

F0. Introduction

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F0.1

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**(F0.1) Give a general description of and introduction to your organization.**

Since 1889, Michelin has constantly innovated to facilitate the mobility of people and goods. Today, the Group is setting the standard across every tire and travel-related services market, while leading a global strategy to drive responsible, sustainable and profitable growth. Backed by its unrivaled expertise in materials and leading-edge industrial processes, the Group's Michelin In Motion 2030 strategic plan is designed to grow its business with tires (automotive, road transportation and specialties), around tires with a range of fleet services and solutions for fleet operators and monetization of collected data, and beyond tires in high-tech materials, engineered polymers, hydrogen mobility, metal 3D printing polymer-based materials.

Michelin enjoys exceptional geographic coverage and is stepping up its deployment in emerging markets. Currently operating in 26 countries at 121 production facilities and 9 research centers, and 7,400 dealerships and service centers in 30 countries. Michelin employs a total of 132,000 people worldwide. Net sales in 2022 were €28.6 billion.

Operating in a wide variety of markets not only enables the Group to diversify its sources of revenue but also to capitalize on the countercyclical nature of certain industries or business segments to strengthen its resilience. Today, tire-related sales account for nearly 95% of the consolidated total, divided almost equally between B2C (replacement passenger car and two-wheeler tires) and B2B sales (Road transportation, Beyond road, Mining, Automotive original equipment, and Aircraft). The main targeted growth drivers are focused on the shift to electric mobility and specialty tires.

The Group also intends to expand in services and solutions for vehicle fleets by capitalizing on advances in digital technology and connected mobility. It also leverages its unrivaled expertise in high-tech materials and leading-edge industrial processes in a variety of industries, including energy, medical devices and aerospace. Non-tire sales rose by 22% in 2022.

In 2022 the Michelin Group, which previously owned 49% of Royal Lestari Utama (RLU), has purchased the remaining 51% of the joint venture created with Barito Pacific Group. In this way, Michelin has reasserted its objectives and its commitment to producing sustainable natural rubber in Indonesia and to improving the living conditions of local communities.

F0.2

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**(F0.2) State the start and end date of the year for which you are reporting data.**

	Start Date	End Date
Reporting year	January 1 2022	December 31 2022

F0.3

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**(F0.3) Select the currency used for all financial information disclosed throughout your response.**

EUR

F0.4

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**(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization's area of operation.**

**Timber products**

**Commodity disclosure**

Not disclosing

**Stage of the value chain**

Manufacturing

**Are you disclosing information on embedded commodities?**

<Not Applicable>

**Explanation if not disclosing**

Limited quantities of wood-derived product are used as an input material in some of our semi-finished products. Our focus remains on natural rubber, which comprises the vast majority of our forest risk commodity use.

## **Palm oil**

### **Commodity disclosure**

This commodity is not produced, sourced or used by our organization

### **Stage of the value chain**

<Not Applicable>

### **Are you disclosing information on embedded commodities?**

<Not Applicable>

### **Explanation if not disclosing**

<Not Applicable>

## **Cattle products**

### **Commodity disclosure**

This commodity is not produced, sourced or used by our organization

### **Stage of the value chain**

<Not Applicable>

### **Are you disclosing information on embedded commodities?**

<Not Applicable>

### **Explanation if not disclosing**

<Not Applicable>

## **Soy**

### **Commodity disclosure**

This commodity is not produced, sourced or used by our organization

### **Stage of the value chain**

<Not Applicable>

### **Are you disclosing information on embedded commodities?**

<Not Applicable>

### **Explanation if not disclosing**

<Not Applicable>

## **Other - Rubber**

### **Commodity disclosure**

Disclosing

### **Stage of the value chain**

Production  
Processing  
Manufacturing

### **Are you disclosing information on embedded commodities?**

No, because we have no embedded commodities

### **Explanation if not disclosing**

<Not Applicable>

## **Other - Cocoa**

### **Commodity disclosure**

This commodity is not produced, sourced or used by our organization

### **Stage of the value chain**

<Not Applicable>

### **Are you disclosing information on embedded commodities?**

<Not Applicable>

### **Explanation if not disclosing**

<Not Applicable>

## **Other - Coffee**

### **Commodity disclosure**

This commodity is not produced, sourced or used by our organization

### **Stage of the value chain**

<Not Applicable>

### **Are you disclosing information on embedded commodities?**

<Not Applicable>

### **Explanation if not disclosing**

<Not Applicable>

F0.5

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**(F0.5) Select the option that describes the reporting boundary for which forests-related impacts on your business are being reported**

Financial control

## F0.6

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**(F0.6) Select the countries/areas in which you operate.**

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

## F0.7

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**(F0.7) Are there any parts of your direct operations or supply chain that are not included in your disclosure?**

Yes

## F0.7a

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**(F0.7a) Identify the parts of your direct operations or supply chain that are not included in your disclosure.**

**Forest risk commodity**

Other – Rubber

**Value chain stage**

Supply chain

**Exclusion**

Other, please specify (Specific input material, including compound, purchased directly for specialized applications)

**Description of exclusion**

Compound rubber is a specific compound material occasionally purchased directly in low volumes for use in limited applications, which can contain varying amounts of natural rubber. The exclusion also includes a very limited amount of natural rubber used in specialized applications.

**% of volume excluded**

<1%

**Potential for forests-related risk**

Potential for forests-related risk but not evaluated

**Please explain**

A vast majority of our natural rubber is purchased in the form of 'pure' processed natural rubber. For limited applications, compound rubber (where synthetic rubber, natural rubber and other materials are pre-mixed) is purchased directly from suppliers. The exclusion, which comprise of the natural rubber components of the volume of compound material, and the limited natural rubber purchases used in specialized applications only accounts for less than 1% of our procurement spend. We are actively engaging with suppliers of compound rubber to assess the forest-related risks of their natural rubber component supply chains.

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**Forest risk commodity**

Other – Rubber

**Value chain stage**

Direct operations

**Exclusion**

Recent merger, acquisition or divestiture

**Description of exclusion**

In the second half of 2022, Michelin purchased the remaining shares from its joint venture partner and completed the acquisition of 100% of Royal Lestari Utama (RLU) in Indonesia. The integration of RLU into Michelin's direct operations and sustainability reporting is still ongoing. For reporting year 2022, the data from RLU will not be recorded in Sections F1.3 and F1.4. However, natural rubber volumes purchased from RLU in 2022 will still be included in this disclosure under the supply chain scope.

**% of volume excluded**

<1%

**Potential for forests-related risk**

Potential for forests-related risk, evaluated, but not disclosing to CDP

**Please explain**

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**F0.8**

**(F0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.?)**

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

**F1. Current state**

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**F1.1**

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**(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?**

**Other - Rubber**

**Activity**

- Growing/production of raw materials
- Refining & processing
- Using as input into product manufacturing
- Retailing/onward sale of commodity or product containing commodity

**Form of commodity**

Other, please specify (Raw Natural Rubber, Processed Natural Rubber)

**Source**

- Owned/managed land
- Smallholders
- Multiple contracted producers
- Contracted suppliers (processors)

**Country/Area of origin**

- Brazil
- Côte d'Ivoire
- Ghana
- Guinea
- India
- Indonesia
- Liberia
- Malaysia
- Nigeria
- Sri Lanka
- Thailand
- Viet Nam

**% of procurement spend**

21-30%

**Comment**

The countries listed represent the full list of countries of origin at time of reporting. We have 100% traceability to our direct suppliers (natural rubber processing factories) and are working with them to better understand our indirect suppliers through supply chain mapping and risk mapping initiatives. This includes our suppliers who primarily source from smallholder farmers, where supply chains can be especially complex and be several layers deep with multiple intermediaries. To help tackle this, we are deploying the RubberWay® tool with the vast majority of our suppliers by volume which empowers them to map environmental and social risks throughout their supply chains, through a field-ready questionnaire housed on a mobile application, which aggregates risk mapping data on a dashboard so that Michelin and natural rubber suppliers can prioritize interventions. This dashboard includes an actual map showing the geographical sourcing areas where the RubberWay® tool has been deployed, within a country, at a jurisdiction level.

**F1.2**

**(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.**

	% of revenue dependent on commodity	Comment
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	91-99%	Sales recognized at the time when control of the goods or services is transferred to the customer represented 97.5% of Group sales in 2022. They mainly include sales of tires for the original equipment market and the replacement market, as well as sales of Fenner conveyor belts. Natural rubber is a critical raw material used in the manufacturing of tires.
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

**F1.3**

**(F1.3) Provide details on the land area you control and/or manage that is used for the production of your disclosed commodity(ies).**

**Forest risk commodity**

Other - Rubber

**Type of control**

Own land

**Country/Area**

Brazil

**Land type**

<Not Applicable>

**Area (Hectares)**

1366

**% Area certified**

0

**Certification scheme**

No certified area in this country/area

**Conversion of natural ecosystems monitored during the reporting year, the last 5 years and/or since specified cutoff date**

We have monitored conversion of natural ecosystems during the last 5 years

**Area of natural ecosystems converted during the reporting year (hectares)**

<Not Applicable>

**Area of natural ecosystems converted since specified cutoff date (hectares)**

<Not Applicable>

**Area of natural ecosystems converted during the last 5 years (hectares)**

0

**Please explain**

Michelin (Plantações Michelin da Bahia Ltda) manages 4578 hectares of land in Bahia, Brazil. Of this, 3182 hectares are officially designated as protected areas (either Reserva Legal, Área de Preservação Permanente or Reserva Particular do Patrimônio Natural), and most of this area is managed as part of the Michelin Ecological Reserve (see F1.4). Of the 1366 hectares currently designated as 'Áreas Productivas' (Productive Area), over 700 hectares are now managed under the purview of the Michelin Ecological Reserve; production activities in these rubber groves have stopped with the aim to restore a natural forest matrix and increase connectivity for the adjacent reserve areas. This makes the Pachanga River valley the only one in the region with no economic or agricultural activity. The rest of the Productive Area is primarily dedicated to research and development of varieties resistant to pest and disease. Since the property was acquired in the 1980's, all forest areas have been retained and set aside area has been increased. In the period since Michelin undertook its Sustainable Natural Rubber Policy, this status of no conversion has been maintained. Deforestation monitoring and biodiversity protection is conducted primarily through physical monitoring by a dedicated team of five rangers hired from the local community.

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**F1.4**

**(F1.4) Provide details on the land you control and/or manage that was not used for the production of your disclosed commodity(ies) in the reporting year.**

**Forest risk commodity**

Other - Rubber

**Country/Area**

Brazil

**Type of control**

Own land

**Land type**

Set-aside land

**Area (hectares)**

3182

**% covered by natural forests**

100

**Please explain**

Michelin (Plantações Michelin da Bahia Ltda) manages 4578 hectares of land in Bahia, Brazil. Of this, 3182 hectares are officially designated as protected areas (either Reserva Legal, Área de Preservação Permanente or Reserva Particular do Patrimônio Natural), and most of this area is managed as part of the Michelin Ecological Reserve. In total, 3,900 hectares of the property are managed under the purview of the reserve. The reserve was created to preserve one of the world's most species-rich tropical rainforests, the southern Bahian Atlantic rainforest, in a region suffering from widespread deforestation and environmental degradation. This area includes primary forest, mature secondary forest, and pioneer forest on retired rubber groves that have been incorporated into the reserve over time as restoration areas. The retired rubber groves are in various stages of natural succession, with 312 hectares having undergone enrichment planting with native species as part of the reserve's restoration program. Other than non-forest ecosystems such as wetlands and water bodies, and including the pioneer/regenerating forests in the restoration areas, it can be said that the Reserve area is largely covered by natural forests.

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**F1.5**

**(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?**

	Data availability/Disclosure
Timber products	<Not Applicable>
Palm oil	<Not Applicable>
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	Consumption and production data available, disclosing
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

**F1.5a**

**(F1.5a) Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.**

**Forest risk commodity**

Other - Rubber

**Data type**

Production data

**Commodity production/ consumption volume**

21

**Metric for commodity production/ consumption volume**

Metric tons

**Data coverage**

Full commodity production/consumption

**Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?**

Please select

**% of reported volume verified as deforestation- and/or conversion-free**

<Not Applicable>

**Please explain**

Only area dedicated to research and development remains. Volume obtained from incidental harvests from R&D areas.

**Forest risk commodity**

Other - Rubber

**Data type**

Consumption data

**Commodity production/ consumption volume**

850000

**Metric for commodity production/ consumption volume**

Metric tons

**Data coverage**

Full commodity production/consumption

**Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?**

No, but we are planning to verify volumes as deforestation- and/or conversion-free in the next two years

**% of reported volume verified as deforestation- and/or conversion-free**

<Not Applicable>

**Please explain**

A rounded figure has been provided.

