discharge temperature this is not measured. |
| Water consumption – total volume | 100% | This information is calculated annually based on 1) water withdrawals collected quarterly minus 2) total discharges collected from the annual questionnaire. 100% of the production facilities and research centres are monitored. The information is consolidated and reviewed by the corporate EHS department. |
| Water recycled/reused | 51-75 | The bracket reported does not take into account cooling towers. This information is collected in an annual questionnaire. 100 % of the manufacturing facilities and research centres are monitored by this method. The information is consolidated and reviewed by the corporate EHS department. |
| The provision of fully-functioning, safely managed WASH services to all workers | Less than 1% | Michelin has signed the WASH pledge. The self-assessment tool proposed by the WBCSD was used by one pilot site. Subsequently, the tool was simplified for more rapid deployment. Other pilot sites are in the process of being identified. |

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

| | Volume (megaliters/year) | Comparison with previous reporting year | Please explain |
|-------------------|--------------------------|---|--|
| Total withdrawals | 27498 | Higher | Although absolute values of withdrawals are higher than in 2020 which was impacted by COVID-19, in 2021, water withdrawals in absolute value decreased by 2,58% compared to 2019 (pre COVID-19 crisis in a context of increased production (+2,3% in 2021 compared to 2019). Withdrawals in m3 per ton of finished and semi-finished products have decreased by 6,7% compared to 2019. Examples of actions are the following: Phrapadaeng, Thailand: installation of a reverse osmosis system to treat and recycle wastewater helped to reduce daily water withdrawals by 21% and discharges by 30%. Bridgewater, Canada: a number of projects, such as reusing curing condensates to fire the boiler and increasing the cycles of concentration in the cooling system enabled the plant to reduce water withdrawals by 11% and water withdrawals per tonne of finished and semi-finished product by 6% compared to 2019. In addition, during the year, the plant began installing equipment to treat water discharged from the metal reinforcement production unit and recycle it as back-up cooling water. The project, which began in 2021, will eventually reduce annual water withdrawals by more than 130,000 cubic meters. Greenville, United States: various initiatives, such as replacing the condensate circuit, renovating the cooling towers, improving refrigeration system command and control, and deploying a disciplined leak detection and treatment procedure enabled the plant to reduce its water withdrawals by 18% and its withdrawals per tonne of finished and semi-finished product by 10% compared to 2019. Future volumes will continue to decrease on an annual basis in line with Michelin's 2030 ambition to decrease withdrawal volumes by 33% as weighed with sites' water stress coefficients, between 2020 and 2030. |
| Total discharges | 22940 | Higher | Discharges have increased by 19% linked to the increase of withdrawals due to production increase post COVID-19 crisis. They have also increased due to one European site which didn't count in its corporate reporting withdrawals and discharges from and to groundwater used for cooling purposes This accounts for 3% of discharges. It has always been however closely monitored at site level and reported to local administration. A minor fraction of discharges is used for site irrigation at 2 plants. This represents 0,016% of discharges. Total future volumes will decrease as withdrawals will decrease. |
| Total consumption | 4558 | About the same | The total water consumption is determined by subtracting the total discharges from the total withdrawals. The figure reported accounts for the evaporation, leaks and other losses, but also the rain water volume taken into account in the discharges. Water is used in the manufacturing process for transferring energy (heating and cooling) – hence the losses by evaporation -- and for some limited washing applications or the electroplating process to produce metal cables at a restricted number of sites. Consumption is about the same as withdrawals and discharges have increased in the same proportion. Future consumption will decrease as withdrawals will decrease. |

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

| | Withdrawals are from areas with water stress | % withdrawn from areas with water stress | Comparison with previous reporting year | Identification tool | Please explain |
|-------|--|--|---|-----------------------|--|
| Row 1 | Yes | 1-10 | About the same | WWF Water Risk Filter | Our previous evaluation was based on WRI Aqueduct only. Some results were inconsistent with the reality. WRI reminded us that their approach is only based on hydrogeological data and advised us to take the local risk assessment of the water resource into account (water storage, inter-regional actions...). The internal tool has thus been enriched to combine external credible approaches based on physical data (WRI 2019 Aqueduct and WWF Water Risk Filter) and local risk assessment. This tool was used at 100% of Michelin's manufacturing and research sites to determine those in water stressed areas. It led to 9 sites being located in water stressed areas. Despite the restart of activities post COVID crisis the value is about the same meaning the water performance ratio in m ³ /t has improved. This demonstrates our stronger focus in those zones. Withdrawals will decrease in the years to come. |

W1.2h

(W1.2h) Provide total water withdrawal data by source.

| | Relevance | Volume (megaliters/year) | Comparison with previous reporting year | Please explain |
|--|--------------|--------------------------|---|---|
| Fresh surface water, including rainwater, water from wetlands, rivers, and lakes | Relevant | 6992 | About the same | Many Michelin sites have access to local surface water supplies for industrial purposes and as a complement to municipal supplies which meet drinking water needs. Surface water supplies have been an inexpensive and reliable source of water to use in heating and cooling, which makes this source highly relevant. 99% comes from rivers and 1% from rainwater. In 2021, the volume has decreased by 3% due to efforts described in W1.2b. Fresh surface water accounts for 29% of the withdrawals. Michelin will analyse in the future the feasibility to switch other groundwater withdrawals to fresh surface water withdrawals explaining that future trends will slightly increase. |
| Brackish surface water/Seawater | Not relevant | <Not Applicable> | <Not Applicable> | Michelin sites cannot use brackish water due to the corrosive effect this water has on equipment. This condition will not change in the foreseeable future. |
| Groundwater – renewable | Relevant | 7069 | About the same | Many Michelin sites have access to site-based renewable groundwater supplies for industrial purposes and as a complement to municipal supplies which meet drinking water needs. Groundwater supplies have been an inexpensive, convenient and reliable source of water of sufficient quality to use in heating and cooling, which makes this source highly relevant. The volume is slightly higher than the last reporting year. Renewable groundwater supplies account for 30% of water withdrawals. Future trend is to decrease as global withdrawals will decrease. |
| Groundwater – non-renewable | Relevant | 1662 | Much higher | A handful of Michelin sites have access to site-based non-renewable groundwater supplies for industrial purposes, and as a complement to municipal supplies which meet drinking water needs. In 2021 the volume is much higher than last year reporting. This is due to one European site who did not use to count this water extraction in its withdrawals as the quantity is used for cooling purposes only, is not in contact with any product and is directly reinjected into the groundwater after surveillance of different parameters. However the definition of withdrawals has been aligned and this site now includes this value in their withdrawal value. Non-renewable groundwater remains a minority use. The global value is to decrease as withdrawals will decrease. |
| Produced/Entrained water | Not relevant | <Not Applicable> | <Not Applicable> | Produced water is the result of the extraction, processing, or use of any raw material, this source is therefore not relevant for Michelin as we do not process raw materials that liberate water. This will stay non-relevant in the future. |
| Third party sources | Relevant | 11775 | Higher | For historical reasons: 1) the necessity to provide drinking water to employees 2) the convenience and low cost of readily available fresh water, meant that the majority of sites put in place and have maintained a single water connection to the local municipal water system for both industrial and drinking water purposes. Adding a second source to existing sites to meet industrial water needs would involve extremely high costs to install and maintain, with no benefits to manufacturing processes. This is why existing withdrawals from municipal sources are highly relevant. The volume is 30% higher than the last reporting year due to production restart after the COVID crisis. The future trend will be to decrease overall water intake. |

W1.2i

(W1.2i) Provide total water discharge data by destination.

