



# ***DUTY OF CARE PLAN*** — 2021 —

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# INTRODUCTION

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For the fifth year in a row, Michelin has prepared a Duty of Care Plan in compliance with Act 2017-399 of March 27, 2017. It describes all of the risks incurred by the Group's businesses and its main subcontractors as regards the environment, health & safety and human rights<sup>(1)</sup>, along with the measures taken to prevent and mitigate them. The Duty of Care Plan presents the relevant information disclosed by the Group in its Universal Registration Document (which includes the Statement of Non-Financial Performance) and other annual reports.

The Duty of Care Plan is fully in line with the Group's values and its commitment to responsible development in relation to all of its stakeholders. This commitment is reflected in strategic management at the highest level of the company, of issues related to sustainable development: the Group Management Committee - composed of the Executive Committee and the Directors of several other functions, including Legal and Purchasing - approves the strategic orientations of the Ethics Committee and the Environment, Human Rights, Health & Safety governance bodies at sessions held twice a year by the Sustainable Development Director. Since 2020, the Supervisory Board of the parent company, Compagnie Générale des Établissements Michelin, has also included a CSR Committee that supervises issues relating to Michelin's corporate social responsibility. In July 2021, the Duty of Care Plan was presented and discussed at a meeting of the CSR Committee. Michelin's "All Sustainable" approach and the Group's strategy through to 2050 were also discussed by the Executive Committee and its Corporate Stakeholder Committee at two digital meetings, one in September 2021, the other in January 2022.

The values underpinning Michelin's diligence initiatives are rooted in its founding documents and its policies, in particular the Michelin Performance and Responsibility Charter, the Code of Ethics, the Purchasing Principles, the Health, Safety and Quality of Worklife Policy, the Environmental General Policy Note and the Diversity and Inclusion Policy. In these documents and the associated referentials, the Group has laid down compliance standards that not only meet the standards of the countries in which it operates, but often exceed the requirements of the local legislation. In its duty of care approach, Michelin also relies on compliance with international standards. Since 2010, the Group has pledged to support the United Nations (UN) Global Compact and upholds the UN Guiding Principles on Business and Human Rights, the Fundamental Conventions of the International Labour Organization (ILO) and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

The drafting and monitoring of the Duty of Care Plan are coordinated by the Sustainable Development and Mobility Department, which leads a working group comprising representatives from the Internal Control, Risk Management, Environment and Prevention, Purchasing, Human Resources, Legal Affairs and Compliance Departments. Each department provided input to expand and update the plan with support from the Sustainable Development and Mobility Department.

Every year, new items are added to the Group's duty of care plan. This year's plan includes a number of advances and improvements on the previous version:

- For the first time, the plan has published a map of the risks hanging over the environment, health and safety, and human rights. It was drawn up in line with the materiality matrix that was renewed in 2021.
- A new Code of Ethics was published in March 2021. Among other subjects, it sets out the rules on six human rights issues (child labor, forced labor, discrimination, harassment, impact on local communities, and health & safety), along with what is expected of each employee in relation to environmental issues.
- To help prevent harassment, a new policy was drawn up and the processes were considerably reinforced.
- The Group identified potential wage gaps in comparison with the decent wage in the countries in which it operates; it also initiated an examination of social protection.
- The main indicators used in the duty of care initiative are listed at the end of the document.

The scope of the Duty of Care Plan is the whole of the Michelin Group. Section 5 of the plan deals more specifically with recently acquired companies; their practices are being assessed and gradually harmonized, each within a specific time frame.

The items comprising the Duty of Care Plan are published in the 2021 Universal Registration Document (URD), primarily in the Statement of Non-Financial Performance (Chapter 4) but also in Chapter 2, and are set out in a table of concordance. Further information about certain subjects covered in the present document can also be found in the URD. If necessary, readers can refer to the relevant section of the URD, which is mentioned at the beginning of each chapter.

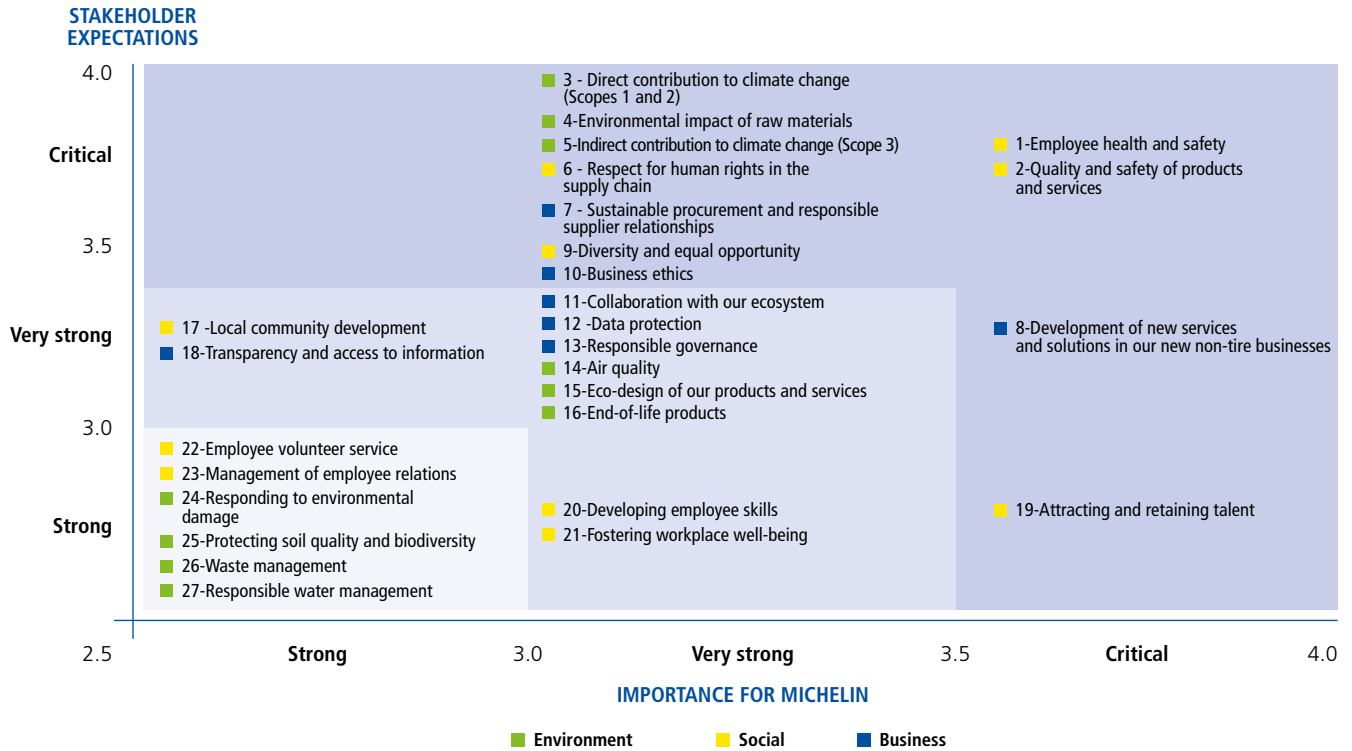


# METHODOLOGY AND RISK MAPPING

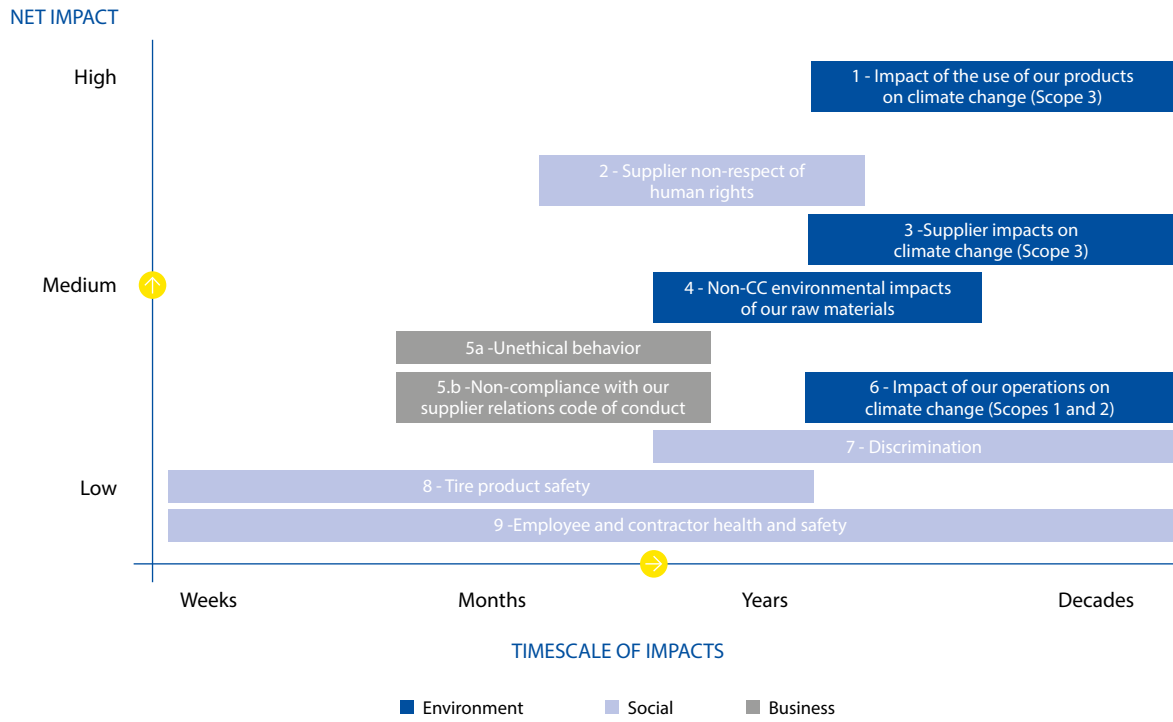
## MATERIALITY MATRIX

To define and manage its main social responsibility issues, the Group has prepared a materiality matrix. These issues represent not only potential risks, but also opportunities for growth and business development.

A new materiality matrix, presented below, was produced in 2021 by an outside firm, which consulted external stakeholders and Michelin employees in six countries (Germany, Brazil, China, the United States, France and India) considered representative of the Michelin Group's operations. To do so, the firm analyzed 41 interviews and 120 online questionnaires.



In an initial approach, the Group selected the 10 most critical of these 27 issues (shown in dark blue on the matrix) and translated them into risks. This new map of non-financial risks can be used to position risks on the basis of their impact horizon and their net impact outside the Group.



# 1 / ENVIRONMENTAL RISKS

(see detailed presentation in URD 4.1.4)

By potentially generating negative environmental externalities, the Group may have an adverse effect on the planet and/or its stakeholders. Michelin aims to further expand its role as a key player in sustainable development and mobility. This entails properly identifying and effectively managing the environmental risks inherent in its business.

## MAIN POTENTIAL ENVIRONMENTAL RISKS

Risk category	Main example	Typical cause	Possible impact
<b>Accidental pollution caused by our operations</b>	Accidental spills of products harmful to the environment	Fire	Pollution (water, soil)
<b>Environmental impact of our operations</b>	Atmospheric emissions (VOC, CO <sub>2</sub> , NO <sub>x</sub> ) and effluent releases (BOD, COD, TSS)	Emissions from tire production processes	Pollution (air, water, soil)
<b>Environmental impact of our products</b>	Non-recycling of end-of-life products	Lack of collection processes	Pollution (water, air)
<b>Environmental impact of our suppliers</b>	Pollution caused by one of our suppliers' operations	Inability of suppliers to manage their performance, which could have a major direct impact on the environment (water, air and soil pollution)	Pollution (air, water, soil)

### Environmental governance and management system

The Environmental Governance body is chaired by the Executive Vice President, Manufacturing, who sits on the Group Executive Committee. It is led by the Group Environment and Prevention Manager and coordinated by the Vice President, Sustainable Development. Other members include the Executive Vice President, Research and Development and eight other standing members who represent, respectively: Standards and Regulations; Sustainable Development and Mobility; Materials Research; Risk Management; Purchasing; the B2B On-Road section of the Research and Development Operational Department; Information Systems Security, Safety & Security and the Environment; and the High-Tech Materials Business Line.

The Environmental Governance body meets two to three times a year. It approves environmental policy, ambitions and strategies, and tracks the proper execution of the action plans deployed to achieve the objectives. It ensures that environmental risk is under control and that, if necessary, effective, preventive or remedial measures have been defined and implemented. The body is supported by the work of four multidisciplinary Operational Committees – the Environment Committee, the Carbon Strategy Committee, the Circular Economy Committee and the Biodiversity Committee – which are tasked with coordinating initiatives, picking up weak signals, assessing emerging risks and identifying opportunities to reduce environmental impacts.

For its manufacturing, research, logistics and tertiary operations, the Group has developed an Environmental Management System (EMS) that allows each of its sites to curb its environmental impacts on a day-to-day basis and over the long term. 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. It covers the requirements of the ISO 14001-2015 standard. Since 2018, all of the Group's production plants subject to certification have been certified to this standard.

The EMS is a holistic approach that aims to not only identify environmental risks but also recommend mitigation and prevention processes for each one.



## INDICATORS AND MONITORING

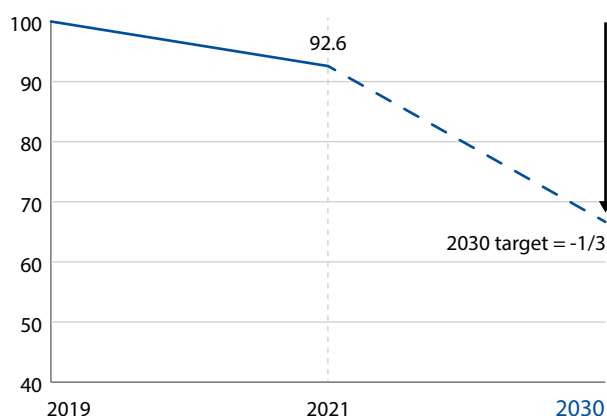
Since 2005, Michelin has been measuring the main impacts of its manufacturing operations. The progress made within the framework of the four environmental programs is tracked at every level of the Group – from the sites up to the Group Executive Committee – using a composite performance indicator. The Michelin Environmental Footprint (MEF) indicator used between 2005 and 2020 was replaced in 2021 by the i-MEP (Industrial Michelin Environmental Performance), which is based on five components: energy consumption and water withdrawals, CO<sub>2</sub> emissions, consumption of volatile organic compounds (VOCs) and the amount of waste generated. This indicator is included in the Group’s balanced scorecard and is one of the strategic indicators that every plant must track in order to measure its operational excellence.



Components	Weighting
Energy use	20
CO <sub>2</sub> emissions	20
Organic solvent use	20
Water withdrawals x water stress	20
Amount of waste generated	20

This new environmental indicator is intended to help the Group reduce its environmental footprint by a third by 2030. To do so, it will rely on the four environmental programs, whose respective road maps have been drawn up through to 2030. The results obtained in 2021 are set out in the table below.

### Progress of the i-MEP (Industrial-Michelin Environmental Performance) indicator for the Group



### Progress of the i-MEP (Industrial-Michelin Environmental Performance) indicator for the Group

Group 2030 ambitions	2030 ambition by comparison with 2019	2019	2021	2022 target	Change 2021/2019
i-MEP	-1/3	100	92.6	89.1	7.4

## 1.1 / OVERALL IMPACT ON CLIMATE CHANGE AND MITIGATION STRATEGY (see detailed presentation in URD 4.1.4.1)

Greenhouse gas emissions from human activities are contributing to the planet-wide impacts documented by the Intergovernmental Panel on Climate Change (IPCC), in particular in its latest 2022 report: “Impacts, Adaptation and Vulnerability, Summary for Policymakers”.

### RISK FACTORS

The risks linked to climate change are many and varied, and require concrete actions on the part of society’s public, private and economic stakeholders. The Michelin Group has identified the main risk factors in accordance with different categories: the impacts measured in terms of CO<sub>2</sub> emissions linked to the Group’s operations (Scopes 1 & 2), those linked to the use of our products (Scope 3), by our suppliers of raw materials, transportation and energy (Scope 3) and lastly those linked to the treatment of end-of-life products.



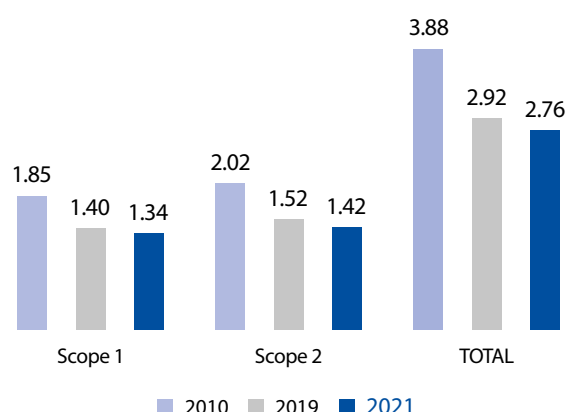
## THE GROUP'S CARBON FOOTPRINT

Michelin regularly updates the inventory of CO<sub>2</sub> emissions linked to its operations in accordance with the Greenhouse Gas Protocol benchmark standard. The inventory is established for an overall scope that corresponds to the Group's scope of financial consolidation. The latest inventory is set out in the table below. The methodology and data used have undergone a third-party verification in accordance with the ISAE 3000 standard.

Scope	Inventory (millions of tonnes of CO <sub>2</sub> )	Year	Group sources covered by the inventory	Comments
Scope 1	1.35	2021	CO <sub>2</sub> emissions from the boiler houses at production and R&D sites	Michelin controls the assets at which energy is used, thus generating CO <sub>2</sub> emissions.
Scope 2	1.42 <sup>(1)</sup>	2021	CO <sub>2</sub> emissions from generating the electricity and steam used by the production and R&D sites	The change in emissions volumes in 2021 compared with the 2010 baseline is presented below (see Scope 1 and Scope 2 CO <sub>2</sub> Emissions). GRI 305-1: Direct (Scope 1) GHG emissions GRI 305-2: Direct (Scope 2) GHG emissions
Scope 3 Required	17	2021	CO <sub>2</sub> emissions from the relevant activity categories corresponding to the Group's value chain (see Breakdown of Scope 3 CO <sub>2</sub> emissions by category)	Michelin's ability to influence activities in the value chain varies by category. The tonnage is an estimate, with the margin of uncertainty ranging from ±10% to ±30%, depending on the category. As a result, it is not yet possible to present reliable data on how these estimated emissions evolve over time. GRI 305-3: Other indirect (Scope 3) GHG emissions.
Scope Optional	127	2021	Indirect CO <sub>2</sub> emissions from sold tires in use	Thanks to its research and development expertise, Michelin has a significant impact on vehicular CO <sub>2</sub> emissions through the energy efficiency of its tires. Inventoried tires include all passenger car, light truck, heavy truck and bus tires intended for on-road use, but not two-wheel tires, which account for less than 1% of emissions. The reported figure's margin of uncertainty is estimated at ±30% due to the assumptions concerning the number of vehicles fitted with tires sold worldwide by the Group (whether their powertrains are internal combustion or electric), the distance traveled over the reporting year and the lifespan of the sold tires.