**F1.5c**

**(F1.5c) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.**

**Forest risk commodity**

Other - Rubber

**Country/Area of origin**

Any other countries/areas

**State or equivalent jurisdiction**

<Not Applicable>

**% of total production/consumption volume**

100

**Please explain**

Our list of sourcing countries is disclosed in Section F1.1. The percentage of total production volume by geography is currently considered confidential as it is a result of our sourcing strategy. We currently have 100% traceability to our direct suppliers (natural rubber processing factories—sometimes referred to as "mills" in this document) and are working with them to better understand our indirect suppliers through supply chain mapping and risk mapping initiatives, especially at a jurisdictional level. This includes the deployment of the jurisdictional level risk mapping tool, RubberWay®, with our suppliers who primarily source from smallholder farmers, where supply chains can be especially complex and be several layers deep with multiple intermediaries.

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**F1.6**

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**(F1.6) Has your organization experienced any detrimental forests-related impacts?**

Yes

**F1.6a**

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**(F1.6a) Describe the forests-related detrimental impacts experienced by your organization, your response, and the total financial impact.**

**Forest risk commodity**

Other - Rubber

**Impact driver type**

Technological

**Primary impact driver**

Inability to increase yield of existing production areas

**Primary impact**

Increased operating costs

**Description of impact**

Natural rubber production in Brazil and much of South America has long been a challenging endeavor due to the prevalence of the South American Leaf Disease. Within Michelin's operations in Brazil, this presents ongoing phytosanitary risks and impacts on the single production area that we maintain. Impacts have been chronic, with increased operational costs since the property was acquired in 1984. In 2022, the impacts have continued, and comprise: increased operational cost of phytosanitary monitoring and control measures; increased cost of raw materials sourced from the region and processed material imported from outside the region; and on-going costs of research and development programs conducted in response to the on-going impacts. With such limitations, the country Brazil is also de facto a net importer of natural rubber; Michelin only manages to source around 50% of its natural rubber requirements locally, the rest being imported mostly from South-East Asia at a higher cost and with a much longer lead time.

**Primary response**

New product/technology development

**Total financial impact**

10000000

**Description of response**

In response to the on-going impact of the South American Leaf Disease within South America, as well as risk of cross-border contamination resulting in the rubber tree diseases being transferred and proliferating to other rubber cultivation areas, Michelin works in partnership with research institutes and local authorities to strengthen measures mitigating phytosanitary risks, in particular the spread of diseases in areas where they are still absent. Michelin is directly involved in several research programs aimed at countering the most impactful phytosanitary threats for the sector, in particular through programs for the selection of resistant varieties. A large proportion of the remaining active plantation area within Michelin's sole plantation in Bahia, Brazil is dedicated to research and development programs for disease resistant varieties. In partnership with the French agricultural research institute CIRAD, we are in the process of breeding more than 30,000 varieties resistant to South American Leaf Disease. Of these 30,000 varieties, 68 have currently been selected for further evaluation.

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**F1.7**

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**(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.**

**Forest risk commodity**

Other - Rubber

**Have you monitored or estimated your deforestation/conversion footprint?**

No, but we plan to monitor or estimate our deforestation/conversion footprint in the next two years

**Coverage**

<Not Applicable>

**Reporting deforestation/conversion since a specified cutoff date or during the last five years?**

<Not Applicable>

**Known or estimated deforestation/ conversion footprint (hectares)**

<Not Applicable>

**Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint**

<Not Applicable>

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## F2. Procedures

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### F2.1

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**(F2.1) Does your organization undertake a forests-related risk assessment?**

Yes, forests-related risks are assessed

### F2.1a

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**(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.**

## Other - Rubber

### Value chain stage

Direct operations  
Supply chain

### Coverage

Full

### Risk assessment procedure

Assessed as part of an established enterprise risk management framework

### Frequency of assessment

Annually

### How far into the future are risks considered?

> 6 years

### Tools and methods used

Internal company methods  
Global Forest Watch Pro  
Sustainability Policy Transparency Toolkit (SPOTT)  
National specific tools and databases  
Jurisdictional/landscape assessment  
Other, please specify (RubberWay, EcoVadis, Partnerships, Organized stakeholder dialogues)

### Issues considered

Availability of forest risk commodities  
Quality of forests risk commodities  
Impact of activity on the status of ecosystems and habitats  
Regulation  
Climate change  
Impact on water security  
Tariffs or price increases  
Loss of markets  
Social impacts  
Other, please specify (Good agricultural practices , livelihoods of smallholders producers)

### Stakeholders considered

Customers  
Employees  
Investors  
Local communities  
NGOs  
Other forest risk commodity users/producers at a local level  
Regulators  
Suppliers

### Please explain

Natural rubber market, industry and sustainable development risks are assessed on an annual basis using a group-level raw material risk screening tool. Natural rubber as a forest-risk commodity has also been prioritized for sustainability risk management, and Michelin utilizes an integrated sustainability risk-based framework that includes a specified supplier approval process, sustainability management system assessments, a jurisdictional upstream supply chain risk mapping tool, organized stakeholder dialogs (conducted every two years), and additional assessments for higher risk segments. This is updated every year, also informs the annual enterprise-level Duty of Care Plan. Risk assessment processes begin with an approval process for all new suppliers, which includes a supplier questionnaire and initial on-site audit, both of which include environmental and social aspects. Suppliers operating in specific countries, or those with specific sourcing structures (e.g. sourcing originating from large plantations) are subject to additional assessments, including on their governance and raw material sourcing structures. Continual on-site audits, which focus on quality but include environmental and social aspects, are subsequently conducted at least once every two years. Michelin has also leveraged on EcoVadis, a global business sustainability ratings provider to assesses the sustainability management systems (including sustainable procurement) of priority suppliers with documentary reviews, representing around 92% of its natural rubber suppliers (by spend) assessed in 2022. In 2016, Michelin developed RubberWay®, a jurisdictional level risk mapping tool, to help address the complex and smallholder-dominated nature of natural rubber supply chains and at the end of 2022, suppliers accounting for 80% of its volume are deploying the tool. In 2022, Michelin, working with WWF, piloted the second phase of the deforestation risk analysis on eight of its prioritised supplier factories' supply sheds. Action plans were identified based on the results.

## F2.2

### (F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?

	Value chain mapping	Primary reason for not mapping your value chain	Explain why your organization does not map its value chain and outline any plans to introduce it
Timber products	<Not Applicable>	<Not Applicable>	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	Yes, we have partially mapped the value chain	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>

## F2.2a

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**(F2.2a) Provide details of your organization's value chain mapping for its disclosed commodity(ies).**

**Forest risk commodity**

Other - Rubber

**Scope of value chain mapping**

Own operations

**% of total suppliers covered within selected tier(s)**

<Not Applicable>

**Description of mapping process and coverage**

<Not Applicable>

**Your own production and primary processing sites: attach a list of facility names and locations (optional)**

**Your suppliers' production and primary processing sites: attach a list of names and locations (optional)**

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**Forest risk commodity**

Other - Rubber

**Scope of value chain mapping**

Tier 1 suppliers

**% of total suppliers covered within selected tier(s)**

100

**Description of mapping process and coverage**

Michelin maintains traceability to the natural rubber processing factory (equivalent to mill) level for 100% of its volume. Engagement with our direct suppliers begins during their initial approval process, where we engage them with a Preliminary Evaluation Questionnaire that includes queries on their sustainability policy, management system and actions, which includes their compliance to the prevailing environmental, labor and social regulations in their country. The approval process for all natural rubber processing factories includes an on-site quality audit which includes environmental and social aspects; these are then repeated at least once every two years. We source exclusively from this approved factory list, meaning that even volumes purchased from wholesalers and dealers maintain traceability to factory level.

**Your own production and primary processing sites: attach a list of facility names and locations (optional)**

**Your suppliers' production and primary processing sites: attach a list of names and locations (optional)**

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**Forest risk commodity**

Other - Rubber

**Scope of value chain mapping**

Tier 2 suppliers

**% of total suppliers covered within selected tier(s)**

43

**Description of mapping process and coverage**

In 2016, Michelin developed RubberWay®, a jurisdictional level risk mapping tool, to help address the complex nature of natural rubber supply chains and at the end of 2022, suppliers accounting for 80% of its volume are deploying the tool. RubberWay® allows users to map interactions and assess risk all throughout the natural rubber value chain. When suppliers deploy RubberWay®, they declare a number of direct suppliers to each factory, which are typically intermediates in South-east Asia and are more often smallholders or outgrowers in West Africa. Based on the number of deployed questionnaires against the declared intermediaries and smallholders/outgrowers respectively, and assigned on a proportional basis per supplier factory by volume (year -1), approximately 43% of Tier 2 suppliers can be said to be mapped through the RubberWay® risk mapping tool.

**Your own production and primary processing sites: attach a list of facility names and locations (optional)**

**Your suppliers' production and primary processing sites: attach a list of names and locations (optional)**

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**Forest risk commodity**

Other - Rubber

**Scope of value chain mapping**

Smallholders

**% of total suppliers covered within selected tier(s)**

58

**Description of mapping process and coverage**

Assess risks for smallholders that is aggregated on a statistical, jurisdictional basis through RubberWay®: 58% of supply assessed on a jurisdictional basis, see Sustainable Natural Rubber Roadmap 2020-2025 for full definition.

**Your own production and primary processing sites: attach a list of facility names and locations (optional)**

**Your suppliers' production and primary processing sites: attach a list of names and locations (optional)**

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## F2.3

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**(F2.3) Do you use a classification system to determine risk of deforestation and/or conversion of other ecosystems for your sourcing areas, and if yes, what methodology is used, and what is the classification used for?**

Use of a classification system to determine deforestation and/or conversion risk of sourcing areas	Methodology used for classifying levels of risk	Use of risk classification	Attachment indicating risk classification for each sourcing area (optional)
1 Yes, we use a classification system	<p>Michelin utilizes a number of tools as part of its an integrated risk assessment approach, which includes deforestation and conversion risks. At a country level, Michelin follows specified country-level risks published by the multistakeholder rubber platform - the GPSNR. To provide further depth to country risk analysis and for more detailed jurisdictional level analysis, Michelin is deploying RubberWay®, a risk mapping tool developed in 2016 to assess the whole natural rubber supply chain. At the end of 2022, suppliers accounting for 80% of its volume are deploying the tool. Deforestation and conversion risks are assessed under the sub-theme of "Biodiversity and Deforestation" which is part of the environmental theme. Results are updated annually under the Sustainable Natural Rubber sustainability impact indicators dashboard: <a href="https://purchasing.michelin.com/en/we-care-about-the-environment/">https://purchasing.michelin.com/en/we-care-about-the-environment/</a>. Furthermore, Michelin, working with WWF, has developed a deforestation risk analysis tool which leverages on spatial datasets and the WWF deforestation fronts dataset. At the end of 2022, detailed mapping of the supply shed of prioritized factories has been completed, and work will continue in 2023 to further analyze/classify risks at a jurisdictional level. Michelin is also utilizing satellite monitoring tools, both in our own operations and working with our joint-venture natural rubber supplier in the West Africa region.</p>	<p>Risk levels are used to prioritize jurisdictions or specific supplier supply sheds for further assessment, mitigation and/or intervention. Examples of risk mitigation activity based on RubberWay analysis include the development of a capacity building and risk mitigation project in Sumatra Indonesia: Committed Actions for Smallholder CAcapacity Development (CASCADE) project. Working together with a supplier that has operations in the area, the project combines in-person instruction with a digital training solution to improve accessibility and the ability to measure impacts. It was developed based on actual RubberWay risk data which informs its interventions. The project aims to reach 1000 smallholders and their families and is scheduled for completion in 2024. Other projects following CASCADE's model have been launched in other priority jurisdictions since then.</p> <p>The initial phase of the WWF deforestation risk assessment tool analyzed environmentally sensitive areas around natural rubber processing plants, based on a uniform radius indicating a probable supply shed. Selected factories were then prioritized, based on initial results, for a detailed mapping of their supply chain. In 2022, this second analysis phase was piloted on the actual jurisdictional supply sheds of eight factories and action plans were identified based on the results.</p>	

**F3. Risks and opportunities**

**F3.1**

**(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?**

	Risk identified?
Timber products	<Not Applicable>
Palm oil	<Not Applicable>
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	Yes
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

**F3.1a**

**(F3.1a) How does your organization define substantive financial or strategic impact on your business?**

For Michelin, a risk corresponds to the possibility of an event occurring whose consequences could affect its objectives, financial position or reputation, or affect its stakeholders, in other words, events or practices that have an effect on people, the planet and society. All of these risks are reviewed by the Michelin Group as part of its risk mapping process.