| | Relevance | Volume (megaliters/year) | Comparison with previous reporting year | Please explain |
|---------------------------------|--------------|--------------------------|---|--|
| Fresh surface water | Relevant | 15802 | Higher | Discharges are measured via flowmeters. All sites have the knowledge of the destination of their discharges. Slightly less than half of all sites discharge to a surface water body, and for half of these sites it is the sole discharge outlet, making this type of discharge highly relevant. The volume increased by 18% compared to last year reporting. This is mainly due to production restart after the COVID crisis. The future trend is to decrease discharges as withdrawals will decrease. |
| Brackish surface water/seawater | Not relevant | <Not Applicable> | <Not Applicable> | No sites discharge to brackish surface water or seawater because they are not located near such water bodies. This situation will not change in the foreseeable future. |
| Groundwater | Relevant | 885 | Much higher | Discharges are measured via flowmeters. All sites have the knowledge of the destination of their discharges. Only a few sites discharge to groundwater making this outlet relevant for these sites only but not in general. The value is much higher since it now takes into account one site which hadn't included in Corporate reporting this discharge point as withdrawals and reinjection into groundwater are close in time. It has always been however closely monitored at site level and reported to local administration. The future trend is to decrease discharges as withdrawals will decrease. |
| Third-party destinations | Relevant | 6253 | Higher | Discharges are measured via flowmeters. All sites have the knowledge of the destination of their discharges. For historical reasons, the majority of Michelin sites were designed and built with a connection to the local municipal wastewater collection and treatment system, making this type of discharge highly relevant. The volume has increased by 9% compared to last year's reporting. This is mainly due to production increase post COVID crisis. The future trend is to decrease as withdrawals will decrease. |

W1.2j

(W1.2) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

| | Relevance of treatment level to discharge | Volume (megaliters/year) | Comparison of treated volume with previous reporting year | % of your sites/facilities/operations this volume applies to | Please explain |
|--|---|--------------------------|---|--|---|
| Tertiary treatment | Relevant | 5466 | Much higher | 11-20 | Level of treatment at our plants depends on the nature of our processes, the substances that can be found in our discharge, the receiving body and local regulation requirements. Our plants can have different discharges which are treated at different levels. At some of our plants tertiary treatment is needed. The value is much higher than the previous year due to restart of production after COVID crisis. Anticipated future trend : it is expected that the volume of discharge will reduce as discharges will reduce. |
| Secondary treatment | Relevant | 5572 | Much higher | 21-30 | Level of treatment at our plants depends on the nature of our processes, the substances that can be found in our discharge, the receiving body and local regulation requirements. Our plants can have different discharges which are treated at different levels. At some of our plants secondary treatment is needed. The value is much higher than the previous year due to restart of production after COVID crisis. Anticipated future trend : it is expected that the volume of discharge will reduce as discharges will reduce. |
| Primary treatment only | Relevant | 1743 | Much lower | 21-30 | Level of treatment at our plants depends on the nature of our processes, the substances that can be found in our discharge, the receiving body and local regulation requirements. Our plants can have different discharges which are treated at different levels. At some of our plants primary treatment is needed. The value is much lower than the previous year due to some adjustments in the definition of treatment at some sites. Anticipated future trend : it is expected that the volume of discharge will reduce as discharges will reduce. |
| Discharge to the natural environment without treatment | Relevant | 7675 | Higher | 11-20 | Some sites can discharge part of or all of their waste stream directly to the natural environment. In all cases the quality of discharged water is monitored and compliant with local permitting. The value is higher than the previous year due to restart of production after COVID crisis. Anticipated future trend : it is expected that the volume of discharge will reduce as discharges will reduce. |
| Discharge to a third party without treatment | Relevant | 2414 | About the same | 41-50 | About half of our sites have their discharges connected to a municipal treatment plant with whom we have agreements on quantity and entry parameters to comply with. The quantity is about the same as the previous year. Anticipated future trend : it is expected that the volume of discharge will reduce as discharges will reduce. |
| Other | Not relevant | <Not Applicable> | <Not Applicable> | <Not Applicable> | This is not relevant as all the other categories describe where our discharges are sent. It is not expected to become relevant in the future. |

W1.3

(W1.3) Provide a figure for your organization’s total water withdrawal efficiency.

| | Revenue | Total water withdrawal volume (megaliters) | Total water withdrawal efficiency | Anticipated forward trend |
|-------|------------|--|-----------------------------------|---|
| Row 1 | 2379500000 | 27498 | 865335.660775329 | On the historic perimeter of Michelin tyre activities it can be anticipated that the future trend is an increase in water withdrawal efficiency as revenues are expected to increase and withdrawals to decrease as part of Michelin’s strong water commitments. However, there is some uncertainty as the Michelin Group hopes to grow outside of its traditional tyre activities where this ratio could be lower to start with. |

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

- Yes, our suppliers
- Yes, our customers or other value chain partners

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

1-25

% of total procurement spend

51-75

Rationale for this coverage

Michelin assesses the CSR engagement of its suppliers since 2012 using the EcoVadis rating platform. This tool assesses CSR performance, including water stewardship, employee awareness program, use of efficient equipment or technology, reuse/recycling practices, water treatment, training programs. The rationale for this approach is to provide an overview of suppliers representing potential CSR risks, including on water issues. For those which the score is lower than our expectations we engage them to improve their practices. We assess the suppliers from purchasing categories which are the most relevant in terms of: 1) environmental risk, 2) countries at risk, 3) high spend 4) strategic supplier. The suppliers selected come from raw material, industrial and service categories. 965 suppliers have valid scores in 2021 (out of 1049 requests), and participation is iterative as progress is made and action plans are implemented. These 965 suppliers represent around 65% of the total spend, around 95% of the natural rubber spend and of the raw material spend. In 2022 the program will cover over 1200 suppliers. An active communication is engaged by the buyers with the suppliers to ensure that the suppliers do respond to the EcoVadis questionnaire. The Michelin Purchasing Principles, which is included in all Michelin purchasing contracts, requests that "Supplier shall carry out the CSR assessments requested and implement any corrective action plans required". In 2021, the response rate was 92%.

Impact of the engagement and measures of success

In 2021, 85% of the 965 scored suppliers responding had achieved a score of 45 or above meeting the corporate target ahead of schedule. The average Environmental score of Michelin's suppliers is well above the average score of all suppliers scored by Ecovadis, confirming that the selection of suppliers by Michelin is at or above industry standards. In EcoVadis, a specific KPI allows requesting companies to list companies which have "no evidence of actions on water". Companies subject to controversies regarding their environmental performance can also be identified. Scorecard point out also whereas environmental policies pertain to water, suppliers have on site wastewater treatment units, report on total water consumptions, etc (questions vary according to supplier size and activity). Suppliers are also able to report water metrics such as total water withdrawal, or total weight of pollutants emitted to water. Suppliers with overall score <45 are requested to set up corrective actions. This is a lever to improve supplier practices. Furthermore, in 2018 the supplier water risk evaluation done in 2013 to identify at-risk regions where suppliers operate (WRI Aqueduct tool) has been updated. Supplier sites at risk have been identified.

Comment

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Onboarding & compliance

Details of engagement

Requirement to adhere to our code of conduct regarding water stewardship and management

% of suppliers by number

Less than 1%

% of total procurement spend

1-25

Rationale for the coverage of your engagement

Engagements targeting the natural rubber sector: Water stewardship figures as one of the topics that covered in Michelin's Sustainable Natural Rubber (SNR) Policy (published in 2016, updated in 2021) through which it ensures that its operations related to natural rubber cultivation, harvesting and processing do not have any adverse effects on surface or ground water resources. This policy is deployed to all natural rubber suppliers. A specific clause has been included in all contracts requiring compliance with the SNR Policy. This policy specifically addresses preserving surface water and groundwater. To follow-up with suppliers and ensure adherence, Michelin developed an app-based CSR survey Rubberway®, including questions specifically about water, to reach suppliers, the majority of whom are individual small-holders farming from several up to 45 hectares. Questionnaires are adapted to the supplier profile (factory, estate, intermediary, smallholder). Each questionnaire has at least one question related to water. To give a sense of the scale, Michelin's natural rubber value chain is comprised of 6 million households involved in farming hevea (rubber); 85% of these farms are less than 4 hectares. In 2018 Michelin has expanded its on-site supplier quality audits, which assess all supplier natural rubber processing factories every year (or every two years for factories in West Africa) to include environment and social aspects, such as wastewater treatment performance benchmarked against national or regional standards. Time-bound corrective action plans are required when underperformance is found.