(1) Cf. URD section 4.1.4.3 b) Reduction in industrial sites' environmental footprint; Summary table of environmental data for the Group.

**Trends in Scope 1 and Scope 2<sup>(2)</sup> CO<sub>2</sub> emissions (market-based)**  
(in million tonnes of CO<sub>2</sub>)

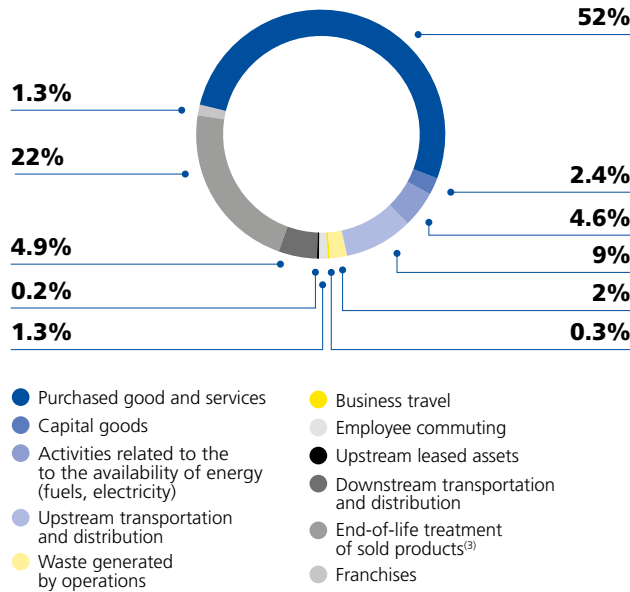


(2) Because the level of uncertainty for the various Scope 3 categories remains high, the Group has decided to carry out a full inventory every three years.





### Breakdown of required disclosure scope 3 CO<sub>2</sub> emissions by category



(3) Total CO<sub>2</sub> tonnage emitted during the end-of-life treatment of sold tires has been estimated at 3.7 million tonnes based on an aggregate recovery and reuse rate of 76% (see section 4.1.4.2 b) Recycle). If the reuse of secondary raw materials from the end-of-life treatment of sold tires is taken into account, as in the ISO 14067: 2018 Greenhouse Gases – Carbon Footprint of Products method, a total of 6.4 million tonnes of CO<sub>2</sub> were avoided. By not using new raw materials, including petroleum derivatives, the recovery and recycling of end-of-life tires helps to avoid emitting CO<sub>2</sub>.

### PREVENTION AND MITIGATION MEASURES

Michelin is well aware that global climate change may lead to severe damage to the environment and infringement of human rights. Accordingly, it is taking steps to promote an energy transition and low-carbon mobility.

Under its decarbonization plan, Michelin is aiming for carbon neutrality by 2050<sup>(4)</sup> for Scopes 1, 2 and 3<sup>(5)</sup>, and making it a priority to maximize the reduction of emissions from:

- all its production facilities;
- its logistics operations;
- its supply chain with its suppliers of raw materials and components.

As part of its strategic plan, the Group continues to innovate to achieve the transition to low-carbon mobility of goods and people. Its main initiatives are:

- to design products that retain very high energy efficiency throughout their life cycle, from production through their useful lifetime and right up to their end-of-life recycling;
- to develop services and solutions that optimize the use and management of vehicle fleets, thereby reducing the consumption of fuel and other energy sources;
- to develop new mobility solutions through ecosystem innovation, in particular with the development of the hydrogen sector.

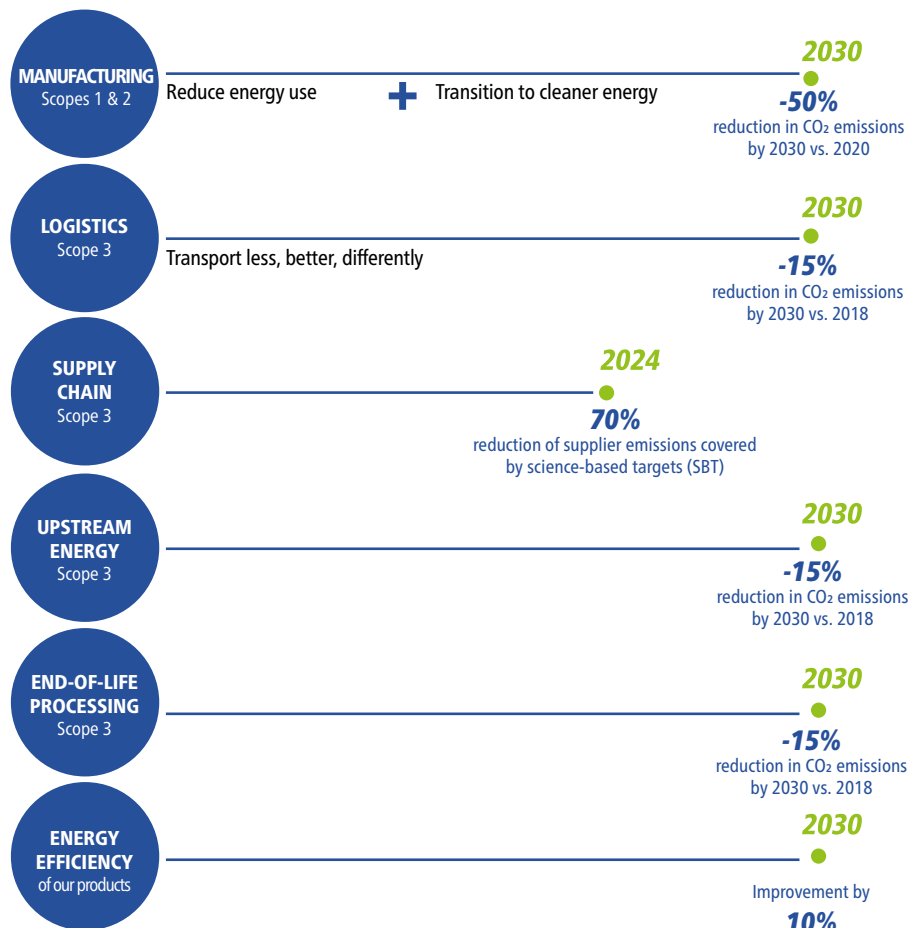
The Group has set five intermediate objectives for reducing CO<sub>2</sub> emissions, presented below, along with the objective of improving tires' energy efficiency by 10% in 2030 (by comparison with 2020).

In July 2021, Michelin joined the "Race to Zero" campaign and committed to achieving net zero emissions by 2050 - a commitment backed by the international consortium Science Based Targets initiative (SBTi), the United Nations Global Compact and We Mean Business. These five objectives contribute to achieving this goal.

(4) Embarking on the path to carbon neutrality implies that the company will reduce, as much as possible, the CO<sub>2</sub> emissions generated by its own operations and those of its value chain, and prepare, in the longer term, to capture the carbon equivalent to the residual emissions. In this respect, the term "carbon neutrality" is synonymous with "net zero emissions", which matches the definitions of the IPCC, the Intergovernmental Panel on Climate Change.

(5) Excluding the usage phase, cf. 4.1.4.1 b) Transition plan: company strategy.





## 1.2 / IMPACT OF OUR OPERATIONS ON CLIMATE CHANGE (SCOPES 1 & 2) (see detailed presentation in URD 4.1.4.1 a-b)

### PREVENTION AND MITIGATION MEASURES

#### OUR AMBITIONS

- by 2050, the Group aims to achieve Net Zero Emissions of CO<sub>2</sub> for its production bases (Scopes 1 and 2). This is consistent with the scenarios developed by the scientific community and which would make it possible to keep climate warming below 1.5 degrees<sup>(6)</sup>;
- for 2030, the Group has set itself a medium-term checkpoint that corresponds to a linear improvement: halve emissions from Group sites by 2030 by comparison with the 2010 level, i.e. a 25% reduction between 2019 and 2030.

The emissions reduction program is grounded on two main focus areas:

- use less energy (energy conservation);
- use energy more efficiently (energy transition).

The first avenue for improvement draws on the Manufacturing Department's energy efficiency initiative (e.g. process electrification, tire-curing performance and management, utility efficiency, the installation of new heat pumps).

For the second focus area, there are two types of lever: structural levers, which consist in upgrading the energy-supply infrastructures to lower-carbon energy sources; and market driver, which consist in buying lower-carbon forms of energy. To boost progress, an internal carbon price of €100/tonne is applied to the economic analyses of projects that require investments.

(6) In model pathways with no or limited overshoot of 1.5°C, global net anthropogenic CO<sub>2</sub> emissions decline by about 45% from 2010 levels by 2030 (40–60% interquartile range), reaching net zero around 2050 (2045-2055 interquartile range). IPCC Special Report: Global warming of 1.5°C.



In 2018, the Group's Environmental Governance body approved the commitment to stop using coal to power production plants by 2030. Today, only four of the Group's sites are still equipped with coal-fired boiler plants: Olsztyn (Poland), Louisville (United States), Bassens (France) and Pirot (Serbia); one site, Shenyang (China), buys steam from a coal-fired facility. Studies into replacing coal by another primary energy source, such as gas or biomass from sustainably-managed sources, are underway for four of these five plants.

**Examples of achievements**

**Development of renewable energies**

Since 2008, the Michelin Group has been taking steps to develop renewable energies. These initiatives, whether they involve biomass, solar or wind power, are often lengthy. Today, 21 Group plants have renewable-energy projects.

**Purchasing guaranteed-renewable electricity**

Since 2017, Group plants in the European Union have been using renewable electricity. In 2021, the Group purchased electricity backed by certificates of origin in Brazil and the Republic of Serbia. In China, in addition to the above-mentioned on-site power plants, the Group has started purchasing decarbonized electricity.

In all, 18.3% of the heat and power used by the Group in 2021 came from renewable sources.

**1.3 / IMPACT OF SCOPE 3 ON CLIMATE CHANGE**

*(see detailed presentation in URD 4.1.4.1 a)*

**1.3.A / IMPACT OF THE USE OF OUR PRODUCTS ON CLIMATE CHANGE**

**CO<sub>2</sub> EMISSIONS GENERATED BY THE IN-USE PHASE**

Reducing a tire's rolling resistance by design helps to improve a vehicle's fuel efficiency, which in turn reduces both CO<sub>2</sub> emissions during use and ambient air pollutants, such as NO<sub>x</sub> and SO<sub>x</sub>. Lower rolling resistance also increases the range of electric vehicles. In 1992, Michelin was the first tire manufacturer to increase its tires' energy efficiency so that vehicles used less fuel and emitted less CO<sub>2</sub>. CO<sub>2</sub> emissions reduction is guided by a Life Cycle Assessment (LCA) of environmental impacts applied to the entire product plan, based on LCA best practices and ISO 14040 on Environmental management — Life cycle assessment — Principles and framework.

**OUR COMMITMENT**

Improve tires' energy efficiency by 10% in 2030 by comparison with 2020.

- Key Performance Indicator: improvement in the rolling resistance (RR) of Passenger Car, Light Truck and Truck tires by comparison with 2020, weighted by the sales volume (tonnage) in the reporting year.



In 2021, Michelin improved its products' energy efficiency by 0.5% compared to 2020. The reduced rolling resistance of the Passenger Car, Light Truck and Truck tires placed on the market in 2021 saved roughly 3.4 billion liters of fuel over the tires' lifespan, thereby avoiding around 8.7 million tonnes of CO<sub>2</sub> emissions by comparison with the tires marketed in 2010.

Over the past 20 years, Michelin has improved the energy efficiency of its tire portfolio by over 20%, without compromising on safety or longevity. For the next 10 years, the aim is to maintain our leadership while continuing to develop this performance.



Another lever that the Group uses to reduce CO<sub>2</sub> emissions involves the functional economy. It consists in either a tire monitoring and maintenance service aimed at optimizing their performance – in particular their energy performance – or a service that simply optimizes journeys and improves their carbon footprint, among other things.

Michelin also sees the electric vehicle market as a real opportunity to speed up the energy transition. On the strength of its unparalleled expertise in materials – and in particular its 15-year expertise in hydrogen fuel cells – in 2019 Michelin acquired the hydrogen fuel cell company SYMBIO, then joined with Faurecia to create a joint venture: SYMBIO, A FAURECIA MICHELIN HYDROGEN COMPANY, which aims to become the world leader in hydrogen mobility.

Michelin also plays a prominent role in leading international forums promoting sustainable mobility, such as the Transport Decarbonation Alliance, the Paris Process on Mobility and Climate, and Sum4All, which in late 2020 appointed the Group to the Steering Committee for a two-year term as the only private-sector representative. The Movin'On ecosystem, initially created by Michelin, believes that no stakeholder will be capable of meeting the challenges posed now and in the future on its own. Accordingly, it is federating public and private stakeholders, whether collective or individual, around this vision and giving them the means to innovate together to find new solutions for sustainable mobility. Today, the Movin'On ecosystem comprises over 300 organizations from 60 countries. Its most recent summit was held in June 2021.

### 1. 3. B | IMPACT OF OUR SUPPLIERS ON CLIMATE CHANGE

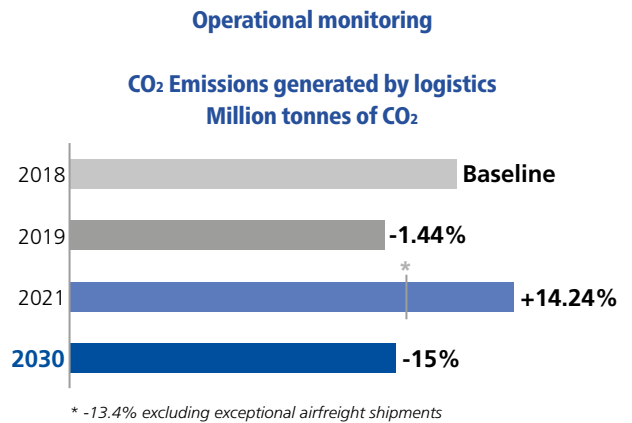
#### REDUCING THE EMISSIONS GENERATED BY OUR LOGISTICS OPERATIONS

##### PREVENTION AND MITIGATION MEASURES

###### OUR AMBITION

Reducing greenhouse gas emissions from logistics operations is a major priority for Michelin. The corporate Supply Chain Department has set an ambitious objective: to reduce CO<sub>2</sub> emissions (in tonnes) by 15% between 2018 and 2030.

The structural efficiency improvements have yielded results: the "Tonne of CO<sub>2</sub> emitted per Tonne sold" indicator fell 11% between 2018 and 2021, thanks to action on three aspects: transport less, transport better, transport differently. In 2021, however, for the Group as a whole and including exceptional air shipments, CO<sub>2</sub> emissions came to 1.510 million tonnes, up 14.24% on the benchmark year, 2018. This substantial increase is due to the use of air transport to offset the supply difficulties caused by the Covid crisis and the shortage of maritime transport. The use of this means of transport has a major impact on the carbon balance, but was a short-term situation and not indicative of long-term performance.



#### REDUCING THE EMISSIONS GENERATED BY PURCHASES OF RAW MATERIALS AND COMPONENTS

The Group has taken assertive action and identified the purchasing categories and suppliers that account for the most greenhouse gas (GHG) emissions. The inventory of the Group's Scope 3 GHG emissions (indirect emissions, excluding production facilities) was conducted in 2020 and updated in 2021. Raw materials (including natural rubber) account for the vast majority, around 90% of emissions from purchased goods and services. Accordingly, programs to reduce supply chain related emissions focus on raw material inputs, alongside the significant gains being made in purchased logistics services.

Michelin communicates with its suppliers to encourage them to begin, develop or speed up their initiatives to reduce their GHG emissions. In 2018, Michelin joined the Supply Chain Program run by the Carbon Disclosure Project (CDP) and asked its leading raw materials suppliers to join the initiative.



This commitment encourages them to quantify and publish their greenhouse gas emissions, and develop strategies to reduce them. Conducted in 2018 and again in 2020 and 2021, the campaign will be held annually going forward. Of the 84 raw material suppliers asked to submit data in 2021, 92% responded. The suppliers who responded accounted for 72% of the emissions associated with the Group's purchases of goods and services, and approximately 56% of the raw materials and natural rubber spend. Moreover, 56% of the respondents obtained a score greater than or equal to B-, indicating a good level of maturity in the matter.

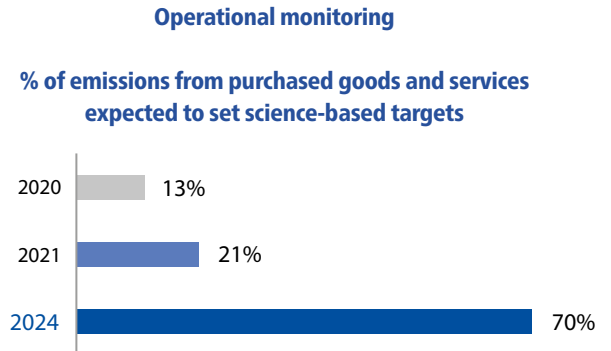


In 2021, the CDP recognized the Michelin Group's ability to engage its suppliers in reducing CO<sub>2</sub> emissions by naming it a Supplier Engagement Leader.

### OUR AMBITION

By 2024, the suppliers accounting for 70% of the emissions associated with the Group's purchases of goods and services (Scope 3 Category 1) will have set science-based targets for reducing greenhouse gas emissions.<sup>(7)</sup>

At the end of 2021, suppliers representing 21% of category 1 emissions reported that they had set science-based targets or targets already validated by the SBTi.



## 1. 3. C / OTHER IMPACTS ON THE VALUE CHAIN (SCOPE 3)

### Treatment of end-of-life products<sup>(8)</sup> => See 1.4. End-of-life tires: collection and recycling

Michelin is focusing on solutions for the recovery or reuse of end-of-life products with a smaller carbon footprint and is developing circular economy models. The recovery and reuse of materials from end-of-life tires present technological, organizational and economic challenges. To overcome them, Michelin has launched a number of large-scale projects (see below: End-of-life tires: collection and recycling). In addition, the Group is actively pursuing the introduction of business models based on the recycling of tires and plastics.

### Upstream energy<sup>(9)</sup>

Michelin is striving to reduce the emissions associated with upstream energy. The actions taken to facilitate the supply of renewable energies for Group sites were continued in 2021<sup>(10)</sup>. The results to date will be published later as part of the review of the SBTi reduction targets.

(7) 4.1.4.1 a) Reducing the carbon footprint and managing the energy transition / Commitment and transparency / Science-Based Targets initiative (SBTi).