Based on their net effect and the duration of the consequences, impact scales are used to qualify the risk's net effect on Michelin's financial position or reputation. The financial impact that these risks could potentially have on the Group's operating income is measured using the following risk rating scale:

- "High" = more than €400 million annual net effect.
- "Medium" = between €150 million and €400 million annual net effect.
- "Low" = less than €150 million annual net effect.

**F3.1b**

**(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

**Forest risk commodity**  
Other - Rubber

**Type of risk**

Chronic physical

**Geographical scale**

Global

**Where in your value chain does the risk driver occur?**

Direct operation

Supply chain

**Primary risk driver**

Other chronic physical driver, please specify (Pest and disease/ phytosanitary risks)

**Primary potential impact**

Reduction or disruption in production capacity

**Company-specific description**

Ongoing and emerging risks of pest and disease are a notable physical risk driver for natural rubber cultivation and production. One notable example is the Southern American Leaf Blight (SALB) disease, which is endemic to South America and has extensively affected natural rubber cultivation in Central and South America. It presents ongoing phytosanitary challenges within its endemic regions, but also poses a phytosanitary risk to the other major rubber producing regions such as West Africa and South-East Asia which have not yet been affected. Another emerging leaf fall disease is currently affecting limited areas of rubber cultivation in South-East Asia. Where rubber cultivation has been affected by pest and disease, there are knock on effects including reduced production and productivity. This can have economic consequences for operations, and in the case of smallholder production, can impact livelihoods. In the long term, changes in climatic conditions could also have impacts on where specific pests and diseases are able to propagate and affect production areas.

**Timeframe**

&gt;6 years

**Magnitude of potential impact**

Medium

**Likelihood**

About as likely as not

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact (currency)**

335000000

**Potential financial impact figure - minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure - maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact**

The raw material risk screening tool used by Michelin takes into account multiple risks which could lead to business continuity issues. Among those risks is agricultural risks which includes pests, diseases, and phytosanitary risks. Mitigation measures for these risks are taken into account in the Business Continuity Plans.

**Primary response to risk**

New product/technology development

**Description of response**

In response to the on-going impact of the South American Leaf Disease within South America, as well as risk of cross-border contamination resulting in the rubber tree diseases being transferred and proliferating to other rubber cultivation areas, Michelin works in partnership with research institutes and local authorities to strengthen measures preventing phytosanitary risks, in particular the spread of diseases in areas where they are still absent. Michelin is directly involved in several research programs aimed at countering the most impactful phytosanitary threats for the sector, in particular through programs for the selection of disease resistant varieties. A large proportion of the remaining active plantation area within Michelin's sole plantation in Bahia, Brazil, is dedicated to research and development programs for disease resistant varieties. In partnership with the French agricultural research institute CIRAD, we have bred in Brazil more than 30,000 varieties resistant to South American Leaf Disease (SALB), of which 68 varieties have currently been selected for further evaluation. Michelin and CIRAD also jointly organize workshops and seminars for the Asia and Pacific Zone for researchers, plant protection and quarantine authorities on the prevention of cross-regional transfer of rubber diseases.

**Cost of response**

1000000

**Explanation of cost of response**

The cost of response includes increased monitoring and operating costs relating to phytosanitary measures and natural rubber cultivation related research and development efforts. This figure is an annual cost as our commitment to this important topic remains on-going.

**Forest risk commodity**

Other - Rubber

**Type of risk**

Chronic physical

**Geographical scale**

Global

**Where in your value chain does the risk driver occur?**

Direct operation

Supply chain

**Primary risk driver**

Increased severity of extreme weather events

**Primary potential impact**

Reduction or disruption in production capacity

**Company-specific description**

Concerning both direct operations and supply chain activities, Michelin and its partners have completed the mapping of predictive impacts of climate change on rubber production. Unlike acute physical impacts, chronic physical impacts from climate change are not relevant to Michelin activities in the short and medium-term. The reason is two-fold: (1) impacts have not been observed; and (2) information about future impacts is not specific enough to inform the company about potential risks. Example: as global temperatures rise the geographic distribution of crops and vegetation will shift. This could have an impact on production of natural rubber, a key raw material for making tires. Areas of optimum versus suitable rubber production will surely evolve. Climate change might have four different main impacts, all potentially leading to reduction or disruption in production capacity: (1) potential emergence of pests and diseases in areas currently unaffected by the change in climatic conditions; (2) increased occurrence of atypical climatic events such as flooding, severe drought periods or typhoons; (3) potential yield reduction with the increase of average temperatures (not observed yet); (4) potential for sub-optimal production zones to be affected such that they are not suitable for rubber cultivation at all. Among the four impacts described above, impacts (1) and (2) relate to nearer-term impacts, while (3) and (4) are impacts that may emerge over the long term.

**Timeframe**

>6 years

**Magnitude of potential impact**

Medium

**Likelihood**

About as likely as not

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact (currency)**

100000000

**Potential financial impact figure - minimum (currency)**

<Not Applicable>

**Potential financial impact figure - maximum (currency)**

<Not Applicable>

**Explanation of financial impact**

The raw material risk screening tool used by Michelin takes into account multiple risks which could lead to business continuity issues. Among those is risks caused by natural hazards/ disasters. Mitigation measures for these risks are taken into account in the Business Continuity Plans.

**Primary response to risk**

Promotion of best practice and awareness

**Description of response**

Current predictions involve long-term hypotheses associated with levels of uncertainty that are too high to support current decision-making on rubber procurement. In the meantime, Michelin's response to this uncertainty about the future is 1) diversification with supplies from different countries in the tropical zone; 2) ensuring the resilience of production in its plantation projects in Indonesia and Africa through a holistic approach to sustainable natural rubber production, 3) promoting sustainable practices in the natural rubber sector as a founding member of the Global Platform for Sustainable Natural Rubber. The raw material risk screening tool used by Michelin takes into account multiple risks which could lead to business continuity issues. Among those risks is agricultural risks, which includes the risk of changes in prevailing climatic conditions as a result of climate change. These risks are taken into account in the Business Continuity Plans. Michelin also engaged in mitigation actions below: diversified sourcing from different production areas and countries; maintaining a strong natural rubber network; pro-active initiatives and breeding programs led in collaboration with R&D partners to develop and disseminate new tolerant high-yielding varieties, promoting sustainable practices in the natural rubber sector, specifically aiming at improving smallholder farmers resilience.

**Cost of response**

1000000

**Explanation of cost of response**

In order to promote a sustainable rubber industry in the long run, Michelin actively participates in Research & Extensions programs for the best agricultural practices, either through direct financial contributions or through technical assistance provided to different value chain actors across the world by its internal teams of natural rubber experts.

**F3.2****(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

	Have you identified opportunities?
Timber products	<Not Applicable>
Palm oil	<Not Applicable>
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	Yes
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

**F3.2a****(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.****Forest risk commodity**

Other - Rubber

**Type of opportunity**

Efficiency

### Where in your value chain does the opportunity occur?

Supply chain

#### Primary forests-related opportunity

Sustainable agricultural intensification

#### Company-specific description

Increasing yield per hectare provides a means of keeping up with the global demand for natural rubber without increasing the surface area of cultivated land, thereby reducing land pressure on forested areas and/or land that would otherwise support food production. Yield improvement is key to minimize land use impacts of natural rubber cultivation. Good agricultural practices, sustainable tapping practices and improving rubber quality enable farmers, particularly smallholders, to cut production costs, improve working conditions, diversify livelihoods, enhance climate resilience and increase revenues over the long term. With 85% of rubber production originating from smallholder farmers, it is vital to empower them to apply the best agricultural, environmental, and social practices to achieve sustainable production more broadly. Michelin aims to do this through action on a number of fronts including: research programs focusing on the most efficient rubber tree varieties, pest management and agricultural technique optimization; technological transfer and promotion of good agricultural practices (planting density, tapping techniques, intercropping, agroforestry, minimizing the use of agrochemical inputs, quality etc.); support for training bodies intended to increase the level of expertise and skills of growers and rubber tappers; practical training sessions on good rubber cultivation, sustainable tapping practices, rubber quality and livelihood improvement and farmers empowerment. We launched a targeted capacity building project for smallholder farmers to address livelihood, environmental and social risks, targeting three jurisdictions in Sumatra, Indonesia. The project, which involves actors all along the natural rubber value chain, will run for at least 4 years, targeting a minimum of 1,000 rubber households by 2024, with the option to scale up. Two similar projects in East Kalimantan and Sri Lanka have also been deployed since. In our own operations, and collaboration with our joint venture in West Africa, we are supporting smallholder farmers through technical assistance, extension services and capacity building events, while disseminating technical training material and high-yielding agricultural inputs. These activities are ongoing but will operate on long timeframes considering the sheer number of smallholders to reach.

#### Estimated timeframe for realization

>6 years

#### Magnitude of potential impact

High

#### Likelihood

Likely

#### Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

#### Potential financial impact figure (currency)

79000000

#### Potential financial impact figure – minimum (currency)

<Not Applicable>

#### Potential financial impact figure – maximum (currency)

<Not Applicable>

#### Explanation of financial impact figure

These actions directly help the local smallholder farmers and their communities and increase external stakeholder confidence in Michelin which influences the status of the Michelin brand. In 2022, the Group's brand was valued at US\$7.9 billion. A 1% increase could add 79 M€ to the brand value.

#### Cost to realize opportunity

1400000

#### Strategy to realize opportunity

Michelin has launched five targeted capacity building projects for smallholder farmers across four countries. These projects aim to address livelihood, environmental and social risks through in-person and digital farmer training programs. In Sumatra, Indonesia, The Committed Actions for Smallholder CAPacity DEvelopment (CASCADE) project involves actors all along the natural rubber value chain and is targeting a minimum of 1000 rubber households by 2024. The Mahakam Project, which was developed based on learnings from CASCADE, was launched in late 2022 in East Kalimantan, Indonesia, targeting to train 2000 village farmers and their families by 2025. For both projects, there is the option to further scale-up the outreach after the initial target is met. In Sri Lanka, the RIVER project aims to develop the skills of 6000 rubber households by 2025 where rubber farming plays an important role in their local livelihoods. The GPSNR Agroforestry Project in southern Thailand, led by GPSNR and funded by Michelin and a car manufacturer, is targeting 1000 village smallholders to develop rubber agroforestry by 2025. Finally, in the Brazilian Amazon, the Michelin Foundation, in collaboration with WWF Brazil, is supporting a project that aims to benefit 3800 families by 2023. This project aims to preserve, improve, and commercialise the way local communities extract rubber from wild rubber trees to sustain employment for local communities, mitigate negative health impacts while promoting forest conservation. As of year-end 2022, the projects described above have trained 780 village smallholders and local producers. In addition, in collaboration with our rubber-industry joint ventures in the region of West Africa, we are supporting smallholder farmers through technical assistance, extension services and capacity building events, while disseminating technical training material and high-yielding agricultural inputs.

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#### Forest risk commodity

Other - Rubber

#### Type of opportunity

Resilience

#### Where in your value chain does the opportunity occur?

Supply chain

#### Primary forests-related opportunity

Improved supply chain engagement

#### Company-specific description

Michelin believes that change needs to happen throughout the whole natural rubber industry and is therefore working through a sector approach. To engage the whole industry and stakeholders along the value chain towards better practices, Michelin was one of the founding members of the Global Platform for Sustainable Natural Rubber (GPSNR), a truly multi-stakeholder platform that includes tire manufacturers, rubber suppliers and processors, vehicle makers, smallholders and NGOs. Its vision is 'For a fair, equitable and environmentally sound natural rubber value chain'. The GPSNR offers a platform to bring together various stakeholders to a common ground and will facilitate improved supply chain engagement throughout the supply chain.

#### Estimated timeframe for realization

>6 years

**Magnitude of potential impact**

High

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure****Cost to realize opportunity****Strategy to realize opportunity**

Michelin has played a vital role in the GPSNR which brings together different players throughout the entire natural rubber supply chain – from smallholder farmers, processors and traders, tiremakers and automakers, as well as civil society and NGOs. Michelin chaired the GPSNR Executive Committee until the end of 2021 and remains one of the organization's most active members. In 2022, the Group participated in the six GPSNR working groups: Policy Toolbox – Transparent Reporting Task Force, Strategy and Objectives, Smallholder Representation, Capacity Building, Shared Responsibility, and Traceability and Transparency. Advocating for more sustainable practices on a shared platform enables us to actively engage these different stakeholders from all parts of the supply chain.

