

ADAPTATION POLICY TO PHYSICAL CLIMATE RISKS

JANUARY 2024 EDITION

CORPORATE DIRECTION OF INTERNAL AUDIT, RISK MANAGEMENT, INTERNAL CONTROL AND QUALITY

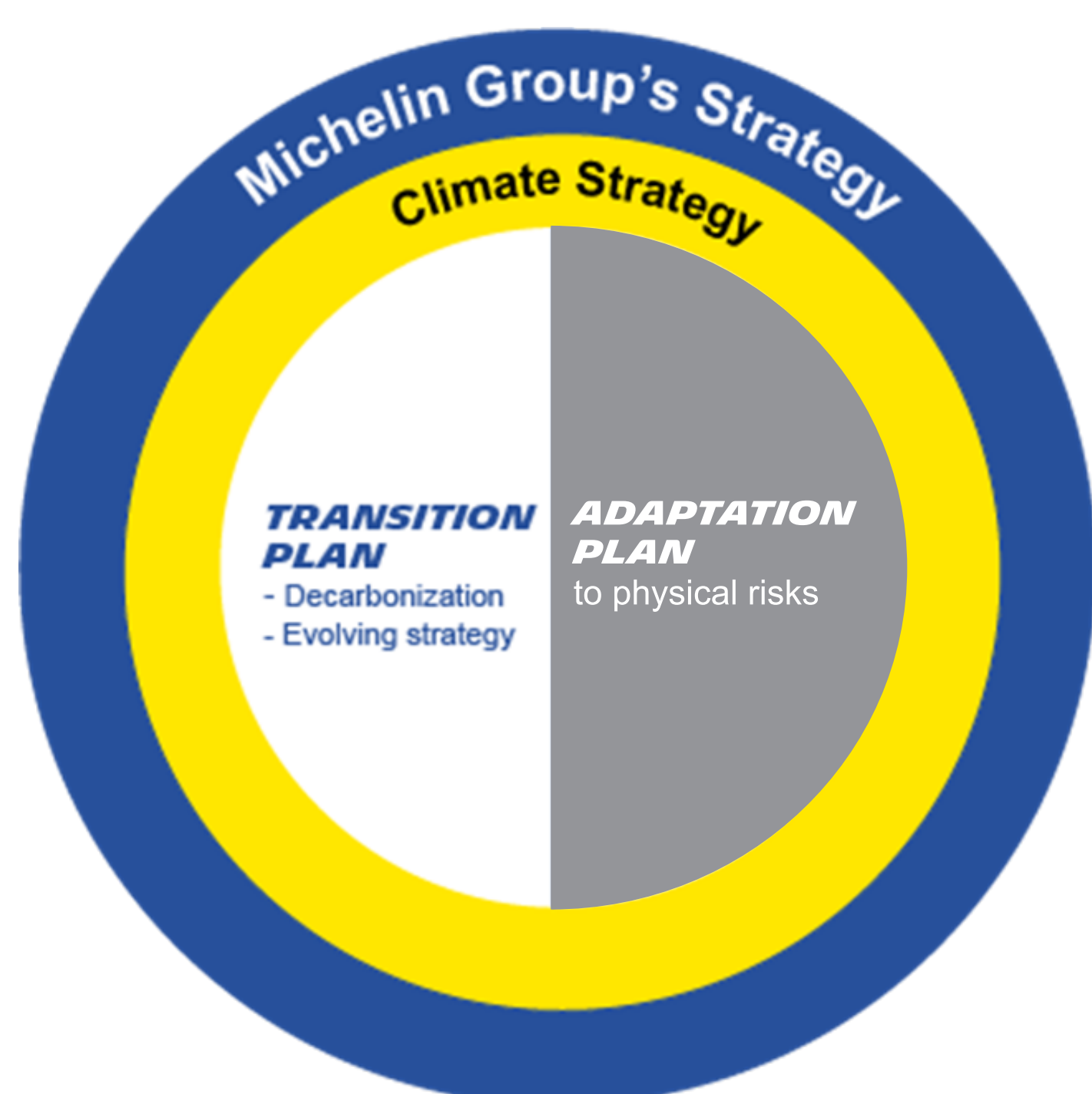
ADAPTATION POLICY TO PHYSICAL CLIMATE RISKS



The Group's policy for adapting to physical climate risks is in line with its **Corporate Social Responsibility (CSR)** policy. It reflects the Group's best efforts in this area.

1. KEY CONCEPTS

The Group's climate strategy focuses on two key areas and the implementation of plans dedicated to:



▀ **Transitional climate risks:** political, legal, technological, market and reputation issues.