Impact of the engagement and measures of success

In 2017 Michelin began using an app-based questionnaire called Rubberway®, to "map" environmental, human rights and governance risks in its natural rubber supply chain. Rubberway® contains questions related to complaints around water usage and quality. The goal is to obtain replies for 80% of natural rubber volumes. At end 2021, 64% had been mapped via more than 52,000 respondents (smallholders, intermediaries, plantations and processing plants). Success is measured by a complete reply to the water questions in the app. Given the number of questionnaires completed and the coverage of natural rubber volumes, the engagement method is so far successful and has provided useful information. For example, regarding processing plants, in 2021, 14% have received a complaint from within the local community about water used for rubber production. Among intermediaries, plantations, or smallholders the average rate of water complaints is 4%. Furthermore, 89% of processing plants provided training to their workers on water, energy and/or waste management. The on-site audits have been able to identify areas for improvement for specific natural rubber suppliers regarding their management of water and to propose follow-up actions. Although travel restrictions related to the covid-19 pandemic limited most audits to virtual audits, ongoing improvement plans were followed with identified suppliers. In 2022, the aim is to deploy on-site audits that have been further expanded to include environmental aspects, including wastewater treatment parameters.

Comment

The Group's Sustainable Natural Rubber Policy is available at the following website: <https://purchasing.michelin.com/en/sustainable-natural-rubber-policy/>

Type of engagement

Onboarding & compliance

Details of engagement

Other, please specify (Requirement to adhere to Michelin Purchasing Principles (supplier Code of conduct))

% of suppliers by number

% of total procurement spend

76-100

Rationale for the coverage of your engagement

End of 2020 Michelin updated its Michelin Purchasing Principles, which are applicable to all suppliers, and included in Michelin contracts. These principles now define more precisely what is a requirement and what is an expectation, to ease enforcement. Within the section named "Fundamental Principles", a sub-section addresses specifically the Protection of the Environment. Suppliers are required to send upon request any information that may be required to determine the CSR impact of any product or service it provides to Michelin. This document also encourages all suppliers to conserve water and preserve natural resources, protect ecosystems and strive to maintain biodiversity. It also expresses that suppliers shall carry out the CSR assessments which may be requested.

Impact of the engagement and measures of success

Commitments are embedded into contractual terms, which facilitates the onboarding of suppliers in CSR assessments and sharing key data about water usage and pollution and lifecycle analysis calculations.

Comment**Type of engagement**

Innovation & collaboration

Details of engagement

Educate suppliers about water stewardship and collaboration

% of suppliers by number

Less than 1%

% of total procurement spend

1-25

Rationale for the coverage of your engagement

Actions have been taken regarding the natural rubber suppliers which Michelin is engaged in a joint-venture with, or fully owns. This represents 14 natural rubber plants. A diagnosis has been made in 2021 on water consumption and quality of water effluents on each site.

Impact of the engagement and measures of success

Following the 2021 diagnosis, a roadmap has been established, together with follow-up indicators, to drive progress on water consumption and effluent quality in our natural rubber plants. E.g., KPI on water consumption in m3 per ton of rubber produced. The assistance of experts has been provided to these suppliers, both from Michelin teams and from the "Office International de l'Eau (OIE)" (mission paid by Michelin).

Comment**W1.4c****(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?**

Michelin prioritizes its engagements on 2 equally important levels and requires different approaches:

1) Operations: water issues concern Michelin's production sites and those of raw material suppliers.

Own sites: The water resource assessment and management system set up between 2014 and 2016 includes engagement with a) local water services providers/technicians to identify good practices for reducing water intake and improving the quality of water effluents; b) other international manufacturers via the "Water Industry Club" –founded by Michelin in 2016 and comprising 8 major companies –to share good practices.

Suppliers: water management is being introduced as a topic in supplier relations; a study of water risks at supplier sites done in 2013 & updated in 2018, using the WRI Aqueduct method. Sites at high risk for water stress or flooding have been integrated into the business continuity management. In 2021, Michelin participated in the Natural Capital Lab initiative which supports companies in testing robust sustainability tools. Michelin tested the first two stages of the SBTN method to identify the material impacts of Michelin's operations and supply chain on biodiversity and ecosystems, which include impact on water use, water pollution and river fragmentation. The results of these study will help prioritize topics to be integrated into a supplier questionnaire dedicated to biodiversity and water with a pilot planned in 2025.

2) Customer relations: Michelin views all customer requests on water issues as an opportunity to understand customers' issues and needs and to inform Michelin policy and action on water. For instance, Michelin has replied to all customer requests (7 in 2022) for a yearly reply to the CDP Supply Chain questionnaire on Water Security since 2016, as well as to all individual requests including several original equipment customers who have their own water engagement programs. To this day, no negative feedback was received.

W2. Business impacts**W2.1****(W2.1) Has your organization experienced any detrimental water-related impacts?**

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

Yes, fines, enforcement orders or other penalties but none that are considered as significant

W2.2a

(W2.2a) Provide the total number and financial value of all water-related fines.

Row 1

Total number of fines

1

Total value of fines

700

% of total facilities/operations associated

1

Number of fines compared to previous reporting year

Lower

Comment

In 2021 there was only one fine out of 75 sites. This occurred in one site in Romania. Incident: Effluent limit exceedances. These exceedances are not considered significant as the impact to the environment was limited both in % of exceedance and frequency above the limit and the discharged water is also connected to the municipal treatment system. The sites carried out root cause analysis and launched actions to prevent any other occurrence. Personnel training and monitoring was increased.

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Value chain stage

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of an established enterprise risk management framework

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market

Enterprise risk management

International methodologies and standards

Databases

Other

Tools and methods used

GEMI Local Water Tool

WRI Aqueduct

WWF Water Risk Filter

Life Cycle Assessment

Internal company methods

Other, please specify (WULCA AWARE, ISO 14001/12044/14046)

Contextual issues considered

Water availability at a basin/catchment level

Water quality at a basin/catchment level

Stakeholder conflicts concerning water resources at a basin/catchment level

Implications of water on your key commodities/raw materials

Water regulatory frameworks

Status of ecosystems and habitats

Stakeholders considered

Customers
Employees
Investors
Local communities
NGOs
Regulators
Suppliers
Water utilities at a local level
Other water users at the basin/catchment level

Comment

For all of its direct operations Michelin has developed two water risk assessment methodologies. The first one which uses WRI Aqueduct, WWF Water Risk Filter and a local risk assessment focusing on water availability enables to determine the level of water stress at each site. Indicators such as baseline water stress, aridity, water depletion and drought probability frequency are analysed per site combined with questions concerning water risks linked to availability. This risk assessment is mandatory for all sites and the data from WRI Aqueduct and WWF Water Risk Filter are re-examined every year. Sites are classified in low or medium or at high water stress. This has a direct impact on their water performance level as a coefficient is given according to the water stress : 1 for low risk, 1,25 for medium risk and 1,5 for high risk. This coefficient directly affects the site's water performance ratio. As sites are challenged on their performance, the higher the ratio the more actions have to be put in place. There is even a stronger focus for sites in high water stressed zones as water saving investments are pushed prioritarily. Furthermore, Michelin has also developed an internal methodology (based on public tools such as GEMI local water tool, LCA) to assess water stakes, risks and opportunities more globally than water stress. This methodology consists in analyzing a site's local context in order to determine potential risks: availability of water, origin of water withdrawal, knowledge of surrounding ecosystems, understanding of the impact of the activity on the quality of water (measurement of parameters), knowledge of stakeholders concerns and interests, analysis of current consumption and identification of areas of progress to reduce consumption etc. This is an optional tool done at a site by site basis and has already been carried out by 30% of the plants. This risk analysis has led to actions such as a switch of water source in one of our plants from groundwater to municipal water (Bassens, France), the study at water basin level of the opportunity to reuse discharged water from an external plant as input water for a Michelin plant (Cholet, France), the collaboration with a local NGO to understand local communities needs regarding water (Chennai, India).