**Forest risk commodity**

Other - Rubber

**Type of opportunity**

Products &amp; services

**Where in your value chain does the opportunity occur?**

Supply chain

**Primary forests-related opportunity**

Increased supply chain transparency

**Company-specific description**

One of the biggest challenges facing the natural rubber industry on its journey toward sustainability is the highly fragmented natural rubber supply chain. The challenge arises not only in that fact that 85% of the global natural rubber supply originates from smallholder farms, but also through the multiple tiers of intermediaries that buy and sell natural rubber. This results in a very complex supply chain, with a single natural rubber processing factory having thousands (and sometime tens of thousands) of smallholder farmers in their supply shed, most of whom they have little to no direct interaction with. Developed to help tackle this challenge, Michelin developed Rubberway®, a digital solution to assess and map social and environmental risks throughout the natural rubber supply chain.

**Estimated timeframe for realization**

Current - up to 1 year

**Magnitude of potential impact**

High

**Likelihood**

Very likely

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

79000000

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

These actions help to increase the transparency and risk management of the complex natural rubber supply chain transparency and increase external stakeholder confidence in Michelin which influences that status of the Michelin brand. In 2022, the Group's brand was valued at US\$7.9 billion. A 1% increase could add 79 M€ to the brand value.

**Cost to realize opportunity****Strategy to realize opportunity**

In 2017, Michelin developed Rubberway®, a digital solution to assess and map social and environmental risks throughout the natural rubber supply chain. Using any web-capable mobile device, rubber suppliers and farmers can answer a structured questionnaire that surveys them on environmental, social and agricultural practices. From there, data points are then aggregated on a web-based dashboard, which generates risk scores from groups of data for statistical analysis. Data can be visualized at multiple scales, from a single factory's supply shed, to an interactive world map that can identify risks at jurisdictional levels. This data can be used by individual natural rubber processing factories, or downstream actors like tire makers to better understand risks within their supply chain. The outcome is that stakeholders (tire makers, natural rubber processors, etc.) are equipped with the information they need to identify and mitigate risks with specific interventions. In 2022, we have deployed the tool with suppliers representing 80% of our volumes and have reached 136,778 smallholder farmers in seven countries, allowing us to prioritize support and develop mitigation projects for smallholders in higher-risk areas using a jurisdictional approach. In 2019, amidst an industry-wide push for greater transparency in the natural rubber supply chain, Michelin, Continental AG, and Smag (a leading software developer for agriculture), created a joint venture to further develop this solution. This aims to create an independent solution that can be widely applied across the natural rubber supply chain and hopes to engage more actors to participate in the platform. Currently, Rubberway® fosters collaboration toward supply chain action through its network of over 20 companies, ranging from tire manufacturers, natural rubber processors and plantations, as well as national rubber agencies.



## F4. Governance

### F4.1

#### (F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

### F4.1a

#### (F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

Position of individual or committee	Responsibilities for forest-related issues
Board-level committee	The Group Executive Committee (GEC), Group Management Committee (GMC) and the Supervisory Board are the 3 board-level committees responsible for environmental-related issues including forests. The GEC –the managing chairman, general manager and the executive VPs– focuses on strategic decisions, such as corporate transformations, business models, acquisitions, performance, brand strategy, and sustainable growth.
Board-level committee	The GMC (comprising of the Group Executive Committee and 13 functional heads) cross-functionally manages transformation, competitiveness, integration of acquisitions and the internal control, quality and risk management processes. It oversees forests-related risks and tracks forest-related progress in operations, particularly relating to sustainable sourcing and biodiversity supported by the Environment Governance (EG) and Human Rights Governance (HRG) bodies. The EG oversees forest-related issues including biodiversity and environmental aspects of sustainable sourcing, while the HRG body oversees social aspects of sustainable sourcing. An example of a decision made with the advice of the HRG was the launch of a smallholder capacity building project spanning 2020-2024 to mitigate risks identified through the Rubberway® risk mapping tool.
Board-level committee	The role of the Supervisory Board is to exercise permanent oversight of the Group's management and to assess its quality for the benefit of the shareholders. Its 4-member CSR Committee examines the Group's strategy, objectives, policies and commitments regarding environmental and social impacts, and makes recommendations in this regard, reviews roadmaps and their implementation.

### F4.1b

#### (F4.1b) Provide further details on the board's oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	Monitoring implementation and performance Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Setting performance objectives	<p>Reviewing and guiding strategy, risk management policies and corporate responsibility: The Group Management Committee (GMC) reviews all strategic actions related to forests-related issues. To do this, it conducts a biannual review, organized by the corporate sustainability officer, of decisions made and issues handled by the Environment Governance and Human Rights Governance bodies.</p> <p>This review enables the GMC to verify that steady progress is being made towards short-, medium- and long-term forests-related indicators and validate the strategic objectives and risks and their internal control.</p> <p>Monitoring implementation and performance and setting performance objectives: The Environment and Human Rights Governance bodies validate the commitments, ambitions and associated targets related to forests-related issues, including biodiversity and sustainable sourcing of natural rubber on a 30-year time horizon. It validates the roadmap to go towards these targets and makes necessary arbitrations. Indeed, the GMC regularly reviews the indicators monitored by the Environment Governance and Human Rights Governance bodies, which include KPIs on sustainable sourcing and biodiversity commitments. As such, it decides on whether action plans and adjustments in targets or resources are required.</p>

### F4.1d

**(F4.1d) Does your organization have at least one board member with competence on forests-related issues?**

Row 1

**Board member(s) have competence on forests-related issues**

No, and we do not plan to address this within the next two years

**Criteria used to assess competence on forests-related issues**

<Not Applicable>

**Primary reason for no board-level competence on forests-related issues**

Other, please specify (Competence for forest-related issues embedded in dedicated sustainability department)

**Explain why your organization does not have at least one board member with competence on forests-related issues and any plans to address board-level competence in the future**

Forest-risks are an important priority for the Group. Responsibility for forest-related issues is embedded in board level management committees. At the operational level, the Group has a dedicated natural rubber sustainability team, and a natural rubber sustainability manager, with technical competence on forest-related issues including expertise in smallholder engagement and sustainable agriculture.

F4.2

**(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).**

Name of the position(s) and/or committee(s)	Forests-related responsibilities of this position	Frequency of reporting to the board on forests-related issues	Please explain
Chief Operating Officer (COO)	Monitoring progress against forests-related corporate targets Managing forests-related risks and opportunities	Half-yearly	Forests-related issues are overseen by the Environment Governance and Human Rights Governance bodies. The Environmental Governance body is chaired by 2 members of the Group Executive Committee (GEC): the COO executive vice president of manufacturing (lead chair) and executive vice president of R&D. They represent the full GEC so they are vested with decision-making power. The governance body also includes eight other standing members representing the following departments: Standards and Regulations, Sustainable Development and Mobility, Materials Research, Risk Management, Purchasing, B2B On-Road section of the Research and Development Department, Information Systems Security, Security, Health & Safety and Environment, and the High-Tech Materials Business Line. The Human Rights Governance body is chaired by the Executive Vice President & Chief Personnel Officer, who is a member of the GEC. All major decisions on forest-related risks, opportunities and investments impacting operations that are not made by the GEC (board level) are made at these governance levels depending on the topic.  The nature of the report includes reviewing of progress, monitoring of emerging issues, risks and opportunities, the building of the 10 year plus roadmap, the main levers to be put in place, their level of gain and the associated capex and opex. The Environmental Governance body meets three times a year, and the Human Rights Governance body two times a year, to discuss such topics.

F4.3

**(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?**

	Provide incentives for management of forests-related issues	Comment
Row 1	No, not currently but we do plan to introduce them in the next two years	

F4.4

**(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?**

Yes (you may attach the report – this is optional)

F4.5

**(F4.5) Does your organization have a policy that includes forests-related issues?**

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

F4.5a

**(F4.5a) Select the options to describe the scope and content of your policy.**

**Row 1**

**Scope**

Company-wide

**Commodity coverage**

Other – Rubber

**Content**

- Commitment to eliminate conversion of natural ecosystems
- Commitment to no land clearance by burning or clearcutting
- Commitment to eliminate deforestation
- Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)
- Commitment to remediation, restoration and/or compensation of past harms
- Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
- Adoption of the UN International Labour Organization principles
- Commitment to best management practices for soils and peat
- Commitment to protect rights and livelihoods of local communities
- Commitment to transparency
- Commitment to stakeholder awareness and engagement
- Recognition of the overall importance of forests and other natural ecosystems
- Recognition of potential business impact on forests and other natural ecosystems
- Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy
- List of timebound milestones and targets
- Description of forests-related standards for procurement

**Document attachment**

**Please explain**

As one of the world's largest buyers of natural rubber, the Michelin Group is a key market player. We therefore have a special responsibility to support sustainable rubber production, which is at the core of our sustainable development strategy. We published our sustainable natural rubber policy in 2016, which identified the Group's public commitments in 5 areas: People, the Environment, Rubber Farmers, Natural Resources, and our Stakeholders. Our Sustainable Natural Rubber Policy has been updated in line with the GPSNR Policy Framework as of 2021, which can be found at: <https://purchasing.michelin.com/en/documentfilters/sustainable-natural-rubber-policy/>. In 2020, we also released our Sustainable Natural Rubber Roadmap 2020 – 2025, which sets key indicators to guide the implementation of Michelin's Sustainable Natural Rubber Policy, which can be found at: <https://purchasing.michelin.com/en/documentfilters/sustainable-natural-rubber-roadmap-2020-2025/>. Our primary focus for forest-related risks remains on natural rubber, which accounts for the vast majority of our manufacturing inputs and activities that may contribute to forest-related risks.

**F4.6**

**(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?**

Forest risk commodity	Public commitments made
Other – Rubber	Yes

**F4.6a**

**(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?**

Other, please specify (The Sustainable Natural Rubber initiative (SNR-i), the Global Platform for Sustainable Natural Rubber (GPSNR), Act4Nature commitments)

**F4.6b**

**(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.**

**Forest risk commodity**

Other - Rubber

**Criteria**

No conversion of natural ecosystems  
Zero gross deforestation/ no deforestation  
No new development on peat regardless of depth  
Avoidance of negative impacts on threatened and protected species and habitats  
No land clearance by burning or clearcutting  
No conversion of High Conservation Value areas  
No conversion of High Carbon Stock forests  
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities  
Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples  
Promotion of gender equality and women's empowerment  
Remediate any adverse impacts on indigenous people and local communities  
Adoption of the UN International Labour Organization principles  
Resolution of complaints and conflicts through an open, transparent and consultative process  
Facilitate the inclusion of smallholders into the supply chain  
No sourcing of illegally produced and/or traded forest risk commodities  
Recognition of legal and customary land tenure rights

**Operational coverage**

Direct operations and supply chain

**% of total production/ consumption covered by commitment**

100%

**Cutoff date**

2019

**Forest risk countries/areas that the cutoff date applies to**

Applied globally

**Reason for selecting cutoff date**

Sector-wide agreement/recommendation

**Commitment target date**

>2030

**Please explain**

Michelin's vision is to consider sustainable natural rubber as a natural and responsible way to uphold human rights and protect forests and ecosystems with high conservation value and high carbon stock, as well as to foster the essential environmental services they provide. Our commitments are captured in our Sustainable Natural Rubber Policy, which identified the Group's public commitments in 5 areas: People, the Environment, Rubber Farmers, Natural Resources, and our Stakeholders. The Group first adopted 'zero deforestation' principles as part of its Natural Rubber Procurement Policy in 2015, and it updated its policy to be aligned to the GPSNR Framework in 2021. GPSNR has adopted a cutoff date as part of its Policy Framework, and as such, the Group considers that natural rubber from areas deforested or where HCVs have been degraded after the cutoff date of 1 April 2019 is non-conforming with this policy element. In 2020, we also released our Sustainable Natural Rubber Roadmap 2020 – 2025, which sets key indicators to guide the implementation of Michelin's Sustainable Natural Rubber Policy (the roadmap also refers to some targets for year 2030). We have also taken commitments relating to our natural rubber supply chain as part of our Act4Nature commitments. Michelin recognizes that the natural rubber supply chain is complex and fragmented, with smallholder farmers contributing to 85% of global production. Since the publication of our Sustainable Natural Rubber Policy in 2016, we have spent the past few years laying important groundwork in an industry where sustainability and assessment frameworks were novel and untested. Significant resources have been spent on championing the use of sustainability assessment tools across the industry and even on creating novel tools where they had not existed before. Understanding the risks and capacity building needs of the complex and smallholder-dominated upstream supply chain is a key priority for Michelin, and in 2016, we developed RubberWay®, a risk mapping solution to help tackle this challenge. RubberWay® empowers our direct suppliers to assess and map social and environmental risks in their upstream supply chains. Our efforts have extended as well to multi-stakeholder approaches, including the collaborative creation of the Global Platform for Sustainable Natural Rubber with other natural rubber value chain actors and stakeholders, with the understanding that achieving sustainability across the value chain is a shared responsibility, and requires an industry approach.