To "avoid the unmanageable", the Group reduces the carbon footprint of its direct and indirect activities and implements a resilient strategic plan to support a low-carbon economy.

▀ **Physical climate risks:** acute (intense wind, heavy rainfalls, flooding, drought, heat wave, etc.) and chronic (rising temperatures, humid heat, water stress, etc.)

To "manage the unavoidable", the Group encourages its value chain to implement adaptation measures to guard against the **physical risks of climate change**.

Transition risks and carbon footprint mitigation are outside the scope of this document.

This policy describes the Group's approach to adaptation.

2. CORE PRINCIPLES

The Group's policy for **adapting to physical climate risks** is in line with the "All-Sustainable" vision, and the search for the best possible balance between "People, Profit & Planet".

It aims to **contain their consequences to levels deemed tolerable**.

These consequences could result from long-term variations in climate conditions projected for 2030 and 2050, and concern the risks:

▀ Health / Safety of People

▀ Supply

▀ Safety of products










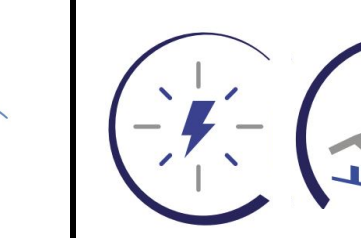


▀ Business continuity




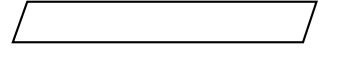
▀ Safety of physical assets

The coverage and prioritization of **adaptation** policy implementation are based on:

- the Group's ambitions, validated by the Environmental Governance, to reach tolerable levels,
- the Group's willingness, ability to influence or collaborate with external stakeholders.

COVERAGE AND PRIORITIZATION

	External upstream supply chain	Michelin sites of any kind	Rented sites	Transport infrastructures	Customers sites	Use of products	Products end-of-life (excluding Michelin sites)	Countries / Unions of countries - International bodies - National / Supranational organizations
		 				  		 
HEALTH / SAFETY	Priority 1	Priority 1	Priority 1	Priority 1	Priority 1	Priority 1	Priority 1	Priority 1
BUSINESS CONTINUITY	Priority 1	Priority 1	Priority 1	Priority 1	Priority 1	Priority 1	Priority 1	Priority 1
SUPPLY	Priority 1	Priority 1	Priority 1	Priority 1	Priority 1	Priority 1	Priority 1	Priority 1
SAFETY OF PRODUCTS	Priority 1	Priority 1	Priority 1	Priority 1	Priority 1	Priority 1	Priority 1	Priority 1
SAFETY OF PHYSICAL ASSETS	Priority 1	Priority 1	Priority 1	Priority 1	Priority 1	Priority 1	Priority 1	Priority 1

LEGEND:	 Priority 1	 Priority 3
	 Priority 2	 Not applicable

3. AMBITIONS, INFLUENCE AND COLLABORATION

An assessment of the future physical climate risks is carried out as part of the **Group's new initiatives** (industrial and logistics projects in particular; acquisitions; raw materials approvals, new products design).

A. VALUE CHAIN

When deemed relevant or necessary, **influential or collaborative actions** are carried out by the Group on its value chain. These actions concern:

- existing sites of raw materials suppliers,
- establishment territories of existing or planned Michelin sites and activities, and the local suppliers of essential goods and services on which these sites and activities depend,
- rented sites,
- transport infrastructures,
- customers sites,
- existing sites of end-of-life products processing providers.

These actions are aimed at implementing **adaptation measures** to reach tolerable levels by :

- 2030 at best for risks identified as major in this timeframe,
- 2050 for risks identified as major in this timeframe.

These measures should not lead to "**maladaptation**".

- **the national, supranational and international bodies and organizations**, to contribute to the emergence and implementation of **adaptation policies and standards**.

B. GROUP SITES

Adaptation measures are being implemented at all Group sites that require them to reach tolerable levels by:

- 2030 at best for risks identified as major in this timeframe,
- 2050 for risks identified as major in this timeframe.

These measures must not lead to "**maladaptation**" and must be aligned with the Group's **Environmental Policy**. When particular circumstances justify an exemption from these rules, this must be submitted for approval to the Environmental Governance.

4. APPLICATION SCOPE

From March 4, 2024, this policy will apply to all Group's companies, including majority-owned joint-ventures. It will be reviewed for a possible update in 2027.

For companies in which Michelin is a minority shareholder with an equity interest of between 25% and 50%, it constitutes a set of recommendations for implementing progress actions.

Concerning newly created or acquired companies, the implementation plan is defined with the heads of these companies and submitted to the Environmental Governance for validation.