Value chain stage

Supply chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market
Databases

Tools and methods used

EcoVadis
WRI Aqueduct
WWF Water Risk Filter
Other, please specify (SBTN)

Contextual issues considered

Water availability at a basin/catchment level
Water quality at a basin/catchment level

Stakeholders considered

Suppliers

Comment

In 2021, Michelin agreed to participate in the Natural Capital Lab initiative founded by WWF France and the Environmental Accounting Chair at AgroParisTech, the University of Paris-Dauphine, Reims Champagne-Ardenne University and the Louis Bachelier Institute. Led by the AgroParisTech Foundation, the Lab is dedicated to encouraging and supporting companies in testing robust sustainability tools, to help them align their business development with replenishment timeframes and the planetary boundaries of natural ecosystems. As part of the Lab's undertakings, Michelin began testing the first two stages of the SBTN method in 2021, supported by its partner WWF France and an outside consultant. The method is being used to identify the material impacts of Michelin's operations and supply chain on biodiversity and ecosystems , which include impact on water use, water pollution and water river fragmentation. Additionnaly, Michelin assesses the CSR engagement of its suppliers since 2012 using the EcoVadis rating platform, with annual KPIs. This tool assesses CSR performance, including water stewardship, employee awareness program, use of efficient equipment or technology, reuse/recycling practices, water treatment, training programs. The rationale for this approach is to provide an overview of suppliers representing potentially CSR risks, including on water issues. For those which the score is lower than our expectations we engage them to improve their practices. (more details in W1.4a)

W3.3b

(W3.3b) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

Corporate level: Risk management framework: Michelin's enterprise risk management framework is based on a thorough review of risks that could have a material adverse effect on operations, financial position, reputation or impact on people or the environment, and compliant with the Committee of Sponsoring Organizations of the Treadway Commission standards. The risk map is comprised of 14 risk families which are the basis for reassessing risks, identifying emerging risks and steering risk reduction actions. It is reviewed annually in a process steered by the Corporate Risk Department that involves: a/ bottom-up risk assessment, b/ external risk watch and c/ internal audit, culminating in a status report to the Group Executive Committee (GMC).

Responsibility: Overseen by the Corporate Risk Department in terms of methodology and internal control, each operational and business entity establishes and updates its risk portfolio and sets its action plans. Results are reviewed and approved by the designated risk governance committees covering the 14 risk families.

Water risks related to operations are reviewed by the Environment Governance which meets up to three times per year. The role of this governance is to prioritize these risks, arbitrate and follow up actions to remediate them. The Group Management Committee (GMC) oversees the risk management process. Risks with a substantive financial or strategic net impact are regularly reviewed by the GMC. The Supervisory Board Audit Committee checks the effectiveness of the management process.

Site level: For its manufacturing, R&D, supply chain and service activities, Michelin has developed an Environmental Management System (EMS) that enables each plant to manage its impact on the environment, on both a day-to-day and long-term basis. It comprises a process to track compliance with legislation and Michelin standards, the obligation to define and meet, every year, improvement targets aligned with local issues and Group commitments, and procedures to attenuate the risks of accidental pollution. The EMS complies with ISO 14001-2015. Since 2018, all of the production plants subject to certification have been certified to these standards. Taking a holistic approach, the SMEP not only identifies environmental risks but also recommends mitigation processes for each one.

Sites evaluate their risks via the ISO14001 methodology and their environmental analysis tool. The following stakeholders are included in the evaluation:

- employees, who are key actors to reduce water risks. Actions regarding employees include raising awareness, communicating on targets, involvement throughout the Group's "Progress Idea" program.
- Local communities and NGOs are regularly involved for example our site in India, Chennai, has a full time CSR team who meet frequently with local communities to identify subjects of concern.
- Regulators for which sites catch regulatory evolutions.
- other water users at basin level are approached to analyse possible synergies, this is the case of one site in France which is analysing the possibility to use the discharge of another site in the same basin to use as its primary water source.
- water utilities are in direct contact with sites and discuss future evolutions and impacts. The case of the Bassens plant described above illustrates this matter.

Each site determines its level of water stress by using data from WRI Aqueduct, WWF Water Risk Filter and a local risk assessment focusing on water availability.

Asset level: business units integrate corporate and activity-specific risks into their 5-year business plans & annual risk management action plans.

Water-related risks: The Group risk map includes 1) water intake and water pollution at Michelin sites; 2) water availability to suppliers of raw materials insofar as this could cause a discontinuity of supply and have consequences for manufacturing operations.

Risk management of water intake and pollution: The industrial operations' departments deploy a Group-wide method for understanding, assessing and responding to water-related risks. This method integrates both the GEMI Local Water Tool and WRI Aqueduct, along with WULCA Aware, (a Life Cycle Assessment approach), and is based on ISO 14001/12044/14046. This method is a thorough evaluation, generating long-term action plans that can exceed 5 years. A reassessment every 5 years is required. For example, WRI Aqueduct and WULCA Aware have been deployed at 100% of our plants. The knowledge of facilities in water stressed areas has enabled us to prioritize water reduction actions at those facilities.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, only in our value chain beyond our direct operations

W4.1a

W4.1a) How does your organization define substantive financial or strategic impact on your business?

For Michelin, a risk corresponds to the possibility of an event occurring whose consequences could affect its objectives, particularly as concerns its financial position, reputation or impact on people or the environment. A substantive financial or strategic impact on business is defined by the Group Management Committee (GMC) as a risk that has an adverse effect on annual operating income (low risk = less than 150 M €, medium risk = between 150 M and 400 M€, high risk = more than 400 M€).

While risks may exist at the site level (Michelin site or supplier site), they will not be considered substantive for the Group if their potential financial impact does not exceed the threshold defined above. Nevertheless, site-level water risks if sufficiently high are accounted for in business continuity plans.

Water-related risks are included in the Group risk map, which may be substantive, include for example : 1) water intake and water pollution at Michelin sites; and indirectly 2) water availability to suppliers of raw materials insofar as this could cause a discontinuity of supply and therefore have potential consequences for manufacturing operations. This definition applies to direct operations and supply chain.

W4.1b

W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

| | Total number of facilities exposed to water risk | % company-wide facilities this represents | Comment |
|-------|--|---|--|
| Row 1 | 0 | Less than 1% | Risks are assessed at site, entity, region and Group level. While some water risks exist and have been identified, they are not considered substantive for the Group as their potential final impact does not exceed the threshold defined in question W4.1.a (adverse effect on annual operating income : low risk = less than 150 M €, medium risk = between 150 M and 400 M€, high risk = more than 400 M€) |

W4.1c

W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

| | |
|-------|---|
| India | Other, please specify (Our value chain is global. Country selection is for illustrative purposes only.) |
|-------|---|

Number of facilities exposed to water risk

0

% company-wide facilities this represents

Less than 1%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

Risks are assessed at site, entity, region and Group level. While some water risks exist and have been identified, they are not considered substantive for the Group as their potential final impact does not exceed the threshold defined in question W4.1.a (adverse effect on annual operating income : low risk = less than 150 M €, medium risk = between 150 M and 400 M€, high risk = more than 400 M€)

W4.2a

W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

| | |
|-------|--|
| China | Other, please specify (All river basins) |
|-------|--|

Stage of value chain

Supply chain

Type of risk & Primary risk driver

| | |
|----------------|--------------------------------------|
| Acute physical | Other, please specify (Water stress) |
|----------------|--------------------------------------|

Primary potential impact

Supply chain disruption

Company-specific description

Risks have been identified in 2018 using WRI Aqueduct tool on 223 raw material supplier sites throughout the world; the study is planned to be reviewed in the next two years. One criterion to be considered at risk was to have a "high" rated local baseline water stress. Increased water stress could reduce or disrupt supply to Michelin's sites and thus impact the Group's output if disruption is sustained. China concentrated the most supplier sites (17) with extremely high water stress.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

50000000

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

Impact quantified as a fraction of the 2021 spend of the concerned suppliers.