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**F5. Business strategy**

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**F5.1**

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**(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	21-30	Michelin's 'All Sustainable' vision is based on the constant search for the right balance between People, Planet and Profit. This vision has been embedded deep in its strategic vision and has undertaken a number of results-oriented initiatives, including a commitment to the use of sustainable materials for our manufacturing process. Our ambition is to 'ensure that tires are made entirely of sustainable materials', with a 'sustainable materials rate' of 40% by 2030 (100% by 2050). Our efforts to transform the natural rubber value chain into one that is truly sustainable are a vital prerequisite to achieving this vision. We have also taken a number of commitments as part of our Act4Nature commitments.
Strategy for long-term objectives	Yes, forests-related issues are integrated	5-10	Building on its Act4Nature commitments and its Natural Rubber Sustainability Policy, Michelin has made sure to embed forest-related pillars into its strategy. For example, to help meet its Act4Nature commitments, it launched a pilot project in 2019 to factor in the impact of ecosystem impacts of our main raw materials. This was completed in 2020 and included in the life cycle analysis assessments for our tires. In 2020, we also defined publicly the steps we intend to take to implement the commitments taken in our Sustainable Natural Rubber Policy in our Sustainable Natural Rubber Roadmap 2020 – 2025. Our strategy has also included the development of novel tools to overcome forest-related challenges such as the development of the RubberWay® tool to map risks in the complex natural rubber supply chain.
Financial planning	Yes, forests-related issues are integrated	5-10	Forest-related issues are integrated into financial planning to dedicate the necessary resources to realize our strategic pillars. This includes multi-year planning for the development and deployment of novel tools such as RubberWay® and for long term intervention projects such as to build smallholder farmer capacity.

**F6. Implementation**

**F6.1**

**(F6.1) Did you have any forests-related timebound and quantifiable targets that were active during the reporting year?**

Yes

**F6.1a**

**(F6.1a) Provide details of your forests-related timebound and quantifiable target(s) and progress made.**

**Target reference number**

Target 1

**Forest risk commodity**

Other - Rubber

**Year target was set**

2020

**Target coverage**

Company-wide

**Target category**

Engagement with direct suppliers

**Metric**

Other, please specify (% of supply with deforestation risk, with zero deforestation principle adopted and applied)

**Traceability point**

<Not Applicable>

**Third-party certification scheme**

<Not Applicable>

**Base year**

**Base year figure**

**Target year**

2025

**Target year figure**

95

**Reporting year figure**

86

**% of target achieved relative to base year [auto-calculated]**

<Calculated field>

**Target status in reporting year**

Underway

**Is this target linked to a commitment?**

Zero net/gross deforestation

**Please explain**

The target year figure and reporting year figure are provided in percentage format. Our Sustainable Natural Rubber Roadmap 2020 - 2025 sets key indicators to guide the

implementation of Michelin's Sustainable Natural Rubber Policy. Currently, supply determined to be at risk is defined to be supply originating from large natural rubber plantations where an individual management unit has an area >500ha (estates). Adopted: zero deforestation clause is adopted in company policy. Applied: Implementation of zero deforestation commitment (including HCV and HCS assessments) where there has been new development since Michelin's policies have been published. Where there are ongoing issues related to deforestation, there should be an active engagement process. The full definition of this indicator can be found in our Sustainable Natural Rubber Roadmap 2020 – 2025. Compliance is benchmarked against a large plantation compliance checklist which large plantations are expected to review annually.

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**Target reference number**

Target 2

**Forest risk commodity**

Other - Rubber

**Year target was set**

2020

**Target coverage**

Company-wide

**Target category**

Engagement with direct suppliers

**Metric**

Other, please specify (% of supply with 'confirmed' performance on labor & human rights practices as assessed by EcoVadis)

**Traceability point**

<Not Applicable>

**Third-party certification scheme**

<Not Applicable>

**Base year**

**Base year figure**

**Target year**

2025

**Target year figure**

80

**Reporting year figure**

90

**% of target achieved relative to base year [auto-calculated]**

<Calculated field>

**Target status in reporting year**

Achieved

**Is this target linked to a commitment?**

Social commitments

**Please explain**

The target year figure and reporting year figure are provided in percentage format. Our Sustainable Natural Rubber Roadmap 2020 - 2025 sets key indicators to guide the implementation of Michelin's Sustainable Natural Rubber Policy. To help evaluate the sustainability performance of our suppliers, we are leveraging EcoVadis, a business sustainability rating provider. We aim to assess ≥80% of our supply (by spend) to have 'confirmed' performance (as defined by EcoVadis) on (1) Labor and Human Rights, (2) Environment, and (3) Ethics by 2025. The full definition of this indicator can be found in our Sustainable Natural Rubber Roadmap 2020 – 2025.

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**Target reference number**

Target 3

**Forest risk commodity**

Other - Rubber

**Year target was set**

2020

**Target coverage**

Company-wide

**Target category**

Engagement with direct suppliers

**Metric**

Other, please specify (% of supply with 'confirmed' performance on environmental practices as assessed by EcoVadis)

**Traceability point**

<Not Applicable>

**Third-party certification scheme**

<Not Applicable>

**Base year**

**Base year figure**

**Target year**

2025

**Target year figure**

**Reporting year figure**

87

**% of target achieved relative to base year [auto-calculated]**

&lt;Calculated field&gt;

**Target status in reporting year**

Achieved

**Is this target linked to a commitment?**

Other environmental commitments

**Please explain**

The target year figure and reporting year figure are provided in percentage format. Our Sustainable Natural Rubber Roadmap 2020 - 2025 sets key indicators to guide the implementation of Michelin's Sustainable Natural Rubber Policy. To help evaluate the sustainability performance of our suppliers, we are leveraging EcoVadis, a business sustainability rating provider. We aim to assess  $\geq 80\%$  of our supply (by spend) to have 'confirmed' performance (as defined by EcoVadis) on (1) Labor and Human Rights, (2) Environment, and (3) Ethics by 2025. The full definition of this indicator can be found in our Sustainable Natural Rubber Roadmap 2020 – 2025.

**Target reference number**

Target 4

**Forest risk commodity**

Other - Rubber

**Year target was set**

2020

**Target coverage**

Company-wide

**Target category**

Engagement with indirect suppliers

**Metric**

Other, please specify (% of supply where source has been risk-assessed at a jurisdictional level (RubberWay®))

**Traceability point**

&lt;Not Applicable&gt;

**Third-party certification scheme**

&lt;Not Applicable&gt;

**Base year****Base year figure****Target year**

2025

**Target year figure**

80

**Reporting year figure**

58

**% of target achieved relative to base year [auto-calculated]**

&lt;Calculated field&gt;

**Target status in reporting year**

Underway

**Is this target linked to a commitment?**

Other environmental commitments

**Please explain**

The target year figure and reporting year figure are provided in percentage format. RubberWay® is a risk mapping tool that maps environmental and social risks throughout the natural rubber supply chain. The tool allows factories to assess environmental and social risks in a readily deployable questionnaire housed in a mobile application. Data is easily aggregated in a web dashboard; the tool also allows for a jurisdictional form of supply chain mapping. Suppliers (Natural Rubber Processing Factories) are considered to have risk-assessed their supply shed at a jurisdictional level when they have deployed RubberWay® with a statistical representation of their smallholders, ranging from 5% to 25% of their theoretical smallholder supply shed. The full definition of this indicator can be found in our Sustainable Natural Rubber Roadmap 2020 – 2025.

**Target reference number**

Target 5

**Forest risk commodity**

Other - Rubber

**Year target was set**

2020

**Target coverage**

Company-wide

**Target category**

Engagement with smallholders

**Metric**

Number of smallholders engaged

**Traceability point**

<Not Applicable>

**Third-party certification scheme**

<Not Applicable>

**Base year**

**Base year figure**

**Target year**

2030

**Target year figure**

30000

**Reporting year figure**

780

**% of target achieved relative to base year [auto-calculated]**

<Calculated field>

**Target status in reporting year**

Underway

**Is this target linked to a commitment?**

Please select

**Please explain**

Michelin has a number of targets relating to engaging smallholders. The result above describes 'the number of smallholder farmers who have received training under Michelin's holistic capacity building projects' (Target #23 in the Sustainable Natural Rubber Roadmap 2020 – 2025). In addition, we have another target relating to 'the number of smallholder farmers whose working conditions and/or livelihoods have improved as a result of mitigation projects' (Target #24 in the Sustainable Natural Rubber Roadmap 2020 – 2025), with an achievement of 467 smallholders in 2022. Altogether, we aim to reach at least 30,000 smallholder farmers by 2030 through these targets. We believe that responsible and resilient farmers are key to the success of a sustainable natural rubber industry and are committed to empowering farmers to enable better livelihoods together with positive environmental and social practices. Through the rich risk-mapping data from RubberWay® we have been able to identify priority jurisdictions for intervention. At the end of 2020, Michelin, with its partners, launched a project that is targeting smallholder farmers in the central Sumatra region. Named Project CASCADE (Committed Actions for Smallholders Capacity Development), the project aims to address sustainability risks linked to natural rubber production in the target communities through a holistic capacity building program, supported by a digital training and impact measurement tool, that empowers farmers to adopt good practices. The project aims to address income generation, worker's rights, health and safety, and environmental practices. It also aims to create opportunities for livelihood diversification through intercropping and agroforestry models. Using CASCADE as a model, other holistic capacity building projects are also being deployed in East Kalimantan and Sri Lanka. In Southern Thailand, we are deploying an Agroforestry project in partnership with GPSNR and a car manufacturer to help smallholder farmers develop agroforestry systems. In the Brazilian Amazon, where local communities extract natural rubber from wild rubber trees in an environment unique on Earth, the Michelin Foundation is supporting a project that aims to empower local producers, with a focus on forest conservation.

F6.2

**(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?**

	Do you have system(s) in place?	Supply chain coverage	Description of traceability system	Exclusions	Description of exclusion
Timber products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	Yes	Volume from direct and indirect suppliers	Michelin maintains traceability to the natural rubber processing factory (equivalent to mill) level for 100% of its volume. Engagement with our direct suppliers begins during their initial approval process, where we engage them with a Preliminary Evaluation Questionnaire that includes queries on their sustainability policy, management system and actions, which includes their compliance to the prevailing environmental, labor and social regulations in their country. The approval process for all natural rubber processing factories includes an on-site quality audit which includes environmental and social aspects; these are repeated at least once every two years. We source exclusively from this approved factory list, meaning that even volumes purchased from wholesalers and dealers maintain traceability to factory level. We are also going beyond this list of 'tier-1' suppliers, by querying them on their sourcing structures, and conducting additional risk assessments on those sourcing from certain geographies or from large plantation estates. The complexity of a smallholder farmer-dominated natural rubber supply chain is a consistent challenge faced by many natural rubber processing factories, especially since farmers often sell their raw material through layers of intermediaries, making it hard for processing factories to engage farmers in their upstream supply chains. To help tackle this challenge, Michelin developed RubberWay®, a risk mapping tool that maps environmental and social risks throughout the natural rubber supply chain. The tool allows factories to assess environmental and social risks in a readily deployable questionnaire housed in a mobile application, and data is easily aggregated in a web dashboard; the tool also allows for a jurisdictional form of supply chain mapping. We are currently deploying the tool with suppliers representing 80% of our volumes and have reached 136,778 smallholder farmers in seven countries.	Not applicable	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>



## F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	Countries/areas to which this traceability point applies	% of total production/consumption volume traceable
Other - Rubber	Mill	Please select	100

## F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	Yes	
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

## F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

**Forest risk commodity**

Other - Rubber

**Third-party certification scheme**

Other, please specify (ISO 14001 Environmental Management)

**Chain-of-custody model used**

Not applicable

**% of total production/consumption volume certified**

75

**Form of commodity**

Other, please specify (Processed natural rubber)

**Volume of production/ consumption certified**

**Metric for volume**

Please select

**Is this certified by more than one scheme?**

No

**Is embedded soy certified through this scheme?**

<Not Applicable>

**Please explain**

While we do not utilize any commodity-specific certification schemes currently, a significant portion of our direct suppliers (natural rubber processing factories) are certified to ISO 14001 standards, which ensures that their operations meet environmental management standards. Approximately 75% of our volume of natural rubber used has been processed in natural rubber processing factories that are certified to ISO 14001 standards.