(8) State-of-the-art carbon accounting does not yet enable the emissions impact of our actions to be reliably measured. Moreover, GHG Protocol rules make no provision for accounting for the greenhouse gas emissions generated by reusing secondary raw materials recovered from end-of-life tires to manufacture new products in a circular economy approach. When the reuse of secondary raw materials is taken into account, using the ISO 14067:2018 Greenhouse Gases – Carbon Footprint of Products method, the CO<sub>2</sub> emissions total is negative: -6.4m tonnes. In other words, the recovery and reuse of materials from end-of-life tires help to avoid CO<sub>2</sub> emissions by avoiding the use of virgin raw materials, including petroleum derivatives.

(9) The energy necessary for all of the operations entailed in delivering the fuels (Scope 1) and energy purchased (Scope 2) to the sites.

(10) Cf. 4.1.4.3 c) Reduce energy consumption and greenhouse gas emissions.



## **1.4 / RISK OF AIR AND WATER POLLUTION** (see detailed presentation in URD 4.1.4.4)

### **RISK FACTORS**

The tire manufacturing process releases VOCs, SOx and NOx and other atmospheric emissions that can be a source of pollution. Manufacturing also generates various waste products. During a tire's in-use phase, Tire and Road Wear Particles (TRWP) are generated. Lastly, end-of-life tires must be treated or recycled to avoid becoming a source of pollution.

### **REDUCING VOC EMISSIONS**

#### **Prevention and mitigation measures**

The Group's VOC objective is to phase out all VOC-generating organic solvents completely by 2050. An intermediate objective of a 50% reduction in VOC use by 2030 compared to 2019 has been set and the related capital expenditure has been authorized.

This is being done in three ways:

- Deploying good manufacturing practices to optimize solvent use. More specifically, this is achieved by tracking the quantities used, precisely adjusting the solvent applicators, using just the right amount of solvent and maintaining performance over time through effective management.
- The introduction of new solutions, processes, materials and products designed to reduce or even eliminate organic solvents at certain interfaces.
- Research and development teams are designing lower organic solvent use into projects, to ensure that tomorrow's products minimize their impact on VOC emissions.

These three improvement drivers have been embraced and documented by the VOC Program, which is pursuing the initiatives underway since 2017 to deploy best practices, identify innovations and explore ways of further reducing solvent use in the future.

### **REDUCE NITROGEN OXIDE (NOX) AND SULFUR OXIDE (SOX) EMISSIONS**

#### **Prevention and mitigation measures**

Four upgrades carried out in 2015 and 2016 significantly reduced NOx and SOx emissions by: replacing the use of fuel oil with natural gas at three production facilities in Canada; closing the former Shenyang plant in China, which used a coal-fired boiler; replacing the on-site coal-fired steam generation facility at the Shanghai plant in China with the purchase of steam from a gas-fired CHP power station; fitting a "DeSOx/DeNOx" scrubber on the coal-fired boiler at the Bassens plant in France. In 2020, a coal-fired boiler at the Olsztyn plant in Poland was replaced by a gas-fired installation. The elimination of coal-fired boilers in all of our production facilities by 2030 will drive a further significant reduction in these emissions.

### **REDUCING AND RECOVERING WASTE**

#### **Prevention and mitigation measures**

In line with its 2050 vision, the Group has set an intermediate objective of reducing the amount of waste produced per tonne of finished product by 25% in 2030 compared to 2019. The robust pace of improvement observed since 2015 will be maintained by deploying best practices and developing recycling synergies with its new businesses.



The Group's waste management policies are based on four principles:

- Reduce the waste generated at the source, for example by promoting reuse or by developing technological advances;
- Encourage recycling by establishing synergies with the acquisitions, in particular;
- In the majority of cases, prefer materials recovery channels to energy recovery channels when treating waste;
- It is prohibited to send waste to landfill unless it has been demonstrated that there are no technically and environmentally-viable treatment channels. In that case, landfilling waste is only a transitional solution, pending a Zero Waste To Landfill (OW2L) solution.

Michelin is also involved in other recycling channels, such as the channel for recycling plastics. In November 2020, a partnership with the Canadian start-up Pyrowave was announced. This partnership aims to speed up the industrialization of an innovative technology to recycle plastic waste, particularly polystyrene. With this partnership, Michelin is helping new value chains to emerge in the circular plastics economy.

### Operational monitoring

Indicators	Unit	2019	2021
VOC emissions	kg/t SF + FP	0.83	0.72
NOx emissions	kg/t SF + FP	0.17	0.16
SOx emissions	kg/t SF + FP	0.19	0.15
CO <sub>2</sub> emissions	t/t FP	1.28	0.88
Waste generated	kg/t FP	109.5	98.7
Waste landfilled	kg/t FP	10.2	2.9

### TIRE AND ROAD WEAR PARTICLES (TRWP) AND PARTICIPATION IN THE TIP

Since 2006, Michelin has been working to deepen our knowledge of these particles, in particular as part of the research being led by the Tire Industry Project (TIP<sup>(11)</sup>) to collect, characterize and understand both their composition and distribution, as well as their potential impact on the environment and human health.

Numerous studies conducted at the initiative of the TIP or other research bodies are returning converging signals of the low presence of TRWPs in air pollution in urban areas. Moreover, according to a recent study commissioned by the industry, only 2-5% of the TRWP released into the environment would reach estuaries and hence potentially the marine environment<sup>(12)</sup>.

(11) The Tire Industry Project brings together the world's top 10 tiremakers under the auspices of the World Business Council for Sustainable Development (WBCSD) to address the tire industry's sustainability challenges and issues.

(12) This research is public and accessible: <https://www.tyreandroadwear.com/>.



The CEOs of the TIP member companies decided to add to existing knowledge by launching a new cycle of research projects for the 2020-2021 period, addressing areas such as:

- Searching for the presence of TRWP in different environmental compartments (air, soil, rivers and estuaries) and modeling TRWP transport and dispersion in the environment.
- Analyzing the degradation of TRWP.
- Investigating the potential health impacts of long-term exposure to TRWP.
- At the same time, the European Tyre and Rubber Manufacturers' Association (ETRMA) launched a multiparty European platform that aims to share scientific knowledge and co-design solutions for mitigating the environmental impact of tire and road wear particles (TRWP).

Independently of the various studies currently in progress, Michelin has always been committed to leading the drive for better use of the material. This initiative has led to a gradual reduction in emissions of wear particles from its tires. The Group has undertaken to continue reducing particle emissions from its new tire ranges around the world.

### **END-OF-LIFE TIRES: COLLECTION AND RECYCLING**

By working with industry associations, especially the TIP, Michelin is making every effort to ensure that end-of-life tires are properly collected and processed in every region around the world. To do so, the Group supports the concept of "extended producer responsibility" and is working with the leading stakeholders to develop and deploy efficient recycling solutions. Michelin is also exercising its influence to encourage material recovery, which optimizes the reuse of tire components as secondary raw materials and offers a substantially smaller carbon footprint than energy recovery.

In late 2020, Michelin launched the EMPREINTE project. The project is financed by the Programme d'Investissements d'Avenir (Investment for the Future Program, PIA), run by the ADEME as part of the French stimulus program for the automotive industry. The project aims to offer effective solutions for recycling or bio-sourcing materials and for product ecodesign. These solutions will improve tires' overall environmental footprint. The project targets two strategic markets: individual mobility (Passenger car tires) and freight transportation (Truck tires).

In 2021, Michelin also launched the construction of its first tire-recycling plant in the world as a joint venture with Enviro, which has developed a patented technology for recovering the carbon black, paraffin, steel and gas from worn tires. The plant, based in the Antofagasta region of Chile, will be able to recycle 30,000 Earthmover tires per year, which is nearly 60% of the end-of-life Earthmover tires used in the country. The plant is expected to enter production in 2024.

On November 22, 2021, Michelin and Bridgestone also issued a joint call to action to develop the end-of-life tire recycling ecosystem and promote circularity in the rubber industry. The world's top two tire makers have set out to facilitate and boost the use of carbon black from recycled tires<sup>(13)</sup>.

Moreover, for over 10 years, the Group has upheld a policy aimed at recycling 100% of the waste generated by manufacturing tires<sup>(14)</sup>. As part of its strong commitment to recycling end-of-life tires, in October 2017, Michelin accordingly acquired US-based Lehigh Technologies, a world-class expert in micronized powder technologies for rubber recycled from tires and other rubber-based post-industrial products.

## **1.5 / IMPACT OF OUR RAW MATERIALS ON THE ENVIRONMENT (EXCLUDING CLIMATE CHANGE) (see detailed presentation in URD 4.1.4.2)**

### **RISK FACTORS**

Tires are made up of around 200 different materials, such as elastomers (natural and synthetic rubbers), plasticizers and chemicals, among others, which are essential for guaranteeing their performance. Factors such as the natural or fossil origin of the raw materials, the way they were produced or mined, and growing demand for these products can have an impact on the environment such as resource depletion, pollution and/or the loss of biodiversity.

(13) See section 4.1.4.1 b) Transition plan: decarbonizing our operations/Scope 3: upstream purchased energy and end-of-life treatment of sold product.

(14) See section 4.1.4.4 e) Reducing and managing waste.





## THE MICHELIN 4R STRATEGY FOR A CIRCULAR ECONOMY

Michelin uses four drivers to achieve better resource usage. This is the Michelin 4R strategy: Reduce, Reuse, Recycle and Renew. This approach is managed by a circular economy operational committee.

The Group asks its main raw materials suppliers to provide a road map for developing renewable or recycled materials. Within the other purchasing domains, numerous initiatives have been taken to implement the circular economy.



### Reduce

The aim here is to use fewer raw materials and less energy to make tires that are lighter, longer-lasting and more energy efficient, all while delivering the same safe driving experience and ever-improved performance.

Over and above its objectives for new tires, Michelin is also committed to delivering long-lasting performance by extensively testing worn tires, to demonstrate that tires can and must continue to deliver very high performance right up until the tread wear indicators appear. If all motorists used their tires until they reached the legal minimum tread depth of 1.6 mm, this could avoid the unnecessary use of 400 million tires a year worldwide and help reduce CO<sub>2</sub> emissions by up to 35 million tonnes a year (estimates based on calculations for Europe).

### Reuse

Raw materials can also be saved during a tire's useful life by repairing, regrooving and retreading the tire. Michelin offers retreading solutions for Truck, Aircraft and Earthmover tires.

A Michelin Truck tire that has been retreaded once and regrooved twice has required only 25% additional material but has a useful life that is 2.5 times that of a new Michelin tire. For certain Long-Haul tires, whose initial lifespan is already 250,000 km, this can represent up to 1 million kilometers traveled.



## Recycle

See above: "Reducing and managing waste" and "End-of-life tires: collection and recycling"

## Renew

By 2050, the Group aims to ensure that all the materials used to manufacture its tires are sustainable. To meet this major challenge, the Group is promoting the use of sustainable materials from recycling channels and/or biosourced materials such as natural rubber and a number of plant-based oils and resins. As far as biosourced materials are concerned, major projects are under way to convert supply chains to provide biosourced materials or to make the natural materials supplied more sustainable.

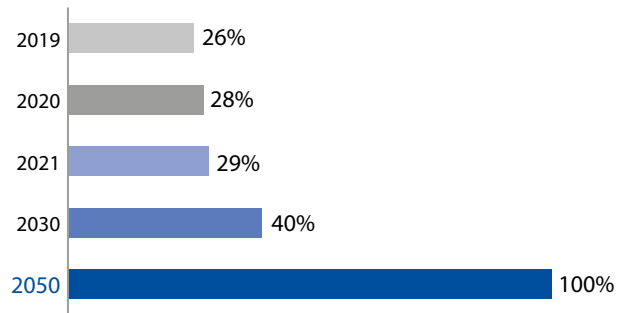
- The BioButterfly project, in partnership with AXENS and IFPEN, is developing a bio-butadiene production process using ethanol derived from biomass. The aim is to produce innovative synthetic rubbers that are more environmentally friendly. The industrial demonstrator is being finalized and should be able to start up in the course of 2022.
- The BioImpulse project is a collaborative public/private research project that is helping to create a new, fully-biosourced adhesive resin that is safer for human health. The consortium is coordinated by the Michelin subsidiary ResiCare.

At the same time, Michelin is developing its natural rubber supply in a sustainable and responsible manner. (cf. URD 4.1.1.2 c) A dedicated approach for natural rubber)

In 2021, the percentage of sustainable materials was 29%, higher than in 2020. This result is on track for achieving the target of 40% of sustainable materials in 2030.

### Operational monitoring

Percentage of sustainable materials in Michelin tires



## 1.6 / RISK OF HARMING BIODIVERSITY (see detailed presentation in URD 4.1.4.3)

### RISK FACTORS

The risk factors that Michelin's operations represent for biodiversity mainly concern the geographical footprint of its industrial sites, the raw materials used in its tires and in particular the natural rubber production chain.

## PREVENTION AND MITIGATION MEASURES

The Group is pursuing its commitment to biodiversity alongside the act4nature initiative launched by French association Entreprises pour l'Environnement (EpE), which became act4nature international in 2020. Within the framework of this commitment, Michelin set up a multidisciplinary Operational Biodiversity Committee in late 2018. The committee, which is led by the Sustainable Development Department, is composed of experts in life cycle analysis from the Group Environment Department and the Responsible Procurement Department. It presents its recommendations to the Environmental Governance body for validation.

In 2021, Michelin renewed its commitment to reducing the pressure that its operations place on biodiversity, all along its value chain, by setting objectives for 2030 that are part of its "All Sustainable" approach.

Intermediate objectives have also been set for 2025 and approved by the Environmental Governance body.

Within the framework of its partnership with WWF France, Michelin took part in the work of the Lab Capital Nature<sup>(15)</sup> in 2021. This initiative has set out to encourage and support companies in testing strong sustainability tools.

Michelin has begun testing the first two stages of the Science-Based Targets Network (SBTN) method.

The purpose of the method is to identify the material impacts of Michelin's operations on biodiversity and ecosystems across the entire value chain, then pinpoint them on a geographic map in order to define the actions that are most pressing and commensurate with the local stakes.

(15) <https://www.wwf.fr/projets/lab-capital-nature1>



The Purchasing department is a stakeholder in the Group's initiatives on this matter, whether they involve the natural rubber suppliers, the suppliers of raw materials with the SBTN study, or the providers of maintenance services for parks and gardens, to reduce the use of pesticides at production and research facilities.

The review of the 2018-2020 commitments was published in the 2020 Universal Registration Document, page 228.

For the commitments drawn up in 2018, it was impossible to achieve the objectives in 2020 because of the travel restrictions associated with the pandemic. They have therefore been carried over to 2022 and set out in the 2030 roadmap:

- By the end of 2022, 80% of the Group's natural rubber purchases must have been mapped with Rubberway®;
- By the end of 2022, 100% of the plantations in which Michelin owns an equity interest must comply with the Responsible Natural Rubber Procurement Policy.

## COMMITMENTS FOR BIODIVERSITY IN 2030

act4nature  
international



\* Pesticides, herbicides and fertilizer have been replaced with mechanical pest control and alternative solutions.



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## Operational monitoring

### 2021 Results

#### Research and Development

- At end-2021, life cycle analyses had been conducted on:
  - 50% of new Passenger Car and Light Truck tire projects;
  - 30% of new Truck tire projects;
  - 65% of new Specialty Product projects.

#### Raw materials

##### **Natural Rubber**

- In 2021, Michelin began working with its partner WWF France to revise the compliance framework of its sustainable natural rubber policy on its procurement of natural rubber from industrial plantations. This initiative will continue into 2022 and include a pilot framework for risk-mitigation in the supply areas operated by a majority of village smallholders;
- 64% of the natural rubber volumes purchased by the Group have been mapped with RubberWay® ;
- 100% of the plantations in which Michelin owns an equity interest comply with the Responsible Natural Rubber Procurement Policy.

##### **Other raw materials**

- In 2021, preparatory work on the pilot to be launched in 2025 began with the trials run on the Science Based Targets Network (SBTN) method.

#### Manufacturing facilities

- Twelve facilities are maintaining their grounds without using any pesticides or herbicides, and three others have phased out all but one product, under a maximum three-year waiver. These facilities are all located in France, but the feasibility is being studied for other European countries;
- Eight sites that had identified pollution risks implemented management plans.

### ***PRESERVING BIODIVERSITY AND ECOSYSTEMS IN RUBBER TREE FARMING***

As one of the world's leading users of natural rubber, a critical raw material in tire manufacturing, Michelin is especially attentive to the impacts that rubber farming and processing can have on biodiversity and ecosystems. Faced with a complex supply chain made up essentially of millions of village smallholders, it systematically evaluates the areas at risk of deforestation in its supply countries. Based on this risk analysis, prevention and mitigation measures will be gradually introduced to reach a significant portion of the farmers in the regions concerned.

While natural rubber production does not require the intensive use of chemicals, in 2021 Michelin committed to halving pesticide use per hectare by 2025 in the 85,000 hectares of rubber tree farms operated by the Group and its joint ventures; eliminating herbicides entirely on 50% of its planted hectares by 2030; and immediately banning all use of pesticides classified as "Prohibited" or "Highly Restricted" by the Forest Stewardship Council (FSC).



## 2 / HEALTH AND SAFETY RISKS

(see detailed presentation in URD 4.1.3)

### RISK FACTORS

Michelin directly employs more than 124,700 people worldwide and also uses temporary employment agencies and subcontractors. Numerous visitors also have access to our facilities. These people work in a very wide variety of environments: in industrial facilities, tertiary and research sites, logistics and services operations and dealerships, which may be exposed to specific risks with a potential effect on their health and well-being.

### MAIN HEALTH & SAFETY RISKS:

Risks	Main example	Identified cause	Possible impact
Occupational accidents	Production machine maintenance and repair	Failure to comply with all the required lockout-tagout procedures	Bodily harm, reversible or irreversible
Exposure to chemicals	Handling of or exposure to hazardous materials	Failure to wear personal protective equipment	Bodily harm, reversible or irreversible
Ergonomics	Loading and unloading hand trucks and carts	Repetitive load handling with incorrect posture	Bodily harm, reversible or irreversible
Malaise at work	Depression	Unsuitable managerial practices	Psychological harm, reversible or irreversible
Epidemic: covid-19	Several people in a team infected with Covid-19	Failure to comply with precautionary measures during coffee breaks and other moments of downtime	Bodily harm, reversible or irreversible

### Employee health and safety governance

The Employee Health and Safety Governance body is chaired by the Personnel Department Chief Officer and co-chaired by the Executive Vice President, Manufacturing, who are both members of the Group Executive Committee. Led by the Group Health Coordination Director, the body also comprises five standing members representing the Corporate Safety & Environment Department, the Corporate Internal Control, Audit & Quality Department, the Corporate Legal Department and the Sustainable Development and Mobility Department.

The Governance body meets twice a year. It determines the related policies, objectives and strategies, and ensures that appropriate resources are allocated to drive the timely, successful completion of the action plans defined and deployed to meet the objectives.

### PREVENTION AND MITIGATION MEASURES

In full alignment with its fundamental value of respect for people, Michelin is actively deploying a comprehensive range of health, safety and quality of worklife policies, as described in:

- the Health and Safety Declaration of 2011;
- the Health, Safety and Quality of Worklife Policy of 2018;
- the Environment, Prevention and Security Guidance Letter of 2020.