Primary response to risk

| | |
|----------|---|
| Upstream | Other, please specify (Include in Business Continuity Plan) |
|----------|---|

Description of response

The raw material risk screening tool used by Michelin takes into account multiple risks which could lead to business continuity issues. Among those risks is natural disaster at supplier sites, which includes water related risks. These risks are taken into account in the Business Continuity Plans.

Cost of response

0

Explanation of cost of response

Including water-related risk assessment into Business Continuity Plans should not cost the Group anything as the main risk is supply rupture, which is already considered in Business continuity plans as it can be caused by multiple other factors such as for example other natural disasters, geopolitical issues, supplier failure, etc.

Country/Area & River basin

| | |
|-------|-----------------------------|
| China | Yangtze River (Chang Jiang) |
|-------|-----------------------------|

Stage of value chain

Supply chain

Type of risk & Primary risk driver

| | |
|----------------|--|
| Acute physical | Flood (coastal, fluvial, pluvial, groundwater) |
|----------------|--|

Primary potential impact

Supply chain disruption

Company-specific description

Risks have been identified using WRI Aqueduct tool on 223 raw material supplier sites throughout the world; the study is planned to be reviewed in the next two years. One criterion to be considered at risk was to have a "high" flooding risk. Flooding could reduce or disrupt supply to Michelin's sites and thus impact the Group's output if disruption is sustained. China was the 2nd country after the USA which concentrated the most supplier sites (6, including 5 on the Yangtze River) with extremely high flood occurrence.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

20000000

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

Impact quantified as a fraction of the 2021 spend of the concerned suppliers.

Primary response to risk

| | |
|----------|---|
| Upstream | Other, please specify (Include in Business Continuity Plan) |
|----------|---|

Description of response

The raw material risk screening tool used by Michelin takes into account multiple risks which could lead to business continuity issues. Among those risks is natural disaster at supplier sites, which includes water related risks. These risks are taken into account in the Business Continuity Plans.

Cost of response

0

Explanation of cost of response

Including water-related risk assessment into Business Continuity Plans should not cost the Group anything as the main risk is supply rupture , which is already considered in Business continuity plans as it can be caused by multiple other factors such as for example other natural disasters, geopolitical issues, supplier failure, etc.

Country/Area & River basin

| | |
|--------------------------|-------------------|
| United States of America | Mississippi River |
|--------------------------|-------------------|

Stage of value chain

Supply chain

Type of risk & Primary risk driver

| | |
|----------------|--|
| Acute physical | Flood (coastal, fluvial, pluvial, groundwater) |
|----------------|--|

Primary potential impact

Supply chain disruption

Company-specific description

Risks have been identified using WRI Aqueduct tool on 223 raw material supplier sites throughout the world; the study is planned to be reviewed in the next two years. One criterion to be considered at risk was to have a "high" flooding risk. Flooding could reduce or disrupt supply to Michelin's sites and thus impact the Group's output if disruption is sustained. The USA concentrated the most supplier sites (7, all on the Mississippi River basin) with extremely high flood occurrence.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

20000000

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

Impact quantified as a fraction of the 2021 spend of the concerned suppliers.

Primary response to risk

| | |
|----------|---|
| Upstream | Other, please specify (Include in Business Continuity Plan) |
|----------|---|

Description of response

The raw material risk screening tool used by Michelin takes into account multiple risks which could lead to business continuity issues. Among those risks is natural disaster at supplier sites, which includes water related risks. These risks are taken into account in the Business Continuity Plans.

Cost of response

0

Explanation of cost of response

Including water-related risk assessment into Business Continuity Plans should not cost the Group anything as the main risk is supply rupture , which is already considered in Business continuity plans as it can be caused by multiple other factors such as for example other natural disasters, geopolitical issues, supplier failure, etc.

(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

| | Primary reason | Please explain |
|-------|--|---|
| Row 1 | Risks exist, but no substantive impact anticipated | Risks are assessed at site, entity, region and Group level. While some water risks exist and have been identified, they are not considered substantive for the Group as their potential final impact does not exceed the threshold defined in question W4.1.a (adverse effect on annual operating income : low risk = less than 150 M €, medium risk = between 150 M and 400 M€, high risk = more than 400 M€). |

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Products and services

Primary water-related opportunity

Increased sales of existing products/services

Company-specific description & strategy to realize opportunity

Michelin is applying its R&D expertise to create new tires to meet changing customer demand to be able to handle new or unusual weather conditions. The unpredictable weather patterns that might result from climate change mean that tires must cope with a wide range of road conditions, driven by extremes in temperature and precipitation. Since our products are designed to deliver excellent performance in a wide range of conditions, this approach is part of our strategy to increase sales. In the US, Michelin is already responding to customers demand for all-season tires to avoid having to switch from winter tires to summer tires and vice versa. The introduction of Michelin's CrossClimate range in Europe in 2015, that combines excellent performance in winter with excellent performance in summer, has been a first major extension of this approach, followed by the launch of Cross Climate SUV range in 2017, and Agilis Cross Climate for Vans in 2019. Since 2015, All Season market has grown in Europe by 26% per year (vs market average growth around 1%, excluding All Season). In 2020 the Group remained the leader in the all-season segment, with its MICHELIN Cross Climate line in the regions where it is sold. In 2021 Michelin launched MICHELIN CrossClimate2. The all-season range has seen strong growth since Michelin introduced the first summer tire certified for winter use in 2015. It is expected to continue to deliver double-digit gains in Europe, particularly in France where winter tires have become mandatory in 48 departments. Michelin has taken a leader role in this segment and will continue in the future, for instance by aiming at homologating with European OEMs this all-season range.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1000000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

The global tire market was estimated at US\$ 167 billion in 2019, with light-vehicle tires accounting for 60% for a total market segment worth US\$100 billion. Michelin's market share was 15% in 2019; an increase in market share of just 1% could represent an increase in earnings of US\$ 1 billion. This is without considering increased demand for tires. Over the medium term, it is estimated that demand for tires by volume will grow by 0% to 2% per year in mature markets and by 2% to 4% in emerging markets (IHS Markit). Note: these financial estimates have been officially published in US\$ in the 2020 annual report. Converting them here to euros would not provide a meaningful value given the exchange rate fluctuations. Note: these financial estimates have been officially published in US\$ in the 2020 annual report. Converting them here to euros would not provide a meaningful value given the exchange rate fluctuations.

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

Respect of the environment is one of our core values. Michelin committed to reduce by half the environmental impact of its industrial sites between 2005 and 2020. Michelin's new commitment is to reduce by a third the environmental impact of industrial sites between 2020 and 2030. Michelin has integrated in its site's environmental indicator the reduction of water withdrawals since 2005. Since 2021 the water withdrawal indicator has been modified to take into account site's water stress. Numerous actions have been put in place to reduce water consumption leading to a 41% reduction in absolute value in 2021 compared to 2005. Furthermore, the water risk/opportunity and impact assessment method validated in 2016 includes a review of local stakeholders and user relations within the watershed in order to identify opportunities to improve our stewardship, particularly in regions subject to water stress. It is recommended to apply it across all facilities worldwide.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Low-medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

125000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

It is estimated that from 2005 to 2021, 125M€ were saved as a result of measures identified during the implementation of the Group's environmental indicator with a focus on water reduction, the site-based water risk/opportunity and impact assessments. This figure is based on 1) actual operating and capital expenses reported for sustainably managing water resources, and 2) the internal water price of 5€/m³.

Type of opportunity

Markets

Primary water-related opportunity

Improved community relations

Company-specific description & strategy to realize opportunity

This is strategic, as improving community relations increases external stakeholder confidence in Michelin, which influences that status of the Michelin brand. As part of a project to build a new manufacturing facility in the Indian state of Tamil Nadu, Michelin India worked with an NGO to assess socioeconomic needs in the communities around the new plant in Chennai. A major need identified was better access to water supply. Since then, Michelin has been providing extensive assistance towards meeting local communities' water needs. This engagement pursues a triple strategic objective: ensure sustainability of agriculture and animal husbandry, health improvements, and create public awareness on the importance of water availability and quality. These actions directly helped the local communities, and improved relationships.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Low-medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

72000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

These actions directly help the local communities and increase external stakeholder confidence in Michelin which influences that status of the Michelin brand. In 2019, the Group's brand was valued at US\$7.2 billion. A 1% increase could add 72 M€ to the brand value.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

| | Scope | Content | Please explain |
|-------|--------------|---|---|
| Row 1 | Company-wide | Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Description of water-related standards for procurement Reference to international standards and widely-recognized water initiatives Company water targets and goals Commitments beyond regulatory compliance Commitment to stakeholder awareness and education Acknowledgement of the human right to water and sanitation Recognition of environmental linkages, for example, due to climate change | Respect for the environment is one of Michelin's five core values, as expressed in 2002 in the Michelin Performance and Responsibility Charter and reaffirmed in 2012. In 2013, Michelin defined its 2020 environmental objective: reduce the Michelin Environmental Footprint (MEF) by 50% by 2020 (2005 baseline year). This composite indicator includes water withdrawal intensity, and performance levers have been defined for each type of manufacturing process for internal benchmarking purposes. In 2020 Michelin's environmental policy has been updated. It aims at controlling pollution risks and reducing the Group's environmental footprint towards impact neutrality. The environmental issues are considered over the whole life cycle of products. Objectives and action plans are prioritized in proportion to the issues at stake. The prioritization is based on our ambitions, our commitments and our perception of our stakeholders' expectation, as well as on the mid-term action feasibility. It is subject to validation by the Environmental Governance. The policy is detailed in different chapters, in a life-cycle-based approach. Every chapter is an integral part of the « Group Environmental Policy ». A complementary document has been formalized to detail the 'Production facilities and other sites' chapter of the Group's Environmental Policy, by spelling out the principles, ambitions and obligations applicable to the Group's facilities. The aim is to reduce the impact of our activities in absolute value, so as to progressively move toward our 2050+, polar star, ambition: "100% of the substances taken from, and emitted to, the environment during the full life cycle of our products can be assimilated by nature and are neutral for human health and biodiversity". Our policy states our water objectives aim at reducing water withdrawals (-33% in 2030 compared to 2020), thus helping to limit the impact of non-availability for the environment. They are aligned with SDG #6 "clean water and sanitation". Our policy also includes our water ambition which is that in 2050, Michelin has zero impact on water availability for local communities. Our water policy has established a fundamental rule which is that for all new facilities, the supply of water from non-renewable underground sources is forbidden. |

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

| Position of individual | Please explain |
|------------------------|--|
| Board-level committee | The Group Executive Committee (GEC), Group Management Committee (GMC) and the Supervisory Board are the 3 board-level committees responsible for environmental-related issues including water. The GEC –the managing chairman, general manager and the executive VPs– focuses on strategic decisions, such as corporate transformations, business models, acquisitions, performance, brand strategy, and sustainable growth. Two members –executive VPs of manufacturing and R&D, respectively –have delegated responsibility to make decisions on water related issues regarding operations through the Environmental Governance (EG) body which represents all operational departments. The GEC as a whole oversees climate-related risks and opportunities regarding business strategy through the annual strategic planning process for business units. The GMC is comprised of the GEC plus the heads of Strategy, Purchasing, Corporate Business Services, Finance, Legal Affairs, Quality, Audit, Internal Control and Risk Management, Supply Chain, Information Systems, and the China and North America Regions. The GMC manages transformation, competitiveness, integration of acquisitions and the internal control, quality and risk management processes. It oversees water-related risks and tracks water-related progress in operations supported by the Environment Governance (EG)body. The EG body oversees all water-related issues impacting operations. An example of a water-related decision made by this committee is the establishment of our 2050 water ambition which is to have zero impact on water availability for local communities. The role of Supervisory Board is to exercise permanent oversight of the Group's management and to assess its quality for the benefit of the shareholders. Its 4-member CSR Committee examines examines the Group's strategy, objectives, policies and commitments regarding environmental impacts, and makes recommendations in this regard; reviews the roadmaps and their implementation. |

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

| | Frequency that water-related issues are a scheduled agenda item | Governance mechanisms into which water-related issues are integrated | Please explain |
|-------|---|--|---|
| Row 1 | Scheduled - all meetings | Monitoring implementation and performance Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Setting performance objectives | Reviewing and guiding strategy, risk management policies and corporate responsibility: The Group Management Committee (GMC) reviews all strategic actions related to water issues. To do this, it conducts a biannual review, organized by the corporate sustainability officer, of decisions made and issues handled by the Environment Governance body. This review enables the GMC to verify that steady progress is being made towards short-, medium- and long-term water reduction targets and validate the strategic objectives and risks and their internal control. Monitoring implementation and performance and setting performance objectives: The GMC regularly reviews the indicators monitored by the Environmental Governance body, which include KPIs on reducing water withdrawals and water withdrawal intensity of production operations. The Environment Governance body validates the commitments, ambitions and associated targets related to water on a 30-year time horizon. It validates the roadmap to go towards these targets and makes necessary arbitrations. As of 2021 the GMC oversees 6 Group-wide transformations, one of which is "All in action for the environment". This transformation includes reaching the 2030 target to cut by 33% water withdrawals, as weighed with sites' water stress coefficients, compared with 2019 (indicator: Stress*m3 per tonne of semi-finished and finished product). The role of the GMC is to ensure that the necessary changes take place across Group's organizations that will enable the water roadmap to be implemented and achieved. The Group Executive Committee by delegation of decision-making to two members – the executive VPs of manufacturing and R&D, respectively, as co-chairs of the Environmental Governance (EG) body – reviews, guides and decides on major plans of action for managing water risks and opportunities regarding operations. |

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

| | Board member(s) have competence on water-related issues | Criteria used to assess competence of board member(s) on water-related issues | Primary reason for no board-level competence on water-related issues | Explain why your organization does not have at least one board member with competence on water-related issues and any plans to address board-level competence in the future |
|-------|---|--|--|---|
| Row 1 | Yes | The criteria used to assess the competency of board members on water related issues is based on initial training, professional experience in relation to water use and challenges, awareness and exposure to high level water related topics and decision making. 2 members of the Group Executive Committee (GEC) have competencies on water-related issues who are both also co-leaders of the Environmental Governance body. The chief operating officer, through his educational training and more importantly his professional career, which has led him to work at different manufacturing sites and as head of industrial operations, has always been involved with water uses, technological challenges and stakes which have required high-level decision making. The president of research and development via his educational training and his professional background have given him a good understanding of water usage on the whole life cycle of the tyre. Complementary to this knowledge, during each presentation regarding water issues at the environmental governance there is an important reminder of the context related to water, its use, the technical challenges which increase their competence on water. | <Not Applicable> | <Not Applicable> |

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Chief Operating Officer (COO)

Responsibility

Assessing future trends in water demand
Assessing water-related risks and opportunities
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Half-yearly

Please explain

The Chief Operating Officer (COO) is a member of the GEC and the lead chair of the Environmental Governance (EG). Water related issues are overseen by this EG body that is chaired by 2 members of the GEC: the COO and the executive vice president of R&D. They represent the full GEC so they are vested with decision-making power. The governance body also includes the chief procurement officer, chief risk officer, EHS manager, sustainability manager, and chief legal officer. All major decisions on water-related risks, opportunities and investments impacting operations that are not made by the GEC are made at this governance level. The nature of the report includes assessing future trends in water, reviewing of progress, monitoring of emerging issues, risks and opportunities, the building of the 10 year roadmap, the main levers to be put in place, their level of gain and the associated capex and opex. The EG meets three times a year to discuss such topics.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

| | Provide incentives for management of water-related issues | Comment |
|-------|---|---------|
| Row 1 | Yes | |

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

| | Role(s) entitled to incentive | Performance indicator | Please explain |
|---------------------|--|---|--|
| Monetary reward | Chief Executive Officer (CEO), Chief Operating Officer (COO) | Reduction of water withdrawals Other, please specify (Worldwide deployment of a transformation program to reach 2030 environmental targets, including 2030 target is to reduce by 33% water withdrawals, as weighed with sites' water stress coefficients, compared with 2019) | A portion (2% of profit share) of the CEO's annual incentive bonus is indexed to the implementation of 6 transformation programs, including one for achieving a set of 2030 environmental targets. In order to align the Managers' medium/long-term objectives with the objectives assigned to the employees of Group companies, the long-term variable compensation takes the form of Michelin performance share rights. One of the 5 performance criteria is the Industrial-Michelin Environmental Performance (i-MEP) This composite indicator, that includes water withdrawal intensity weighed with sites' water stress coefficients, was chosen because it reflects the environmental performance of the Group's industrial sites. This composite indicator must be below a defined threshold for the monetary reward to be triggered. |
| Non-monetary reward | No one is entitled to these incentives | <Not Applicable> | |

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

No

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

No, but we plan to do so in the next two years

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

| | Are water-related issues integrated? | Long-term time horizon (years) | Please explain |
|---|--|--------------------------------|---|
| Long-term business objectives | Yes, water-related issues are integrated | 11-15 | In 2016, the Group Executive Committee (GEC) reviewed water-related issues as part of a corporate program, called the Water Program, to reduce the environmental footprint across all manufacturing facilities. It was assessed that our main impact on water concerned water withdrawals. As a result, the Environmental Governance body validated a long term ambition related to water in manufacturing operations being "by 2050 our industrial sites have zero impact on water availability for local communities". This long term ambition was broken down into a 2030 objective which states that we wish to achieve a 33% water withdrawal reduction (in m3 per tons) objective between 2020 and 2030 for all Group facilities, with a prioritisation for the 9 sites identified in high water stressed areas. |
| Strategy for achieving long-term objectives | Yes, water-related issues are integrated | 11-15 | The strategy for achieving reduction in water footprint and zero impact goals is focused on 1) deploying known levers and 2) exploring new ones. The known levers are being more energy efficient and more particularly reducing our steam consumption. An example is the development of new industrial processes that consume significantly less water such as electric presses which replace steam curing presses. New levers are the leaning on digitalisation to follow in real-time key water parameters to operate our water consumption more efficiently. We are also working on how to reduce, reuse and recycle all waste water streams within our industrial sites to lower our water withdrawals. All known and exploration levers are in our Group Water Roadmap which details the path towards our objectives and ambitions. |
| Financial planning | Yes, water-related issues are integrated | 5-10 | The GEC requests from the EHS team the building of 10 year roadmaps in line with our 2030 objectives and 2050 ambitions. Such a roadmap exists for water. It describes all the levers, gains and associated CAPEX and OPEX to reach our water goals. These capex and opex represent the financial planning of our strategy and are broken down by business line which then include these budgets in their portfolio to deploy the corresponding levers. The follow up and review of this roadmap takes place in each business line and then at Group level during an environmental governance meeting. For example the lever of digitalisation requires approximately 50k€ per site for deployment (without counting additional metering). For sites wishing to activate this lever, this sum is budgeted in their annual plan. |

W7.2

(W7.2) What is the trend in your organization’s water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

49

Anticipated forward trend for CAPEX (+/- % change)

10

Water-related OPEX (+/- % change)

44

Anticipated forward trend for OPEX (+/- % change)

10

Please explain

Routine operating expenses for water management are not consolidated at Group level. The figures reported represent costs of implementing NEW means (e.g., equipment, processes, infrastructure, etc.) for achieving improved performance in preventing surface water pollution and in sustainably using water resources, consolidated in two categories: capital expenditures and operating expenses. As such, the amounts can vary from year to year, as is the repartition between CAPEX and OPEX according to local regulation applied to projects. The tension regarding the COVID-19 situation being less present in 2021 vs 2020, projects which had been stopped or delayed were carried out in 2021. Some examples are the installation of Reverse Osmosis equipments, new metering or the detection and replacement of damaged water pipes. The trend is an increase in CAPEX and OPEX as we can anticipate more reuse and recycling projects which have impacts on both.

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

| | Use of scenario analysis | Comment |
|-------|--------------------------|---------|
| Row 1 | Yes | |

W7.3a

(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization’s business strategy.

| | Type of scenario analysis used | Parameters, assumptions, analytical choices | Description of possible water-related outcomes | Influence on business strategy |
|-------|--------------------------------|--|--|--|
| Row 1 | Water-related | Water risk is a local problem, that's why the situation of the country that each supplier is located in were studied to better understand their intrinsic risks. The parameters are: The dependency ratio (total water renewable resources originating from outside the country), industrial water withdrawal, total water withdrawal and industrial water withdrawal as a % of total withdrawals over three periods of time. Countries were selected based on where the various supplier sites are located (total of 33 countries). All the data and definitions came from the FAO AQUASTAT database with the time period spanning 14 years (2003 to 2017), broken up into 3 periods each lasting 4 years. Tool used on scenario analysis: WRI Aqueduct. 3 indicators that could show a potential disruption to business were considered: 1/Baseline water stress: measures the ratio of total withdrawals to total available annual renewable supply. 2/Flood occurrence: a count of the number of floods recorded between 1985 and 2011. 3/Drought severity: estimates the average of the length times the dryness of droughts from 1901 to 2008. Three different scenarios were studied: "Optimistic" (SSP2 RCP4.5): Stable economic development and carbon emissions peaking and declining by 2040. "Business as usual" (SSP2 RCP8.5): Stable economic development and steadily rising global carbon emissions. "Pessimistic" (SSP3 RCP8.5): Fragmented world with uneven economic development and steadily rising global carbon emissions. Based on these three scenarios, we will look at how water stress (projected change) and water demand (projected change) could change in 2020, 2030, and 2040 for the supplier sites. This is a qualitative scenario analysis. | The results of the supplier site water risk study showed that certain suppliers are located in areas of higher water stress and/or higher competition among users. Depending on the scenario, roughly 50% of supplier sites are located in areas not projected to undergo any significant change compared to the baseline year, and the other 50% are located in areas projected to undergo slight increases in water stress and competition. Only a few sites are located in areas projected to show a significant increase in the two parameters. The main outcome of this scenario analysis was the understanding that supply disruptions could very well occur, but at a small number of supplier sites, given the current diversification of raw material supplies. | Water scenario analysis was used during an update to a supplier site water risk study to provide a qualitative description of how the water stress and water demand could change in the future for the priority supplier sites (all suppliers of raw materials) that were included in the study. This study enabled the corporate purchasing department to be informed of supplier sites that potentially require monitoring for water risks and which ones could be problematic in the years to come due to water shortages. In 2021, an SBTN methodological test was conducted to identify the water-related risks throughout the group's value chain. Updates of this test will be conducted regularly in the future. |

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

Yes

Please explain

The growing pressures on the water resource has led the Group to define an internal price of water of 5€*site water stress per cubic meter which is to be applied via ROI (return on investment) calculations of investment projects impacting water consumption. This price was determined by a group of internal water and energy experts and was selected among several scenarios after external benchmarking. It considers the upstream total cost of water for its usage on an industrial site and the downstream cost represented by the valorization of externalities. The total cost of water was achieved after analysis of data at approximately half of Michelin's industrial sites. The valuation method used is based on OECD definition of valuing avoidance costs, with input from ISO 14007 and ISO 14008. Its base of 5€, common to all sites, multiplied by the sites' specific water stress makes it a simple and comprehensive tool. It is more than 5 times higher than the weighted average cost for 1m3.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

| | Products and/or services classified as low water impact | Definition used to classify low water impact | Primary reason for not classifying any of your current products and/or services as low water impact | Please explain |
|-------|---|--|---|---|
| Row 1 | No, but we plan to address this within the next two years | <Not Applicable > | Important but not an immediate business priority | Our tyre products are classified in Europe via the tyre labelling system which provides consumers with information on fuel efficiency, safety and noise by detailing the tyres' rolling resistance, wet grip, and external rolling noise. However, for the moment we haven't classified our products or services with regard to their water impact. We rank the water intensity of each of our industrial sites (in m3 per ton of finished products) but haven't tagged this analysis as a formal classification. However it helps us pull progress as we can see which production sites are the less water intensive. Therefore we could imagine in the future classifying industrial sites of "low water impact" according to their water intensity, comparing either to the Group's yearly average or maybe the sites which are already under the Group's 2030 target. |

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

| | Levels for targets and/or goals | Monitoring at corporate level | Approach to setting and monitoring targets and/or goals |
|-------|---|--|---|
| Row 1 | Company-wide targets and goals Business level specific targets and/or goals Site/facility specific targets and/or goals | Targets are monitored at the corporate level | Goals are set by the Group Executive Committee (GEC) via its Environment Governance. The GEC established in 2005 the Michelin Environmental Footprint (MEF), a composite indicator which is monitored by the Environment Governance and which includes water intake. The MEF is a Group level indicator that is followed down to site level. The Group's 2020 ambition to reduce the MEF by 50% compared with 2005 has been reached and a new composite indicator has been defined for 2021 onward. This new indicator is called i-MEP: industrial-Michelin Environmental Performance. Michelin's water strategy included a 30% reduction in water use per tyre from 2010 to 2020. This has also been reached (-36%). The new target is to reduce water withdrawals by 33% between 2020 and 2030 taking into account stress coefficients. A Group roadmap exists listing the known levers and exploratory programs to lead to reach our 2030 objective. Each manufacturing operation, called MO (equivalent to a business unit) is in charge of deploying its own 2020-2030 roadmap among the industrial sites that it supports. On behalf of the GEC, the Environment Governance body conducts a biannual review of the composite indicator to ensure progress is being made or to act on lack of progress. Annual targets are set at site-level and are validated at MO level. They are also consolidated at year-end by the corporate EHS department, who also ensures quarterly monitoring, manages the annual verification process and publish the results in the annual report. |

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Product water intensity

Level

Company-wide

Primary motivation

Water stewardship

Description of target

Reduce the volume of water withdrawn in cubic meters multiplied by site water stress per metric ton of finished product and semi-finished product. This target is part of the Group's composite environmental indicator: i-MEP = industrial Michelin Environmental Performance. The overarching objective is to reduce the impact of Michelin's manufacturing operations on human health and ecosystems. Freshwater being vital for other industries and human activities, decreasing water withdrawals 1) enables risk of potential conflicts to be reduced, 2) reinforces Michelin's reputation for strong corporate responsibility, 3) achieves cost-savings by reducing the energy required for using water in production systems and, finally, 4) reduces the amount of chemicals required for water treatment. The target was therefore adopted to drive progress on multiple fronts at once based on environmental, economic and reputation considerations.

Quantitative metric

% reduction per unit of production

Baseline year

2019

Start year

2021

Target year

2030

% of target achieved

20

Please explain

The target is to cut withdrawals by 33% in 2030 compared to the baseline year of 2019 (2020 is not considered as representative due to the covid crisis). This is measured in cubic meters multiplied by the site water stress coefficient per ton of semi-finished and finished product. By end of 2021, Michelin has achieved a 6,7% reduction compared to 2019 which means 20% of the global 2030 target has been reached.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

Yes

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

| Disclosure module | Data verified | Verification standard | Please explain |
|-------------------|--|-----------------------|--|
| W1 Current state | Water withdrawals: total volume of all Michelin plants | ISAE 3000 | 22% of site-level data and 100% of corporate-level data have been verified by a third-party chartered accountant providing limited assurance according to the ISAE3000 standard for purposes of complying with French law for transparent reporting on CSR information (Code de Commerce, article L. 225-102-1). The methodology followed is stipulated by the French law (Code de Commerce, article L. 822-11-3). |
| W8 Targets | Percentage of manufacturing sites having implemented the standardized water assessment method. | ISAE 3000 | 100% of the information have been verified by a third-party chartered accountant providing limited assurance according to the ISAE3000 standard for purposes of complying with French law for transparent reporting on CSR information (Code de Commerce, article L. 225-102-1). The methodology followed is stipulated by the French law (Code de Commerce, article L. 822-11-3). |
| W1 Current state | Water discharge quality – by standard effluent parameters – for all sites with an industrial activity that discharge directly into the natural environment | ISAE 3000 | 22% of site-level data and 100% of corporate-level data have been verified by a third-party chartered accountant providing limited assurance according to the ISAE3000 standard for purposes of complying with French law for transparent reporting on CSR information (Code de Commerce, article L. 225-102-1). The methodology followed is stipulated by the French law (Code de Commerce, article L. 822-11-3). |

W10. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

| | Job title | Corresponding job category |
|-------|--|----------------------------|
| Row 1 | Chief Manufacturing Officer, Member of the Group Executive Committee, Member of the Groupe Management Committee and lead chair of the Environment Governance body. | Director on board |

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

No

SW. Supply chain module

SW0.1

(SW0.1) What is your organization's annual revenue for the reporting period?

| | Annual revenue |
|-------|----------------|
| Row 1 | 23795000000 |

SW1.1

(SW1.1) Could any of your facilities reported in W5.1 have an impact on a requesting CDP supply chain member?

No facilities were reported in W5.1

SW1.2

(SW1.2) Are you able to provide geolocation data for your facilities?

| | Are you able to provide geolocation data for your facilities? | Comment |
|-------|---|---------|
| Row 1 | No, this is confidential data | |

SW2.1

(SW2.1) Please propose any mutually beneficial water-related projects you could collaborate on with specific CDP supply chain members.

SW2.2

(SW2.2) Have any water projects been implemented due to CDP supply chain member engagement?

No

SW3.1

(SW3.1) Provide any available water intensity values for your organization's products or services.

Product name

Passenger car and light truck tires

Water intensity value

8.2

Numerator: Water aspect

Water withdrawn

Denominator

metric tons of finished product

Comment

The figure represents the average value of water intensity for production plants worldwide that manufacture primarily passenger car and light truck tires.

Product name

Truck, bus and other heavy-duty on-road tires

Water intensity value

4.2

Numerator: Water aspect

Water withdrawn

Denominator

metric tons of finished product

Comment

The figure represents the average value of water intensity for production plants worldwide that manufacture primarily truck, bus and other heavy-duty on-road tires.

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

| | I understand that my response will be shared with all requesting stakeholders | Response permission |
|---------------------------------------|---|---------------------|
| Please select your submission options | Yes | Public |

The European Climate Pact Submission

Please indicate your consent for CDP to showcase your disclosed environmental actions on the European Climate Pact website as pledges to the Pact.

No, we do not wish to pledge under the European Climate Pact at this stage

Please confirm below

I have read and accept the applicable Terms