## F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

	A system to control, monitor or verify compliance	Comment
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

## F6.4a

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**(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).**

### **Forest risk commodity**

Other - Rubber

### **Operational coverage**

Direct operations  
Supply chain

### **Description of control systems**

All our supplier processing factories are known through our supplier approval process. Our supplier on-boarding questionnaire queries sourcing structure, and we prioritize suppliers in specific geographies or those with large estate-based sourcing for further assessments. This includes their implementation of zero-deforestation commitments evidenced by HCV/HCS assessments prior to any new development. Michelin is also implementing a global deforestation risk analysis in collaboration with WWF France for smallholder source sheds. Satellite monitoring approaches are used in our own operations and with our joint-venture partner SIPH, which has launched a promising project with Satelligence for a satellite monitoring system around its sites and source sheds in Côte d'Ivoire and Liberia. This initiative aims to provide real-time forest mapping to mitigate deforestation risk. In our direct operations, we also use ground-based monitoring systems to protect our reserve and protected areas.

### **Monitoring and verification approach**

Geospatial monitoring tool  
Ground-based monitoring system  
First-party verification  
Second-party verification

### **% of total volume in compliance**

Please select

### **% of total suppliers in compliance**

Please select

### **Response to supplier non-compliance**

Retain & engage  
Suspend & engage  
Exclude

### **% of non-compliant suppliers engaged**

<Not Applicable>

### **Procedures to address and resolve non-compliance with suppliers**

Developing time-bound targets and milestones to bring suppliers back into compliance

### **Please explain**

The complexity of the natural rubber supply chain is an ongoing challenge, especially in smallholder farmer dominated supply sheds. A consistent challenge faced by many of our direct suppliers is that farmers often sell their raw material through layers of intermediaries, making it hard for processing factories to engage farmers or understand the risks in their upstream supply chains. Alongside direct monitoring approaches, we believe that there is a need for risk assessment solutions that can be deployed rapidly and at scale. To help achieve this, Michelin developed RubberWay®, a risk mapping tool that maps environmental and social risks throughout the natural rubber supply chain. It has been especially effective for reaching farmers as the questionnaire is contained in a web application that can be deployed by factories or intermediaries with ease. We are currently deploying the tool with suppliers representing 80% of our volumes and have reached 136,778 smallholder farmers in seven countries. RubberWay allows individual processing factories to understand the specific risks in their smallholder supply chains with a statistical approach, allowing them to implement risk mitigation activities on those specific risks at a more rapid pace; Michelin also works closely with suppliers in a collaborative manner to address any identified risks.

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## F6.5

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**(F6.5) Indicate if you collect data regarding your own compliance and/or the compliance of your suppliers with the Brazilian Forest Code, and provide details of your methods and progress.**

	Do you collect data on this indicator?	Percentage compliance with indicator	Method(s) for collecting data	Frequency of collecting data
% of owned and/or managed properties registered on the Rural Environmental Registry (CAR) database, with active status	Yes	100%	CAR database Satellite imagery Internal monitoring	Annually
% of owned and/or managed properties with Legal Reserve (RL) and/or Permanent Protected Area (APP) deficit	Yes	100%	CAR database Satellite imagery Internal monitoring	Annually
% of owned and/or managed properties with signed Terms of Commitment of the Environmental Regularization Program (PRA)	Not applicable	<Not Applicable>	<Not Applicable>	<Not Applicable>
% of owned and/or managed properties with no gross deforestation after July 2008	Yes	100%	CAR database Satellite imagery Internal monitoring Other, please specify (No further development of natural rubber production areas since property was acquired by Michelin (Plantações Michelin da Bahia Ltda) in 1984)	Annually
% of suppliers registered on the Rural Environmental Registry (CAR) database, with active status	Yes	51-60%	CAR database Satellite imagery Internal monitoring Supplier documentation Other, please specify (The remaining volume comes from complex smallholder supply sheds and indirect sourcing. RubberWay is being deployed to increase transparency and map risks.)	More frequently than annually
% of suppliers with Legal Reserve (RL) and/or Permanent Protected Area (APP) deficit	Yes	51-60%	CAR database Satellite imagery Internal monitoring Supplier documentation Other, please specify (The remaining volume comes from complex smallholder supply sheds and indirect sourcing. RubberWay is being deployed to increase transparency and map risks.)	More frequently than annually
% of suppliers with signed Terms of Commitment of the Environmental Regularization Program (PRA)	Not applicable	<Not Applicable>	<Not Applicable>	<Not Applicable>
% of suppliers with no gross deforestation after July 2008	Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>

## F6.6

**(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.**

	Assess legal compliance with forest regulations	Comment
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	Yes, from both suppliers and owned/managed land	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

## F6.6a

**(F6.6a) For your disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.**

**Other - Rubber**

**Procedure to ensure legal compliance**

Complying with regulations and/or mandatory standard, including forest regulations, is a foundational pillar of our Purchasing Principles and Sustainable Natural Rubber Policy. These documents and the expectations they convey are embedded in all of our purchase orders and supply contracts. Engagement with our direct suppliers begins during their initial approval process, where we engage them with a Preliminary Evaluation Questionnaire that includes queries on their sustainability policy, management system and actions, which includes their compliance to the prevailing environmental, labor and social regulations in their country. The approval process for all natural rubber suppliers includes an on-site quality audit which include environmental and social aspects at the processing factory level; these are then repeated at least once every two years. We also use EcoVadis, a third-party global business sustainability ratings provider to assess the sustainability management systems (including sustainable procurement) of the vast majority of our suppliers by volume with documentary reviews, with around 92% of our natural rubber supply (by spend) assessed in 2022. Insights gained through these mechanisms allow us to improve our supplier's performance through continuous improvement and collaboration, which include capacity building initiatives on selected suppliers. For the upstream supply chain (farm/planation level), we are pursuing a risk-based and impact driven approach to ensure compliance to forest regulations. This includes additional assessments for suppliers which own or source from large estate plantations, where we also monitor their implementation of beyond-legal requirements such as HCV/HCS assessments. Understanding that 85% of natural rubber originates from smallholder production, Michelin has also developed the RubberWay® risk mapping tool to empower our suppliers to assess environmental and social risks in their supply chain. In its own operations in Brazil, Michelin complies strictly with the Brazilian Forest Code, and maintains a much larger area of legal reserve (RL) than is required for the purposes of ecosystem conservation and protection.

**Country/Area of origin**

- Brazil
- Côte d'Ivoire
- Ghana
- Guinea
- India
- Indonesia
- Liberia
- Malaysia
- Nigeria
- Thailand
- Viet Nam

**Law and/or mandatory standard(s)**

- Brazilian Forest Code

**Comment**

F6.7

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**(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?**

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	Yes, working with smallholders	Supply chain mapping Capacity building	Supplier questionnaires on environmental and social indicators Developing or distributing supply chain mapping tool Offering on-site technical assistance and extension services Providing agricultural inputs Disseminating technical materials Organizing capacity building events Investing in pilot projects Prioritizing support for smallholders in high-risk deforestation regions	136778	With 85% of the world's production of natural rubber originating from smallholder farmers, Michelin firmly believes that empowering smallholders to be resilient and responsible is a key part of the solution for a sustainable natural rubber value chain. A consistent challenge faced by many of our direct suppliers, however, is that farmers often sell their raw material through layers of intermediaries, making it hard for processing factories to engage farmers or understand the risks in their upstream supply chains. To help tackle this challenge, Michelin developed RubberWay®, a risk mapping tool that maps environmental and social risks throughout the natural rubber supply chain. It has been especially effective for reaching farmers as the questionnaire is contained in a web application that can be deployed by factories or intermediaries with ease. We are currently deploying the tool with suppliers representing 80% of our volumes and have reached 136,778 smallholder farmers in seven countries, allowing us to prioritize support for smallholders in higher-risk areas using a jurisdictional approach. We have moved to action by launching targeted capacity building projects for smallholder farmers to address livelihood, environmental and social risks. These projects are being deployed in Sumatra, East Kalimantan, and Sri Lanka. In addition, an Agroforestry project deployed in South Thailand is aiming to train smallholder farmers to develop rubber agroforestry systems. In 2022, 780 smallholder farmers have been trained in various projects. Michelin also aims to improve working conditions and/or livelihoods of 30,000 farmers through mitigation projects by 2030. Furthermore, in collaboration with our rubber-industry joint ventures in West Africa, we also support their smallholder farmers through technical assistance, extension services and capacity building events, while disseminating technical training material and high-yielding agricultural inputs. In 2022, inclusive of the trainings conducted by its joint venture partners, Michelin and its natural rubber network conducted 467,000 field trainings for over 90,000 farmers.
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

**F6.8**

**(F6.8) Indicate if you are working with your direct suppliers to drive action on forests-related issues and if so, provide details of the engagement.**

**Forest risk commodity**

Other – Rubber

**Are you working with direct suppliers?**

Yes, working with direct suppliers

**Action(s) on forests-related issues driven by engagement**

Other, please specify (Identifying and mitigating environmental, social, and labor risks in the natural rubber supply chain)

**Type of engagement**

Supply chain mapping

Capacity building

**Details of engagement**

Supplier questionnaires on environmental and social indicators

Developing or distributing supply chain mapping tool

Supplier audits

Offering on-site training and technical assistance

Disseminating technical materials

Organizing capacity building events

Investing in pilot projects

Support suppliers to set their own no deforestation/conversion commitments across their entire commodity operation

**Description of engagement**

Michelin strongly believes in cooperation and partnership and is regularly engaging and supporting its natural rubber suppliers to set up management systems in order to support their continuous improvement regarding the conformance with its Sustainable Natural Rubber Policy. It audits all natural rubber processing factories in its supply chain before they are added to an approved factory list. They are subsequently re-audited at least once every two years. These on-site audits focus on quality management, but also assess environmental and social aspects relating to our Sustainable Natural Rubber Policy, they are also a platform for capacity building and advice such as the recommendation of best industrial practices. The vast majority of our suppliers representing around 92% of our natural rubber supply (by spend) in 2022 also undergo sustainability assessments via EcoVadis, a third-party global business sustainability ratings provider, which uses documentary reviews to assess their sustainability management systems. Insights gained using these mechanisms allow us to continuously improve our supplier's performance through, collaboration on targeted aspects, establishment of timebound corrective action plans when assessment reveals noncompliance and follow-ups include capacity building initiatives for selected suppliers. A consistent challenge faced by many of our direct suppliers, is that farmers often sell their raw material through layers of intermediaries, making it hard for processing factories to engage farmers or understand the risks in their upstream supply chains. To help tackle this challenge, Michelin developed RubberWay®, a risk mapping tool that maps environmental and social risks throughout the natural rubber supply chain. It has been especially effective for reaching farmers as the questionnaire is contained in a web application that can be deployed by factories with ease. Mitigation projects are also developed through risks identified via RubberWay.

**% of suppliers engaged by procurement spend covered by engagement**

**Explain the impact of your engagement on the selected action**

Our assessments allow us to understand the performance of our suppliers and their ability to comply with our policies. Based on the results of assessment such as the on-site audits and EcoVadis assessments, our suppliers may be required to implement corrective action plans. We also account for the performance of our suppliers in annual supplier sustainability rankings, and these rankings have direct impacts on our purchasing decisions.

We are currently deploying the RubberWay® tool with suppliers representing 80% of our volumes and have reached 136,778 smallholder farmers in seven countries.

RubberWay® allows individual processing factories to understand the specific risks in their smallholder supply chains, allowing them to implement risk mitigation activities on those specific risks. Michelin also works closely with suppliers in a collaborative manner to address any identified risks. One such collaboration is the Committed Actions for Smallholder CApacity Development (CASCADE). Deployed in Sumatra, Indonesia, the project addresses livelihood, environmental and social risks for smallholder farmers. Other projects following a similar model to CASCADE have since been deployed in East Kalimantan and Sri Lanka.

Our suppliers deploying RubberWay® have also started launching their own capacity building projects for prioritized processing factory supply sheds. We track these intervention activities as part of our Sustainable Natural Rubber Roadmap.