The Health and Safety Declaration states that "above all else, Michelin's wish is to ensure safe and healthy conditions for everyone working in the Group". For Michelin, these conditions include the physical and psychological well-being of employees, the quality of the working environment, and a healthy work-life balance as well as a clear commitment to employee safety.

These commitments are based on the recommendations issued by key international organizations, such as the UN, the ILO and the OECD, and prevailing standards and legislation, including ISO 26000 and the French Commercial Code.



The policies are being implemented through the Environment and Prevention Management System, which is based on the ISO 14001 and ISO 45001 international standards. It is being applied in every facility to capitalize on best practices and embed them across the organization to maintain consistent, continuous improvement. The system is auditable and audited.

In the production plants, the Environmental and Risk Prevention Management System is embedded in the fundamentals of the Michelin Manufacturing Way (MMW), which defines and encourages operational excellence practices.

Every Michelin facility is accordingly staffed with risk prevention professionals, such as OSH experts, ergonomists and hygienists, and health care providers, like doctors and nurses. These professionals share best practices and leverage acquired experience at regional, national and Group-wide level, as part of a continuous improvement process.

Training programs are helping to pass on a culture of vigilance, engagement and alertness in every employee, both for themselves and for others. Employees are encouraged to adopt behaviors that embody this culture of workplace safety.

## 2.1 / OCCUPATIONAL ACCIDENTS *(see detailed presentation in URD 4.1.3.4 c)*

### RISK FACTORS

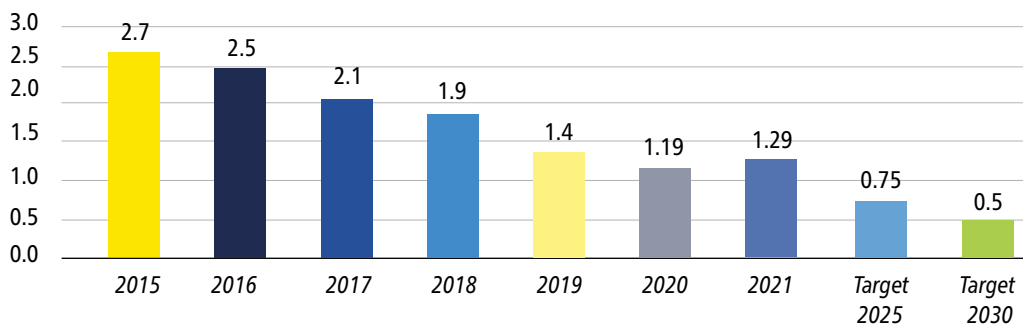
At all Group facilities - tertiary, industrial, research, logistics or distribution - staff may be exposed to the risk of accidents involving mechanical or electrical installations, materials handling, chemicals, tools or moving about in the workshops. These risks may cause more or less serious injuries.

Road accidents while traveling for work purposes are also among the risks identified.

## PREVENTION AND MITIGATION MEASURES

### Operational monitoring

TCIR Evolution 2015 to 2021 and 2025-2030 targets



In response to the risk of accidents in the production operations, in other operations or during business-related travel, as well as the threats of natural disaster, fire or explosion, Michelin has undertaken a prevention program to assess, manage and mitigate the health and safety risks faced by all its employees.

Prevention and mitigation measures are structured into three main interconnected categories:

- Technical measures, focused on five Group Safety Programs addressing the specific risks that the Group wants to reduce and manage. They are supported by prioritized responses to the most serious machinery and ergonomic risks, in liaison with the engineering departments.
- Behavioral measures, combined into an innovative approach that heightens employee alertness and engages them to demonstrate preventive practices for themselves and their colleagues. It draws on behavioral sciences to encourage engagement through managerial leadership and the active participation of every employee (safety coalitions).
- Organizational measures, both to support the effective management and mitigation of risks with a robust management system and to develop employee skills.



A culture of safety at work is embraced by employees across the organization, as seen in:

- the uncompromising support of managers, from the executive suite to the shopfloor;
- the dissemination and sharing of best practices and feedback;
- the corporate communication media issued by the Group;
- the programs aimed at anticipating emerging risks.

Michelin uses the Total Case Incident Rate (TCIR), which is based on the US Occupational Safety & Health Administration (OSHA)<sup>(16)</sup> indicator, to measure its worldwide health and safety performance. It records the number of events for every 200,000 hours worked. An event may be: lost-time accidents, accidents without lost time but requiring medical treatment, incidents requiring workstation adjustments (due to ergonomic issues or musculoskeletal disorders, for example), or occurrences of an illness recognized as work-related. In this way, it takes into consideration not just accidents but every type of health and safety-related incident.

The objective of a TCIR of 1.15 in 2021 was not achieved: the result at the end of 2021 was 1.29. The main factors accounting for this are the health context (the teams were focused on managing the Covid crisis and less able to go and support our prevention approaches on the ground) and less satisfactory results than expected for the distribution operations. Note that, despite the context, manufacturing operations continued to improve.

In 2018, a new indicator, TA+, was introduced to track the frequency, with or without lost time, of a list of accidents that the Group has prioritized. It supports a more granular approach to these accidents, while helping to improve the consistency of multi-country data. The number of TA+ accidents is recorded by a dedicated committee chaired by the Group Safety Manager, which meets once a month with ergonomics and safety experts and the Group physician after monthly indicator data have been reported.

## **2.2 / RISK OF EXPOSURE TO CHEMICALS** (see detailed presentation in URD 4.1.3.3 c)

### **RISK FACTORS**

Staff involved in research or manufacturing operations can be confronted with the risks of exposure to chemicals which, if not controlled, may in time lead to illnesses. This can concern certain products and substances that enter into the composition of tires, along with certain molecules that are sometimes present in process fumes.

## **PREVENTION AND MITIGATION MEASURES**

Before any new chemical substance or mixture may be used, its possible risks are managed through a dedicated assessment procedure performed prior to issuing an authorization for use. The procedure gauges the substance's potential impact on human health and, if deemed hazardous, defines the conditions designed for safe use. In some cases, its use may be prohibited.

In addition, in recent years, procured machines and spare parts have been inspected to ensure that asbestos has not been reintroduced.

Every workstation features a product data sheet written in the local language and approved by industrial hygiene experts. Based on safety data sheets, these documents are managed by a global information system, which enables real-time document sharing among experts and ensures compliance with REACH standards in Europe and the Global Harmonized System (GHS) standards in the Global Harmonized System (GHS) standards in the Group's other regions. The sheets describe the potential hazards and conditions for safe use of products used at the workstation.

Group production facilities are entirely asbestos-free, as are the Group's tires. All of our purchasing contracts contain clauses that prohibit the presence of asbestos in any sourced part or machine.

Special checks are performed on products sourced from countries where asbestos use is permitted.

(16) Occupational Safety and Health Administration



## **2.3 / ERGONOMICS** (see detailed presentation in URD 4.1.3.3 d)

### **RISK FACTORS**

Some plant workstations involve physical strain, carrying heavy loads, repetitive movements or static work. If they are not properly supervised, these practices can, in time, lead to certain illnesses.

### **PREVENTION AND MITIGATION MEASURES**

Since 2002, improving ergonomics has been a major focus of Michelin's health and safety policies. The prevention of MSK disorders is designed into every industrial project, so as to attenuate any potentially negative impact on working conditions over the medium term.

All of the production facilities and logistics hubs regularly update their workstation maps to identify action priorities, deploying suitable solutions and gradually eliminating arduous tasks. Every year, capital expenditure is committed to projects to improve ergonomics for all of the Group's operations. In 2021, they amounted to 14.4 million euros, up approximately 50% on the 2020 figure.

Projects to improve ergonomics are implemented by ergonomist-led multidisciplinary teams comprised of managers, operators, prevention specialists and physicians. Each plant is deploying a five-year improvement plan. In addition to protecting employee health, reducing ergonomic hardship is also making the workstations more accessible and appealing to a wider range of people. In turn, this is supporting diversity, making workstations a more attractive job option, and enhancing people's well-being and motivation.

## **2.4 / PSYCHOSOCIAL ISSUES AT WORK** (see detailed presentation in URD 4.1.3.5 c)

### **RISK FACTORS**

Whether they work in production, administration, technology or management, employees can be exposed to stressful situations or suffer psychosocial issues at work. The risk factors associated with these situations have been identified in order to help prevent them.

### **PREVENTION AND MITIGATION MEASURES**

In a commitment to safeguarding employees from the psychosocial risks of stress and harassment, a variety of programs aligned with local needs and legislation have been deployed to provide:

- Primary prevention, through reviews, sensitivity training and initiatives to improve the quality of management. These measures have been rolled out in most of the Group's host countries (North America, Spain, France, Hungary, Poland, Romania, the United Kingdom and Serbia).
- Secondary prevention, through training and organizational improvement initiatives, particularly in at-risk segments/jobs. Programs to prevent stress with new workplace organization practices have been introduced in Germany, North America, South America, China, Spain, France, Hungary, Poland, Romania and the United Kingdom.
- Tertiary prevention, through coaching, relaxation therapy, support groups and individual counseling by a psychologist or occupational physician.





During the current period of streamlining corporate operating procedures, employees at the facilities in Clermont-Ferrand, particularly the head office and the research center, were able to attend personal or group support sessions in 2020 provided by psychologists from a specialized firm working closely with the Personnel Department and the occupational medicine team.

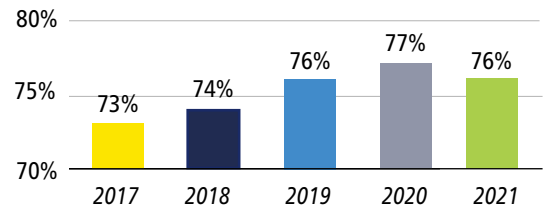
Almost all of the plants and offices are leading quality-of-worklife programs that help to attenuate stress or facilitate access medical or psychological assistance for people seeking support.

The consolidated indicator measuring employee well-being based on the “Moving Forward Together” survey, which is aiming for a target figure of 80% in 2030, stood at 76% for the entire Michelin Group in 2021. The Quality of Worklife satisfaction index was down 1 point to 76%, but also remains high. The feeling of safety at work remains at an excellent level: 86%.

Since 2010, the Medical Advisory Committee, comprised of eight outside experts, has helped to foresee and prevent health risks, based on the latest advances in science. Its independent opinions assist Group management in addressing the health risks specific to tire manufacturing.

In 2021, the members of the Medical Advisory Committee helped to assess the psychosocial risks arising from the Covid-19 pandemic by analyzing the findings of the “How Are You?” survey. Their insightful expertise informed the management of the pandemic crisis.

**Operational monitoring**  
**Satisfaction concerning quality of worklife**



## **2.5 / EPIDEMIC OR VIRAL INFECTION** (see detailed presentation in URD 4.1.3.3)

### **RISK FACTORS**

An epidemic or viral infection, and in particular the Covid-19 pandemic, brings risks of people’s illness and death. The lockdowns and reorganization of work that it led to in many countries, with prolonged sick leave and working from home, can also generate psychosocial risks.

The Covid-19 pandemic impacted all of our host countries around the world.

As early as January 2020, a crisis unit was set up for Group facilities in China. This was gradually followed by units in other regions and countries as the virus spread, with management centralized at corporate level.

The health protocol drawn up in 2020 was extended in 2021, enabling a continuity of business in appropriate health and safety conditions.

Arrangements were made for expatriates and their families to be repatriated for vaccination. The Group also distributed 35,000 doses of vaccine to its employees when the local health system did not provide employees with adequate protection.

It was left to the appreciation of local managers to apply all or part of these measures, depending on the severity of the outbreak around their facility, the type of business operations and the national recommendations in effect.

The “How Are You?” survey conducted in June 2021 with the support of an outside organization showed that employees were highly confident in the Group’s ability to manage the pandemic. The survey measured the impact of the pandemic on Group teams. It asked employees how they experienced the spread of the virus and whether they were satisfied with the Group’s response. In all, 57% of Michelin and subsidiary employees responded, exceeding the expected response rate for this type of survey. The findings were then cascaded down to all employees. The impact of the health crisis was analyzed, with a focus on the restrictions imposed by mandated precautionary measures and working from home. The analysis revealed a sense of physical and moral fatigue in the answers from 44% of the respondents, as well as a feeling of isolation when working from home for 30% of them. The Group’s effective response to virus-related issues was appreciated by 86% of respondents, with 91% considering that the deployed systems and procedures were compatible with the performance of their duties.



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## **2.6 / SECURITY IN A COUNTRY AT RISK** (see detailed presentation in URD 4.1.3.4 a)

### **RISK FACTORS**

In many of the countries in which Michelin operates, its employees can, in the course of their work or while traveling, be exposed to risks such as assault, attack or kidnapping. These risks are all the more present in countries experiencing political instability or tense security situations.

Surveillance of security issues has been heightened in response to the growing number of threats and tense situations potentially faced by Michelin employees, particularly when traveling abroad.

Group security services maintain a country risk map, which is regularly updated and posted on the country intranets; it rates each country on a scale of 1 (lowest risk) to 4 (highest) and defines security guidelines and recommendations for each level. This map serves as a handbook for managing the security of employees traveling to or based in countries at risk.

### **PREVENTION AND MITIGATION MEASURES**

Specific guidelines and measures have also been introduced to increase the security of expatriate employees and their families in high-risk countries, including pre-assignment training to raise awareness of in-country security precautions. Every year, Group security services visit the high-risk countries to assess and verify, on-site, the consistency and proper application of the Group's guidelines and recommendations.

The Covid-19 pandemic had a major direct impact on the monitoring and management of Michelin employees traveling or working outside their home countries. The threat to employee health and the attendant risks, particularly to personal safety, prompted a shift into crisis mode, great adaptability and responsiveness, and tight coordination among the health, travel, international mobility and other stakeholders.



## **3 / HUMAN RIGHTS RISKS**

(see detailed presentation in URD 4.1.2)

### **RISK FACTOR**

In recent years, a specific work package was devoted to identifying human rights risks in the company. The Group employs over 124,000 people and has manufacturing operations in 20 countries and broader business operations in 170 countries with varied legislations and cultures. Its employees, the local communities around the facilities, its suppliers and also its consumers may be exposed to the risks of human rights violations. Some risks (such as child labor and forced labor) are considered very low in the Group but may be present in the supply chain.

### **GENERAL MEASURES FOR PREVENTING AND MITIGATING RISKS**

Michelin makes every effort to uphold human rights in all its businesses and in every host community. The Group embraces both the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Since 2010, Michelin has been a signatory to the United Nations Global Compact, an initiative set up and led by the United Nations, which encourages enterprises to adopt a socially-responsible attitude through 10 principles.

Michelin is committed to applying the International Labour Organization conventions worldwide, particularly in relation to freedom of association and protection of the right to organize<sup>(17)</sup>, the elimination of discrimination in employment and occupation, the elimination of forced labor and the effective abolition of child labor<sup>(18)</sup>.

These principles and guidelines form the basis for a number of internal reference documents, particularly the Michelin Performance and Responsibility Charter, the Code of Ethics, the Anti-Corruption Code of Conduct, the Manager's Guide and the Michelin Purchasing Principles. Widely distributed among employees worldwide, all these documents have been translated into the Group's main working languages and are available for consultation at any time on each country organization's intranet site.

To further enhance its expertise and capitalize on best practices, Michelin also joined the Businesses for Human Rights (EDH) association, which comprises 20 French companies involved in these issues.

In addition, the Group is a member of the Global Deal initiative, which promotes social dialogue and decent work around the world, and of the Business for Inclusive Growth initiative. In late 2020, Michelin also took over as chair of the Human Rights Club of the Global Compact France network.

In 2021, a new version of the Code of Ethics set out the expected practices regarding discrimination, harassment, child labor, forced labor, impact on local communities, health and safety, privacy and personal data protection.

### **Governance**

Since 2015, human rights issues have been addressed by a multidisciplinary operational committee that meets eight to ten times a year. It includes representatives from the Development and Sustainable Mobility, Purchasing, Internal Control, Audit & Risk Management, Employee Relations, Public Affairs, Legal Affairs and Diversities & Inclusion Departments, and, since 2021, from the Compliance and Industry Department. It prepares an annual action plan engaging Michelin in a continuous improvement process.

Since 2018, these topics have also been discussed twice a year at the most senior level of the Group, in the Human Rights governance body chaired by the Executive Vice President & Chief Personnel Officer and including the Executive Vice President, Manufacturing, and the Executive Vice President, Engagement and Brands, all three of whom are members of the Executive Committee. This governance body oversees the improvement action plan and the indicators.

(17) (cf. section 4.1.2.3: Promoting responsible social dialogue)

(18) (cf. URD 4.1.2.1 b Risks and prevention measures/Decent work-related risks now being assessed in the contracting chain)



## Operational monitoring

In 2020 and 2021, significant efforts were made to define the Group's human rights objectives for 2030 and to support each one with ambitious 2030 indicators and targets for the years to come. Nine objectives were set.

Note that some of the newly defined indicators do not yet have any prior-year comparatives.

Objective	Indicator	2021	2020	2019	2030 Objective
1- A company where everyone feels safe at work, both physically and psychologically	TCIR	<b>1.29</b>	1.19	1.43	<0.5
	Well-being indicator	<b>76%</b>	-	-	80%
2 - A company offering a decent wage and supportive employee benefits	% of employees receiving a decent wage in each host country	<b>95%</b>	-	-	100% in 2025
	% of employees covered by a floor of such benefits as health insurance, disability/ death insurance and parental leave for birth/adoption	<b>New in 2021</b>	-	-	75% in 2025 and 100% in 2030
3 - A company whose supply chain ensures decent work for every employee	% of suppliers assessed that comply with the Group's human rights standards	<b>89%</b>	86%	85%	≥95%
	% of natural rubber volumes used by the Group covered by human rights assessments of a representative sample of farmers (via the RubberWay® application)	<b>41%</b>	30%	20%	80% from 2025
	Number of village smallholders whose working conditions and standards of living have improved as a result of remediation projects	<b>New in 2021</b>	-	-	30,000
4 - A company where employees constantly improve their employability	% of employees who respond positively to the Moving Forward Together survey question: "I have real opportunities to develop my skills at Michelin."	<b>74%</b>	73%	-	85%
5 - A company that allows diversity to flourish in all its forms	IMDI, a composite indicator that tracks inclusion and diversity (see section 4.1.2.2 b)	<b>67</b>	62	-	80/100 points
6 - A company in which everyone feels like a stakeholder	% of employee shareholders	<b>49.8%</b>	-	-	Maintain a rate of >50%
7 - A company where employees are engaged	Engagement rate	<b>80%</b>	82%	80%	>85 %
8 - A company that listens to the opinions of internal stakeholders	% of employees who respond positively to the Moving Forward Together survey question: "I feel like my opinion matters and my ideas are taken into account in my company."	<b>69%</b>	-	-	80%
9 - A company that blends harmoniously into its environment and is beneficial for its local host communities	% of employees involved in local volunteer programs	<b>2.5%</b>	-	<10% in the legacy scope of reporting	20%



### **3.1 / SUPPLIER FAILURE TO RESPECT HUMAN RIGHTS**

(see details in URD 4.1.1.2)

#### **RISK FACTORS**

The risk of human rights violations at our suppliers' premises is positioned on the risk map as the one likely to generate the most negative impact for human rights. In the supply chain, special attention is paid to natural rubber suppliers, even if studies show that, of all the agricultural sectors, rubber plantations are a sector relatively untouched by the problem of child labor. Moreover, Michelin diligently tracks the mining of conflict minerals, even though the quantities are very small.

The general procedure for preventing this risk is mainly set out in Part 4. "Risks associated with suppliers' CSR practices".

#### **PREVENTION AND MITIGATION MEASURES**

Michelin's initiatives on this subject are tracked with the help of three indicators from the table of human rights objectives 2030 (see page 179 in URD 4.1.2.1.b). In 2021, a dedicated indicator was introduced in supplier CSR assessments to track their labor relations and human rights performance. As of year-end, 89% of assessed suppliers were confirmed as compliant with Michelin's labor relations and human rights standards.

#### **Child labor and forced labor**

The maturity of this issue has increased in recent years in the Group, thanks to Michelin's involvement in numerous external bodies: Global Compact Action Platform for Decent Work in 2019 and 2020, training in the prevention of forced labor and child labor (delivered by RH Sans Frontières), "Suppliers Forum" on decent work organized by Volvo, the Human Rights France Club chaired by Michelin since 2020, etc.

Prescriptions concerning child labor and forced labor were published in 2021 in the new Code of Ethics. They set out the Group's intention to respect and ensure that its suppliers respect ILO Conventions Nos. 138 and 182 on the prevention of child labor throughout the value chain, from the Michelin plant to its suppliers. Specific measures are also in place for suppliers. All of their contracts include a copy of the Michelin Purchasing Principles, which enjoin them to uphold the fundamental conventions of the ILO and, in particular, not to employ minors. Specific guidelines with respect to forced labor and child labor were added to the principles in 2020.

#### **IDENTIFYING HIGH-RISK AREAS IN THE NATURAL RUBBER SUPPLY CHAIN**

In the natural rubber supply chain, the Rubberway mobile application deployed by the Group in six countries since 2017 has collected data from over 48,000 rubber-tree farmers concerning their possible use of child labor and the circumstances in which it may occur (occasional help, after school, full time, etc.). Although this phenomenon remains very marginal, a closer analysis was performed, district by district, to detect a possible local occurrence that might require remedial measures. Following this analysis, a project was launched in late 2020 to improve the living and working conditions of small-scale rubber tree farmers in an Indonesian province. (see 4.6. Specific risks of natural rubber).

#### **Conflict minerals**

Michelin diligently tracks the origin of certain minerals used in its products, even if the quantities are very small. Commonly referred to as "conflict minerals," they include gold, tin, tantalum and tungsten. Since 2019, Michelin has included cobalt in this approach.

The Group exercises its duty of care by applying the related OECD recommendations and using the applications developed by the Responsible Minerals Initiative (RMI). The Group identifies the materials and components used in the composition of its products that contain these minerals or their derivatives, and periodically asks the suppliers of these materials and component to complete the RMI Conflict Minerals/Cobalt Reporting Template. Michelin then checks these forms and inventories against the lists drawn up by the RMI. For all of these minerals, the forms returned by our suppliers enable Michelin to verify that the reporting supplier works with RMI-approved smelters.



## 3.2 / DISCRIMINATION (see detailed presentation in URD 4.1.2.2)

### RISK FACTORS

Employees may be exposed to discriminatory behavior that undermines equal opportunity in their access to employment, their compensation, their access to training or their career (job assignment, qualification, classification or career promotion), and which may also endanger their well-being at work.

### PREVENTION AND MITIGATION MEASURES

Michelin's approach to diversity and inclusion is guided by three intentions: that its teams be representative of all of the diversities found in the regions in which it operates; that each person be treated fairly and feel free to express their authentic self and uniqueness; that diversity be experienced in a spirit of inclusion and tolerance, so that it can also help to drive collective performance.

In 2021, a new Diversities & Inclusion Policy was published to accompany the Group's new commitments for 2030 and the performance indicators in its Executive Committee dashboard. It sets down the fact that diversity comes in many forms, embracing gender, age, culture, religion, social origin, disability, sexual orientation, union membership, family situation, political opinion and physical appearance.

A Diversities & Inclusion Management Index (IMDI) has also been devised. This composite indicator underscores the importance that Michelin attaches to every aspect of this subject, since each of its components must improve through to 2030.

### Governance

A multi-layered global organization structures the management of diversities and inclusion. The initiative is chaired by the Director of the Sustainable Mobility and Development Department (DMD) and managed within a Steering Committee comprising the Chief HR Officer and the managers of several departments (training, recruitment, employee relations and sustainable development). The main focus areas are approved by the Human Rights governance body.

A 20-member international "Diversities & Inclusion" network is comprised of the Diversities managers of each of the countries and/or regions in which Michelin is present.

Numerous training and awareness-raising sessions are conducted to disseminate a culture of diversity and inclusion, and to treat people on the sole basis of their skills, avoiding any bias resulting from prejudice or discriminatory stereotypes. In particular, since 2020, all Group managers complete a half-day awareness-training session on biases and stereotypes. At end-2021, all managers in North and South America had received this training, in addition to a further 2,000 people mainly in Europe, and including 680 in France. The deployment will continue in 2022 in Europe and Asia.

### Operational monitoring

#### 2020 and 2021 IMDI figures for the Group: <sup>(19)</sup>

IMDI 2020	IMDI 2021	2030 IMDI objective
62	67	80/100 points
The five IMDI metrics		
	2021 score	2020 score
Gender equality in the workplace	58.7	55
Identity (age, religion, sexual orientation, etc.)	73	68
Multi-national management	76.6	69.5
Disability	63.2	53.3
Equal opportunity	64.1	63.4

(19) Composite indicator calculated as a number of points out of a total of 100.



Attesting to the teams' commitment to this objective, all the metrics in the IMDI diversity and inclusion indicator improved in 2021, raising the aggregate score from 62 to 67/100. To support wider acceptance of diversity across the Group, a variety of projects were undertaken during the year, including a training course on bias and stereotypes attended by thousands of employees and the appointment of disability ambassadors in eight geographies. In the case of gender diversity, the percentage of women in management positions continued to climb, reaching almost 29%. Management also became increasingly multi-national in the growth regions (rising to 83% from 79%), and in the Orientation and Strategy Group, which comprises the company's top 100 executives, where it improved to 35% from 30% over the year.

### Gender diversity

Michelin is supporting gender equality in the workplace by making all positions accessible to all employees and ensuring strict wage parity. The percentage of women in the consolidated workforce is steadily rising, reflecting the impact of workstation design, ergonomic adaptations and special attention to career paths.

A specific action plan in each region aims to continue increasing the percentage of women in management. The percentage of women managers and supervisors<sup>(20)</sup> steadily rose from 2013 to 2021, from 22.5% to 28.9% in 2021. To sustain this trend and "break the glass ceiling", the Group has set a goal of 35% in 2030, combined with a second target of 35% of women in so-called "Group Executive"<sup>(21)</sup> positions in 2030 as against 17.2% in 2021.

Michelin applies a policy of non-discrimination and equal pay for equivalent profiles and positions. In 2020, the Groupwide gender wage gap stood at -2.58% versus -2.67% in 2019.

### Operational monitoring

Issue	Indicator	2021 score	2020 score	Ambition 2030
Gender equality in the workplace	% of women in positions of responsibility rated N or above	28.9%	28.2%	35%
	% of women in positions of responsibility rated G or above	17.2%	15.5%	35%
	Pay gap between men and women in categories 1 to 4	2.58%	2.58%	<2.2

Lastly, since early 2019, MFPM (Manufacture Française des Pneumatiques Michelin) has calculated and disclosed its Gender Equality Index, composed of five indicators measured in compliance with French regulations. In 2021, MFPM received a score of 99/100.

### Identity

Michelin is seeking to encourage people to express their differences so that they can feel comfortable in the company. Apart from the dissemination of the "Bias and Stereotypes" training course, the Group's geographic regions handle this issue in a manner suited to their context.

#### Local examples

- Religion in the workplace in France and Germany: to provide managers with appropriate responses and minimize the risk of discrimination against people practicing a religion, a guide to religion in the workplace was designed in France. Deployed since 2018 at the French plants' request, it was updated in 2021 and accompanied by a digital questionnaire. In 2020, the guide was also adapted for use in Germany, in accordance with national law and the specific concerns of German employees.
- Ethnic origins in the United States: this issue is dealt with extensively, in particular in the hiring and induction process, with a proactive approach to combating the under-representation of women and "BIPOC" (Black, Indigenous and People of Color) in the company's workforce, through a wide range of programs and initiatives.

(20) Employees with a level of individual responsibilities of A to N, according to the Hay method used by the Group.

(21) Employees with a level of individual responsibilities of A to G, according to the Hay method used by the Group.



## Operational monitoring

### Chiffres IMDI 2020 et 2021 pour le Groupe

	2021 score	2020 score	Ambition 2030
Moving Forward Together survey question: "In my workplace, I am treated with respect, regardless of who I am or what my position is."	84%	83%	>80%
Moving Forward Together survey question: "In my workplace, I believe that people are treated fairly (for job assignments, promotions, etc.) regardless of their background, personal characteristics or other differences."	65%	62%	>80%
Difference between the highest score in an age category and the lowest score in an age category on the Moving Forward Together survey question: "I can fulfill my career objectives at Michelin."	3 points		No difference among the age categories

### Inclusion of people with disabilities

Michelin has for many years led an initiative aimed at recruiting people with disabilities or retaining employees who become disabled at some point in their career. In countries that impose hiring quotas for people with disabilities, Michelin's systematic minimum objective is to achieve those levels. In 2019, the Group signed an international partnership agreement with Handicap International (Humanity & Inclusion) designed to develop worldwide expertise in the hiring and retaining of people with disabilities.

## Operational monitoring

	2021	2020	2030 target
Percentage of country organizations with more than 1,000 employees with at least 2% of the workforce recognized as disabled	38.5%	46.7	100%
Percentage of country organizations that have appointed an Ambassador with expertise in workplace disability issues	88%	60	100%

### Local examples

**India:** A sweeping project was conducted in 2020 and 2021 with Humanity & Inclusion at the Chennai manufacturing site in India to encourage the hiring and retaining of people with disabilities. Outcomes included the drafting of an equal opportunity policy in line with Indian legislation, training in disability issues for around 50 managers (1,450 hours of training provided) and the permanent hiring of seven people with disabilities.

**France :** In January 2021, MFPM signed a company-wide agreement on the subject with the trade union organizations, and an action plan was carried out on six focus areas: hiring and onboarding, retention, training, disability awareness training, communication, and long-term procurement from sheltered work centers and social enterprises. A total of 23 disability employment officers lead this initiative on the sites as part of a Disability taskforce.

### Multinational management

Michelin is committed to nurturing the emergence of a highly-skilled global corps of local managers. Special attention is being paid to seeking out local managers in the growth regions, namely South America, Southeast Asia, China, India, the Middle East and Eastern Europe.

## Operational monitoring

In 2021, the percentage of managers from a growth region reached 83.2%.

Michelin's adoption of the new Inclusion and Diversities Management Index (IMDI) is a further step in this direction: by 2030, the Group would like half of its 100 most senior executives to be non-French nationals. In 2021, non-French nationals represented 35%.





### Equal opportunity

Internal promotion is one of the Group's flagship values. This is why the new IMDI indicator includes a career-related target for employees hired to work in the production plants, measured with two sub-indicators.

#### Operational monitoring

	2021	2020	2030 target
Percentage of category 1 to 4 employees who began their careers as category 5 (production operators)	13.8%	13.4%	20%
Percentage of managers (NRI A to N) promoted from within	72.7%	73.9%	80%

Michelin is also striving to foster the social integration of people from underprivileged backgrounds in the districts in which it operates.

### 3.3 / HARASSMENT (see detailed presentation in URD 4.1.2.1 b)

Harassment issues also received special attention in 2021, with the creation of an international project team, named Integrity, to strengthen the processes for preventing harassment and handling complaints. More than 20 initiatives were prepared and deployed in each geography, involving dedicated teams everywhere. A video message from the CEO reaffirmed the Group's zero tolerance for any form of harassment anywhere in the world and encouraged every employee to report violations to the Group ethics hotline. An e-learning module entitled "Zero Tolerance for Harassment" was designed in 14 languages and distributed with the goal of having every Group employee take part.. By the end of 2021, it had been viewed by approximately 59,000 people, nearly half of the Group's consolidated workforce.

In addition to raising collective awareness of what constitutes harassment and how it should be handled, the project has helped strengthen processes over the long term, thanks mainly to the drafting of a dedicated policy and a chapter on the subject in the Code of Ethics. The harassment policy and the associated reference base spell out the responsibilities of the company stakeholders and in particular the members of the Personnel Department, in communication and training sessions, and in the support and guidance to be given to employees within the framework of handling incident reports. Ten regional internal control points and one Group internal control point have been established to give the initiative a permanent footing. Employees in every region have been trained in how to conduct a harassment investigation and processes are now in place to ensure that investigations are conducted diligently and that the decisions made based on the findings are consistent.

New indicators have been introduced to measure the outcomes of the initiative. A "harassment" category has been added to the dedicated employee reporting platform; it is distinct from the "discrimination" and "employee relations" categories. Two questions have also been added to the annual survey administered to the entire Group workforce. In 2021, 19% of the incidents reported to the Group ethics hotline concerned allegations of harassment.

### 3.4 / FREEDOM OF ASSOCIATION (see detailed presentation in URD 4.1.2.3)

#### RISK FACTORS

The maturity of social dialogue can vary greatly among the Group's various host countries. Particular attention is paid to dialogue in countries whose culture or legislation does not encourage consultation with personnel.

#### PREVENTION AND MITIGATION MEASURES

Michelin has a Labor Relations Policy that recognizes the positive contribution of freedom of association and collective bargaining within the Group, as well as that of staff representation that is independent of Management, and capable of making recommendations and ensuring that employees' needs are taken into account in all host countries. In this document, Michelin pledges to respect employees who agree to take on this responsibility, and to take it into account when evaluating their potential and managing their career. Its application around the world is overseen by a Group Director of Employee Relations, who is also tasked with improving social dialog where it falls short of Group standards.



In addition, every manager receives training in the legal aspects of labor relations. Compliance with the commitments in the Labor Relations Policy is also verified by an internal control process.

In a commitment to enhancing the effectiveness of the social dialog process in all of its host communities, in line with their particular features and characteristics, Michelin has been a member of the Global Deal since 2017 and actively participates in its French platform set up by the Ministry of Labor, which draws together numerous French companies with international establishments.

Michelin has also worked closely with IndustriALL Global Union to set up a Michelin Global Works Council. Through an economic, social and environmental observatory of this type, the Group hopes to encourage a social dialogue process commensurate with its image and capable of driving its overall performance. The Global Works Council was accordingly created in early 2020 with 39 employee representatives from all the Group's operating regions. The first Michelin Global Works Council meeting took place on June 28 and 29, 2021. The participants defined Michelin's strategy around the 3P vision (People, Profit, Planet) by focusing on social dialog, the Group's objectives, the Planet aspect and the Universal Social Protection Floor.

The idea of social dialog as a broader and deeper sharing of the issues so that the social partners can be involved in drawing up the Group's strategy is gradually seeping into all of the Group's managerial practices. The Michelin Group gives all of the stakeholders the information they need to forge an objective opinion based on solid arguments, and confidently express it within the social dialog framework. The form and content of this information are negotiated by the social partners and satisfy the legal obligations of each country.

The quality of employee relations can also be gauged by the employee engagement rate, which is measured each year in the annual "Moving Forward Together" survey of all Group employees. In 2021, over 93,000 employees took part, representing an 87% response rate: one point higher than in the previous year. In 2021, the overall employee engagement rate fell two points to 80%. This is nevertheless an excellent score by comparison with other similar companies.

#### **Risk of labor disputes during Group restructuring operations**

Restructuring is a fact of business life, an exceptional, yet in certain circumstances unavoidable event that must be undertaken to maintain the company's viability. They must be carried out responsibly, bearing in mind the three pillars of the Group's "All Sustainable" vision. In this regard, should restructuring be necessary, the Group takes care to ensure that all of the affected employees are reassigned or outplaced, while easing the impact on local communities by setting up revitalization initiatives. Group policy specifies that the project must be announced as soon as possible and carried out in accordance with the procedures negotiated with employee representatives.

### **3.5 / PROTECTING EMPLOYEE PRIVACY AND PERSONAL DATA**

*(see detailed presentation in URD 4.1.1.1 d)*

#### **RISK FACTORS**

With its 124,767 employees and millions of consumers around the world, Michelin manages a large volume of personal data and pays particular attention to the issues of data storage and confidentiality.

### **PREVENTION AND MITIGATION MEASURES**

The Group is in compliance with the European Union's General Data Protection Regulation (EU) 2016/679. In addition, it has issued guidelines that apply these European standards to the transfer of employees' personal data across the global organization. The protection of employee personal data and privacy is audited by an internal control process.

### **3.6 / RISK IN TERMS OF DECENT WAGE AND SOCIAL PROTECTION**

*(see detailed presentation in URD 4.1.2.3 b) – Updated with the help of URD 2021*

#### **RISK FACTORS**

The risk would be that, despite a compensation policy that includes numerous items and numerous benefits, certain employee categories in certain countries do not receive sufficient compensation to meet their needs and those of their families, or do not enjoy adequate social protection.



## PREVENTION AND MITIGATION MEASURES

To enable all employees to earn a decent living, Michelin's compensation policies cover a wide variety of supplementary income sources, including bonuses and discretionary and non-discretionary profit sharing systems. The Group also protects employees from the financial consequences of an accident or illness and, in many countries, offers opportunities to save for retirement.

In 2020, Michelin adopted a method that enables it to determine whether its employees receive sufficient pay to meet their needs and those of their family. In 2021, Michelin pursued its review of employee compensation across the Group, with the support of independent expert Fair Wage Network, in a commitment to ensuring that all employees are paid a decent wage. In 2021, the Group set itself the goal of ensuring that 100% of its total workforce receive a decent wage in 2025. In 2021, the figure was 95%.

A study was also launched to eventually offer every employee a high-quality Universal Social Protection Floor.

The social protection floor would cover three core benefits: childcare, family support in the event of the death of a Group employee, and high-quality, affordable health care for all. In 2021, a new indicator - the percentage of employees with an adequate social protection floor - was incorporated into the Group's ambitions for 2030. The Social Protection Floor indicator is made up of three parts:

- Health;
- Disability / Death;
- Parental leave for births and adoptions.

Michelin's objective is that 75% of its employees have access to this social protection floor in 2025, and 100% in 2030.

### 3.7 / RISK TO LOCAL COMMUNITIES (see detailed presentation in URD 4.1.2.5 f)

#### RISK FACTORS

Michelin operates 117 production plants in 26 countries around the world. Although many of these plants are located in business parks, the local communities live in the more or less close vicinity. The risks to them may be present during the facility's construction phase, during routine operations or on its closure. Risks in Michelin-owned rubber plantations must also be addressed.

## PREVENTION AND MITIGATION MEASURES

The Group places great importance on the impact it may have on the communities living in the vicinity of Michelin sites. The action principles published in the Group's 2021 Code of Ethics are designed to prevent any risk of a negative impact on local communities. They take into account four situations: when a new production plant is being built, when it is being operated, when it is closed down and when rubber plantations are bought and managed. The key principles of this text, drafted in consultation with the WWF, include identifying the risks of negative impacts, deploying remedial action plans, maintaining an ongoing dialog with neighboring stakeholders, setting up a complaints mechanism, hiring locally when feasible, and training people in the local community.

One result is that new plant construction projects now include local community impact studies, covering such areas as access to land and respect for the community's cultural heritage. Independent studies of this type have been carried out in India, Indonesia and Mexico, resulting in recommendations that were followed by the Group. The Group talks to numerous national or local NGOs in order to help protect the environment and human rights, and encourage the development of best practices.

Moreover, the Group's guidelines, which since 2013 have been encouraging its employees to get involved in helping the local communities, were revised in 2021. The new approach, called Michelin Volunteering, shifts the emphasis to its employees' participation in these local community initiatives. The objective set for the Group is 20% of employees involved in volunteering in 2030. In 2021, close to 3,000 employees were involved in initiatives in every world region, representing 2.5% of its workforce. The main initiatives related to health and education (30% of projects for each), followed by emergency aid (11%), safe mobility (10%), diversity and inclusion (6%) and environmental protection (5%). Moreover, Michelin sites' donations to local communities represented 3.3 million euros, of which 10% went towards combating the Covid-19 pandemic.



### 3.8 / SAFETY OF PRODUCTS AND SERVICES (see detailed presentation in URD 4.1.1.3 and 4.1.1.4)

#### RISK FACTORS

Because the tire is the only point of contact between the vehicle and the road, product safety has always been considered a major issue by the Group. Its products' performance in this area is recognized by consumers worldwide.

#### PREVENTION AND MITIGATION MEASURES

To safeguard the health of its customers, Michelin maps all of the risks involved in using its products and has deployed the appropriate prevention and mitigation measures, which are audited by the internal control teams.

#### Governance

The product and service quality governance system includes the Corporate Audit, Quality, Internal Control and Risk Management Department, which reports to the Group's management bodies; and a Quality Network at the operations level, made up of the Quality Departments in each of the Group's business lines, operating units and regional organizations. It defines the Group's quality policy, including applicable quality guidelines and standards.

In the case of product design and manufacturing, the Michelin Quality Approach is defined and taken into account at every level, and rolled out through a Quality organization underpinned by a Quality management system. This approach is designed to manage and continuously improve the way the Group operates in order to guarantee quality throughout the design and production of its products and services and, more generally, fulfill its customer promises. The Michelin Group's quality standards are based on the industry's highest international standards and strictest legislation covering consumer health & safety and environmental protection.

In 2021, across the entire Group, all brands and tire products combined, four voluntary recalls were issued. They concerned 30,856 products out of the total 200 million or so products manufactured every year by the Group.

In addition to supporting intrinsic safety while behind the wheel, Michelin is helping to assess the health impact of tire use as part of the collaborative initiatives led by the Tire Industry Project, which brings together the leading tire makers in the WBCSD. (see 1.2 Risks of air and water pollution)

Michelin is also a major player in numerous initiatives to promote road safety, both worldwide and in its plants' host communities. Capitalizing on the partnerships it has forged with both public and private stakeholders and consolidated over the years, Michelin is now leading the public sector forward on the path to safe mobility. The Group's affirmation of this leadership strategy translates into a broadening of the scope of "road safety" towards "safe mobility" – one of the four pillars of sustainable mobility. In this way, its impact reaches a wider audience and ties into several other sustainability-related themes, such as equality, public health, urban development and climate change.

VIA, the road safety education program developed by the Total Foundation and the Michelin Corporate Foundation, has been deployed in around 450 schools in 31 countries. It takes an innovative instructional approach focused on life-affirming messages and the acquisition of safe ways to behave in traffic, using active, emotional and creative methods.

#### Local examples

With the support of the FIA and its local automobile clubs, Michelin successfully deployed a number of programs around the world in 2021:

- **in Argentina**, Michelin's "Responsible Driver" campaign received the 2021 "Let's Fight for Life" award from NGO "Luchemos por la Vida" for promoting and improving road safety awareness and education;
- **in China**, the national "Safety, We Act Together" survey sent out more than 3,000 questionnaires on safe, sustainable urban mobility in more than 200 cities. Their findings, which offered significant insights to local authorities, positioned Michelin as a leader in safe mobility with the "Changing District Public Welfare Partner for Safe Mobility" award.



## 4 / RISKS ASSOCIATED WITH SUPPLIERS' CSR PRACTICES (see detailed presentation in URD 4.1.1.2 b)

### Risk factors

The diversity of Michelin's subcontracting chain and its 45,000 suppliers make the question of responsible procurement a major issue for the Group. While the general procedures limit the risks with all subcontractors, Michelin prioritizes its actions according to the risks associated with the country of operation and the identified risk sectors. Purchases of raw materials and in particular natural rubber are handled with great vigilance and a particularly thorough, holistic approach.

The Responsible Procurement policy aims, among other things, to reduce the impact of the following risks:

- Human rights violations at our suppliers' premises;
- Impact of our suppliers on climate change;
- Impact of our raw materials on the environment;
- Non-compliance with the Code of Conduct for Supplier Relations.

### Governance

The primary conduit for expressing Michelin's social responsibility commitments to suppliers is the Purchasing Department. Its mission is to guarantee the availability of the products and services the Group needs by selecting suppliers that meet our technical and cost requirements, as well as our expectations with regard to social and environmental responsibility.

It is structured around four procurement categories: raw materials, natural rubber, industrial inputs and services. Totalling around €14 billion in 2021, purchases represent more than 60% of the Group's consolidated sales for the year. Michelin has around 45,000 suppliers located on every continent, while the Purchasing Department has some 750 employees based across the geographic regions in which the Group operates.

To support supplier compliance with environmental and human rights standards, the Chief Procurement Officer sits on the Environmental and Human Rights governance bodies and the Ethics Committee. Reporting directly to this position is a Sustainable Development Manager, who participates in the Group's operational committees dealing with the circular economy, greenhouse gas emissions, biodiversity, human rights and ethics. The responsible purchasing process is coordinated at the corporate level and managed in each purchasing category and each region with the support of a global Responsible Purchasing network.

The Group's assertive commitment to responsible procurement is reflected in the performance improvement initiatives led year after year, the suite of dedicated indicators tracked by the Purchasing Department management team, and our purchasing teams' ongoing training in CSR issues. Recently acquired companies are integrated into the Group's purchasing processes gradually, following their own timetable.

After pledging to uphold France's "Responsible Supplier Relationships" Charter in October 2012, Michelin earned the French government's label of the same name in June 2014. On June 25, 2019, Michelin was awarded the Responsible Supplier Relations and Procurement Label at a ceremony at the French Ministry for the Economy and Finance in Paris. This label distinguishes companies that have proven sustainable and balanced relationships with their suppliers. The label was maintained in 2020 and 2021.



In April 2019, Michelin's purchasing practices were certified as mature with regard to the new international ISO 20400 "Sustainable Procurement" standard. Issued by an approved third-party organization, the certificate attests to the compelling effectiveness of the Group's responsible procurement practices.

### A CLEAR POLICY

In April 2021, Michelin published its Sustainable Purchasing Policy. This document sets out the Group's guidelines and commitments in relation to responsible purchasing, covering the issues relating to the environment, human rights and ethics.

The document is accessible online at: <https://purchasing.michelin.com/en/sustainable-purchasing/>



## 4.1 IDENTIFYING CSR RISKS (see detailed presentation in URD 4.1.1.2 b)

To supplement the Group's risk map, the Purchasing Department has mapped its risks in the area of corporate social responsibility (CSR). First prepared in late 2017, the risk map is regularly updated, including a top-to-bottom revamp in 2020.

The mapping exercise helps to prioritize the scheduling of CSR performance reviews and the deployment of preventive measures aligned with each purchasing category's characteristics and environment.

### METHODOLOGY OF THE RISK-MAPPING EXERCISE

#### Identifying purchasing categories at risk:

The map ranked purchasing categories according to their CSR risks in four areas: the Environment, Human Rights, Health & Safety and Business Ethics. Aggravating factors, such as the complexity of the supply chain, were also taken into account.

For each category, the four areas were rated from 1 (low risk/impact) to 5 (high risk/impact) based on (i) desktop reviews of public reports and analyses; (ii) internal discussions with category managers and sustainability experts; and (iii) consultations with a human rights NGO. Each purchasing category was given an overall score, reflecting the scores in each area and the impact of any aggravating factors. A matrix was then prepared positioning each category according to the risk/impact score (horizontal axis) and the amount purchased (vertical axis). Each category was represented by a colored circle representing the area(s) identified as the main risk factor(s).

#### Identifying sourcing countries at risk:

The Verisk Maplecroft database allowed Michelin to identify the sourcing countries with high environmental and human rights risks.

#### Results of the 2020 risk mapping exercise:

Examples of CSR-related at-risk purchasing categories (regardless of amounts purchased)		Examples of main CSR-related at-risk sourcing countries (based on 2021 data)
Raw materials procurement	Other procurement	
<ul style="list-style-type: none"> <li>Natural rubber</li> <li>Raw materials containing conflict minerals, even in minute quantities</li> <li>Synthetic rubber, monomers, reinforcing fillers, chemicals, oils, metal and textile reinforcements</li> </ul>	<ul style="list-style-type: none"> <li>Construction services</li> <li>Logistics services</li> <li>Marketing collateral, work uniforms, contract employees, etc.</li> </ul>	China, Thailand, Indonesia, Russia, Vietnam and Brazil

Of all the Group's raw materials, the one that warrants the most attention to its environmental and social impact is natural rubber. This is because, generally speaking, natural rubber is 90% sourced from Asia and 85% from smallholders, usually of farms of less than four hectares. In addition, its supply chain is complex and fragmented. As a result, a dedicated approach has been devised for natural rubber, which is described in detail at the end of this section.

Other raw materials – synthetic rubber and monomers, reinforcing fillers (such as carbon black), metal and textile reinforcements, chemicals, etc. – are sourced primarily from chemical companies and steelmakers, with the environmental and health & safety risks proper to these industries. Note that certain raw materials contain conflict mineral derivatives and are therefore more particularly exposed to human rights risks. In response, such minerals are tracked with a dedicated process, even though their quantities are small.

For each category having a moderate or higher impact, a summary data sheet has been prepared showing the percentage of purchasing amounts covered by CSR assessments, the other risk prevention measures in place and any recommended additional measures. These documents are shared among the Purchasing Department teams.



## 4.2 / GENERAL MEASURES FOR PREVENTING AND MITIGATING SUPPLIERS' CSR RISKS (see detailed presentation in URD 4.1.1.2.a and b)

### 4.2.1 / MICHELIN PURCHASING PRINCIPLES

The Responsible and Sustainable Purchasing Policy is based on three fundamental reference documents issued by the Michelin Purchasing Department, namely:

- The Michelin Purchasing Principles, published in 2012, updated in 2017 and completely redrafted in late 2020. This document is underpinned by the Group's values and its international commitments through the ILO's fundamental conventions, the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. This document sets out the Group's requirements and expectations regarding its suppliers' environmental, social and ethical performance. The Purchasing Principles are part of the Group's purchasing contracts and are included in the General Terms and Conditions of Purchase;
- The Supplier Relations Code of Conduct, created in early 2021, is intended for all Group employees involved in relations with suppliers. It is included in the Michelin Code of Ethics;
- The Responsible Natural Rubber Policy.

### 4.2.2 / TRAINING PURCHASING TEAMS IN CSR ISSUES

Considerable resources have been deployed to enhance the professionalism of the procurement teams and to make purchasing processes more efficient. The Purchasing teams' training program includes a series of specific modules on responsible purchasing. In 2020, the classroom module was turned into a series of online training modules to ensure that high-quality training is available at any time for teams around the world. In late 2021, the responsible procurement training course was made up of 13 modules. Some of them are mandatory for all buyers; some may deal more specifically with certain fields or certain countries. In late 2021, the mandatory modules had been completed by nearly 200 people around the world, in addition to the 712 people trained since 2011 through the classroom/webinar module.

### 4.2.3 / SUPPLIER EVALUATION

Since 2012, Michelin has established a system for evaluating its suppliers on CSR criteria. The evaluation takes a variety of forms, depending on the particular issues and goals.

#### Desktop reviews

Michelin has engaged a third party, the EcoVadis CSR rating agency, to conduct its CSR desktop reviews. These audits measure the performance of Michelin's main suppliers against 21 CSR indicators classified under four themes: Environment & Climate, Labor & Human Rights, Ethics, and Sustainable Procurement.

#### DEPLOYMENT<sup>(22)</sup> % OF PURCHASE SPEND COVERED BY ECOVADIS SUPPLIER REVIEWS

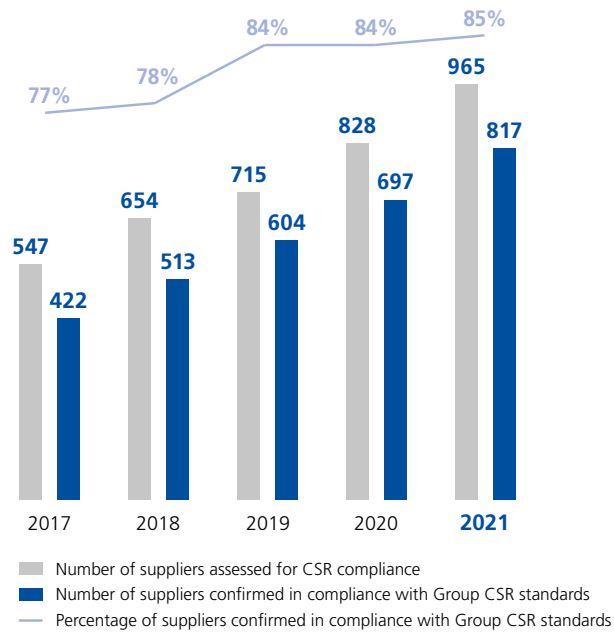
By purchase category	By high-risk country (for raw materials)
around 65% of Group procurement	≥95% of sourcing in countries that pose a risk with regards to environmental protection
around 95% of natural rubber procurement	≥95% of sourcing in countries that pose a risk with regards to human rights abuses
around 95% of other raw materials procurement	

In 2021, the CAMSO company – a Michelin Group company since January 1, 2019 – began conducting CSR assessments of its suppliers the most at risk. In 2022, the assessments will be extended to suppliers specific to the MULTISTRADA company.

At the same time, the scope of the desktop reviews is extended each year, focusing on the most at-risk categories identified during the mapping phase as being insufficiently covered.

(22) Excluding newly acquired companies.





In 2021, 965 out of a panel of 1,048 target suppliers have a valid CSR rating, yielding a 92% response rate. Based on their overall score, 85% of respondents, i.e. 817 suppliers, attain the “confirmed” level of the Group’s standards.

Suppliers who fail to attain the target figure for their overall score, but also for certain thematic scores, must introduce a plan to improve their CSR performance. This point will be monitored by the Purchasing teams. To manage the deployment of these remedial action plans more effectively, an indicator was introduced in 2019 to determine the percentage of suppliers that have created a remedial action plan, where appropriate.

Successful deployment is systematically confirmed by a follow-up review. Results repeatedly deemed to be very poor or a lack of commitment to sustainable development issues may lead the Purchasing Department to revise or even terminate its contractual relationship with the supplier. Such a decision is always made by consensus, after discussing all of the potential consequences.

### Improvement

Along with the remedial action taken, the careful attention paid to the assessments by both our purchasing teams and our suppliers is helping to drive progress. At end-2021, of the 760 or so suppliers with a track record of assessment, 65% have made progress and 20% have maintained the same score. Finally, of the suppliers whose score was below the “compliant” level<sup>(23)</sup> on their last assessment, 64% have since attained the level required by Michelin.

### Self-assessment questionnaire

In 2018, a CSR self-assessment questionnaire was prepared and issued to front-line Purchasing Department teams, who may ask suppliers to complete it whenever they deem it necessary, either during the tender phase or while the contract is in effect. The questions measure the maturity of a supplier’s CSR practices, which can be used as a selection criterion if warranted. The questionnaire is used only for suppliers whose CSR performance is not assessed by desktop reviews.

### ESQF on-site audits

To check supplier compliance with Michelin’s Quality standards and Purchasing Principles, a supplier quality system audit procedure known as ESQF has been introduced. Alongside quality issues, it also addresses the application of the health, safety, environmental and human rights standards stipulated in or derived from the Michelin Purchasing Principles.

In performing an ESQF, Michelin auditors go on-site to assess the following aspects: overall compliance with the requirements of the Michelin Purchasing Principles (respect for the environment; respect for human rights and compliance with health & safety standards; supply chain).

Several questions on the ESQF evaluation form have been changed to yield a fuller picture of the supplier’s environmental and employee relations performance.

(23) The “compliant” level corresponds to an overall Ecovadis score of  $\geq 45$ .





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On completion of an ESQF assessment, Michelin auditors award a specific score for compliance with the Purchasing Principles. If it is less than 80%, the supplier is deemed to have failed the audit and is required take the identified corrective measures and improve overall performance with a continuous improvement process. The initial score will later be reassessed in light of the actions implemented by the supplier. Depending on the audit findings, Michelin may terminate the supplier's contract. In addition to ensuring compliance with Michelin Quality standards and Purchasing Principles, the audit is intended to help suppliers to drive sustainable improvement over time.

Note: a specific approach for assessing and mapping CSR risks is used for natural rubber suppliers (see p.42, chapter 4.7).

#### **4.2.4 / TAKING CSR ISSUES INTO ACCOUNT IN PURCHASING PROCESSES**

The purchasing strategy takes CSR issues into consideration in particular for certain categories the most at risk. This can lead the purchasing function to make grouped purchases from certain specific approved suppliers.

The practice of taking CSR criteria into account in tendering processes is encouraged and becoming more widespread. These criteria may concern the CSR performance of both the potential vendor and its products, services or solutions. These CSR criteria are based on three key focus areas: climate change and CO<sub>2</sub> emissions; the circular economy and natural resources; ethics and people. A guide and an e-learning module were developed in 2021 to help purchasing teams with this approach.

Suppliers' openness about CSR issues and their performance on the subject are also taken into consideration in the SRM (Supplier Relationship Management) approach, for the segmentation of suppliers, and during the periodical meetings that manage this approach.

#### **4.2.5 / DEDICATED MEASURES IN CERTAIN PURCHASING CATEGORIES THAT PRESENT A CSR RISK**

In addition to the dedicated raw materials and natural rubber procedures described below, certain measures have been specifically defined for a number of purchasing categories deemed at risk for CSR issues. Some examples follow:

- Purchases of marketing collateral: restricting procurement to a limited number of suppliers that have been validated by the Purchasing Department, including as regards CSR issues;
- Purchases of construction services: adding specific clauses to the Purchasing Principles in construction procurement contracts, keeping incident registers, conducting on-site inspections, deploying prevention plans during on-site service execution (addressing health, safety and environmental issues), etc;
- Purchases of energy: increasing the share of electricity from renewable sources and requiring bids on power supply tenders to include renewable energy alternatives;
- Purchases of logistics; services: supporting the Group's commitment to reducing emissions in the supply chain by, for example, requiring tender bids to include green alternatives, using a dedicated application (EcoTransit) that more accurately measures the greenhouse gas impact of transportation purchases, organizing a shipping supplier convention, etc.

#### **SPECIFIC APPROACH FOR CHEMICALS**

The Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation, which the European Union introduced to attenuate the adverse impact of chemical substances on human health and the environment, stipulates that manufacturers and importers of more than one tonne of a given chemical per year must register the substance with the European Chemicals Agency (ECHA). The enterprises concerned must identify and manage the risks associated with the substances they produce and market in the EU. They must show the European Chemicals Agency (ECHA) how the substance can be used safely and communicate the measures for managing the risks to users.

Michelin fulfills this registration requirement as a manufacturer or importer of a chemical or an article and checks that its suppliers have registered the substances and articles that the Group uses, as required.



### **4. 3 / IMPACT OF OUR SUPPLIERS ON CLIMATE CHANGE**

(see page 12, chapter 1.1.3.B)

### **4. 4 / IMPACT OF OUR RAW MATERIALS ON THE ENVIRONMENT**

(See page 16, chapter 1.1.5)

### **4. 5 / HUMAN RIGHTS VIOLATIONS AT OUR SUPPLIERS' PREMISES**

(See page 29, chapter 3.1)

### **4. 6 / NON-COMPLIANCE WITH THE CODE OF CONDUCT FOR SUPPLIER**

(See 4.1.1.2)

#### **SUPPLIER RELATIONS CODE OF CONDUCT AND DEDICATED TRAINING MODULE**

The Code of Conduct for Supplier Relations was drafted in early 2021 to replace the information provided in the old version of the Michelin Purchasing Principles. It is an integral part of the Group's Code of Ethics and applies not only to buyers but also to all Group employees involved in supplier relations. To guarantee compliance with ethics rules, a specific training module was developed and made available online in 2017. It was updated after the Code of Conduct had been drafted in 2021. It is deployed across the Purchasing organization and among internal partners in contact with Group suppliers.

Since late 2017, over 6,300 people have completed this online module. Further training sessions can be provided in the different regions.

#### **SUPPLIER PAYMENT AND MEDIATION**

Michelin makes a point of paying its suppliers' invoices on time and offers its suppliers suitable invoicing solutions (paperless invoices in pdf format or EDI). Since 2012, suppliers can use the Purchasing Department website to contact the customer-supplier relations mediator in regards to any alleged or observed violation of the Michelin Purchasing Principles.

### **4. 7 / SPECIFIC RISKS OF NATURAL RUBBER**

(see detailed presentation in URD 4.1.1.2 c.)

As one of the world's leading purchasers of natural rubber, a critical raw material in tire manufacturing, Michelin is especially attentive to its rubber-tree supply chain.

Of the 30 million people who depend on rubber-tree farming for a living worldwide, six million are village smallholders who produce 85% of the world's output on small farms generally covering less than four hectares.

#### **RISK FACTORS**

While rubber trees may help to mitigate climate change by absorbing CO<sub>2</sub>, their cultivation poses a certain number of environmental and social risks. The predominance of village smallholders across the industry, which in some countries includes a complex network of intermediaries between the farmer and the processing facility, makes it difficult to visualize and manage risks in the supply chain. On the farms, several years of comparatively low prices, coupled with weak productivity in some countries, have adversely impacted the working conditions and livelihoods of certain village smallholders. From an environmental perspective, there is a clearly identified risk of forests being stripped to plant rubber trees, with devastating effects on biodiversity. Lastly, other identified risks include conflicts over land ownership, possible seizures of the land and the use of toxic pesticides.

#### **Sustainable natural rubber policy**

Michelin was the first tire manufacturer to publish a commitment to sustainable, responsible natural rubber production and procurement. To support the Natural Rubber Procurement Policy published in 2015, the Group formalized its public commitments in a Sustainable Natural Rubber Policy published in 2016. The latter was updated in 2021 and recognized as being in line with the framework defined by the GPSNR platform<sup>(24)</sup>. Drafted with input from environmental and human rights NGOs and other stakeholders, the Sustainable Natural Rubber Policy is now a contractual reference document for Group suppliers.

(24) Global Platform for Sustainable Natural Rubber



Downloadable from the Michelin purchasing website, the policy precisely defines the conditions for farming natural rubber, both in terms of the environment (zero deforestation, protection and preservation of peatlands, High Conservation Value areas and High Carbon Stock areas), and in terms of social responsibility and human rights (working conditions, free, prior and informed consent of the local communities, etc.). Michelin expects every stakeholder across the supply chain to adopt responsible social, environmental and governance practices, so as to maintain rubber tree farming in a virtuous cycle of progress.

The Policy explains in detail the five core commitments that Michelin intends to fulfill and promote:

- Respect all stakeholders in the natural rubber production chain, by promoting conflict resolution related to land ownership and improving working conditions and living environments;
- Make rubber tree farming environmentally friendly, by combating deforestation and controlling the potential impact of rubber cultivation on fauna and flora;
- Take action to improve farming practices, by helping to instill more efficient practices across the natural rubber production chain, especially among village smallholders. In so doing, Michelin intends to help boost agricultural yields.
- Encourage the careful use of natural resources by increasing the material efficiency of the natural rubber used in tires. Michelin is constantly developing new technical processes that optimize the use of rubber in its products.
- Make rubber tree farming a source of better governance practices. Michelin is an engaged stakeholder in the rubber tree farming industry, communicating transparently, refusing all forms of corruption and interacting with local and international stakeholders.

Since 2016, this policy has been included in all Michelin procurement contracts. Michelin also encourages its suppliers to adopt a policy aligned on the GPSNR's recommendations.

### Assessing stakeholders across the supply chain

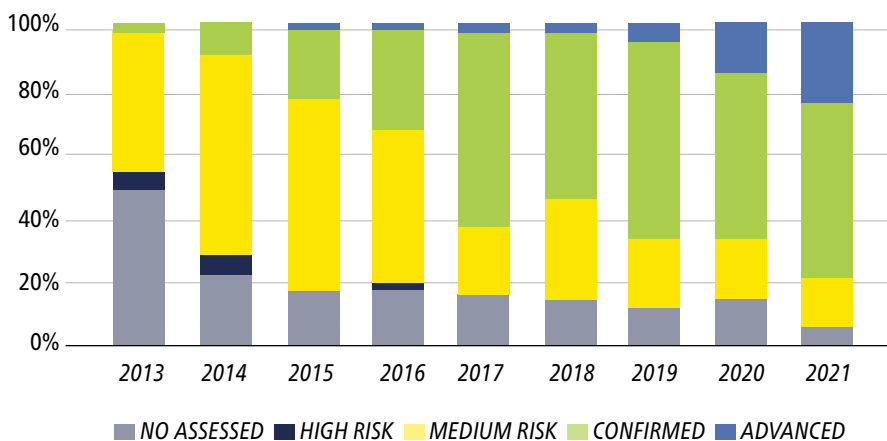
CSR practices in the Group's natural rubber supply chain are assessed differently depending on the stakeholder:

- For our direct suppliers: desktop reviews carried out by EcoVadis and onsite audits;
- For our direct suppliers' plants and their upstream supply chain: risks are mapped using the Rubberway® application and a deforestation risk analysis is performed.

### EcoVadis desktop reviews

The Group's natural rubber suppliers have been participating in EcoVadis reviews of their social responsibility and environmental performance since 2013. If their results fall short of compliance, remedial action plans are deployed. In 2021, the vast majority of our natural rubber suppliers, accounting for around 95% of our sourced natural rubber volumes, were assessed by desktop reviews. Lastly, suppliers representing 80% of total spend were confirmed as compliant with Michelin standards, which corresponds to 83% of the 2021 spend covered by the reviews.

EcoVadis suppliers performance distribution



### On-site audits

A dedicated team performs on-site audits of every facility supplying natural rubber to the Group. These audits primarily focus on quality performance, but also cover CSR issues, such as the environment (water treatment, etc.) and employee health and safety. Every facility is audited every year or every other year; this means that around 140 plants are audited per year. Follow-up audits are systematically conducted, with remedial action plans mandated in the event of shortcomings. In 2021, because of the travel restrictions associated with the pandemic, most of these audits were conducted virtually, using video technology.

## ASSESSING THE RISKS ASSOCIATED WITH THE SUPPLY CHAIN

### The RubberWay® application

To understand and mitigate deforestation, human rights and other risks in its natural rubber supply chain, Michelin is systematically deploying a variety of risk assessment tools and systems.

Developed in 2017, the RubberWay® risk-mapping system uses a mobile app to map environmental and social risks in the natural rubber supply chain. Supply chain stakeholders, including raw rubber processing plants, brokers, large plantations and smallholders, are asked to respond to a questionnaire about their practices in the following four focus areas: human rights, the environment, agricultural training and market transparency.

The inputted data is analyzed and summarized on an online platform to create a map highlighting the areas of potential social and environmental risk. The results are shared with direct Michelin suppliers and can be used to prepare improvement plans or deploy mutually designed risk mitigation projects.

In 2019, a joint venture was formed with Continental AG and software publisher SMAG to make RubberWay® a stand-alone solution, accessible to every natural rubber stakeholder. This opens the way to its broader use by other tiremakers and OEMs, thereby driving faster take-up of sustainable practices across the natural rubber industry.

## DEPLOYMENT AND MONITORING

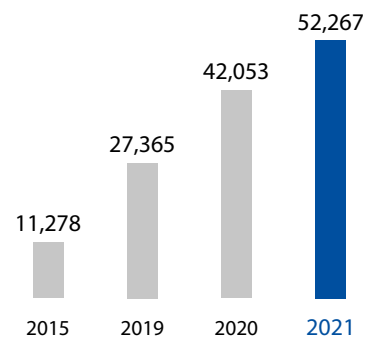
As of end-2021, 65 natural rubber processing plants had replied to the questionnaires and 52,267 questionnaires had been completed, including more than 48,000 by smallholders and covering 64% of Michelin's purchased volumes.

The app is currently deployed in Indonesia, Thailand, Côte d'Ivoire, Ghana, Nigeria, Liberia, Cameroon and Brazil.

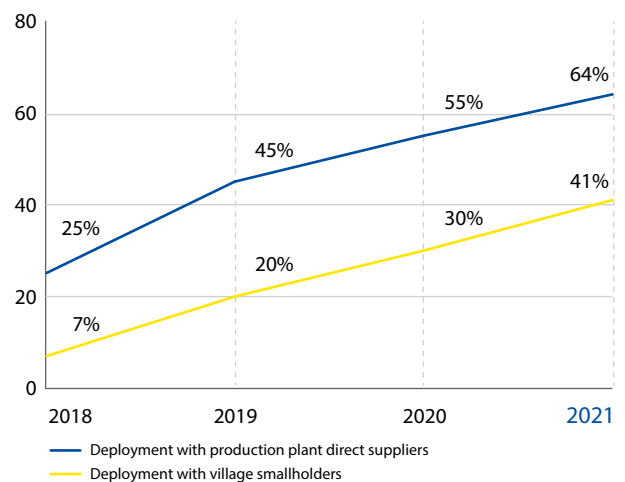
Michelin has requested that suppliers start by deploying the RubberWay® app in their production facilities and with their own direct suppliers, with the goal of mapping 80% of the natural rubber volumes sourced from these channels by 2022 (pushed back from 2021 due to the pandemic). Deployment was slowed in 2021 by the Covid-19 crisis, so that 64% of volumes had been mapped by year-end.

However, the application is most impactful at the farmer level. Given their vast numbers (around six million worldwide), Michelin wants enough of them to participate in the RubberWay® mapping exercise to ensure that it is representative of their farming practices. By the end of 2021, it was felt that this minimum representativeness had been reached for 41% of Michelin's sourced volumes, out of a targeted 80% by 2025.

Number of RubberWay® questionnaires



Sourced volumes covered by the RubberWay® application



The results and risks identified to date are presented in the 2015-2020 report referenced below.

The gains are transparently reported on the Michelin Purchasing website (<https://purchasing.michelin.com/en/responsible-resilient-natural-rubber>)

The following is an overview of the results, with an analysis by jurisdiction in seven countries.

By the end of 2021, village farmers had been mapped across 71 jurisdictions with at least 50 respondents each. The map below, based on data from December 31, 2021, represents each jurisdiction in the form of a square. In each country, a jurisdiction is an administrative division generally corresponding to a 100 km square.



Legend:

- Minimum Risk
- Low Risk
- Risk Under Control
- Medium Risk
- High Risk
- Not applicable/not enough data



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## OVERALL ANALYSIS OF DEFORESTATION RISKS

Michelin is aware of the specific risks posed by deforestation and is working with the WWF on an overall analysis of deforestation risks in its suppliers' sourcing areas, conducted at the level of the natural rubber processing plants. In preliminary analysis was carried out in 2021, spanning all of the main procurement countries. This preliminary risk analysis will now be fine-tuned, using updated data sets and feedback from the field obtained through consultations with the suppliers. The processing plants previously identified as high-risk by the preliminary analysis will also be fast-tracked for a commitment.

### The CASCADE project

Deployment of the RubberWay® tool has enabled Michelin to identify, analyze and rank risks by supplier or by geography. Michelin engages its suppliers on the subject of deforestation risks in particular, while at the same time searching for opportunities to deal with them directly on the ground in the high-priority jurisdictions.

The CASCADE project (Committed Actions for Smallholder CApacity DEvelopment), in Sumatra and Indonesia, aims to improve the working conditions and standard of living of 1,000 village smallholders and their families, while at the same time improving the environmental and social practices. The four-year project was developed from RubberWay® results. It combines classroom training and a digital training tool for easier access and to enable impact measurement. The agricultural training equips farmers to increase their rubber yields and diversify their incomes for greater economic resilience. Social and environmental training is the crux of the project. It includes training in human rights and labor law, and the promotion of environmentally-friendly farming practices: reducing the use of chemicals, agroforestry, environmental training for farming without deforestation, and exploration of a carbon-sequestration model. This is the first natural rubber project to span the entire supply chain: village smallholders and partners, a natural rubber processor, a tire manufacturer and a car maker.

The holistic training model and the digital training tool used in CASCADE are designed to be transferable to other regions and communities.

In 2021, the search for appropriate geographic zones led to the development of the RIVER skills-building project for 6,000 village smallholders and their families in Sri Lanka, where rubber growing plays an important role in local subsistence farming. The project will be launched in early 2022.

### Frontline initiatives

Michelin's global natural rubber network, which encompasses plants and a production zone focused on research and development in Brazil, along with joint ventures in Africa and Asia, equips the company with a unique know-how, which the Group can leverage to undertake projects and initiatives that feed into responsible natural rubber production.

Examples include the program to grow selected high-yield rubber tree seedlings for sale to farmers, the training of around 90,000 farmers a year to transfer skills in best farming practices, and the promotion of good environmental practices. Programs have also been deployed to prevent malaria, AIDS and other diseases and to provide wider access to medical care, education and housing. The SIPH joint venture located in West Africa has set up programs of the kind described above, on both the environmental and human fronts.

### Local examples

- **Brazil:** In 2003, the Group implemented a program in Salvador de Bahia, Brazil. Since then, the teams of agronomists at our experimental research farm have made significant contributions to the spread of best farming practices and the development of new rubber tree species resistant to a disease endemic to South America that is having a severe impact on rubber-tree farming across these regions. The nearby 3,400-hectare Michelin Ecological Reserve (REM) has become one of the best-protected areas of the Atlantic Forest and a haven for biodiversity.
- **Indonesia:** In 2015, Michelin formed the RLU joint venture to develop new rubber plantations, protect primary forests and restore ecosystems on Sumatra (71,000 hectares) and in East Kalimantan (18,000 hectares). Undertaken in partnership with the WWF, this project has led to the creation of more than 4,000 jobs and protected thousands of hectares of high environmental value tropical forest and local wildlife, such as Sumatran elephants and tigers and the Bornean orangutan.



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In all, the environmental conservation projects being carried out either directly in Brazil or through our joint ventures in Africa and Indonesia covered more than 34,000 hectares in 2021.

Michelin is also seeking opportunities to work with multi-stakeholder programs to address risks across the natural rubber supply chain. In 2021, it pledged funding for a smallholder capacity-building project in Thailand under the aegis of the GPSNR (see below). The three-year project is empowering smallholders to enhance their livelihoods and diversify their sources of income with agroforestry practices, while delivering positive environmental outcomes.

### ***PARTNERSHIP WITH THE WWF AND CONSULTATIONS WITH STAKEHOLDERS***

To preserve rubber and manage its impacts, the World Wildlife Fund (WWF) and Michelin have been working together since 2015 to transform the natural rubber market by instilling more sustainable practices across the entire value chain.

At the same time, Michelin is continuing to consult regularly with both stakeholders and the leading civil society organizations involved in these issues. Every two years, for example, the Group brings together civil society organizations to report on the progress made across the “natural rubber” value chain and to discuss possible pathways to further improvement. The last information and consultation meeting was held in Paris in February 2020. In addition to these biennial forums, Michelin regularly works with NGOs, researchers, academics and government agencies on natural rubber sustainability issues.

In addition, the Group is involved in several think tanks exploring ways to prevent imported deforestation. In France, it is actively engaged in the talks being led by the French Ministry for the Ecological and Inclusive Transition to define a strategy to counter imported deforestation.

### ***THE GLOBAL PLATFORM FOR SUSTAINABLE NATURAL RUBBER (GPSNR)***

Michelin and its partner WWF are working together to encourage key rubber-tree farming stakeholders to take action to make responsible natural rubber production the norm. This commitment played a key role in setting up the multi-stakeholder Global Platform for Sustainable Natural Rubber (GPSNR).

This independent platform is designed to lead improvements in the socio-economic and environmental performance of the entire natural rubber industry. It was impelled by the Tire Industry Project (TIP), which brings together Michelin and ten other tire manufacturers under the auspices of the World Business Council for Sustainable Development (WBCSD). GPSNR brings together stakeholders from across the natural rubber value chain, including farmers, processors and brokers, tiremakers and other users, automakers and civil society, with the participation of a large number of NGOs.

As one of three tire industry representatives and chair of the Executive Committee until year-end, Michelin was again one of the most active GPSNR members in 2021, when it impactfully participated in five of the six working groups (Strategy & Objectives, Smallholder Representation, Capacity Building, Shared Responsibility, Traceability & Transparency). It was also recognized for its rigorous contributions to the GPSNR’s sustainability monitoring standards and theory of change, which were presented at the 2021 General Assembly.

For more information, please visit [www.gpsnr.org](http://www.gpsnr.org).

#### **Transparency**

Michelin is an engaged stakeholder in the rubber tree farming industry, communicating transparently, refusing all forms of corruption and interacting with local and international stakeholders. A great effort has been made to boost transparency by making large quantities of information accessible (see below).

Michelin was recently ranked No. 1 by SPOTT, a natural rubber ESG disclosure platform, with a score of nearly 82%. This was Michelin’s first assessment by SPOTT, which found that the Group led the global rubber industry in sustainability disclosure and performance.

#### **To find out more: 2015-2020 results, the 2020-2025 roadmap and indicators**

More extensive information about our natural rubber commitments may be found on the new dedicated Michelin Purchasing website (<https://purchasing.michelin.com/en/responsible-resilient-natural-rubber>) presents the following documents, generally organized around four themes: people, the environment, farmers and stakeholders:

- the latest version of the Sustainable Natural Rubber Policy;
- the Sustainable Natural Rubber Progress Report 2015-2020;
- the Sustainable Natural Rubber Roadmap 2020-2025;
- a set of comprehensive, regularly updated indicators that track progress on the sustainable natural rubber policy.



Direct links to supporting documents:

**Sustainable Natural Rubber Progress Report 2015-2020:**

[https://purchasing.michelin.com/wp-content/uploads/sites/34/2021/01/Sustainable-Natural-Rubber-Progress-Report-2015-2020\\_EN.pdf](https://purchasing.michelin.com/wp-content/uploads/sites/34/2021/01/Sustainable-Natural-Rubber-Progress-Report-2015-2020_EN.pdf)

**Sustainable Natural Rubber Policy (edition 2021):**

[https://purchasing.michelin.com/wp-content/uploads/sites/34/2021/01/Michelin-Sustainable-Natural-Rubber-Policy\\_2021\\_EN.pdf](https://purchasing.michelin.com/wp-content/uploads/sites/34/2021/01/Michelin-Sustainable-Natural-Rubber-Policy_2021_EN.pdf)

**Sustainable Natural Rubber Roadmap 2020-2025:**

[https://purchasing.michelin.com/wp-content/uploads/sites/34/2021/01/Sustainable-Natural-Rubber-Roadmap-2020-2025\\_EN.pdf](https://purchasing.michelin.com/wp-content/uploads/sites/34/2021/01/Sustainable-Natural-Rubber-Roadmap-2020-2025_EN.pdf)

## **5 / CSR RISK MANAGEMENT WITHIN RECENTLY-ACQUIRED COMPANIES** (see detailed presentation in URD 4.1.1.2 a)

### **RISK FACTORS**

Michelin has analyzed the main risks inherent in mergers, acquisitions and partnerships, which correspond to both the pre-acquisition and post-acquisition phases. The aim is to identify the differences between the new companies' practices in terms of the environment, ethics, human rights and supply chain management, and the level required by Michelin.

Fulfilling Michelin's strategic vision hinges in part on acquisitions, whose pace has picked up since 2014 with the purchases of such companies as Sascar, Camso, Fenner, Multistrada and Masternaut, along with the construction of joint ventures such as TBC with Sumitomo Corporation, Symbio with Faurecia, Add-Up with Fives, and more recently Solesis with Altairais.

Governance of the portfolio of planned Mergers & Acquisitions is in place, as is a specific governance of each project under the responsibility of the Managing Partners. A member of the Development and Sustainable Mobility Department assists the M&A team with identifying the risks relating to the environment and human rights.

Each acquisition is subject to thorough due diligence, which analyzes the acquired company's specific ethical, taxation, environmental, legal, product liability and cybersecurity risks with the support of internal and/or external specialists, in order to take appropriate mitigation and prevention measures as necessary. It is also an opportunity to identify, and take inspiration from, the best practices applied in the new entities.

An integration plan specific to each of these companies, led by a project manager, is designed and implemented under the supervision of a member of the Group Executive Committee. The outcomes are reported and shared with the Supervisory Board twice a year.

## **6 / ALERT AND REPORTING MECHANISMS** (see detailed presentation in URD 4.1.1.1 a)

Since 2021, a single alert hotline has been deployed in all Group entities, replacing the regional alert systems that had been in place since 2005. This mechanism, which is offered in 30 languages, is available to employees, the Group's outside and occasional partners, customers, suppliers, service providers and other outside stakeholders via a telephone number and a secure website hosted by an independent company.

This reporting mechanism guarantees the confidentiality of reporting. The reporting mechanism gained a high visibility in 2021 through a number of internal communication initiatives conducted at Group level and in the geographic regions.





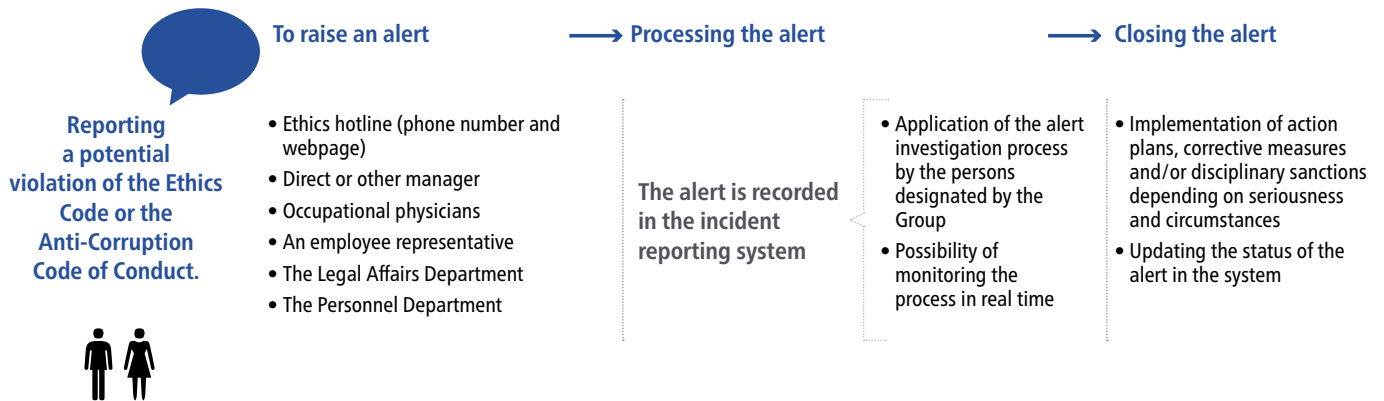
The mechanism can be used to report behaviors and situations that infringe the applicable laws, internal regulations or Michelin values and principles set out in the Michelin Code of Ethics. A behavior or a practice can be reported anonymously. As mentioned in the Code of Ethics, possible ethics violations may also be reported through the traditional reporting channels: the Personnel Department, the Security Department, the legal function, direct or other managers, occupational physicians or the Regional Ethics Correspondent. All reports are consolidated in the Group hotline and regularly presented to the Group Ethics Committee.

Note that, regardless of reporting channel, no one shall be authorized to take retaliatory measures against any person who, in good faith, reports a possible violation of the Code of Ethics, the law or Michelin principles and guidelines.

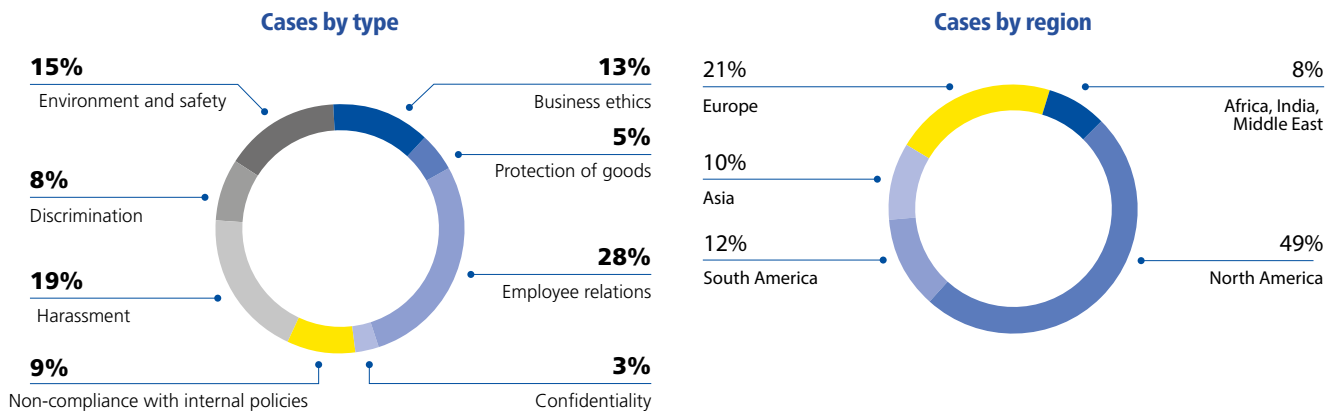
The Group's ethics hotline is accessible on the Group's website and on the Purchasing Department's website.

**Link to the ethics hotline:** <https://secure.ethicspoint.com/domain/media/fr/gui/38522/index.html>

**Telephone:** 0800-90-5501 (free number) – number for France. For other countries, please refer to the dedicated page on the Ethics Line.



### Categories of ethics violations reported through the internal alert procedures in 2021



In 2021, the Group received a total of 1,226 reports<sup>(25)</sup>. Not all of these reports concerned proven breaches: 28% of the reports proved to be unsubstantiated, 8% did not provide sufficient information to open an investigation, 32% result in corrective measures, including dismissals<sup>(26)</sup>. None of these cases had a significant impact on the Group.

When reports are received, they are analyzed in accordance with the internal instructions applicable throughout the Group and defined by the Information System Security, Safety and Environment Corporate Direction. Based on the information contained in the reports, the latter decides whether to initiate internal investigations, which, when the alleged facts are confirmed, may result in action plans including corrective measures and/or disciplinary sanctions, which, depending on the seriousness and the circumstances, may prompt dismissal of the person.

(25) For "Group Staff" perimeter. Reports received at the end of the year may still be being processed.

(26) 1% of the reports received were duplicate reports. Among the cases that prompted follow-up measures, there were situations that did not involve a breach, but were treated as opportunities to improve the controls in place.



The Regional Ethics Committees apply the internal measures in their geographic scope.

Since 2012, suppliers can also use the Purchasing Department website to contact the customer-supplier relations mediator in regards to any alleged or observed violation of the Michelin Purchasing Principles.

## **7 / SUMMARY OF THE MAIN INDICATORS**

<b>ENVIRONMENT</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2030 Ambitions (or earlier)</b>	<b>2050 Ambitions</b>
CO <sub>2</sub> emissions Scope 1 (million t)	1.4	N/A	<b>1.35</b>	-50% vs 2010 for Scopes 1 & 2	Carbon Neutrality Scopes 1 and 2
CO <sub>2</sub> emissions Scope 2 (million t)	1.52	N/A	<b>1.42</b>		
CO <sub>2</sub> emissions generated by logistics operations	-1.44%	-11.7%	<b>+14.24%</b>	-15% (vs 2018)	Carbon Neutrality
Share of sustainable materials (as % of tire mass)	26%	28%	<b>29%</b>	40%	100%
Energy performance of tire products (base 2020)			<b>+0.5%</b>	+10% vs. 2020	Contribute to achieving carbon neutrality (use)
Percentage of renewable energies consumed	14%	14.6%	<b>18.3%</b>		
Michelin Environmental Performance (I-MEP)	Base 100	Not calculated	<b>92.58</b>	-1/3% (vs 2019)	
<b>HUMAN RIGHTS AND HEALTH &amp; SAFETY</b>					
TCIR (Total Case Incident Rate)	1.4	1.19	<b>1.29</b>	<0.75 in 2025 <0.5 in 2030	
Well-being indicator	--	---	<b>76%</b>	80%	
IDMI: Composite indicator of diversity and inclusion management		62 points	<b>67 points</b>	80 points / 100	
Employee engagement rate	80%	82%	<b>80%</b>	>85%	
% of employees paid decent wage in the countries in which the Group operates			<b>95%</b>	100% from 2025	
% of employees with social protection floor (new in 2021)	---	--	--	75% from 2025 100 in 2030	
% of employees replying positively to question in Michelin's Avancer Ensemble survey: "I have real opportunities to develop my skills at Michelin"		73%	<b>74%</b>	85%	



HUMAN RIGHTS AND HEALTH & SAFETY	2019	2020	2021	2030 Ambitions (or earlier)	2050 Ambitions
% of employees replying positively to question in Moving Forward Together survey: "I feel my opinion matters and that my ideas are taken into account in my company"			<b>69%</b>	80% in 2030	
% of employee shareholders		50.2%	<b>49.8%</b>	+50% in 2030	
% of employees involved in volunteering			<b>2.5%</b>	20%	
SUPPLIERS' CSR PRACTICES					
Percentage of the suppliers assessed by EcoVadis who achieved the "confirmed" level	84%	84%	<b>85%</b>		
% of the suppliers assessed who are at the required level with regard to human rights	85%	86%	<b>89%</b>	>95%	
% of the volume of natural rubber used by the Group, based on human rights-related criteria (representative sample of farmers via RubberWay®)	20%	30%	<b>41%</b>	80% from 2025	
% of emissions from purchased goods and services coming from suppliers with "Science-based" targets		13%	<b>21%</b>	70% from 2024	
ETHICS					
Number of alerts reported by the ethics hotline	1,037	989	<b>1,226</b>		

For more indicators, refer to the Group's digital reporting: [Michelin - Non-financial performance statement](#)



# 8 / TABLE OF CONCORDANCE BETWEEN THE DUTY OF CARE PLAN AND THE UNIVERSAL REGISTRATION DOCUMENT 2021

	Duty of Care Plan risks	Related section of the URD	URD page no.
Environmental risks	1.1. Overall impact on climate change and mitigation strategy	4.1.4.1.a) Transition plan: Decarbonization of our operations 4.1.4.1.b) Company's strategic transition plan	p. 208-217 p. 217-220
	1.2. Impact of our operations on climate change	4.1.4.1.a) Transition plan: Decarbonization of our operations	
	1.3. Impact of Scope 3 on climate change	4.1.4.1.a) Transition plan: Decarbonization of our operations	p. 216
	1.4. Risk of air and water pollution	4.1.4.4.c) Reduce energy consumption and greenhouse gas emissions	p. 240-242
		4.1.4.4.d) Reduce atmospheric pollutant emissions	p. 242-243
		4.1.4.4.f) Reduce water abstractions and discharges	p. 244-245
1.5. Impact of our raw materials on the environment (excluding climate change)	4.1.4.2. Increase our products' circularity 4.1.4.2 b) Deployment of the eco-design-approach	p. 228 p. 229	
1.6. Risk of harming biodiversity	4.1.4.3. Acting to promote biodiversity	p. 232	
	4.1.4.3.a) New individual commitments to act4nature	p. 233-234	
	4.1.4.3.b) Protection of ecosystem biodiversity in rubber tree farming		
	4.1.4.3.c) Attention to biodiversity at the Group's manufacturing and research sites	p. 234-235	
Risks to health and safety	2.1. Occupational accidents	4.1.3.4.c) Measure and track occupational accidents	p. 204
	2.2. Exposure to chemicals	4.1.3.3.c) Control the risks associated with industrial hygiene to protect employees' health	p. 202
	2.3. Ergonomics	4.1.3.3.d) Improve workstation ergonomics	p. 203
	2.4. Psychosocial issues at work	Supplier risks	p. 198
	2.5. Epidemic or viral infection	4.1.3.3. Protect people's health / A health protocol to cope with the Covid-19 pandemic	p. 201
	2.6. Risk to employee safety	4.1.3.4.a) Control workplace safety risks	p. 203
Human Rights risks	3.1. Human rights violations at our suppliers' premises	4.1.1.2. Translate our CSR commitments into a responsible procurement policy	p. 162
	3.2. Discrimination	4.1.2.2. Disseminate a diversity-inclusive culture and combat discrimination	p. 182
	3.3. Harassment	4.1.2.1 b) Human rights - Organization and ambitions	p. 179-181
	3.4. Freedom of association	4.1.2.3. Promote responsible social dialogue	p. 186-187
	3.5. Privacy and personal data	4.1.1.1.d) Privacy and data protection	p. 162 p. 58



	Duty of Care Plan risks	Related section of the URD	URD page no.
Human Rights risks	3.6. Risk in terms of compensation and social protection	4.1.2.3.b) A suitable compensation and benefits policy	p. 188
	3.7. Local communities	4.1.2.5.f) Factor in the risk of a potentially negative impact of the business on local communities	p. 198-199
	3.8 Safety of products and services	4.1.1.3. Guarantee the quality of products and services 4.1.1.4. An active role in promoting consumer safety and environmental protection	p. 171-173 p. 174-178
CSR risks associated with supplier practices	4.1. Identifying CSR risks	4.1.1.2.b) Identification of the categories and countries at risk and evaluations of the Suppliers	p. 162 p. 164-167
	4.2 Risks associated with suppliers' CSR practices	4.1.1.2. Translate our CSR commitments into a responsible procurement policy 4.1.1.2.a) Governance and organization 4.1.1.2.b) Identification of the categories and countries at risk and evaluations of the suppliers	p. 162 p. 163 p. 164-167
	4.3. General measures for preventing and mitigating suppliers' CSR risks	4.1.1.2.b) Identification of the categories and countries at risk and evaluation of the suppliers	p. 164-167
	4.4. Impact of our suppliers on climate change	4.1.4.2. Increase our products' circularity 4.1.4.2.b) Deployment of the eco-design approach	p. 228 p. 229
	4.5. Human rights violations at our suppliers' premises	4.1.1.2. Translate our CSR commitments into a responsible procurement policy	p. 162
	4.6. Non-compliance with the Code of Conduct for Supplier Relations	4.1.1.2. Translate our CSR commitments into a responsible procurement policy	p. 162
	4.7. The risks specific to natural rubber	4.1.1.2.c) A dedicated approach for natural rubber	p. 167-170
Risks within recent acquisitions	Risk of cyberattacks 4.1.1.2.a) Governance and organization	p. 58 p. 163	
Alert and reporting mechanisms	4.1.1.1.a) Introduce an ethics initiative as standard practice Control and alert procedures	p. 160	