**Is this engagement helping your suppliers engage with their suppliers on the selected action?**

Yes

**Does this engagement contribute to achieving a reported target?**

Yes, please specify target ID(s) (F6.1a Target 1, Target 2, Target 3, Target 4)

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**F6.9**

**(F6.9) Indicate if you are working beyond your first-tier supplier(s) to drive action on forests-related issues, and if so, provide details of the engagement.**

**Forest risk commodity**

Other – Rubber

**Are you working beyond first tier?**

Yes, working beyond first tier

**Action(s) on forest-related issues driven by engagement**

Other, please specify

**Type of engagement**

Supply chain mapping

Capacity building

**Details of engagement**

Developing or distributing supply chain mapping tool

Supplier questionnaires on environmental and social indicators

On-site meetings with indirect suppliers

Offering on-site training and technical assistance

Disseminating technical materials

Participating in workshops

Investing in pilot projects

**Description of engagement**

With 85% of the world's production of natural rubber originating from smallholder farmers, Michelin firmly believes that empowering smallholders to be resilient and responsible is a key part of the solution for a sustainable natural rubber value chain. A consistent challenge faced by many of our direct suppliers however, is that farmers often sell their raw material through layers of intermediaries, making it hard for processing factories to engage farmers or understand the risks in their upstream supply chains. To help tackle this challenge, Michelin developed RubberWay®, a risk mapping tool that maps environmental and social risks throughout the natural rubber supply chain. It has been especially effective for reaching farmers as the questionnaire is contained in a web application that can be deployed by factories or intermediaries with ease.

**Explain the impact of your engagement on the selected action**

We are currently deploying the tool with suppliers representing 80% of our volumes and have reached 136,788 smallholder farmers in seven countries, allowing us to prioritize support for smallholders in higher-risk areas using a jurisdictional approach.

We have moved to action by launching targeted capacity building projects for smallholder farmers to address livelihood, environmental and social risks. Examples of risk mitigation activity based on RubberWay® analysis include the development of a capacity building and risk mitigation project in Sumatra Indonesia: Committed Actions for Smallholder CAPacity Development (CASCADE) project. Working together with a supplier that has operations in the area, the project combines in-person instruction with a digital training solution to improve accessibility and the ability to measure impacts. The project aims to reach 1000 smallholders and their families and is scheduled for completion in 2024. Other projects following a similar model to CASCADE have since been deployed in East Kalimantan and Sri Lanka. In addition, an Agroforestry project deployed in South Thailand is aiming to train smallholder farmers to develop rubber agroforestry systems. In 2022, 780 smallholder farmers have been trained under these various projects. Michelin also aims to improve working conditions and/or livelihoods of 30,000 farmers through mitigation projects by 2030.

Our suppliers deploying RubberWay® have also started launching their own capacity building projects for prioritized processing factory supply sheds. We track these intervention activities as part of our Sustainable Natural Rubber Roadmap.

**Does this engagement contribute to achieving a reported target?**

Yes, please specify target ID(s) (F6.1a Target 4)

**F6.10**

**(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?**

	Do you engage in landscape/jurisdictional approaches?	Primary reason for not engaging in landscape and/or jurisdictional approaches	Explain why your organization does not engage in landscape/jurisdictional approaches, and describe plans to engage in the future
Row 1	Yes, we engage in landscape/jurisdictional approaches	<Not Applicable>	<Not Applicable>

**F6.10a**

**(F6.10a) Indicate the criteria you consider when prioritizing landscapes and jurisdictions for engagement in collaborative approaches to sustainable land use and provide an explanation.**

	Criteria for prioritizing landscapes/jurisdictions for engagement	Explain your process for prioritizing landscapes/jurisdictions for engagement
Row 1	Ability to contribute to/ build on existing landscape and/or jurisdictional approaches Company has operational presence in area Commodity sourcing footprint Current and future sourcing risk Opportunity to build resilience at scale Opportunity to increase market access for smallholders and local communities Opportunity to protect and restore natural ecosystems Risk of deforestation, forests/land degradation, or conversion of other natural ecosystems Risk of biodiversity loss	Michelin believes that landscape and/or jurisdictional approaches are crucial to tackle the complexities of sustainable supply chains. This is particularly the case for natural rubber, where production is smallholder-dominated and where single processing factories can be dynamically supplied with thousands if not tens of thousands of individual actors. Smallholders often operate in mosaic landscapes with varying social and environmental contexts, and may grow multiple crops or commodities, making successful interventions all the more complex. Landscape and/or jurisdictional approaches allow us to focus on areas of highest impact (a cross section of highest footprint and highest risk) and mobilize the most relevant and willing actors in the area to increase resource availability. We leverage on our statistical jurisdictional risk mapping tool RubberWay®, and other tools, to prioritize areas for intervention. Landscape approaches also allow us to partner with other stakeholders to collaborate on conserving key landscapes with high ecological and biodiversity value.

**F6.10b**

**(F6.10b) Provide details of your engagement with landscape/jurisdictional approaches to sustainable land use during the reporting year.**

**Landscape/Jurisdiction ID**

LJ1

**Country/Area**

Indonesia

**Name of landscape or jurisdiction area**

Bukit Tigapuluh Landscape

**Types of partners engaged in the initiative design and implementation**

- Subnational government
- International civil society organization(s)
- Local civil society organization(s)
- Indigenous peoples
- Local communities
- Local producers/smallholder

**Type of engagement**

Convener: High level of engagement in set-up, design, management and implementation  
 Partner: Shared responsibility in the implementation of multiple goals

**Goals supported by engagement**

- Reduced emissions from land use change and/or agricultural production
- Avoided deforestation/conversion of natural ecosystems and/or decreased degradation rate
- Forest fires monitored and prevented
- Increased and/or maintained protected areas
- Natural ecosystems conserved and/or restored
- Biodiversity protected and/or restored
- Decreased ecosystem degradation rate
- Respect, protect, and fulfil human rights
- Improved business models that enable inclusion (including smallholders)
- Increased rate of employment in rural economy
- Ensuring local communities and smallholders benefit from the outcomes of LA/JA approach
- Implementation of livelihood activities/practices that reduce pressure on forests
- Increased adoption of sustainable production practices (e.g., input use efficiency and water management practices)
- Improved and/or maintained soil health

**Company actions supporting approach**

- Co-design and develop goals, strategies and an action plan with timebound targets and milestones for the initiative
- Collaborate on management/land use planning in the landscape/jurisdiction
- Engage stakeholders on importance of conservation, restoration and/or rehabilitation
- Capacity building for farmers, smallholders and local communities to implement good agricultural practices (including improved efficiency, crop diversification and adoption of certification)
- Support indigenous peoples and local communities to clarify and secure land tenure rights

**Description of engagement**

Michelin participates in the Bukit Tigapuluh Protection Forum through the Royal Lestari Utama (RLU) project. The forum is a landscape approach initiative involving various civil society organizations and private actors operating in the area. RLU is a key stakeholder in the forum, as it operates adjacent to the Bukit Tigapuluh National Park in Sumatra, Indonesia, and supports protection and restoration efforts while providing an important buffer zone for the national park.

**Engagement start year**



2015

**Engagement end year**

Not defined

**Estimated investment over the project period (currency)**

**Is a collective monitoring framework used to measure progress?**

Yes, progress is monitored using an internally defined framework

**State the achievements of your engagement so far, and how progress is monitored**

Of the 88,761 hectares that make up the three hectares of RLU, more than 39,000 hectares have been set aside for conservation and restoration, including 18,690 hectares in Jambi that functions as an important buffer area for Bukit Tigapuluh National Park. Progress is tracked and verified in an annual ESG Audit Report, which describes ongoing implementation, compliance, monitoring and reporting of the procedures, practices and programs. Some achievements as of 2022 include: more than 1766 native trees planted (including active planting of 55 hectares in 2021), fire management and monitoring, more than 4000 jobs provided and 856 smallholders benefitting from community partnerships programs in Jambi and East Kalimantan.

**Landscape/Jurisdiction ID**

LJ2

**Country/Area**

Indonesia

**Name of landscape or jurisdiction area**

Tebo, Bungo and Merangin Regencies

**Types of partners engaged in the initiative design and implementation**

Local communities  
Local producers/smallholder  
International company(ies)  
National/local company(ies)  
Direct supplier(s)  
Indirect supplier(s)  
External consultants

**Type of engagement**

Convener: High level of engagement in set-up, design, management and implementation  
Partner: Shared responsibility in the implementation of multiple goals  
Funder: Provides full or partial financial support

**Goals supported by engagement**

Respect, protect, and fulfil human rights  
Improved standard of living, especially for vulnerable and/or marginalized groups  
Improved business models that enable inclusion (including smallholders)  
Ensuring local communities and smallholders benefit from the outcomes of LA/JA approach  
Implementation of livelihood activities/practices that reduce pressure on forests  
Increased adoption of sustainable production practices (e.g., input use efficiency and water management practices)  
Uptake of regenerative agriculture (e.g., agroforestry) practices

**Company actions supporting approach**

Co-design and develop goals, strategies and an action plan with timebound targets and milestones for the initiative  
Engage stakeholders on importance of conservation, restoration and/or rehabilitation  
Capacity building for farmers, smallholders and local communities to implement good agricultural practices (including improved efficiency, crop diversification and adoption of certification)  
Other, please specify (Support producers, producer groups and primary processors to improve agricultural practices and technologies )

**Description of engagement**

Michelin is a convener and one of the two primary co-financers of the project and provides project management oversight. It is also a technical advisor on the good agricultural practices, and co-developed a number of modules which will be used in the training program.

**Engagement start year**

2020

**Engagement end year**

Please specify (2024)

**Estimated investment over the project period (currency)**

**Is a collective monitoring framework used to measure progress?**

Yes, progress is monitored using an internally defined framework

**State the achievements of your engagement so far, and how progress is monitored**

In 2022, 530 farmers have completed at least one training. The first phase of training, the 'Rubber Clinic' module, covers the most critical aspects identified through RubberWay risk mapping, including farm management, tapping techniques, pest and disease management, and health and safety. Farmers have also begun training on income diversification with intercropping. As the project progresses impact indicators such as increases in yield, income share from diversification activities, reduction of agrochemical inputs and uptake of environmentally-friendly farming practices among others will be monitored through a digital impact measurement module.

F6.10c

(F6.10c) For each of your disclosed commodities, provide details of the production/consumption volumes from each of the jurisdictions/landscapes you engage in.

Indicate landscape/jurisdiction ID	Does any of your commodity production/consumption volume originate from this landscape/jurisdiction, and are you able/willing to disclose information on this volume?	Commodity	% of total production/consumption volume from this landscape/jurisdiction
Please select	Yes, we do produce/consume from this landscape/jurisdiction, but we are not able/willing to disclose volume data	<Not Applicable>	<Not Applicable>

F6.11

(F6.11) Do you participate in any other external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

**Forest risk commodity**

Other - Rubber

**Do you participate in activities/initiatives?**

Yes

**Activities**

Involved in multi-partnership or stakeholder initiatives

**Country/Area**

Not applicable

**Subnational area**

Not applicable

**Initiatives**

UN Global Compact

Other, please specify (Global Platform for Sustainable Natural Rubber (GPSNR), Tire Industry Project (TIP), Sustainable Natural Rubber-initiative (SNR-i))

**Please explain**

Michelin believes that partnerships are essential to drive real change in the natural rubber supply chain. Noting the need for a multi-stakeholder platform that involves actors from the whole supply chain, Michelin, with an international group of tire makers, car manufacturers, rubber processors and NGOs came together to launch the Global Platform for Sustainable Natural Rubber (GPSNR), in 2018. The platform has a vision to create a 'fair, equitable and environmentally sound natural rubber value chain' and aims to improve the environmental and socio-economic performance of the natural rubber industry. The development of GPSNR was initiated by the CEOs of the World Business Council for Sustainable Development's (WBCSD) Tire Industry Project (TIP), of which Michelin is one of the founding members. Michelin is also a member of the Sustainable Natural Rubber initiative (SNR-i), organized by the International Rubber Study Group. Michelin has pledged to uphold the United Nations Global Compact.

**Forest risk commodity**

Other - Rubber

**Do you participate in activities/initiatives?**

Yes

**Activities**

Engaging with non-governmental organizations

**Country/Area**

Not applicable

**Subnational area**

Not applicable

**Initiatives**

<Not Applicable>

**Please explain**

World Wide Fund for Nature (WWF) France and Michelin have been working together since 2015 to transform the natural rubber market by instilling more sustainable practices across the entire value chain. Building on the progress made during the first phase of their collaboration, WWF France and the Michelin Group renewed their partnership in 2019, in a joint commitment to pursuing initiatives to support a sustainable natural rubber market. 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.

**Forest risk commodity**

Other - Rubber

**Do you participate in activities/initiatives?**

Yes

**Activities**

Engaging with policymakers or governments

**Country/Area**

Not applicable

**Subnational area**

Not applicable

**Initiatives**

<Not Applicable>

**Please explain**

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 the National Strategy to counter Imported Deforestation (SNDI). This engagement translates into participation in the working groups of the platform, in order to provide awareness and expertise on natural rubber, and to explain how Michelin's policy, based on identification of risks through RubberWay, aims to meet our zero-deforestation commitments.

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**Forest risk commodity**

Other - Rubber

**Do you participate in activities/initiatives?**

Yes

**Activities**

Funding research organizations

**Country/Area**

Not applicable

**Subnational area**

Not applicable

**Initiatives**

<Not Applicable>

**Please explain**

The long-term resilience and productivity of rubber trees has fundamental implications for the natural rubber industry as well as the million of farmers that depend on natural rubber production for their livelihoods. Michelin has partnered with CIRAD, a French research center that works with developing countries to address tropical agricultural and development issues, for 25 years on multiple research and development fronts. These have included efforts to develop varieties of rubber trees that are resistant to major pest and diseases and to develop best practices for yield and productivity improvement. Programs have been conducted bilaterally and also jointly as part of the Institute du Caoutchouc (IFC). Michelin and CIRAD also jointly organize workshops and seminars for the Asia and Pacific Zone for researchers, plant protection and quarantine authorities on the prevention of cross-regional transfer of rubber diseases.

To ensure the viability of natural rubber production long term, and to continuously improve the efficiency production so as to reduce land use needs, Michelin is the only tire maker to be an associate member of the International Rubber Research and Development Board (IRRDB). We partner with the IRRDB in the development of high yielding natural rubber tree varieties and sustainable farming practices. The IRRDB is a research and development network which brings together natural rubber research institutes in virtually all the natural rubber producing countries, covering 95 per cent of world natural rubber production. Michelin partners with the IRRDB in an exchange program, which helps to broaden the genetic diversity of breeding stock for various research and development programs. The partnership is also involved in international prospection in Amazonia to collect native seeds and broaden the generic base for future breeding programs. All this helps to ensure a pipeline of high-yielding varieties of natural rubber trees that have sufficient genetic diversity to be resilient to various pest and diseases and the impacts of climate change.

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**Forest risk commodity**

Other - Rubber

**Do you participate in activities/initiatives?**

Yes

**Activities**

Involved in industry platforms

**Country/Area**

Not applicable

**Subnational area**

Not applicable

**Initiatives**

<Not Applicable>

**Please explain**

Michelin works with industry in order to contribute to the best understanding of natural rubber specificities and to provide relevant input to policymakers when it comes to deforestation risks. The European Tyre & Rubber Manufacturers Association (ETRMA), which represents the tire and rubber industry in Europe, has a working group on sustainable supply chain (SSCG), in order to monitor policymaking, and to support the industry's commitments on natural rubber, notably GPSNR. Michelin actively contributes to this working group.

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**F6.12****(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and long-term protection?**

Yes

**F6.12a**

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**(F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).**

**Project reference**

Project 1

**Project type**

Forest ecosystem restoration

**Expected benefits of project**

Net gain in biodiversity and ecosystem integrity

Reduce/halt biodiversity loss

Restoration of natural ecosystem(s)

**Is this project originating any carbon credits?**

No

**Description of project**

Michelin created the Michelin Ecological Reserve (Reserva Ecológica Michelin - REM) in Bahia Brazil in 2005 to preserve one of the world's most species-rich tropical rainforests, the southern Bahian Atlantic rainforest, in a region suffering from widespread deforestation and environmental degradation, and today it comprises 3,900 hectares. To protect the Reserve from hunters, forest rangers were hired to conduct regular day and night patrols, which have reduced hunting by 91%, allowing wildlife abundances to increase to 117%. Certain species critically threatened with extinction, such as the yellow-breasted capuchin monkey (*Sapajus xanhosternos*) and the redbilled curassow (*Crax blumenbachii*), now thrive in the REM, which has become essential for their long-term survival. Every year, more than 100 scientists are supported by the REM research program, which has funded 120 ecological studies over the past 18 years, resulting in the publication of 160 scientific papers. Ten new species were discovered in 2022, bringing to 30 the number of previously unknown species found since the reserve was opened. As part of its restoration program, REM has planted 108,500 trees spanning 275 species over 312 hectares prioritized for active restoration. The Reserve also protects the 61-meter high Pandaca Grande waterfalls. The REM also runs an educational outreach program that engages youth in neighboring communities on environmental issues and encourages them to seek sustainable solutions for their communities. Today, the REM is one of the best-protected areas of the South American Atlantic Forest, which is one of the most species-rich biomes in the world. A key goal of the Michelin Ecological Reserve is to allow for further scientific study to inform conservation management especially in areas where there exist a mix of rubber plantations and natural forest.

**Where is the project taking place in relation to your value chain?**

Project based in area with direct operations

**Start year**

2005

**Target year**

Indefinitely

**Project area to date (Hectares)**

3900

**Project area in the target year (Hectares)**

3900

**Country/Area**

Brazil

**Latitude**

-13.822

**Longitude**

-39.171

**Monitoring frequency**

Annually

**Total investment over the project period (currency)**

**For which of your expected benefits are you monitoring progress?**

Net gain in biodiversity and ecosystem integrity

Reduce/halt biodiversity loss

Restoration of natural ecosystem(s)

**Please explain**

Wildlife protection efforts, including the use of forest ranger patrols, have reduced hunting by 91% allowing wildlife abundances to increase to 117%. Ten new species were discovered in 2022, bringing to 30 the number of previously unknown species found since the reserve was opened.

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## F7. Verification

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### F7.1

**(F7.1) Do you verify any forests information reported in your CDP disclosure?**

Yes

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### F7.1a

**(F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?**

**Disclosure module**

F1. Current State

**Data points verified**

Natural rubber as a % of procurement spend

**Verification standard**

ISAE 3000

**Please explain**

The information has been verified by a third-party chartered accountant providing limited assurance according to the ISAE3000 standard for purposes of complying with French law for transparent reporting on CSR information (Code de Commerce, article L. 225-102-1). The methodology followed is stipulated by the French law (Code de Commerce, article L. 822-11-3).

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**Disclosure module**

F2. Procedures

**Data points verified**

The following datapoints in the procedures for identifying and assessing forests-related risks: (1) On-site audits per year; (2) EcoVadis assessment coverage; (3) RubberWay mapping coverage

**Verification standard**

ISAE 3000

**Please explain**

The information has been verified by a third-party chartered accountant providing limited assurance according to the ISAE3000 standard for purposes of complying with French law for transparent reporting on CSR information (Code de Commerce, article L. 225-102-1). The methodology followed is stipulated by the French law (Code de Commerce, article L. 822-11-3).

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**Disclosure module**

F6. Implementation

**Data points verified**

Timebound and quantifiable targets (F6.1): % of supply where source has been risk-assessed at a jurisdictional level (RubberWay)

**Verification standard**

ISAE 3000

**Please explain**

The information has been verified by a third-party chartered accountant providing limited assurance according to the ISAE3000 standard for purposes of complying with French law for transparent reporting on CSR information (Code de Commerce, article L. 225-102-1). The methodology followed is stipulated by the French law (Code de Commerce, article L. 822-11-3).

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**Disclosure module**

F6. Implementation

**Data points verified**

Engagement with direct suppliers (F6.8): % of volume assessed by EcoVadis

**Verification standard**

ISAE 3000

**Please explain**

The information has been verified by a third-party chartered accountant providing limited assurance according to the ISAE3000 standard for purposes of complying with French law for transparent reporting on CSR information (Code de Commerce, article L. 225-102-1). The methodology followed is stipulated by the French law (Code de Commerce, article L. 822-11-3).

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**Disclosure module**

F6. Implementation

**Data points verified**

Ecosystem Restoration Projects (F6.11): The Michelin Ecological Reserve (REM) project area and progress metrics or indicators

**Verification standard**

ISAE 3000

**Please explain**

The information has been verified by a third-party chartered accountant providing limited assurance according to the ISAE3000 standard for purposes of complying with French law for transparent reporting on CSR information (Code de Commerce, article L. 225-102-1). The methodology followed is stipulated by the French law (Code de Commerce, article L. 822-11-3).

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**Disclosure module**

F6. Implementation

**Data points verified**

Timebound and quantifiable targets (F6.1): Number of smallholders engaged

**Verification standard**

ISAE 3000

**Please explain**

The information has been verified by a third-party chartered accountant providing limited assurance according to the ISAE3000 standard for purposes of complying with French law for transparent reporting on CSR information (Code de Commerce, article L. 225-102-1). The methodology followed is stipulated by the French law (Code de Commerce, article L. 822-11-3).

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## F8. Barriers and challenges

### F8.1

**(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.**

**Forest risk commodity**

Other - Rubber

**Coverage**

Supply chain

**Primary barrier/challenge type**

Value chain complexity

**Comment**

One of the biggest challenges facing the natural rubber industry on its journey toward sustainability is the highly fragmented and dynamic natural rubber supply chain. The challenge arises not only in that fact that 85% of the global natural rubber supply originates from smallholder farms, but also through the multiple tiers of intermediaries that buy and sell natural rubber. In Indonesia and Thailand, it is common for natural rubber processing factories to source raw material through intermediary dealers three or more layers deep. This results in a very complex supply chain, with a single natural rubber processing factory having thousands (and sometime tens of thousands) of smallholder farmers in their supply shed. This large, disaggregated supply chain does foster benefits, including providing economic opportunities for farmers in isolated areas and for dealers that play a role in linking rural production to processing factories. At the same time, playing an active role in promoting and empowering responsible production while supporting economic and development activity, is a key responsibility for downstream actors. The task to map and assess the risk of the upstream natural rubber supply chain, and the inevitable need to build capacity of smallholders and other suppliers to mitigate identified risks, is one that requires a collaborative and impact driven approach.

### F8.2

**(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.**

**Forest risk commodity**

Other - Rubber

**Coverage**

Supply chain

**Main measure**

Greater stakeholder engagement and collaboration

**Comment**

Tackling supply chain complexity in the natural rubber supply chain through supply chain mapping and risk assessments, and mitigating identified risks through further engagement and interventions will require collaboration all across the supply chain and beyond. Tools and solutions also need to be adopted by scale by a large proportion of relevant stakeholders/actors; pre-competitive solutions should be encouraged and prioritized. Michelin has sought to do this with its RubberWay® tool. In 2019, amidst an industry-wider push for greater transparency in the natural rubber supply chain, Michelin, Continental AG, and Smag, a leading software developer for agriculture, created a joint venture to further develop RubberWay. This aims to create an independent solution that can be widely applied across the natural rubber supply chain and hopes to engage more actors to participate in the platform. The concept of shared responsibility is also key, and as the industry takes responsibility to engage the supply chain, it will also need the support from end users and clients, civil society, NGO and governments. As a commodity where 85% of the global production is done by more than 6 million farmers from tropical geographies, it is crucial that governments from producing countries, with the active support of governments from consuming countries, participate in efforts to improve the global sustainability of the supply chain. It is critical that these actors work together to play a key role in the remediation of the risks that the smallholder farmers and families are facing in their daily life.

## F17 Signoff

### F-FI

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

### F17.1

**(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.**

	Job Title	Corresponding job category
Row 1	Chief Purchasing Officer (CPO), Member of the Group Management Committee, Member of the "Environment" and "Human Rights" Governance Bodies, and Member of the "Ethics" Committee	Chief Procurement Officer (CPO)

SF. Supply chain module

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SF0.1

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(SF0.1) What is your organization's annual revenue for the reporting period?

	Annual revenue
Row 1	28590000000

SF1.1

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(SF1.1) In F6.3 you were asked "Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption". Can you also indicate, for each of your disclosed commodity(ies), the percentage of certified volume sold to each requesting CDP supply chain member?

SF2.1

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(SF2.1) Please propose any mutually beneficial forests-related projects you could collaborate on with specific CDP supply chain members.

SF2.2

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(SF2.2) Have requests or initiatives by CDP supply chain members prompted your organization to take organizational-level action to reduce or remove deforestation/forest degradation from your operations or your supply chain?

No

SF3.1

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(SF3.1) For your disclosed commodity(ies), do you estimate the GHG emission reductions and/or removals from land use and land use change that have occurred in your direct operations and/or supply chain?

Other - Rubber

Estimate GHG emissions and removals from land use and land use change

No

Please explain

Submit your response

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In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms