CHAPTER 04

SUSTAINABILITY STATEMENT

PREFACE

THREE QUESTIONS FOR YVES CHAPOT, GENERAL MANAGER AND CHIEF FINANCIAL OFFICER

This is Michelin's first Sustainability Statement issued in compliance with the European Union's new Corporate Sustainability Reporting Directive (CSRD). What are your initial impressions?

Well, first, we didn't wait for the CSRD to demonstrate our commitment to sustainability! Since its creation, Michelin has constantly innovated to improve the mobility of people and goods, to make it safer, more accessible, more efficient and gentler on the environment. Because we are keenly aware both of our impact on society and the environment and of the major challenges facing the world today, the Group plays a leading role in fostering sustainability.

That's why we've built a business model based on striking the right balance between people, profit and the planet and designed to create value in all three of these areas.

For you, what are the benefits of complying with these new sustainability disclosure regulations?

Like other European directives, the CSRD is well intentioned, but its implementation is still complex. It's essential to find a balance between sustainability and keeping companies competitive, so that the global playing field remains fair and level.

The directive will, however, provide investors and other stakeholders with the reliable, comparable sustainability data they need. In practice, it puts sustainability information on an equal footing with financial disclosures, which, for Michelin, is very consistent with our commitments. We therefore hope that this initial statement will support an objective comparison of our sustainability performance with our industry peers, thereby demonstrating our contribution to the emergence of a more sustainable world. On the other hand, we regret that because the CSRD currently applies only to certain European listed companies, Michelin bears significant additional costs that its non-European competitors are not subject to.

The most important thing for a Group like Michelin is to have a positive impact on its environment in the broadest sense. What are the key takeaways from this first Sustainability Statement?

The 2024 Statement highlights the progress the Group is making year after year. Our expertise and distinctive capabilities, particularly in the optimal use of materials and composites, are extraordinary enablers to advance the circular economy, conserve resources and reduce CO_2 emissions, particularly in support of low-carbon mobility. This is how we were able in 2024 to launch new products that deliver a combination of durability, energy efficiency and unrivaled abrasion performance.

Another key point I would like to emphasize concerns our deep belief that companies must play a role in society to provide collective responses to today's challenges. The Statement highlights the Group's actions on behalf of its employees, as demonstrated by the living wage initiative, but also across its entire value chain, in particular to meet the aspirations of its stakeholders.

4.1 GENERAL INFORMATION

4.1.1 GENERAL BASIS FOR THE PREPARATION OF THE SUSTAINABILITY STATEMENT

Background

The following Sustainability Statement has been prepared based on the consolidated scope of Compagnie Générale des Etablissements Michelin (CGEM; hereinafter, the "Group" or "Michelin"). The reporting cycle is annual, with this year's reported data covering the 12 months from January 1 to December 31, 2024. After a review by the Supervisory Board, the Statement was authorized for issue by the Managers on February 12, 2025.

It has been prepared in compliance with the European Corporate Sustainability Reporting Directive (CRSD) requiring companies to disclose sustainability information, as transposed into French law by Government Order 2023-1142 of December 6, 2023, and in accordance with the final French language version of the European Sustainability Reporting Standards (ESRS), issued in December 2023.

The 2024 reporting exercise, the first in application of the CSRD, was shaped by interpretive uncertainties, the absence of established practices and difficulties in collecting data within the required timeframes. The Statement has therefore been prepared on the basis of the information available within said timeframes.

Scope of reporting of the Sustainability Statement

The scope of reporting is based on the scope of the Group's consolidated financial reporting. The quantitative metrics apply to **fully consolidated** companies. For substances of very high concern (E2-5, §35), the Group estimates its coverage rate at around 93%[1], corresponding to all the tire manufacturing operations except for the Camso brand (see section 4.3.7.3 Substances of concern (SOCs) and very high concern (SVHCs), below). Measures are underway to improve this coverage rate. For the living wage metric, the coverage rate was 96.5%[2] at December 31, 2024 due to a small number of companies that will be assessed in the coming Fair Wage Network[3] certification rounds (from 2025)[4] (see section 4.8.5.2 Adequate wage, below).

Companies accounted for by the equity method are not included in the scope of reporting, in as much as the Group does not exercise exclusive operational control over them. Nevertheless, in accordance with the GHG Protocol, CO_2 emissions from these companies are included in the Group's Scope 3 emissions (Category 15).

The Statement covers the Group's **upstream and downstream value chain**, including suppliers, dealerships and other own operations, employees and customers (see section 4.1.3.1 below for a presentation of the Statement's coverage of the value chain).

Note that the Statement incorporates certain information by reference[5].

(1) Based on total raw material purchasing volumes.
(2) Based on the total number of employees.
(3) See the list of companies in the table in Appendix D below.
(4) Fair Wage Network certification attests that a company is a "Living Wage Global Employer".
(5) See Chapter 3, section 3 of the 2023 Universal Registration Document. Note as well that the Group has not used either the option to omit specific information corresponding to intellectual property, know-how or the results of innovation or the exemption from disclosure of impending developments or matters in the course of negotiation (ESRS 2, BP-1, §5(e)).

Calculation methodology used for the metrics and main estimates

The quantitative metrics disclosed in this Sustainability Statement are calculated on the basis of actual data, except for the following, which are a composite of actual and/or estimated data:

- E3-4(28) (Water consumption) has been calculated from actual withdrawals, minus the estimated quantity of water discharged (see section 4.4.4.3 Water consumption metric (own operations), below);
- E1-6(44)(c) (Scope 3 CO_2 emissions) has been calculated in accordance with GHG Protocol recommendations, based on actual data and estimates derived from primary data from suppliers and customers, as well as from external databases. This method is inherently somewhat uncertain;
- E2-5 (Substances of very high concern) has been calculated on the basis of actual or estimated raw materials purchasing data (see section 4.3.7.3 Substances of concern (SOCs) and very high concern (SVHCs), below).

Certain external data have been also used, such as the emission factors used in the CO_2 calculations. These data present a risk of uncertainty and may vary over time.

Metrics not disclosed in 2024

Despite the efforts to collect data and develop a robust methodology, the Group has not disclosed the following metrics in this first reporting exercise:

- water pollution (E2-28(a));
- substances of concern (E2-5, 34);
- water recycled and reused (E3-4, 28(c)).

With regard to the E2-4, 28(b) metric (microplastics generated or used), it has not been disclosed because the Group does not consider tire and road wear particles to be microplastics. Information on tire and road wear particles may be found in section 4.3.3 of this document.

As part of a continuous improvement process, the Group is pursuing action plans to ensure that these metrics can be disclosed in the future (see below sections 4.3.7.2 for Water pollution, 4.3.7.3 for Substances of concern (SOCs) and 4.4.4.3 for Water recycled and reused).

This Statement does not deviate from the medium or long-term time horizons defined in ESRS 1.

Lastly, Michelin may amend or update certain reporting and disclosure procedures as needed to reflect best practices and financial authority recommendations.

Sustainability reporting standards other than ESRS (CSRD)

In addition to the ESRS used to prepare this Sustainability Statement, the Group is mindful of the emergence of international sustainability reporting standards and the expectations of stakeholders. In this evolving environment, Michelin also recognizes the GRI reporting standards and the International Sustainability Standards Board's IFRS Sustainability Disclosure Standards S1[(1)] and S2[(2)] released in June 2023. The Group applies all the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) issued on June 29, 2017 and incorporated into the ISSB standards. In 2024, it also undertook to early adopt the Task Force on Nature-related Financial Disclosures (TNFD) framework. Lastly, the Group has pledged to uphold the United Nations Global Compact and the deployment of its Sustainable Development Goals (SDGs).

(1) IFRS Sustainability Disclosure Standard S1 – General Requirements for Disclosure of Sustainability-related Financial Information.
(2) IFRS Sustainability Disclosure Standard S2 – Climate-related Disclosures.

4.1.2 GOVERNANCE OF SUSTAINABILITY MATTERS

4.1.2.1 Composition and role of the administrative, management and supervisory bodies

Details of CGEM's administrative, management and supervisory bodies (including their composition and responsibilities, and the expertise, training and skills of their members) are described in the Corporate Governance Report (see Chapter 2, sections 2.1 and 2.2 of this document.)

The Supervisory Board has set up an Audit Committee and a Corporate Social Responsibility Committee.

The Supervisory Board has 11 members, all of whom are non-executive. The information below is based on its composition at December 31 of the reporting year, as presented in the aforementioned Corporate Governance Report and reflecting the decisions taken by the relevant CGEM governance bodies (Supervisory Board, Annual Meeting of Shareholders). They concern the percentage of CGEM Supervisory Board members by gender and nationality. The latter corresponds to another aspect of diversity tracked by CGEM:

ESRS 2 GOV-1 SUPERVISORY BOARD	
Total number of Supervisory Board members	11
Number of executive members of the Supervisory Board	0
Number of non-executive members of the Supervisory Board	11
Number of women Supervisory Board members[1]	5
Percentage of women Supervisory Board members[1]	45.5%
Number of Supervisory Board members representing other aspects of diversity[2]	3
Percentage of Supervisory Board members representing other aspects of diversity[2]	27.3%
Number of independent members of the Supervisory Board[3]	8
Percentage of independent members of the Supervisory Board[3]	72.7%

(1) The percentage of women is calculated by dividing the number of women members by the total number of Supervisory Board members. This method differs from the one used to calculate the ratio presented in the Supervisory Board's Corporate Governance Report, pursuant to Articles L. 22-10-74 and L. 226-4-1 of the French Commercial Code, which does not take employee representatives on the Board into account.

(2) Based on the diversity of nationalities, whose ratio is calculated by dividing the number of non-French members by the total number of Supervisory Board members.

(3) The disclosure requirement concerns the percentage of independent members on the CGEM Supervisory Board, which is calculated by dividing the number of independent members by the total number of Supervisory Board members. This method differs from the one used to calculate the ratio presented in the Supervisory Board's Corporate Governance Report, which is based on the Corporate Governance Code for listed companies published by the AFEP and MEDEF and does not take employee representatives on the Board into account.

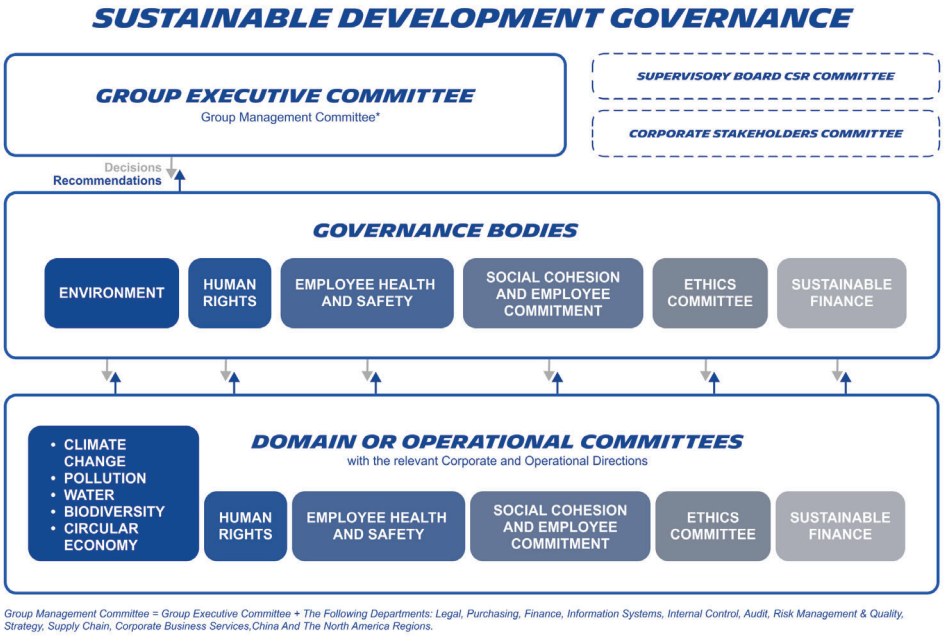
The sustainability expertise of each Supervisory Board member is presented in Chapter 2 above.

4.1.2.2 The key role of the administrative, management and supervisory bodies

The sustainability remits of the Supervisory Board's Audit Committee and CSR Committee are defined in their respective internal rules and described in sections 2.2.1, 2.2.9 and 2.2.11 of Chapter 2 of this document. The initiatives undertaken by these Committees during the reporting year are presented in these same sections.

Every four months, the CSR Committee reviews the Group's sustainability strategy, objectives, policies and commitments. During this exercise, it coordinates with the Audit Committee to ensure that the Group conducts a double materiality assessment (DMA) of the impacts, risks and opportunities (IROs) impacting either its operations or its environment and society as a whole. In 2024, the following material IROs were discussed by the CSR Committee of the Supervisory Board: the climate transition and adaptation plans, deforestation, tire and road wear particles, and human rights in the value chain. In addition, the minutes of the annual meeting with the Corporate Stakeholders Committee has been shared with the CSR Committee.

The Group has deployed a dedicated sustainable development organization to track risks and drive progress on the sustainability matters identified in the double materiality assessment. It is based on the interaction between four governance bodies: the Group Executive Committee, the Group Management Committee, the Environmental and Social Governance bodies, and the Thematic or Operational Committees.



The management of sustainability matters – strategy, policy and objectives, commitments, roadmaps, targets and metrics – is structured around six themes and their related governance mechanisms: Environment, Human Rights, Employee Health & Safety, Social Cohesion and Employee Commitment (created in 2024), Sustainable Finance and Ethics. The organization is overseen and managed by the four governance bodies, as follows.

The Group Executive Committee, including the two Managers:

- guides and impels the Group's All Sustainable approach, providing it with a big-picture vision of sustainability matters;
- reviews and approves the objectives addressing these matters;
- is informed of the overviews presented to the Group Management Committee by the Governance bodies and the Group Ethics Committee, which support its review of the Group's sustainability vision, policies, commitments and objectives;
- is informed by the Chairs of the Governance bodies and the Group Ethics Committee of any difficulties encountered in implementing action plans following internal audits.

In 2024, the Group Executive Committee approved the double materiality matrix.

The Group Management Committee, including the Group Executive Committee:

- annually reviews an overview of the Governance bodies and the Group Ethics Committee prepared by the Vice President, Sustainable Development and Impact. The overview also discusses any shortfalls in deploying post-audit action plans and delays in implementing roadmaps;
- as part of this process, the Group Management Committee determines the allocation of any resources needed by the Governance bodies and the Group Ethics Committee to perform their tasks. It also ensures that transformation project objectives are fully aligned with the Group's All Sustainable vision.

The Governance bodies and the Group Ethics Committee, which meet on a regular basis[(1)]:

- determine the issues to put forward for approval to the Group Executive Committee, in particular the Group's vision and objectives, significant commitments and emerging strategic issues;
- review and approve prioritized strategic objectives, policies and commitments recommended by the Thematic Committees (in the case of Environmental Governance bodies) or the Operational Committees (in the case of the other Governance bodies);
- ensure the ability to lead roadmaps, with deliverables, milestones, appropriate resources and outcomes;
- alert the Managers to any shortfalls in action plans deployed following audits and delays in implementing roadmaps, and recommend appropriate corrective measures as needed. This information is included in the overview submitted to the Group Management Committee.

Thematic and Operational Committees:

- recommend Group objectives, policies and commitments to the Governance bodies and the Group Ethics Committee;
- recommend prioritized strategic objectives, policies and commitments, and submit them to the Governance bodies or the Group Ethics Committee for approval;

(1) Quarterly for the Environmental Governance bodies and the Ethics Committee; twice a year for the Employee Health & Safety, Human Rights and the Social Cohesion and People Management Governance bodies; every six weeks for the Sustainable Finance Governance body.

- own and lead deployment of post-audit roadmaps and action plans, particularly concerning the impacts, risks and opportunities (IROs), and present them to the Governance bodies or the Group Ethics Committee;
- ensure that major projects and initiatives are aligned with the Group's objectives, policies and commitments;
- identify the new capabilities needed to deploy the roadmaps;
- track emerging sustainability standards and best practices.

Lastly, to enhance and adjust objectives as needed, the Group regularly engages with stakeholders.

The issues arising from the impacts, risks and opportunities identified in the double materiality assessment are all addressed by appropriate governance bodies. Ultimately, the Group intends to gradually transfer the leadership of its sustainability metrics to line managers, who already manage its operational and financial metrics.

4.1.2.3 Integration of sustainability-related performance in incentive mechanisms

To align the interests of the Managers more closely with the Group's sustainability performance, their short-term (annual) and long-term (multi-year) variable compensation is subject to ESG criteria.

Annual variable compensation[1]

20% of this compensation depends on meeting ESG performance targets, two of which concern People (TCIR and gender balance) and one that relates to the Planet (Scope 1 and 2 CO_2 emissions). The TCIR and CO_2 emissions targets also apply to all Group employees eligible for variable annual compensation via the Group Bonus.

Deferred variable compensation[2]

40% of this compensation, which is awarded in the form of performance shares, depends on meeting ESG performance targets. One target, accounting for 20%, concerns the Planet (the Industrial Michelin Environmental Performance or i-MEP indicator) and the other, also accounting for 20%, concerns People (the employee engagement rate). Both criteria apply to every Group employee eligible for the performance share plan.

Sustainability-related incentive schemes are an integral part of the compensation policies for members of the administrative, management and supervisory bodies, as described in Chapter 3, section 3.3 of the 2023 Universal Registration Document. The terms and conditions of the Managers' compensation are described in detail in sections 3.3.1 and 3.3.2.

The criteria determining the Manager's variable compensation are defined by the Supervisory Board.

This information is based on the Managers' compensation for the reporting year, which is set by the CGEM's governing bodies (General Partners, Supervisory Board, Annual Shareholders Meeting) and presented in the Supervisory Board's Corporate Governance Report in Chapter 3 of the 2023 Universal Registration Document.

4.1.2.4 Statement on due diligence

For the eighth year in a row, in compliance with the requirements of French Act No. 2017-399 of March 27, 2017, Michelin has prepared a Duty of Care Plan[3] describing the impacts, risks and opportunities incurred by the Group and its value chain as regards the environment, health & safety and human rights, along with the measures taken to prevent or mitigate them, as applicable.

The Plan is an effective means of consolidating and strengthening the Group's proactive approach to deploying processes to prevent and manage risks and negative impacts in the above three areas, as well as an opportunity to deepen, year after year, its due diligence with subcontractors as part of a continuous improvement process. The Duty of Care Plan is fully aligned with the Group's purpose and values, and reflects its commitment to conducting its business responsibly with regard to all its stakeholders.

The Duty of Care Plan is based on the information and initiatives already embedded in the Group's policies, which underpin its sustainability commitment. These include the Code of Ethics, the Purchasing Principles, the Supplier Relations Code of Conduct, and the following policies: Health, the Environment, Employee Relations, Diversity & Inclusion and Human Rights.

(1) The proportion of the Managers' annual variable compensation subject to sustainability criteria is calculated by dividing the percentage of sustainability criteria by the percentage of total annual variable compensation.
(2) The proportion of the Managers' long-term variable compensation subject to sustainability criteria is calculated by dividing the percentage of sustainability criteria by the percentage of total long-term variable compensation.
(3) https://www.michelin.com/en/investors/regulatory-information

Core elements of due diligence	Sections in the Sustainability Statement
a) Embedding due diligence in governance, strategy and business model	4.1 General information, 4.1.3 Strategy
b) Engaging with affected stakeholders in all key steps of the due diligence process	4.1 General information, 4.1.3 Strategy
c) Identifying and assessing adverse impacts	Environmental matters: 4.2 Climate change (E1), 4.3 Pollution (E2), 4.4 Water and marine resources (E3), 4.5 Biodiversity and ecosystems (E4), 4.6 Resource use and circular economy (E5) Social matters: 4.8 Own workforce (S1), 4.9 Workers in the value chain (S2) Governance matters: 4.11 Business conduct (G1)
d) Taking action to address those adverse impacts	Environmental matters: 4.2 Climate change (E1), 4.3 Pollution (E2), 4.4 Water and marine resources (E3), 4.5 Biodiversity and ecosystems (E4), 4.6 Resource use and circular economy (E5) Social matters: 4.8 Own workforce (S1), 4.9 Workers in the value chain (S2) Governance matters: 4.11 Business conduct (G1)
e) Tracking the effectiveness of these efforts and communicating	Environmental matters: 4.2 Climate change (E1), 4.3 Pollution (E2), 4.4 Water and marine resources (E3), 4.5 Biodiversity and ecosystems (E4), 4.6 Resource use and circular economy (E5) Social matters: 4.8 Own workforce (S1), 4.9 Workers in the value chain (S2) Governance matters: 4.11 Business conduct (G1)

In this way, the Duty of Care Plan shows how CSR risks are addressed holistically, highlighting the main aspects of both the due diligence process and the Sustainability Statement. It describes the Group's due diligence practices[1]. The Duty of Care Plan has been enhanced by the double materiality assessment, including for risks below the materiality threshold, and, conversely, the risks identified in the Duty of Care Plan have been addressed and assessed in the double materiality assessment.

(1) Preparation and tracking of the plan are coordinated by the Corporate Sustainable Development and Impact Department, which leads a dedicated working group involving the Internal Control, Risk Management, Purchasing, Human Resources, Legal and Compliance departments.

4.1.2.5 Risk management and internal controls over sustainability reporting

Non-financial reporting has been an integral part of the Group's risk management system since 2022 (see Chapter 3 on risk management in this document). The main milestones in the integration process were as follows:

- creation in 2022 of a Sustainable Finance Governance Committee, chaired by the General Manager;
- two internal audits commissioned by the General Manager and performed in 2022 and 2023 to assess the reliability of the non-financial reporting process, which led to the roll-out of two action plans;
- addition of the risk "inaccurate or unfair reporting of non-financial data" to the Group's risk database in 2023, making it an integral part of the risk management system;
- deployment in 2024 of an internal control system for the downstream phases in the non-financial reporting exercise.

In addition, the corporate risk management team has been involved in the CSRD project, helping to prepare double materiality assessments, define KPIs and their scope, and structure the internal control process.

The first internal audit, performed in 2022, charted a prioritization matrix for non-financial indicators on two axes – sustainability matter and vulnerability – at each stage in the reporting process (definition, scope, capture, collection, control, consolidation and disclosure). Since then, all the metrics disclosed by the Group have been mapped, thereby enabling the team to:

- target which of the high and very high risk and/or vulnerability metrics to audit in 2022 and 2023;
- prioritize the initial stages in the internal control process.

To mitigate the risks identified in the internal audits, a variety of action plans were undertaken to provide quality assurance for the reporting of quantitative and qualitative metrics, zero-base and re-equip the reporting process, inventory and identify materiality in every subsidiary, and design the internal control process.

The fundamentals and control of sustainability data are now an integral part of the Group's internal control exercise. As described in Chapter 3 of this document, internal control is performed through self-assessments (first line of defense) and testing (second line of defense), which may identify cases of non-compliance. If so, within three months, corrective action plans are deployed under the leadership of line managers, with their alignment and outcomes validated by the Internal Control teams. Their effectiveness is measured the following year, using the internal control action plan performance metric.

For the first year's exercise, self-assessments were organized in association with the managers of the relevant data and internal controllers, to determine a shared baseline and to prepare the corrective action plans required to eliminate any cases of non-compliance.

The findings of the 2022 and 2023 audits were presented to the Supervisory Board's Audit Committee and their action plan outcomes were assessed and presented to the Audit Committee in July 2024. Every year, the preceding year's internal control results and outcomes of the related action plans are presented to the Audit Committee in April. Lastly, note that the material matters identified in the 2024 double materiality assessment have been analyzed to identify gaps with the portfolio of risks and impacts tracked in the Group risk management system, thereby guaranteeing the comprehensive, seamless alignment between the two processes.

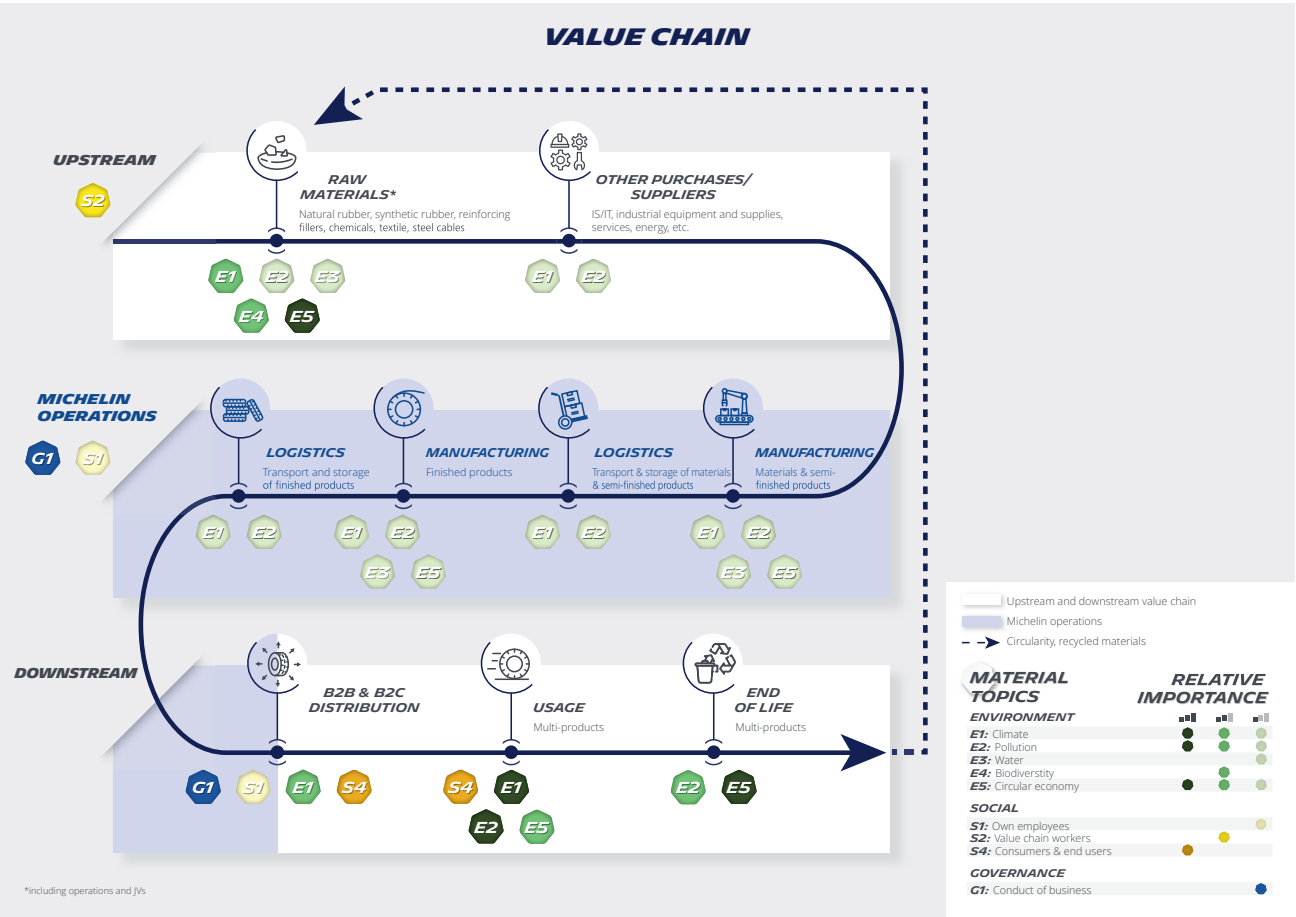
4.1.3 STRATEGY

4.1.3.1 A sustainability driven strategy, business model and value chain(1)

For 130 years, the Group's powerful innovation drive has made it one of the world's foremost tire manufacturers, with leadership positions backed by its materials expertise and ability to combine materials to create composite solutions for a wide array of needs. Thanks to its unique capabilities, Michelin is building a world-leader in life-changing composites, so that it can make a decisive contribution to human progress and a more sustainable world.

In 2021, Michelin launched the Michelin in Motion strategic plan with an ambitious roadmap for 2030 and a clear vision for 2050. In seamless alignment with the Group's All Sustainable commitment, the plan lays the foundations for sustainable growth through the rest of the decade. *"That's because we believe that tomorrow, everything will be sustainable at Michelin"*. This vision of the future, deeply rooted in our history, already informs all our decisions aimed at striking the right balance between People, Profit and the Planet – the triple bottom line that lies at the heart of the Group's growth dynamic.

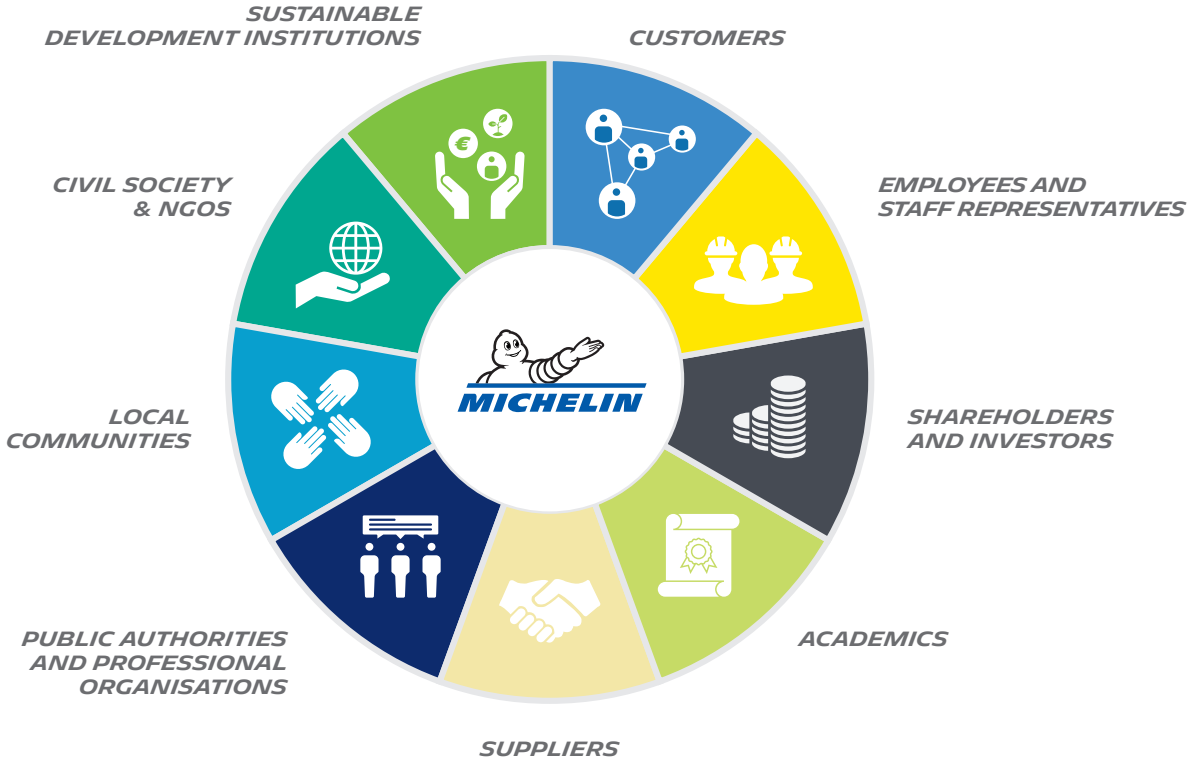
This strategy is being deployed across a globalized value chain extending from the purchase of raw materials and services to the distribution, use and disposal of products. Each of these stages has been assessed for double materiality. The following diagram ranks material matters across the Group's value chain.



(1) See Chapter 1 above for a presentation of Michelin's strategy and business model.

4.1.3.2 Constant, careful attention to the interests and views of stakeholders

By stakeholders, Michelin means the people or groups of people who are impacted by its business or who may impact it in return, to ensure that its corporate strategy is always mindful of their needs and expectations. Building trust-based relationships with stakeholders is an opportunity for the Group to improve its ability to plan and align its sustainability commitments and initiatives, while strengthening its duty of care process:



Michelin has long nurtured sustained dialogue with all its stakeholders – customers, investors, employee representatives, suppliers, public authorities, local communities, international organizations and NGOs – with dedicated, regularly scheduled meetings organized every year for each category by the Group's corporate and local departments.

Why and with whom is the Group engaged?	How and on which issues?	2024 initiatives addressing the interests and views of stakeholders
CORPORATE STAKEHOLDERS COMMITTEE		
Created in 2016, the Corporate Stakeholders Committee is a reflection of civil society that acts as a think tank for the Group and its senior management. It is enhancing Michelin's All-Sustainable vision by supporting the over-the-horizon perception of emerging societal challenges, in particular by factoring stakeholder opinions and comments into Group policies and actions. Committees for shareholders outside Paris are currently being set up.	■ An annual two-and-a-half day meeting organized in one of our production or office sites ■ Special-purpose sessions dedicated to specific issues of strategic importance to the Group. **Leading issues:** impact, sustainable performance, the double materiality matrix, recycled and renewable materials, the adequate wage commitment, etc.	In 2024, the Group organized two events: ■ an online presentation of the double materiality matrix in March 2024; ■ an in-person meeting on November 12 and 13, 2024 focused on sustainable product performance and on recycled and renewable materials.
CIVIL SOCIETY AND NGOS		
The Michelin Group includes a dedicated corporate unit in charge of relations with civil society and fosters ongoing dialogue with NGOs, such as the WWF, the European Federation for Transport and Environment and the FIDH, in a commitment to raising awareness of the Group, soliciting NGO feedback and continuously improving its environmental, social and governance policies and initiatives, including through co-developed projects.	■ Ongoing dialogue with appropriate discussion meetings on an issue-by-issue basis. ■ The Natural Rubber Stakeholder Committee, which has met every two years since 2015. ■ A strategic partnership agreement with the WWF. ■ Discussions between regions, countries and Michelin sites. **Leading issues:** human rights, anti-corruption, the value chain, natural rubber, climate change, biodiversity and the circular economy.	In 2024, the Group engaged with NGOs, including the WWF, European Federation for Transport and Environment and the European Climate Foundation, on technical issues concerning production plant decarbonizing plans, biomaterials and deforestation.
CUSTOMERS		
The Group pays particular attention to customers, who play a central role in realizing its strategic vision and meeting its objectives. Extensive engagement with our customers enables us to understand their needs and foresee emerging market trends. We protect our customers by guaranteeing the quality and safety of our products and by complying with all applicable laws, regulations and policies. The Group continues to deploy and improve the maturity of its Customer Promise Guarantee to meet their needs more effectively.	■ Customer CSR requests. ■ Audits. ■ Customer rooms, to capture customer dissatisfaction and then respond with initiatives that fulfill the customer promise. ■ Key account management relationships. ■ Trade shows. ■ Independent assessments of the maturity of the customer promise, supporting a robust end-to-end customer experience **Leading issues:** safety, longevity, rolling resistance, braking, climate change, energy, water, human rights, responsible purchasing and EU taxonomy.	In 2024, the Group continued to: ■ measure customer satisfaction; ■ build long-term relationships with key customers and partners; ■ nurture the development of strategic partnerships with key B2B customers; ■ run workshops in host regions and countries.
EMPLOYEES AND EMPLOYEE REPRESENTATIVES		
Michelin's identity and philosophy have always impelled the Group to engage in an assertive social dialogue process, which it sees as a driver of sustainable performance.	■ The European Works Council (CEEM) and Michelin Global Works Council (MWC). ■ Member of the Global Deal initiative. ■ Annual engagement survey. **Leading issues:** the employee relations aspects of the All Sustainable vision.	The Global Works Council met once in 2024. Note that in July 2023, the Michelin Global Works Council began its second three-year term by broadening its membership, with new representatives from India, Sri Lanka, Indonesia and Australia.

Why and with whom is the Group engaged?	How and on which issues?	2024 initiatives addressing the interests and views of stakeholders
SHAREHOLDERS AND INVESTORS		
The Investor Relations team nurtures ongoing communication and dialogue with Group shareholders to keep them as well informed as possible about the Group's strategy and its financial and non-financial performance.	■ In-person roadshows. ■ Online roadshows. ■ Automotive and ESG conferences. ■ Shareholder events. ■ Rating agency questionnaires. **Leading issues:** the All Sustainable vision, materials and composites, and technological leadership.	In 2024, the Group organized a number of events for shareholders and investors, including: ■ the Capital Markets Day in May: ■ an annual roadshow in October, dedicated to governance issues; ■ A roadshow addressing ESG issues in November.
SUPPLIERS		
Engaged discussions on the Group's vision and objectives, with Supplier Relationship Management (SRM) reviews addressing the sustainability issues impacting each purchasing category and supplier. The findings of these reviews support the deployment of joint improvement plans, in particular with strategic suppliers and for natural rubber and other raw materials.	■ Supplier segmentation reviewed annually. ■ Key supplier relationships tracked through regularly scheduled SRM reviews. ■ Strategic relationships with certain suppliers, in particular to support the CO_2 roadmap. ■ A dedicated natural rubber roadmap. ■ A CSR questionnaire for other raw material suppliers. **Leading issues:** the All Sustainable vision, responsible purchasing, natural rubber, raw materials, climate, CO_2 and energy, human rights, health and safety.	2024 highlights included the following initiatives: ■ "Responsible Supplier Relations and Procurement" label renewed during the year; ■ developing a CSR questionnaire for suppliers of raw materials other than natural rubber.
PUBLIC AUTHORITIES AND TRADE ORGANIZATIONS		
Through its Public Affairs Department, the Group engages in ongoing dialogue with public authorities, trade associations and non-governmental organizations (NGOs) in a commitment to (i) raising the quality of public debate and decision-making; (ii) helping to promote, expand and defend the Group's interests; (iii) capturing as far upstream as possible positive or negative developments likely to impact the Group; and (iv) proactively responding to potential crises.	■ Initiatives undertaken either directly by the Group or indirectly through organizations in which it is a member. These include (i) tire industry trade associations, such as the European Tyre and Rubber Manufacturers' Association (ETRMA) and the US Tire Manufacturers' Association (USTMA); (ii) cross-industry associations such as the Association Française des Entreprises Privées (AFEP), the European Round Table of Industrialists and Plateforme de la Filière Automobile (PFA) in France; and (iii) various French and European chambers of commerce. **Leading issues:** product regulations, the circular economy, our manufacturing footprint, the value chain, the non-financial reporting process and sustainability standards.	Among the positions defended by the Group in 2024 were: ■ supporting, alongside the California state government, the introduction of minimum rolling resistance performance standards that would ban the least energy-efficient tires from sale; ■ supporting the introduction of minimum tire abrasion standards in the Euro 7 Regulation to reduce tire and road wear particle emissions; ■ supporting the removal of legal status of waste for end-of-life tires, to speed the transition to greater circularity in Europe; ■ supporting the creation of a global carbon price; ■ submitting proposals for the operational implementation of the EU Deforestation Regulation, to ensure effective enforcement without any negative impacts on the value chain.

Why and with whom is the Group engaged?	How and on which issues?	2024 initiatives addressing the interests and views of stakeholders
ACADEMIA		
The Group nurtures a wide variety of relationships with academia to enlighten and enrich its strategy and initiatives, particularly as part of its R&D commitment or with regard to certain impact matters such as sustainable mobility or materials. These relationships also help to improve our ability to understand and explore emerging issues and developments.	■ Partnership agreements (IDDRI, CIRAIG, the Ellen MacArthur Foundation, ITF, etc.). ■ Dedicated dialogue programs to explore certain sustainability matters (Carbone 4, Institut des Sciences Politiques, HEC, World Resources Institute, etc.). **Leading issues:** life cycle assessments, natural rubber, sustainable mobility, materials, measuring our social footprint, value sharing, technical decarbonization levers, biodiversity, water, pollution and tire and road wear particles (TRWP).	In 2024, the Group worked with academia on a wide range of issues, including: ■ ongoing or new programs on such emerging issues as biomaterials, avoided emissions, social life-cycle assessments and value sharing; ■ understanding the latest trends in sustainable mobility during the Corporate Business Partnership (CBP) with researchers from the OECD's International Transport Forum.
SUSTAINABLE DEVELOPMENT INSTITUTIONS		
Michelin also addresses sustainable development issues by working closely with its extended ecosystem, comprised of a wide range of both national and international institutions, associations and NGOs. These collaborations are designed to drive continuous improvement in every aspect of sustainability, including business models, climate, biodiversity and human rights, by acquiring expertise and sharing best practices. **Each host region's organization has forged close ties with one or more institutions, with a focus on the Global Compact's national networks.**	■ Sharing best practices among companies, globally (the World Business Council for Sustainable Development – WBCSD; the International Chamber of Commerce – ICC), at the European level (GreenBiz) and nationally (Entreprises pour l'Environnement – EpE; Entreprises pour les droits humains – EDH, Orée, the French Sustainable Development Executives Association – C3D). ■ Lobbying for sustainability (WBCSD and the Global Compact), including efforts to drive the tire industry's alignment on sustainability issues (the Tire Industry Project – TIP as part of the WBCSD). **Leading issues:** the full range of ESG issues.	In 2024, the Group actively participated in a number of networks exploring sustainability issues, including: ■ projects undertaken under Michelin's presidency of the Global Compact France Network to deploy the SDGs in France by deepening local engagement; ■ participating in the Climate Week event in September 2024, including the UN Global Compact Leaders Summit; ; ■ participating in the COP16 Biodiversity Conference, through Orée; ■ actively contributing to the EpE 2030 environmental transition working group.
LOCAL COMMUNITIES		
Michelin believes that relationships with local communities, especially those that host its production sites, offices and rubber plantations, are of paramount importance. The Group is deeply engaged in developing and promoting its host regions, by respecting and addressing the expectations and interests of local and nearby communities (e.g., the community of stakeholders around the Blanzy plant in France). **It also strives to create local jobs and develop the local economy, while participating harmoniously in community life through its employees.**	■ Impact studies for new sites. ■ Dedicated dialogue processes for each country and location. ■ On-site initiatives with local communities (training, etc.) in every country. **Leading issues:** Community development, equal opportunities, biodiversity, architectural and cultural heritage, diversity, the local economy and human rights.	In 2024, the Group began to craft a holistic strategy for the affected communities. In addition, it is continuing to track certain key metrics, such as the number of hours devoted to volunteer initiatives.

Lastly, Michelin presented the CSRD and the preparation of the Sustainability Statement to the European Works Council (CEEM) on October 15, 2024[1]. A further consultation is planned for 2025.

(1) See Section 4.8 Own workforce (S1), below, for a presentation of the European Works Council.

4.1.3.3 Financial effects of the Group's material risks and opportunities

The current financial effects of the Group's material risks and opportunities are presented in their respective sections below. All 2024 figures are aligned with the amounts shown in the consolidated financial statements.

Material capital expenditure, both current and budgeted over the next five years, is presented below and in the respective sections.

The capital expenditure portfolio has been analytically segmented and aligned with the various material sustainability matters, enabling the Group to manage its contribution to each lever in the All-Sustainable strategy. **In 2024, 18% of the Group's total capital expenditure was committed to sustainability matters.**

Financial resources allocated to sustainability matters *(in € millions)*	**2024**	**Future**
E1 – Climate change	**226**	**> 1,000**
Climate change mitigation (Scopes 1 and 2)	*107*	*> 400*
Climate change mitigation (Scope 3)	*119*	*> 600*
E5 – Resource use and circular economy	**12**	**> 200**
S1 – Own workforce	**133**	**> 450**
Employee attraction and retention	*76*	*> 300*
Employee health and safety (OP)	*56*	*> 150*
Financial resources (non-material) allocated to other sustainability matters	**24**	**> 100**
TOTAL	**395**	**> 1,850**

OpEx allocated to action plans

Operating expense figures are taken from the consolidated financial statements. However, breaking them down by CSRD matter is not applicable, as these outlays are directly tied to the operation of our business sites.

4.1.3.4 Number of Group employees by region

The Group's workforce breaks down by region as follows:

ESRS 2 SBM-1 HEADCOUNT OF EMPLOYEES BY GEOGRAPHICAL AREA	
Total number of employees in Europe	62,239
Total number of employees in the Americas	36,306
Total number of employees in the Africa-Asia-Pacific region	31,287
TOTAL NUMBER OF EMPLOYEES (WORKFORCE)	**129,832**

4.1.4 DOUBLE MATERIALITY ASSESSMENT

Sustainability is an integral part of Michelin's history and corporate DNA. Since its founding, it has always upheld mobility as a fundamental right and source of human progress. In the same way, the Group is committed to helping to shape a more desirable future by fostering balanced growth in its operations, capable of reconciling business performance, people development and environmental stewardship. For Michelin, the success of any growth strategy depends on considering the limits of our planet and genuinely acting responsibly towards employees and society. The Group also believes that no transformation is possible without a concomitant creation of value.

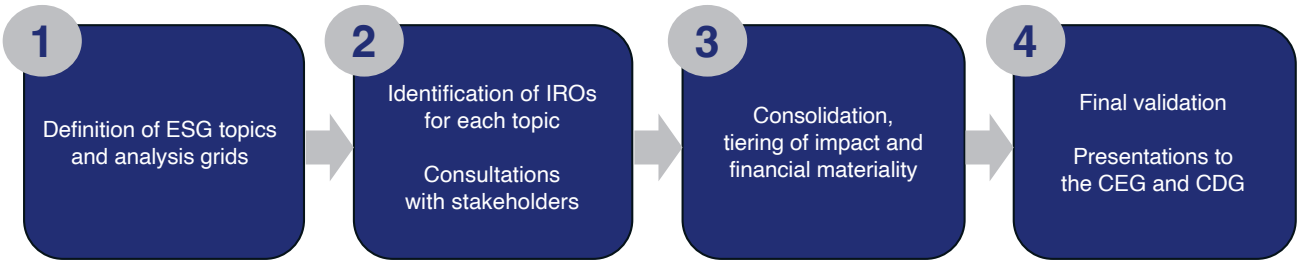
With this in mind, Michelin generally measures its initiatives against the United Nations Sustainable Development Goals (SDGs), so as to respond more effectively to rising stakeholder sustainability expectations and to gain greater insight into its future challenges. The illustration below highlights the Group's contribution to the UN's 2030 Agenda for Sustainable Development, integrating its interactions with leading stakeholders and its commitments to each of the SDGs.

4.1.4.1 Methodology

As part of its environmental and social responsibility commitment, the Michelin Group has plotted a **double materiality matrix** using a methodology based on the disclosure requirements described in the European Sustainability Reporting Standards (ESRS), particularly ESRS 1, section 3. The materiality matrix was approved and a materiality threshold defined by the Group Executive Committee in April 2024.

The assessment is carried out across the entirety of the Group's value chain and worldwide business base, including the operations of recently acquired entities. When assessing materiality, the location of each impact was identified in either the upstream or downstream value chain.

The assessment process comprises four steps:



The stakeholders consulted when assessing each impact's materiality are a faithful, comprehensive representation of all the stakeholders in Michelin's business operations:

- **internal stakeholders:** a large number of internal stakeholders were consulted to provide input, analyze and elaborate on the outcomes as needed. They included members of Management and of the Investor Relations, Finance, Human Resources, Purchasing, Legal and Compliance, Risk Management and Strategy departments;
- **the Corporate Stakeholders Committee.**

Impacts, risks and opportunities (IROs) were first identified and assessed for probability and severity, and then consolidated in the matrix. To position each matter, the Group used the following assessment grids:

- **financial materiality**, which assesses the likelihood of occurrence and the potential severity of the financial effects of financial risks and opportunities on a scale of 1 to 5 (from less than €50 million to more than €900 million);
- **impact materiality**, which assesses the negative and positive impacts, as follows:
  - assessing negative impacts:
    - for actual impacts: materiality depends on their severity, i.e., their magnitude, extent and irremediability,
    - for potential impacts: materiality is determined by severity and probability. In the case of a potentially negative human rights impact, the severity of the impact takes precedence over its likelihood,
  - assessing positive impacts:
    - for actual impacts, materiality depends on the scale and scope of the impact, and
    - for potential impacts, materiality depends on the scale, scope and likelihood of the impact.

To finalize the matrix, the Group devised a scenario for each IRO identified, based on selected criteria. This approach prompted to reason in terms of "gross" risk (before the impact of mitigation initiatives) over the following time horizons: short term (less than a year), medium term (between one and five years) and long term (more than five years).

The assessment was performed with the support of a third party with the expertise needed to ensure that the methodology was meaningful and reliable.

To determine the materiality of sustainability matters, the Group symmetrically defined a threshold for both financial and impact materiality above which the matter is deemed to be material. In other words, any IRO whose score exceeds the defined threshold is considered to be material. The threshold was validated by the Group Executive Committee, enabling the most material matters to be prioritized.

In this way, Michelin determined that ESRS S3 regarding affected communities is not material. Given its global footprint, the Group engages with all the people who live or work near its production and office sites, as well as with communities around its upstream or downstream value chain.

Other matters fell short of the materiality threshold, in particular the IROs related to diversity, equity and inclusion issues and the social dialogue process. These matters, which are core values of the Group and an integral part of its social responsibility commitment, are discussed qualitatively elsewhere in this Statement

The IROs resulting from the double materiality assessment were reviewed against the Group's risk map. Going forward, a similar comparison between the risk map and the double materiality assessment will be performed every time the latter is updated.

A wide range of data was used to establish the IROs, including existing regulations for the tire and automotive industries, reports from international organizations and industry associations (e.g., the Tire Industry Project globally and ETRMA in Europe) and the latest available scientific knowledge and in-house expertise, particularly in the field of materials.

All these sources are available and duly explained below.

A list of the ESRS Disclosure Requirements with which this Sustainability Statement complies may be found in Appendix D below.

4.1.4.2 The relationship between the double materiality assessment and the Michelin Group's business model

The most material matters resulting from the double materiality assessment have been fundamentally integrated into the Group's business model. In 2024, the double materiality matrix comprised twenty-six impacts, risks and opportunities deemed to be material to the Group. The following matrix presents the materiality of the matters according to the most significant IROs for each one.

SUSTAINABILITY STAKES FROM THE DOUBLE MATERIALITY ASSESSMENT

Impacts, Risks and Opportunities (IROs)	Brief description
Upstream value chain · Downstream value chain · OP Own operations · Short-term · Medium-term · Long-term	
E1 – CLIMATE CHANGE	
Climate change mitigation	
Higher energy performance standards for tires Downstream · Opportunity	Standards are being raised both by market demand and through regulations. Tires account for 15% to 30% of an internal combustion vehicle's fuel consumption. As mobility goes electric, the focus is expected to shift to certain products or components that are harder to decarbonize, such as tires. Original equipment manufacturers are looking for tires with low rolling resistance, while fleets prefer long-lasting, high-mileage products. Urbanization and the emergence of new mobility solutions will heighten the role of fleets. Regulatory standards governing rolling resistance and other energy performance factors are tending to become stricter around the world, along the lines of European Union legislation.
Rising demand for a wider range of electric vehicles Downstream · Opportunity	Michelin is positioned as a leading manufacturer of high-performance, long-lasting, energy-efficient tires that play a critical role in optimizing the EV experience. According to the International Transport Forum, an estimated 40% of new vehicles will be electric in 2027, representing a tripling of their market share in just five years and offering the Group new opportunities.
Contributing to climate change through direct and indirect greenhouse gas emissions (Scopes 1 and 2) Upstream · OP · **Negative impact**	Michelin is a global manufacturer with a broad industrial footprint. Greenhouse gases are emitted by our own operations and by the energy used in our production and other sites. The impact covers Scope 1 and 2 emissions.
Contributing to climate change through direct and indirect greenhouse gas emissions and land use change (Scope 3) Downstream · Upstream · **Negative impact**	Scope 3 emissions comprise two main categories: ■ GHG Protocol required Scope 3 emissions, which come from purchased raw materials, upstream logistics activities, upstream purchased energy and a variety of other sources. This category is significantly larger than Scope 1 and 2 emissions; ■ GHG Protocol optional Scope 3 emissions from the use of sold products, which in the case of Michelin corresponds to the 15% to 30% of a vehicle's fuel or electricity used to overcome tire rolling resistance. This makes their contribution critically important, with Scope 3 use-phase emissions representing more than 90% of Michelin's carbon footprint (115 million tonnes of CO_2 in 2024). Michelin is a leader in rolling resistance performance.
Facilitating greater energy efficiency by offering services to optimize the use and management of vehicle fleets and accelerating the transition to zero-emission mobility OP · **Positive impact**	Michelin is a leading sustainable mobility enabler. In addition to tires, the Group offers solutions to optimize fleet management and support hydrogen-powered and other forms of zero-emission mobility. The Group promotes sustainable mobility, in particular through international forums and networks such as Movin'On and the World Bank's Sum4All initiative.
Climate change adaptation	
Impact of physical climate risks on business activities, assets, employees, raw materials, delays and logistics costs OP · **Risk**	Michelin has operations around the world that could be impacted by the increased frequency of adverse climate events, such as storms, floods, droughts and other risks. In light of the diverse range of suppliers and the many interdependent factors necessarily involved in the manufacture of its products (infrastructure, energy, availability of labor, transportation systems, etc.), the effects of climate change may be qualified as systemic.
E2 – POLLUTION	
Water, soil, air and noise pollution	
Tightening standards limiting the impact on water, soil and air pollution from microplastics (tire and road wear particles – TRWP) and substances (e.g., 6PPD) Downstream · **Risk**	More stringent pollution regulatory standards could lead to lower maximum tire abrasion limits and stricter regulation of particles (TRWP) and substances (6PPD) and other substances, as well as to impacts on Michelin services. Insofar as Michelin tires are well known for their superior abrasion performance compared to their premium competitors, this could represent an opportunity for the Group.
Water, soil and air pollution from the use of tires (TRWP) Downstream · **Negative impact**	Friction between tires and the road generates wear particles (TRWP), influenced by a variety of factors. Since 2010, certain studies have demonstrated their presence in the environment and their potential impact. However, scientific knowledge of the impact and behavior of these tire and road wear particles (TRWP) needs to be improved. Michelin and the entire industry, through the Tire Industry Project (TIP) have engaged a proactive approach to TRWP.

Impacts, Risks and Opportunities (IROs)	Brief description
Water, soil and air pollution from upstream activities Upstream — **Negative impact**	Pollution in the upstream value chain primarily stems from the production of bio-sourced and other raw materials. Given its size, the natural rubber value chain can result in pollution, particularly soil contamination from pesticides and fertilizers.
Water and air pollution from direct operations, including substances of very high concern and VOCs OP — **Negative impact**	Water and air pollution from the Group's indoor and outdoor operations may include: ■ wastewater discharge from its own manufacturing operations; ■ substances of concern and very high concern; ■ air pollution, including volatile organic compound (VOC) emissions, both indoors and outdoors, from rubber product, rubber-compound product and tire manufacturing processes.
Pollution from the end-of-life treatment of sold tires Downstream — **Negative impact**	Used tires can be collected and disposed of in different ways, albeit with a focus on recovering and reusing their component resources. Research shows that this could result in a number of varying environmental impacts, which could include ozone depletion, acidification, abiotic resource depletion, the formation of photochemical ozone and environmental load from the concentration of materials.
E3 – WATER RESOURCES	
Water management	
Water consumption Upstream, OP — **Negative impact**	Climate change and human water use are disrupting the water cycle and, in particular, may be contributing to the depletion of local water resources (e.g., the drying up of aquifers).
E4 – BIODIVERSITY AND ECOSYSTEMS	
Ecosystems and biodiversity	
Actual and potential deforestation from the expansion of rubber tree farms, the production of bio-based materials and the extraction of other materials Upstream — **Negative impact**	Converting land to rubber tree farming, in response to the growing demand for natural rubber, can potentially lead to deforestation. The Group's natural rubber purchases represent around 7% of world demand.
Contributing to the loss of habitat and land degradation, soil erosion and biodiversity loss Upstream, OP — **Negative impact**	Single-crop natural rubber farming and the production of other biosourced raw materials could harm habitats and contribute to biodiversity loss. The use of process water, the discharge of wastewater and the mismanagement of end-of-life tires could worsen soil degradation and negatively impact the biosphere.
Contributing to eutrophication through the use of fertilizers in rubber tree farming Upstream, OP — **Negative impact**	Eutrophication occurs when nutrients accumulate in a soil or aquatic environment or habitat. Among the leading causes is runoff from nitrogen fertilizers used in the cultivation of rubber trees and other crops.
E5 – RESOURCE USE AND CIRCULAR ECONOMY	
Resources and waste	
Helping to develop industry-wide recycled and renewable material sourcing capabilities Upstream, OP, Downstream — **Positive impact**	The growing use of recycled and renewable materials requires new value chains to attenuate risks and decouple economic growth from resource use while maximizing their value and reuse. By 2022, renewable and recycled materials will account for 30% of Michelin tire components, with a target of 40% by 2030.
Resource inflows and their contribution to resource depletion Upstream — **Negative impact**	Tire manufacturing involves the use of large quantities and a wide variety of resources, which must be managed with care to avoid their depletion.

Impacts, Risks and Opportunities (IROs)	Brief description
Waste produced from end-of-life tires (ELT) Downstream · Medium-term · **Negative impact**	Every year, one billion tires reach the end of their useful lives, adding to the four billion already landfilled and causing the potential destruction of natural habitats and the production of methane, CO_2 and other polluting gases. Landfills could leak, contaminating water tables and damaging ecosystems with hazardous substances.
Human health impacts from the mismanagement of end-of-life tires (ELT) Downstream · Medium-term · **Negative impact**	Disposal of end-of-life tires can potentially attract rodents carrying zoonotic pathogens and create breeding grounds for mosquitoes, forming stagnant pools and increasing the spread of vector-borne diseases. They can also cause fires.
S1 – OWN WORKFORCE	
Attracting and retaining talent	
Deterioration of the employer brand and talent turnover; shortage of talent on the market OP · Medium-term · **Risk**	Talent turnover issues may arise due to the nature of the industry (many production plants operate 24/7) and to the geographical location of Michelin facilities.
Employee health, safety and well being	
Deaths, disabilities and injuries OP · Short-term · **Negative impact**	In all the Group's office, production, research, logistics and retail facilities, employees may be exposed to the risk of accidents involving mechanical or electrical installations, materials and finished products handling, chemicals, tooling and shopfloor movements. These risks could result in injuries of varying degrees of severity. Traffic accidents during business travel have also been identified as risks.
Occupational illnesses caused by exposure to chemicals and harmful substances, including substances of concern and very high concern OP · Short-term · **Negative impact**	The tire industry uses a number of potentially hazardous compounds, as well as substances of concern or very high concern. Employees working in research or manufacturing operations are at risk of exposure to chemicals that, if unmitigated, could ultimately lead to illness. This may concern certain products and substances used to make tires, as well as certain compounds that may be found in process fumes.
Social protection	
An adequate wage and a social protection floor OP · Short-term · **Positive impact**	Adequate wages and social protection benefits for Michelin employees around the world
S2 – WORKERS IN THE VALUE CHAIN	
Human rights	
Violation of the rights of workers in the value chain, including child labor, forced labor and illegal labor practices Upstream · Medium-term · **Negative impact**	Forced labor, child labor and illegal labor practices are risks in agricultural supply chains, including in the natural rubber industry.
S4 – CONSUMERS AND END-USERS	
Quality and safety of products and services	
Improving the safety of drivers and other road users, including by improving tire industry quality and safety standards Downstream · Medium-term · **Positive impact**	Since its creation, Michelin has nurtured a culture of quality, which is critical to improving the mobility of people and goods. Every employee at every link in the value chain is trained and committed to ensuring the quality and safety of our products and services. This engagement also raises personal safety awareness.
G1 – BUSINESS CONDUCT	
Business ethics and corporate culture	
Fines, litigation and reputational damage due to unethical business practices OP · Medium-term · **Risk**	Potential unethical business practices include corruption, fraud, bribery, environmental violations and exploitive conditions in the supply chain.

Upstream value chain · Downstream value chain · OP Own operations · Short-term · Medium-term · Long-term

These impacts, risks and opportunities mesh with the sustainability issues already identified by the Group, either through the previous materiality assessment and the accountability-based[1] risk mapping exercise, or through the systems used to assess the impact of our products.

However, the double materiality assessment has provided a more granular, targeted view of certain impacts, risks and opportunities, particularly as regards water consumption and water and air pollution in operations and the value chain.

Overall, the double materiality matrix demonstrates that the full range of environmental, social and governance matters are being addressed. It is noted that certain matters have a positive impact on society and the environment and, as such, are a core component in the Michelin Group's business model.

4.1.4.2.1. Coverage of environmental, social and governance matters

Environmental matters

The most material environmental matters correspond to the main impacts identified in the product life cycle assessments (LCAs).

- *Climate change mitigation – Scope 3 (E1).* The Scope 3 use-phase impact of Michelin products is factored into corporate strategy. Energy efficiency is deeply embedded in the DNA of the Group, which pioneered the development of low rolling resistance tires. Today, we remain as committed as ever to continuously improving product performance, as illustrated by the target of reducing rolling resistance by a further 10% by 2030 compared with 2020. Energy efficiency also plays a decisive role in extending an EV's range, bringing it to the forefront as mobility becomes increasingly electric. This means that it is both a Group commitment and one of our products' key performance features, delivered without compromising on any other areas of performance.
- *Resource depletion (E5).* The increasing depletion of fossil fuels and other resources is one of the core factors shaping the strategy and business model of the Group, where the frugal use of raw materials has always been top-of-mind.
- *Tire and road wear particles (E2).* Tire and road wear particles (TRWP) from tire abrasion are a major focus of attention for the Group. In this regard, Michelin tires are recognized as the market's top performers[2].

The double materiality assessment revealed a certain number of impacts, risks and opportunities that are already addressed by Group policies, initiatives and disclosed targets, such as climate change mitigation in Scopes 1 and 2 (E1), deforestation/loss of habitat (E4), and end-of-life tire management (E5). It also highlighted a risk – climate change adaptation (E1) – that is covered by a policy issued in 2024, backed by initiatives and targets with defined time horizons.

Social matters

The most material social impacts, risks and opportunities are intrinsically linked to the industrial nature of Michelin's business and to its global footprint and complex value chain.

- *Attracting and retaining talent (S1).* Every society around the world is undergoing deep-seated change, in particular in ways that are transforming our relationship with work. The risk concerning the ability to attract and retain talent is considered material for the Group, given that certain production processes, plant locations or other constraining factors may dull employer appeal.
- *Employee health and safety (S1).* Personal health and safety are critical concerns for the Group, whose employees work in a wide variety of environments subject to potential health and safety risks, both in production facilities, with extensive human-machine interaction, and in logistics hubs, dealerships and service centers.
- *Human rights in the value chain (S2).* The complexity of the Group's natural rubber and other value chains also incurs a potential material risk of human rights violations.

Governance matters

The primary material governance matter concerns *business ethics (G1)*, which is an unavoidable issue given the size of the Group, the geographic scope of its business base and the risks of damage to its reputation.

(1) Accountability, as defined in the ISO 26000 standard, means that an organization must be answerable for its impacts on stakeholders. The divisions on the accountability scale are determined by the amount of impact and the organization's degree of influence on the impacted ecosystem.

(2) See the 2021 ADAC study, Tyre wear particles in the environment; Allgemeiner Deutscher Automobil-Club, Tyre abrasion: wear and burden on the environment/31940 RMU, updated in March 2022.

4.1.4.2.2. Positive impacts embedded in the business model

Zero-emission mobility (E1) and the quality and safety of products and services (S4)

For Michelin, mobility is a universal right and a vector of human development that Michelin is committed to safeguarding, while making it more sustainable and safer. As part of its strategic plan, the Group is continuing to consolidate its technological leadership in safety and support the transition to low-carbon mobility for people and goods, in particular by:

- designing products that are safe and ultra-energy efficient throughout their life cycle, from production and use to end-of-life recycling;
- developing services and solutions that shrink the environmental footprint of vehicle fleets and promote the functional economy;
- leading the emergence of new mobility solutions, thanks to ecosystem-driven innovation, in particular to help develop the hydrogen mobility value chain.

Product circularity (E5)

The circular economy is both a strategic challenge and a growth driver for the Group. Applying circular principles helps to make our products, services and solutions more sustainable, with eco-designs that address environmental impacts over their entire life cycle, by limiting resource consumption and increasing the proportion of renewable and recycled materials (to a targeted 40% by 2030 and an ambitious 100% by 2050). As a pioneer in materials science, Michelin is playing a leading role in creating and upscaling recycled and renewable materials value chains, to supply both its tire operations and Polymer Composite Solutions.

Social protection (S1) (own operations)

A human saga for more than 130 years, Michelin has always upheld a strong, widely recognized corporate culture and value set, while placing people firmly at the heart of its corporate mission and strategy. The Group is committed to safeguarding the health and safety of people in the workplace, to developing a universal social protection floor for every member of the corporate community, and to ensuring that each employee is paid an adequate wage to meet the basic needs of his or her family.

4.1.5 HOLISTIC MANAGEMENT OF THE GROUP'S IMPACTS, RISKS AND OPPORTUNITIES

4.1.5.1 Summary of key policies

4.1.5.1.1. Environmental matters

The Group's Environmental Policy is described in a publicly available reference document (www.michelin.com) issued in 2021 and currently being revamped for an update in 2025.

To support its operational implementation, the Policy is organized into several different chapters, using a life cycle approach which covers product (and service) design, raw material sourcing (suppliers), production sites and other sites (R&D centers and offices), logistics/supply chain and end-of-life tires.

It addresses the Group's material matters arising at each phase in the life cycle (Energy, CO_2, Water, VOCs, Waste, Biodiversity, Soils, Dust, TRWPs).

The Environmental Policy is designed to reduce the Group's environmental footprint and manage pollution risks to the point of impact neutrality, by prioritizing its action levers according to the following hierarchy:

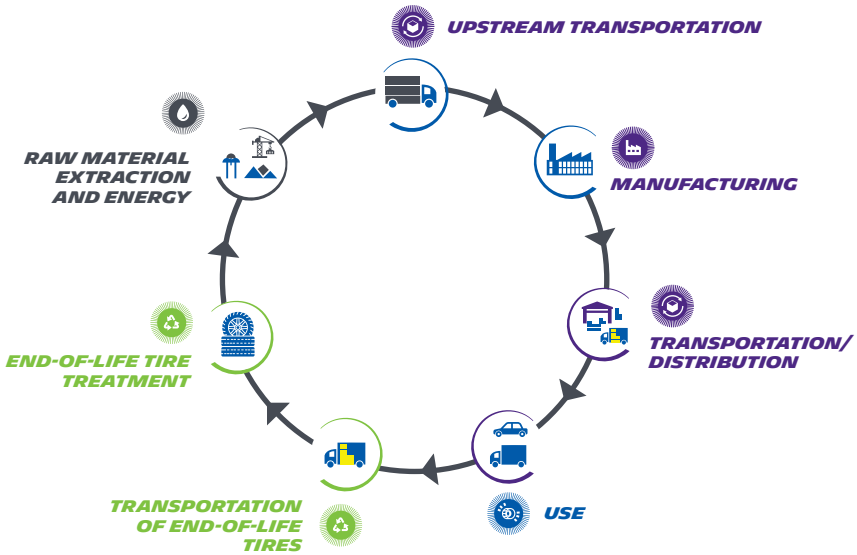
The Policy also expresses the 2050+ vision for the years beyond 2050, the 2050 objectives (including reaching net-zero and making tires entirely from renewable or recycled materials) and the Group's 2030 Commitments.

Life cycle assessments (LCA)

The Environmental Policy is informed by the product life cycle assessment (LCA) process, which is helping to identify and prioritize impacts and drive cross-cutting improvements. The Group's primary source of data, LCAs provide measurable, multi-criteria assessments of the impact of human activity on the environment. In particular, they offer the advantage of assessing several types of impact at each stage in the life cycle of a product or service. This makes them a decision-support tool presenting a comprehensive, holistic view of the impacts from a given product or service, whose findings can be used, for example, as part of an eco-design process. These assessments support the mapping of 16 environmental impacts across every stage in the product life cycle, from the extraction and processing of raw materials to product use and end-of-life recycling.

Stages in the life cycle

The "cradle to grave" LCA carried out by the Group covers the entire life cycle, from raw material extraction through to end-of-life collection and treatment, taking into account manufacturing, the different transportation stages and product use along the way.



LCAs are being increasingly used across the Group, in particular for each new product range and service line, to improve their environmental ratings. Impacts are assessed using the EF 3.0 method developed by the European Commission. The Group has chosen to measure 16 environmental impacts.

The SMEP environmental and risk prevention management system in the production plants

Deployed in every production plant, the SMEP is a proprietary system that assesses environmental risks in compliance with ISO 14001 standards. As such, it plays a key role in addressing a number of environmental matters, including climate change, pollution and water resources. It is structured around five processes:

- comply with applicable standards;
- analyze risks and assess their management;
- implement operational management procedures and test emergency plans;
- respond to anomalies;
- inform, communicate and consult.

4.1.5.1.2. Social matters

In 2022, a Master Policy on Human Rights was issued and distributed across the Group and is scheduled for an update in 2025. It can be found on the Michelin website[(1)].

Covering both the Group's own operations and its value chain, the Policy is an integral part of the duty of care commitment and sets out the Group's expectations regarding human rights.

Its principles are directly guided by the Group's values, Code of Ethics and international law, particularly the fundamental conventions of the International Labour Organization (ILO), the UN Guiding Principles on Business and Human Rights and the Universal Declaration of Human Rights. They have also been shaped by input from the many working sessions held with the United Nations Global Compact and other organizations dedicated to these issues.

(1) Respect for people, a fundamental Michelin value.

4.1.5.1.3. Governance matters

The Group's ethical standards are expressed in the Michelin Code of Ethics, which applies to all Group employees and people working on Group sites or on behalf of a Group entity (see section 4.11 Business conduct (G1), below, for a presentation of the Code).

4.1.5.1.4. Cross-cutting policies concerning suppliers and the upstream value chain

In June 2024, the Group updated its Sustainable Purchasing Policy, which defines the main responsible sourcing guidelines and commitments in such areas as the environment, human rights and ethics[1]. The Policy is built on three of the Michelin Purchasing Department's fundamental reference documents:

Michelin Purchasing Principles *Issued in 2012 and revised in 2020*	**Supplier Relations Code of Conduct** *Issued in 2021*	**Sustainable Natural Rubber Policy** *Updated in 2021*
Specifies the Group's environmental, social and ethical standards and expected performance. Included in every Group procurement contract and the general terms and conditions of purchase.	Concerns all Group employees involved in supplier relations. An integral part of the Group's Code of Ethics.	Focuses on natural rubber and covers Michelin's own operations, joint ventures and its entire upstream supply chain Informs decision-making processes, systems and performance metrics.

4.1.5.2 Cross-reference table of IROs, policies and initiatives

ESRS	Impact, risk or opportunity	Framework policies	Specific policies	Initiatives
THE ENVIRONMENT				
E1	Higher energy performance standards for tires	**Environmental Policy (by life cycle stage)** **Sustainable Purchasing Policy**	Eco-design policy (RDI)	Transition plan (TCFD) Decarbonization plan
	Rising demand for a wider range of electric vehicles			
	Contributing to climate change through direct and indirect greenhouse gas emissions (Scopes 1 and 2)		Net-zero emissions targets	
	Contributing to climate change through direct and indirect greenhouse gas emissions and land use change (Scope 3)			
	Facilitating greater energy efficiency by offering services to optimize the use and management of vehicle fleets and accelerating the transition to zero-emission mobility			
	Impact of physical climate risks on business activities, assets, employees, raw materials, delays and logistics costs		Climate change adaptation policies (TCFD)	Adaptation plan
E2	Tightening standards limiting the impact on water, soil and air pollution from microplastics (tire and road wear particles) and substances (e.g., 6PPD)			The TRWP Program
	Water, soil and air pollution from the use of tires (TRWP)			
	Water, soil and air pollution from upstream activities		Sustainable Natural Rubber Policy	The COV Program
	Water and air pollution from direct operations, including substances of very high concern and VOCs		Chemical risk management policy	
	Pollution from the end-of-life treatment of sold tires			See section 4.6 Resource use and circular economy (E5)
E3	Water consumption		Sustainable Natural Rubber Policy Climate change adaptation policy	Water program The 2020-2030 Water Roadmap The LEAN Water process

(1) It may be downloaded from https://purchasing.michelin.com/en/sustainable-purchasing/.

ESRS	Impact, risk or opportunity	Framework policies	Specific policies	Initiatives
E4	Actual and potential deforestation from the expansion of rubber tree farms and the extraction of bio-based and other materials		Sustainable Natural Rubber Policy	Supporting the zero-deforestation commitment Rubber tree farming conservation and restoration plan Reducing pesticide and fertilizer use on the natural rubber plantations. Pesticide-free groundskeeping program and biodiversity management plans for the production sites.
	Contributing to the loss of habitat and land degradation, soil erosion and biodiversity loss			
	Contributing to eutrophication through the use of fertilizers in rubber tree farming			
E5	Helping to develop industry-wide sustainable material sourcing capabilities		Eco-design policy and recycled and renewable materials Sustainable Natural Rubber Policy	RRMR roadmap Targeted collaborations and partnerships (BioButterfly, EMPREINTE and other projects) Retreading
	Resource inflows and their contribution to resource depletion			
	Waste produced from end-of-life tires (ELT)		End-of-life tires (ELT) section in the Environmental Policy	Contribution to developing ELT collection and resource recovery systems (through eco-organizations)
	Human health impacts from the mismanagement of end-of-life tires (ELT)			
SOCIAL				
S1	Deterioration of the employer brand and talent turnover; shortage of talent on the market	Master Policy on Human Rights		Talent planning Life-long learning mindset Zero tolerance for discrimination
	Deaths, disabilities and injuries		Health, Safety and Quality of Worklife Policy Climate Change Adaptation Policy	Health and Safety Statement Life Saving Rules
	Occupational illnesses caused by exposure to chemicals and harmful substances, including substances of concern and very high concern		Health, Safety and Quality of Worklife Policy Chemical Risk Management Policy	Health and Safety Statement Life Saving Rules
	An adequate wage and a social protection floor		Employee and Team Compensation and Social Protection Policy	Living wage and Michelin One Care programs
S2	Violation of the rights of workers in the value chain, including child labor, forced labor and illegal labor practices		Sustainable Natural Rubber Policy	Mapping by at-risk purchasing category Ethics hotline Projects to develop the skills of village smallholders
S4	Improving the safety of drivers and other road users, including by improving tire industry quality and safety standards	Quality Policy	Quality Statement	Group Incident Tracking Directive Customer Promise Guarantee Statement Customer centricity
GOVERNANCE				
G1	Fines, litigation and reputational damage due to unethical business practices	Code of Ethics	Anti-Corruption Code of Conduct Anti-Corruption Compliance Program (ACCP)	Alert mechanisms and procedures Prevention and detection of corruption and bribery

List of EU legislation datapoints

The list of datapoints in cross-cutting and topical standards that derive from other EU legislation may be found in Appendix B below.

ENVIRONMENTAL MATTERS

4.2 CLIMATE CHANGE (E1)

THREE QUESTIONS FOR PIERRE-MARTIN HUET, VICE PRESIDENT, SUSTAINABLE DEVELOPMENT AND IMPACT

"In terms of impact and corporate strategy, the Group's two core challenges are the climate transition and the adaptation to physical risks."

What can you say about 2024 with regard to your climate commitments?

2024 represented a major milestone in our climate transition plan. Not only did we steadily reduce our emissions in line with our commitments, but we also earned SBTi approval for our new, much more ambitious CO_2 targets for 2030. We're now aiming to cut Scope 1 and 2 emissions by 47.2% versus 2019, i.e., an additional 20 points more than our previous target. This firmly aligns us with a 1.5°C compatible scenario, as defined by the IPCC. What's more, we're extending our targets to required Scope 3 emissions (excluding the use phase), with the objective of reducing them by 27.5%.

In addition to the Group's own operations, how are you helping to decarbonize the trucking industry?

We're making a real difference by leveraging our unrivaled expertise in composite materials to supply the market with products that significantly improve our customers' energy efficiency and reduce their carbon footprint. We're also continuing to innovate to meet our 2030 target of delivering a further 10% improvement in energy efficiency. The trucking industry accounts for a quarter of all global emissions, this means that Michelin is making a major contribution to the Planet.

And how is the Group adapting to climate change?

While reducing greenhouse gas emissions is the main thrust of our strategy, we're also taking a proactive approach to adapting to climate change. In 2024, a diagnosis was carried out of 700 of our production plants, logistics hubs and dealerships around the world, to get a better grasp of their current and future exposure to drought, heat waves, floods and other extreme climate events. We then built on these reviews with on-site audits of a few pilot sites, so that we could begin crafting their initial multi-year adaptation plans. We've also got our main suppliers engaged in this process, which we will pursue in 2025.

Introduction

In line with the Task Force on Climate-Related Financial Disclosures (TCFD), the Michelin Group's climate strategy is organized around two core components: (i) a transition plan comprising both initiatives to decarbonize direct and indirect activities in the value chain (Scopes 1, 2 and 3) and a resilient strategic plan to move towards a low-carbon economy; and (ii) an adaptation plan to prepare for the physical impacts of climate change.

Both components have already been disclosed in the Group's prior-year non-financial information statements.

TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

Michelin has been part of the "Race to Zero" campaign since July 2021, answering the call to action by the international consortium comprising the Science Based Targets initiative (SBTi), the United Nations Global Compact and We Mean Business. The Group's transition plan is designed to achieve net-zero emissions by 2050 in Scopes 1, 2 and required Scope 3 (i.e., excluding use-phase emissions)[1]. It also includes interim commitments for 2030 to reduce CO_2 emissions from (versus 2019):

- the entire production base;
- the upstream purchased energy supplied to Group sites;
- the supply chain with raw material suppliers;
- logistics operations.

In addition to its own operations, Michelin is helping to foster the low-carbon mobility of goods and people.

4.2.1 DECARBONIZATION TARGETS

4.2.1.1 Achieve net-zero emissions

The transition plan is designed to enable an understanding of the Group's past, present and future mitigation efforts, to ensure that its strategy and business model are compatible with the transition to a low-carbon economy. Over and above the debates on decarbonisation pathways at the scale of an undertaking, Michelin chose to submit its targets to the Science-Based Targets initiative (SBTi), which in June 2024 approved them as consistent, according to its definition, with a pathway limiting global warming to 1.5°C in line with the Paris agreements[2].

Scope of application	Short term: 2030 (vs. 2019[1])	Long term: 2050 (vs. 2019)
Scopes 1 and 2	-47.2%	-90%
Required Scope 3 (excluding use-phase emissions)	-27.5% in the purchased raw materials, logistics and upstream purchased energy categories	

(1) Because 2020 was not a representative year, due to the Covid health crisis, the baseline for the SBTi-approved targets is 2019.

For Michelin, setting course to net zero means:

- reducing CO_2 emissions from its own operations and the operations of its value chain by 90% by 2050;
- preparing longer term solutions to capture and store enough CO_2 to offset each year's residual emissions.

This is aligned with the Corporate Net Zero Standard defined by SBTi in October 2021.

4.2.1.2 Designing energy-efficient products

Using a tire on an internal combustion vehicle requires additional energy that entails the burning of fuel and therefore the release of greenhouse gases. After reducing the rolling resistance of its tires by 50% between 1992 and 2020, Michelin's objective now is to further reduce it by 10% in 2030 compared with 2020. **As of end-2024, rolling resistance had been improved by 4.3%, in line with the target.**

(1) According to the GHG Protocol Corporate Standard, the benchmark for corporate carbon accounting, measuring CO_2 emissions from tires in-use is optional because they only have an indirect impact on vehicle fuel efficiency. Nevertheless, Michelin is helping to attenuate the carbon impact of the use phase by designing ultra-energy efficient tires. Therefore, on the one hand, there is the "required" Scope 3 composed of all Scope 3 categories except for the Scope 3 use phase, and on the other hand, the Scope 3 use phase that is "optional" under the GHG Protocol.

(2) Based on the cross-sector method, version 5.1 updated in April 2023.

4.2.2 DECARBONIZATION LEVERS

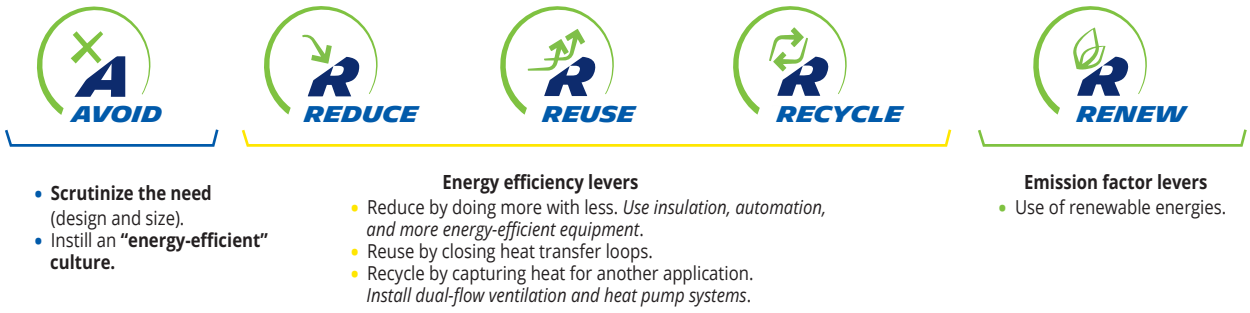
The table below describes the levers that Michelin is activating to meet its 2030 SBTi-approved decarbonization targets.

			2019	2023	2024	2030
Scopes 1 and 2		Michelin emissions *($MtCO_2$ Scopes 1 and 2)*	3.2	2.3	2.0	1.7
		Total gains *($MtCO_2$)*		(0.9)	(1.2)	(1.5)
		Reduction vs. 2019		-28%	-37%	-47.2%
Scope 3	Raw material procurement	Michelin emissions *($MtCO_2$ 85% of Scope 3 cat. 1)*	8.8	7.7	7.2	6.3
		Total gains *($MtCO_2$)*		(1.1)	(1.6)	(2.5)
		Reduction vs. 2019		-13%	-18%	-27.5%
	Transportation and distribution	Michelin emissions *($MtCO_2$ 29% of Scope 3 cat. 4 and 100% of cat. 9)*	1.4	1.0	1.0	0.98
		Total gains *($MtCO_2$)*		(0.34)	(0.34)	(0.38)
		Reduction vs. 2019		-25%	-26%	-27.5%
	Upstream purchased energy	Michelin emissions *($MtCO_2$ Scope 3 cat. 3)*	0.57	0.47	0.43	0.42
		Total gains *($MtCO_2$)*		(0.10)	(0.14)	(0.15)
		Reduction vs. 2019		-18%	-25%	-27.5%

4.2.2.1 Scopes 1 and 2: Energy sufficiency and the energy transition

Michelin is pursuing its decarbonization strategy with the goal of reducing Scopes 1 and 2 CO_2 emissions from the operations of its production plants.

The strategy is based on the prioritizing hierarchy of levers, which represents a fundamental principle shaping every aspect of the Group's Environmental Policy, including the climate strategy.



The principle translates into:

- consuming less, to encourage energy sufficiency;
- consuming better, to pursue efforts to further the energy transition.

The first practice is being instilled through an energy sufficiency plan designed to optimize energy efficiency in the production plants by applying best practices and deploying such technical solutions as challenging needs in the project design phase, tightening fluid leakage controls and managing production shutdowns and restarts.

The second practice combines two types of action levers:

- technical levers, which involve upgrading heating and cooling infrastructure to use less carbon-intensive energies. For example, boilers burning coal, natural gas or other fossil fuels are being replaced with installations using renewable energies, such as biomass-fired boilers or electric boilers powered by renewable electricity;
- market levers, which involve purchasing less carbon-intensive energies. The Group is exploring a wide array of sustainable solutions to use renewable sources to generate both electricity and heat and cooling.

In addition to these levers, a process electrification program is underway to replace tire curing presses powered by steam generated mainly by gas-fired boilers with electric presses. This considerably reduces energy use by making the curing process six to eight times more efficient, while also supporting the energy transition by purchasing electricity from certified renewable sources.

4.2.2.2 Required Scope 3: Optimizing the purchased raw materials, transportation and upstream purchased energy action plans

In the case of Scope 3, Michelin is focusing on reducing emissions from purchased raw materials, transportation and the purchased energy used in its production plants.

Reducing emissions from purchased raw materials

The Group has taken a proactive approach to identifying the purchasing categories and suppliers representing the largest sources of GHG emissions. The resulting initiatives are primarily aimed at raw material suppliers, inasmuch as they represent approximately 85% of the emissions from the Group's purchased goods and services. These suppliers are encouraged to initiate, step up or accelerate their commitment to reducing their GHG emissions.

The CDP questionnaire provides a comprehensive system for disclosing environmental information in order to assess the strategies in place to abate climate change. In 2018, Michelin joined the CDP's Supply Chain Program and engaged its leading raw material suppliers to participate in it, encouraging them to measure and disclose their greenhouse gas emissions and to develop strategies to reduce them. This exercise has been conducted every year since 2020.

The Group also encourages suppliers to set ambitious science-based emissions reduction targets. Lastly, to measure its emissions more granularly and to further engage its raw material suppliers, the Group asks the latter to provide either life cycle assessment data or carbon footprint data (in tCO_2eq/t) for products purchased by the Group. In 2024, 55% of total emissions were calculated from supplier data.

To shrink the carbon footprint of its purchased raw materials, Michelin and its suppliers are activating the following levers:

- increasing the percentage of renewable or recycled materials used in production;
- increasing the percentage of low-carbon energy used to produce raw materials;
- preparing dedicated decarbonization roadmaps for each supplier, to support energy efficiency, waste reduction, internal recycling and process optimization;
- focusing procurement on low-carbon suppliers or products;
- developing new low-carbon technologies for the production of raw materials.

In 2024, the CDP recognized the Michelin Group's ability to engage its suppliers in reducing CO_2 emissions with a 2023 ***CDP Supplier Engagement Leader*** award.

Reducing emissions from Michelin's transportation operations

Michelin optimizes its transportation resources by focusing on multimodal solutions and scaling back the use of air freight. This commitment concerns logistics operations under Michelin's direct control, from the inflow of raw materials to the delivery of finished products.

The Group's strategy is structured around three levers:

- **Transporting less, a fundamental lever** focused on improving the effectiveness of logistics operations by analyzing where inventory should be ideally located to improve product availability and reduce the need for transportation. The analytics also guide the siting of production units, with a preference for local facilities to limit the transfer of finished products between producing and consuming regions. In 2024, the volume of intercontinental finished product deliveries was reduced by around 11% year-on-year, thereby avoiding the release of some 11,000 tonnes of CO_2;
- **Transporting better, an operational lever** focused on improving the efficiency of logistics operations based on a number of pathways:
  - engaging with our transportation partners: Michelin firmly believes that partnerships with logistics providers are mutually beneficial over the long term, by enabling them to invest in decarbonization solutions,
  - promoting and developing multimodal solutions: Michelin is continuing to shift to more efficient modes of transportation. In 2024, for example, nearly 24% of the Group's intra-regional shipments in North America were carried by rail, while in Europe, a new modal shift-inducing corridor opened at year-end between Luxembourg and Romania, for a targeted gain of around 1,500 tonnes of CO_2 a year;
- **Transporting differently, an innovation lever** focused on implementing innovative solutions, informed by two main processes:
  - collaborating with outside organizations: Michelin is continuing to play a leading role in a number of organizations, such as France Supply Chain, the New Energy Coalition and Movin'On, etc. Proactive involvement is helping to identify actionable levers, while laying the foundations for collaborative work on innovative issues supporting decarbonized transportation,

- innovating to deploy more environmentally friendly technologies and practices. For example, Michelin takes an active part in discussions about the future of logistics, in a commitment to promoting and deploying innovative technologies. In Europe, the first electric semi-truck (44t) has begun operating on the Lasarte-Vitoria route in Spain, while in France, electric rigid and light vans (16t and 3.5t) have been deployed for last-kilometer delivery since late 2024.

Reducing emissions from the purchased energy used in our production plants (upstream purchased energy)

In parallel with the levers activated to reduce Scope 1 and 2 emissions, two other primary levers are helping to reduce energy consumption and gradually make greater use of renewables, based on the assumption that the upstream generation and delivery of energy from renewable sources generally releases less CO_2 than fossil fuels.

4.2.2.3 Scope 3 emissions from the use of products

NB: It is difficult to demonstrate a direct link between a tire's rolling resistance and a vehicle's CO_2 emissions, which depend on many other factors, such as its weight, horsepower, powertrain and conditions of use (driving practices, type of roads, tire inflation and wear, etc.).

The Group's levers essentially correspond to the improvements we deliver in reducing tire rolling resistance, without being able to demonstrate any direct correlation between them and a reduction in emissions.

Reducing a tire's rolling resistance helps to improve a vehicle's fuel efficiency, which in turn reduces both CO_2 emissions during use and ambient air pollutants, such as NO_x and SO_x. Lower rolling resistance also increases the range of electric vehicles. Over the past 30 years or more, Michelin has reduced the rolling resistance of its tires by half, without ever compromising on other performance factors. These gains will continue apace between now and 2030, in particular through eco-design practices.

A large number of product ranges already demonstrate this commitment, which is an integral part of the Group's strategy and business model:

- Improvements in the **rolling resistance of passenger car and light truck** tires brought to market in 2023 were led by two lines: the MICHELIN e.Primacy and the MICHELIN Pilot Sport EV, both of which deliver a wide array of new technologies. On average, driving on MICHELIN e.Primacy tires reduces a vehicle's fuel consumption by 0.2l/100km and its CO_2 emissions by 5g/km, which throughout the life of the tire represents 174kg in avoided CO_2 emissions. For drivers of electric vehicles, this record energy efficiency translates into 7% longer range. Additionally, the MICHELIN Pilot Sport EV, the first sport tire specifically designed for electric cars, improves range by 10% while significantly reducing CO_2 emissions.
- In **truck tires**, a myriad of technological advances is delivering not only improvements in fuel efficiency and concomitant reductions in CO_2 emissions, but also the ability to run the tire down to the last millimeter of the legal wear limit thanks to remarkably long tread life(1). With the introduction of the MICHELIN X® Incity™ EV Z tire, MICHELIN is supporting the electrification of **city buses**, with improved rolling resistance and load bearing capacity. To further the environmental transition in the road transportation industry, Michelin is supporting the deployment of **future zero-emission vehicles** (ZEV) by forging partnerships with its OEM customers.
- The development of **services and solutions that optimize the use and management of vehicle** fleets is a significant Michelin contribution to the functional economy, which is helping to drive the transition to a low-carbon economy. This pathway involves either (i) supplying both a product and a service to manage and maintain tires in ways that optimize their energy efficiency and other performance factors; or (ii) providing a stand-alone service that helps to streamline fleet operations (e.g., by digitizing tire inspections) and make driving more efficient, safer and greener. Today, the Michelin Connected Solutions business line is designing, developing and prototyping new, data-enabled solutions that help fleets to optimize their management and improve their safety performance and margins, while reducing their carbon footprint(2).

(1) Brought to market in 2016, the MICHELIN X® LINE™ ENERGY™ tires for long-haul trucks were the first tire family to be rated A in energy efficiency under EU tire-labeling rules. In addition, the rating was for any axle, enabling an entire rig to be outfitted. Since then, Michelin has pursued its innovation commitment by broadening both the MICHELIN X® LINE™ ENERGY™ and the MICHELIN X® MULTI™ ENERGY™ ranges.

(2) MICHELIN Connected Fleet helps to reduce empty kilometers to optimize fleet operations and vehicle use. It also offers an innovative CO_2 dashboard that improves energy efficiency and reduces the carbon footprint. Watèa by MICHELIN is an all-in-one offering combining the supply of battery or hydrogen fuel cell EVs with recharging solutions, a package of services and long-term support that facilitates the energy transition both operationally and financially. By helping customers shift their fleets to low-carbon operations sooner, Michelin is making a significant contribution to mitigating their impact on the environment, MICHELIN Consulting & Services offers mining companies advanced productivity and safety solutions that reduce the environmental impact of their operations.

4.2.3 FINANCIAL RESOURCES ALLOCATED

While the Michelin Group's carbon footprint reduction targets are stated in absolute terms, in line with the 1.5°C objective, and are therefore not impacted by output volumes, the related action plans are adjusted each year according to market realities. Consequently, the following financial resources are designed to secure the Group's ability to meet these targets, in alignment with its corporate strategy.

For Scopes 1 and 2, capital expenditure committed across the Group to the plan to decarbonize the production plants amounted to €107 million in 2024, and is budgeted at more than €400 million over the next five years.

For the Scope 3 use of sold products category, €119 million was invested in 2024 to support the deployment of technologies to improve the rolling resistance of tires, and more than €600 million has been budgeted over the next five years.

4.2.4 GOVERNANCE AND MONITORING OF THE TRANSITION PLAN

Michelin's climate strategy is overseen by the Managers with the support of the Group Executive Committee (CEG). The Environmental Governance body, comprising members of the Group Executive Committee and representatives of various departments, makes the decisions needed to meet decarbonization targets and manage climate change risks.

Climate change-related transition issues are identified in the strategic planning process and the resulting priorities are then defined in the business line strategic plans.

A portion of the variable pay paid both to the Managers and to every Group employee is tied to the achievement of Scope 1 and 2 CO_2 emission reduction targets.

4.2.5 ALIGNMENT OF THE TRANSITION PLAN WITH THE GROUP'S BUSINESS STRATEGY

As a global manufacturer, Michelin has a significant impact throughout the life cycle of its products and services. The main climate change impact factors identified by the materiality assessment concern the CO_2 emissions from the Group's direct operations (Scopes 1 and 2) and from its transportation operations, the operations of its suppliers and the use of its products (Scope 3 use-phase).

In this regard, offering efficient solutions without compromising on safety is the very heart of Michelin's past, present and future positioning, as expressed in products and services that lead the market in energy efficiency, CO_2 emissions abatement and long-lasting performance. As part of its strategic plan, the Group is continuing to innovate to nurture the transition to low-carbon mobility for people and goods and to demonstrate its leadership in high-tech materials, in particular by:

- designing products that are ultra-energy efficient throughout their life cycle, from production and use to end-of-life recycling;
- developing services and solutions that optimize the use and management of vehicle fleets, while improving their fuel/energy efficiency;
- driving the emergence of new mobility solutions, led by the development of hydrogen mobility and ecosystem-driven innovations.

In addition, the physical consequences of climate change on its business, and the possible impacts from the inadequate management of the environmental transition, have also been identified as risk factors by the Group's risk management system. Lastly, the policies, objectives, levers for action and metrics in place to mitigate these risks have been integrated into the Transition Plan and the Adaptation Plan, in line with TCFD recommendations.

4.2.6 RESILIENCE OF THE STRATEGY

The Group has prepared four climate change/societal scenarios for how its business environment could evolve under the impact of climate change and the policies likely to emerge as a result. Each scenario is described by:

- a qualitative narrative built around both planetary boundaries and a range of desirable and undesirable, complex and paradoxical factors, covering political, technological, socio-economic and legal/regulatory issues;
- quantitative Kaya identity metrics[1] and a set of public metrics representative of each scenario that enable identifying their implications and assessing their materiality over time;
- forward-looking scenarios mapped against IPCC warming scenarios, from the best to the worst case;
- a global map displaying the scenario or blend of scenarios deemed most likely for each country.

In recent years, the scenarios have been used by the business lines and operating units for strategic planning and/or innovation purposes. In 2021, the Group Executive Committee reassessed the resilience of the Group's strategy in light of the four scenarios and came to the following conclusions:

- strategic fundamentals are validated in every scenario;
- regardless of the scenario, connectivity and outside partnerships will play an important role;
- trends in vehicle fleets, urban mobility, micro-mobility and intermobility will have a favorable impact;
- environmental degradation will have adverse knock-on effects. For example, climate change may harm biodiversity, which in turn could pose a risk to rubber tree farming, which could then have an impact on Michelin's natural rubber procurement;
- there are several innovation priorities, including the development of end-of-life tire management solutions and the adaptation of products, services and operations to higher temperatures;
- there are benefits in continuing to develop CO_2 emissions reduction solutions for the Group's customers and upgrade operations across the value chain to manage physical and transition risks more effectively;
- climate scenarios should continue to be analyzed and the five-year strategic plan adjusted accordingly.

The Group Executive Committee has decided to reassess the Group's strategy in light of these scenarios at least every three years. Initiated in 2024 with the Strategy, Sustainable Development and Strategic Anticipation Departments, the latest exercise supplemented the forward-looking scenarios with a variety of shocks – social, environmental, legislative, resource depletion. The shocks helped to identify the risks and opportunities for the Group in each scenario and to design proactive responses. The Group is currently reviewing the reassessment, which is based on the following new assumptions:

- the coexistence of four CO_2 pathways over the coming decades in the different countries of the world;
- a closer look at the key decade from 2024 to 2035;
- consideration of environmental issues other than climate change (resource depletion, degradation of biodiversity, impact of various forms of pollution).

(1) For a discussion of the Kaya identity in French, see enseignementsup-recherche.gouv.fr | Ressource pédagogique : 8. L'équation de Kaya.

CLIMATE CHANGE MITIGATION

Impacts, Risks and Opportunities (IROs)	Brief description
Upstream value chain · Downstream value chain · OP Own operations · Short-term · Medium-term · Long-term	
E1 – CLIMATE CHANGE	
Climate change mitigation	
Higher energy performance standards for tires Opportunity	Standards are being raised both by market demand and through regulations. Tires account for 15% to 30% of an internal combustion vehicle's fuel consumption. As mobility goes electric, the focus is expected to shift to certain products or components that are harder to decarbonize, such as tires. Original equipment manufacturers are looking for tires with low rolling resistance, while fleets prefer long-lasting, high-mileage products. Urbanization and the emergence of new mobility solutions will heighten the role of fleets. Regulatory standards governing rolling resistance and other energy performance factors are tending to become stricter around the world, along the lines of European Union legislation.
Rising demand for a wider range of electric vehicles Opportunity	Michelin is positioned as a leading manufacturer of high-performance, long-lasting, energy-efficient tires that play a critical role in optimizing the EV experience. According to the International Transport Forum, an estimated 40% of new vehicles will be electric in 2027, representing a tripling of their market share in just five years and offering the Group new opportunities.
Contributing to climate change through direct and indirect greenhouse gas emissions (Scopes 1 and 2) Negative impact	Michelin is a global manufacturer with a broad industrial footprint. Greenhouse gases are emitted by our own operations and by the energy used in our production and other sites. The impact covers Scope 1 and 2 emissions.
Contributing to climate change through direct and indirect greenhouse gas emissions and land use change (Scope 3) Negative impact	Scope 3 emissions comprise two main categories: ■ GHG Protocol required Scope 3 emissions, which come from purchased raw materials, upstream logistics activities, upstream purchased energy and a variety of other sources. This category is significantly larger than Scope 1 and 2 emissions; ■ GHG Protocol optional Scope 3 emissions from the use of sold products, which in the case of Michelin corresponds to the 15% to 30% of a vehicle's fuel or electricity used to overcome tire rolling resistance. This makes their contribution critically important, with Scope 3 use-phase emissions representing more than 90% of Michelin's carbon footprint (115 million tonnes of CO_2 in 2024). Michelin is a leader in rolling resistance performance.
Facilitating greater energy efficiency by offering services to optimize the use and management of vehicle fleets and accelerating the transition to zero-emission mobility Positive impact	Michelin is a leading sustainable mobility enabler. In addition to tires, the Group offers solutions to optimize fleet management and support hydrogen-powered and other forms of zero-emission mobility. The Group promotes sustainable mobility, in particular through international forums and networks such as Movin'On and the World Bank's Sum4All initiative.

Introduction

Determining Michelin's impact on climate change begins by measuring its carbon footprint based on the GHG Protocol – a practice initiated several dozen years ago. Transition risks are assessed using scenarios prepared by the Group's Strategic Anticipation Department, while business strategy is assessed against the best and worst-case warming scenarios.

To address the impacts and opportunities identified in the double materiality assessment, the Group's climate strategy is organized around two core components:

- a transition plan comprising initiatives to decarbonize direct and indirect activities in the value chain (Scopes 1, 2 and 3) and a strategic plan to build resilience and foster a low-carbon economy;
- an adaptation plan to prepare for the physical impacts of climate change, which is governed by a dedicated policy in place since March 2024.

The Group's climate strategy is informed by three principles addressing impacts, risks and opportunities:

- achieve net-zero emissions by 2050 by fulfilling our external emission reduction commitments by 2030;
- identify risks and opportunities for our business models and operations, based on climate change scenarios;
- transparently disclose the information expected by our external stakeholders.

4.2.7 CLIMATE CHANGE MITIGATION POLICIES

4.2.7.1 Environmental and Climate Policy

In 2020, the Group expressed its commitment to environmental stewardship by defining and issuing the Michelin Environmental Policy, which is designed to manage pollution risks and draw down the environmental footprint to total neutrality. The policy comprises a number of dedicated sections transposing the objectives and guidelines related to each environmental issue, starting with climate. It is also supported by a separate document defining the procedures for reducing Scope 1 and 2 CO_2 emissions from the operations of our production plants.

4.2.7.2 Decarbonization plan

The decarbonization plan is designed to meet the 2030 and 2050 targets approved by the SBTi in June 2024 for the entire scope of reporting. In accordance with GHG Protocol guidelines, Scope 1, 2 and 3 inventory is calculated for an overall base corresponding to the Group's consolidated financial reporting.

In alignment with the scope of the SBTi targets, the reporting process covers at least 95% of total Group emissions, based on an inventory covering all the companies in the consolidated scope.

- Excluded Scope 1 and 2 emissions accounted for an estimated 2.4% of the Group total[(1)].
- Excluded required Scope 3 emissions (i.e., other than use phase) accounted for an estimated 2.5% of the Group total[(2)] in 2024.

4.2.8 MITIGATION ACTIONS AND RESOURCES EMBEDDED IN OUR BUSINESS MODEL

4.2.8.1 Rolling resistance, a key differentiating factor at a time of higher tire energy performance standards

Using a tire on an internal combustion or electric vehicle requires additional energy that entails either the burning of fuel (and therefore the release of greenhouse gases) or the use of the car's engine battery. Customer expectations for an effective response are growing year by year, with tenders from original equipment manufacturers (OEM) and fleet managers now including specifications in this regard. To meet them, the main lever for action is to reduce tire rolling resistance.

4.2.8.2 Expanding the line-up of EV tires

Michelin fully supports the development of electric vehicles, whose weight, engine torque and mission-critical range requirements make them much more demanding on tires. These features heighten the role played by tires in an EV's overall performance, enabling Michelin to demonstrate once again its technological leadership and exceptionally proficient understanding of usage parameters. All the MICHELIN-brand tire lines may be fitted on EVs, with their Total Performance technology offering owners the longest tread life and highest performance regardless of vehicle type, thanks to the Group's long years of innovation, investment and cooperation with all the world's leading carmakers.

To seize these two opportunities (*stricter customer specifications for tire energy performance* and *expanding the line-up of EV tires*), Michelin is focusing on the same response: solutions that improve the energy efficiency of tires and their longevity, either through their design or through services to optimize their use.

(1) Scope 1 and 2 exclusions include emissions from (i) wholesale and retail operations other than Euromaster; (ii) the operations of the Michelin transportation company; (iii) the operations of CFF, currently in the process of being acquired; (iv) test runs and trials on Group-owned vehicles; (v) other GHGs such as methane (CH_4) and nitrous oxide (N_2O); (vi) logistics hubs owned by the Group or for which it has operational control; and (vii) certain office, R&D and other non-industrial sites owned by the Group or for which it has operational control.

(2) Scope 3 exclusions concern emissions from the Allopneus, Masternaut, Ihle and Sascar subsidiaries, as well as from all the subsidiaries involved in digital operations.

4.2.8.3 A key contribution to climate change through direct and indirect GHG emissions

In accordance with Group guidelines, the levers are based on two major pathways to improvement: energy sufficiency and energy transition:

- **Energy sufficiency**: each site tracks its energy performance using a metric measuring energy used per tonne of product. On the other hand, the amount of released CO_2 is consolidated and tracked separately, in absolute terms, at the highest corporate level.
- **The energy transition** also depends on using energy more efficiently, by activating market levers. This has resulted in an assertive approach to developing projects and purchasing renewable heat, cooling and electricity:
  - Since 2017, all of the Group's production plants in the European Union use electricity from renewable sources, mainly through direct purchases of electricity with guarantees of origin as defined by Directive (EU) 2018/2001 but also, to a lesser extent, through the purchase of unbundled guarantees of origin.
  - Electricity with energy attribute certificates (EACs) has been purchased in Brazil, Serbia and China since 2021, and in Thailand since 2022. In 2024, the Group pursued its strategy of purchasing renewable electricity in Mexico, the United States and Indonesia. In all, these contracts represented more than 2,900,000 MWh, for which the corresponding 2024 EACs were duly canceled, and covered more than 61% of electric power consumed during the year.
  - This sustainable procurement approach also applies to heat and cooling purchases, albeit to a lesser extent because the commercial supply of sustainably produced biogas and biomass is not growing as quickly as the supply of electricity from guaranteed renewable sources.

By 2024, 70 production plants, representing 84% of Scope 1 and 2 CO_2 emissions, had prepared a 2050 net zero emissions roadmap combining purpose-designed energy efficiency and transition levers, capable of enabling each site to contribute to meeting the Group's targets.

The related projects and initiatives are being led by each plant's technical advisor, assisted by a network of corporate experts who coordinate issues in their remit. In 2024, a plan was launched to upskill and increase the workforce to deal with water and energy issues.

In all, more than 350 projects and initiatives were carried out during the year, requiring the commitment of €107 million in capital expenditure. Capital expenditure on the program over the period covered by the five-year strategic plan is estimated at more than €400 million. Examples in 2024 include:

- in France, in the first quarter, the Golbey site commissioned two new heat pumps powered by electricity from guaranteed renewable sources;
- at the Bad Kreuznach plant in Germany, a new 5 MWp rooftop photovoltaic array is now supplying power to the site;
- in Hungary, since mid-2024, renewable sources have accounted for 91% of Nyiregyhaza's electricity consumption, thanks to a comprehensive program to electrify the curing presses, install heat pumps and commission two electric boilers to generate the steam still required by the manufacturing process.

In addition, while coal accounted for only 621,000 MWh or around 6% of the Group's total energy consumption in 2024, an ambitious decarbonization initiative is underway to phase out its use as a primary energy source by 2030, with a dedicated roadmap being pursued at the remaining five production sites concerned[1]. Progress is being tracked and led by an internal metric measuring the percentage of residual coal in produced or purchased heat and cooling.

4.2.8.4 Scope 3 action levers – reducing emissions from purchased raw materials and components

See the "Transition plan for climate change mitigation" in section 4.2 Climate change (E1), above.

4.2.8.5 Scope 3 action levers – reducing emissions from Michelin's transportation operations

See the "Transition plan for climate change mitigation" in section 4.2 Climate change (E1), above.

(1) The five sites are located in Pirot, Bassens, Louisville, Shenyang and Olsztyn. With the exception of Shenyang, which purchases coal-fired steam, they all burn coal directly in their own boilers.

4.2.8.6 Michelin as an accelerator of solutions for the transition to low-carbon mobility

A pioneer in hydrogen fuel cells, Michelin has been working for more than 20 years to make hydrogen one of its sources of future growth.

Symbio, which the Group acquired before turning it into a joint venture with Forvia in 2019 and selling a stake to Stellantis, is dedicated to producing hydrogen fuel cells and impelling the faster deployment of a form of clean mobility that contributes to preserving the environment and human health. In line with its objectives, in 2023 Symbio inaugurated SymphonHy, comprising both its first gigafactory and its center of technological and industrial excellence, in Saint-Fons, in France's Auvergne-Rhône-Alpes region.

Also in 2023, Watèa by Michelin, a Group subsidiary in which Crédit Agricole Leasing & Factoring has also invested, announced the launch of a new solution offering a range of hydrogen vehicles, alongside its battery-electric vehicles. The new service will enable Watèa customers to enjoy all the benefits of hydrogen mobility. To spur the deployment of hydrogen-electric mobility in local French communities, since 2019, Michelin has been a shareholder in HYmpulsion, a public-private partnership, alongside the Auvergne-Rhône-Alpes regional authority, ENGIE, Crédit Agricole and Banque des Territoires. The goal is to open the green hydrogen mobility market in the Auvergne-Rhône-Alpes region by building and operating a network of 20 hydrogen charging stations for light and heavy vehicles.

4.2.9 METRICS AND TARGETS

In response to the "higher energy performance standards for tires" opportunity, the Group is committed to improving the rolling resistance of its tires by 10% over the 2020-2030 period. As of end-2024, rolling resistance had been improved by 4.3%, in line with the target.

To seize the "rising demand for a wider range of electric vehicles" opportunity, the Group's target is to design all its tires to be fully compatible with both internal combustion and electric vehicles, which was already the case in 2024.

With regard to the positive impact of "facilitating greater energy efficiency by offering services to optimize the use and management of vehicle fleets and accelerating the transition to zero-emission mobility," the Group has not yet identified a target.

To mitigate the negative impact of "contributing to climate change through direct and indirect Scope 1, 2 and 3 GHG emissions," Michelin has, since June 2024, been pursuing new, more ambitious emissions reduction targets. As mentioned in the transition plan, these targets have been approved by the SBTi as being consistent with a 1.5°C global warming scenario.

4.2.9.1 Short-to-medium term (according to the SBTi)

The short-term Scope 1 and 2 target is a 47.2% reduction in absolute terms over the 2019-2030 period.

To meet it, the Group is pursuing since 2019 two ambitious objectives for 2030:

- improve production plant energy efficiency by 24% versus 2019 (metric: MWh used per tonne produced);
- eliminate the use of coal to generate own or purchased heat or cooling (metric: percentage of coal in our heat and cooling sources).

The percentage of renewable energy is not a target as such, but instead a projection of what is needed to meet the CO_2 emissions reduction targets in absolute terms by 2030.

The required Scope 3 (excluding use-phase emissions) target is a 27.5% reduction in absolute terms over the 2019-2030 period. It covers the three categories – purchased raw materials, upstream and downstream transportation, and upstream purchased energy – that accounted for more than 70% of required Scope 3 emissions in 2019.

4.2.9.2 Long term

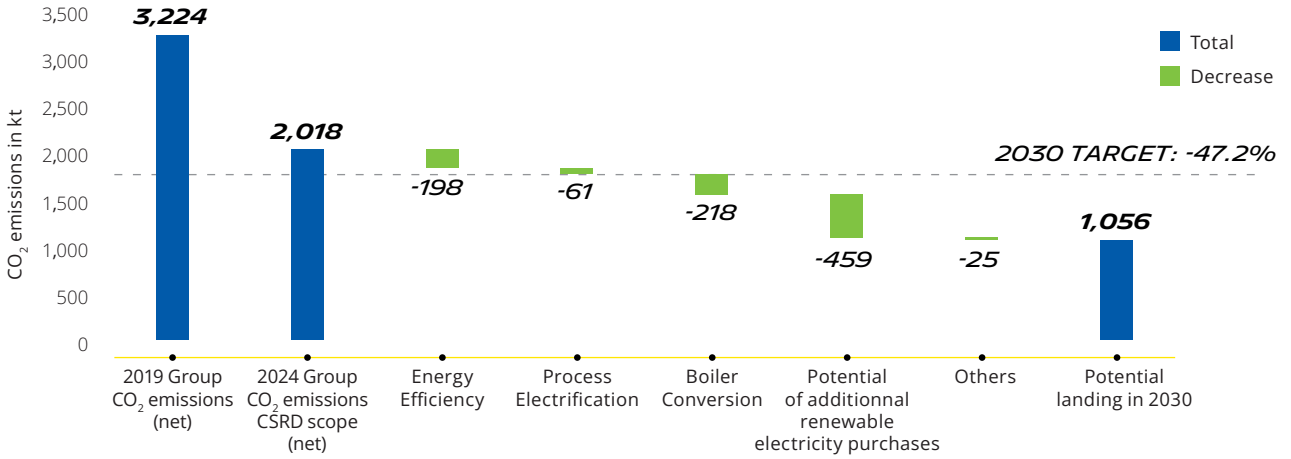
The long-term Scopes 1 and 2, and required Scope 3 (excluding use-phase emissions) target is a 90% reduction in absolute terms over the 2019-2050 period. It applies to the entire Group, whose overarching goal is to achieve net-zero CO_2 emissions by 2050.

4.2.9.3 Targets and quantitative contributions by lever over the 2019-2030 period (Scopes 1 and 2)

The following chart shows the reduction in CO_2 emissions in absolute value between 2019 and 2024, corresponding to a 37% decline. It also indicates the projected reduction in these CO_2 emissions over the 2025-2030 period[1], with the quantitative contribution, in kilotonnes, from each lever defined in the roadmap.

In line with the SBTi target, their total contribution will amount to at least a 47.2% reduction in 2030. The roadmap is periodically reviewed by the Scopes 1 and 2 CO_2 Sector Committee, which ensures the alignment and sustained progress of lever-driven actions[2].

ROADMAP FOR REDUCING SCOPE 1 ET 2 CO_2 EMISSIONS - 2019-2030



The chart presents both the contributions of levers activatable over the 2026-2030 period, assuming constant sales volumes, and the currently projected outcomes. Note that renewable energy purchases remain an adjustment variable.

CO_2 emission reduction actions have been organized into four levers:

- "Energy efficiency" refers to the legacy energy sufficiency technical levers and best practices deployed in the production sites;
- "Process electrification" refers to projects to convert steam-powered curing presses to electricity;
- "Boiler conversion" corresponds to projects to transition utilities to the use of less carbon-intensive energies; e.g., carbon exit.
- "Renewable energy purchasing" refers to the potential for purchasing additional renewable electricity duly backed by EACs. Actual purchases will depend on changes in the geopolitical environment and on possible revisions to the accounting rules for emissions from renewable power sources.

In this way, the projects and initiatives undertaken in compliance with the roadmap should enable the Group to fulfill its 2030 commitment.

4.2.9.4 Projected levers for the 2050 time horizon

Residual emissions

Internal projections indicate that heat and cooling will still account for a significant proportion of total energy use in 2050, which could represent a residual source of Scope 1 and 2 CO_2 emissions. This reflects the complexity of electrifying certain processes, as well as uncertainties concerning the sustainable availability of renewable sources, such as biomass or biogas.

All the levers capable of enabling the Group to meet its net-zero emissions target and their technical feasibility are currently being identified and assessed. As part of this process, for example, the Group is defining project families based on technologies that are not yet mature (e.g., high-temperature heat pumps) or that are mature but not yet deployed in-house (e.g., geothermal energy), while also carefully tracking emerging technologies.

The climate strategy is being executed without using any carbon credits to offset CO_2 emissions from the Group's direct or indirect activities, in line with SBTi standards. In line with the prioritizing hierarchy of levers, actions are geared exclusively towards reducing CO_2 emissions.

(1) To ensure consistency with internal management applications, data in the chart are stated as net values, with the slight difference between gross and net figures (less than 0.5% in 2024) corresponding to the energy resold by the Group. This methodology is clearly defined in an internal standards manual.

(2) The 2026-2030 projection is based on constant output volumes.

Locked-in emissions

The Michelin Group owns a number of potentially CO_2 emitting assets whose useful lives can exceed several decades (e.g., a gas-fired boiler used to supply heat in a production plant). However, their ownership does not compromise the Group's ability to meet its 2030 decarbonization targets.

Beyond 2030, the identification of new technology families is expected to enable the Group to upgrade these assets to meet its 2050 targets. Indeed, the energy transition strategy to phase out the use of coal by 2030 illustrates the Group's ability to proactively address these transformations.

4.2.9.5 Energy consumption and mix

Methodology

Group production plants use mainly three types of energy: (i) fuel burned to generate steam, hot water or electricity on-site; (ii) purchased steam or hot water; and (iii) electricity.

Basic energy consumption data are measured by each production site in a proprietary format via a centralized IT system, and then consolidated and analyzed at Group level using an automated system.

Periodic reviews conducted at different levels of the Group help to ensure that reported data are consistent.

Energy consumption and mix	2023		2024	
Fuel consumption from coal and coal products (E1-5-38a)	680,258	MWh	620,827	MWh
Fuel consumption from crude oil and petroleum products (E1-5-38b)	66,904	MWh	44,211	MWh
Fuel consumption from natural gas (E1-5-38c)	3,893,250	MWh	3,452,706	MWh
Fuel consumption from other fossil sources (E1-5-38d)	-	MWh	-	MWh
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (E1-5-38e)	2,793,997	MWh	2,444,544	MWh
TOTAL ENERGY CONSUMPTION FROM FOSSIL SOURCES (E1-5-37A)	**7,434,409**	**MWH**	**6,562,287**	**MWH**
Share of fossil sources in total energy consumption (%)	*68%*		*63%*	
TOTAL ENERGY CONSUMPTION FROM NUCLEAR SOURCES (E1-5-37B)	**470,505**	**MWH**	**358,356**	**MWH**
Share of consumption from nuclear sources in total energy consumption (%)	*4%*		*3%*	
Fuel consumption from renewable sources (E1-5-37c (i))	134,282	MWh	305,375	MWh
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (E1-5-37c (ii))	2,945,711	MWh	3,181,865	MWh
Consumption of self-generated non-fuel renewable energy (E1-5-37c (iii))	-	MWh	-	MWh
TOTAL ENERGY CONSUMPTION FROM RENEWABLE SOURCES (E1-5-37C)	**3,079,993**	**MWH**	**3,487,241**	**MWH**
Share of consumption from renewable sources in total energy consumption (%)	*28%*		*34%*	
TOTAL ENERGY CONSUMPTION RELATED TO OWN OPERATIONS (E1-5-37)	**10,984,907**	**MWH**	**10,407,884**	**MWH**
Energy intensity based on net revenue (E1-5-40)	**388**	**MWh/€m**	**383**	**MWh/€m**
Energy intensity, based on net revenue, associated with activities in high climate impact sectors[1] (E1-5-40)	**388**	**MWh/€m**	**383**	**MWh/€m**

(1) All the Group's manufacturing activities are associated with NACE codes A to H, with a majority corresponding to NACE code C22.1.1 (manufacture of rubber tires and tubes, retreading and rebuilding of rubber tires).

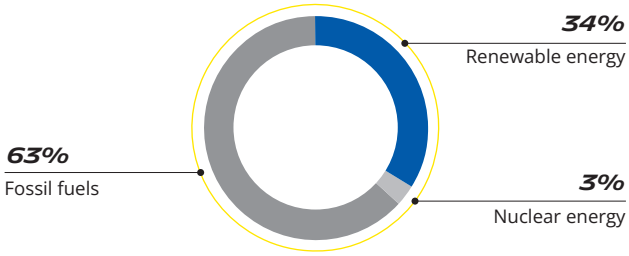
The data in this table are stated as gross values.

Reducing production plant energy use is the leading energy sufficiency lever presented in the prioritizing hierarchy of levers. In absolute terms, energy consumption declined by 5.3% year-on-year in 2024[1].

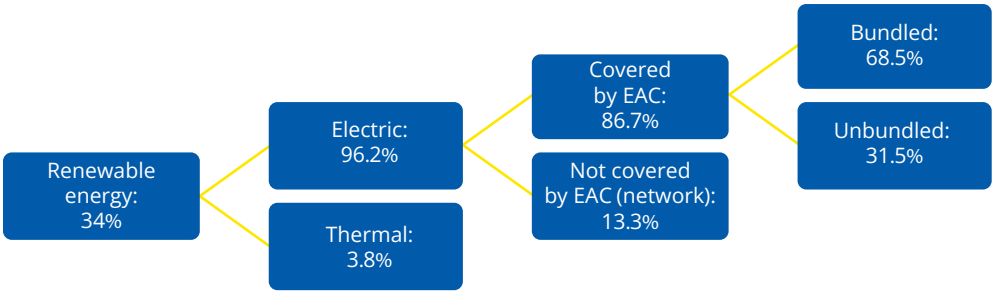
However, the decline in output in 2024 had a significant impact on the energy performance of the manufacturing sites, which led to a 0.35% deterioration in the energy efficiency ratio over the period. Despite the plants' ongoing deployment of best practices (e.g., tightening fluid leakage controls or recommending seasonal thermostat settings), the outcome fell short of the expected 3% reduction target for the year.

The underperformance primarily stemmed from fixed energy use, as volatile production volumes led to unexpected shutdowns and restarts in certain sites. Managing these production shutdowns represents a genuine challenge.

THE ENERGY MIX IN 2024



The energy mix chart shows that renewable sources have been steadily rising as a percentage of total energy consumed. In 2024, renewable energy accounted for more than a third (34%) of the Group's total energy mix (compared with 28% in 2023). The 2024 percentage may be analyzed as follows



Electricity accounts for most of the renewable energy used (more than 95% in 2024).

In line with the market-based method, purchased electricity is considered to be of renewable origin and CO_2 emissions-free only if each MWh is covered by a bundled or unbundled[2] energy attribute certificate (EAC) attesting to a renewable source. Such sources supply more than 85% of the renewable electricity used, or 61% of total power consumption. The proportion of renewable heat and cooling in renewable energy use rose from 1.7% in 2023 to 3.8% in 2024.

The 63% of fossil energy in the mix corresponds to the fossil fuels burned either on-site to supply heat and cooling to the production units or off-site to generate the electricity purchased from the grid. Its percentage is trending downward as (i) production plant boilers are steadily converted through 2030 to less carbon-intensive fuels and (ii) the Group pursues its strategy of purchasing EAC-backed renewable electricity. The use of coal in the Group's own utilities declined by 9.6% year-on-year in 2024, primarily due to a significant reduction in coal consumption at the Bassens plant.

The share of nuclear energy in the mix, which stems solely from the electricity purchased from the grid, is also set to decline with the strategy of purchasing EAC-backed renewable electricity.

(1) At comparable scope of reporting, i.e., the data do not include the energy used by Euromaster and RLU, which will only be included in CO_2 outcomes in 2024, in line with the SBTi scope of reporting.

(2) The term bundled means that the MWh of energy and its related EAC were purchased from the same supplier. 69% of renewable electricity purchases were backed by bundled EACs, in the form of Guarantees of Origin (GOs) or International Renewable Energy Certificates (I-RECs). Unbundled means that the electricity was first purchased from one supplier and then the EAC from another. This system represented 31% of all EACs, in the form of GOs, I-RECs and green electricity certificates (GECs).

4.2.9.6 Gross Scope 1, 2, 3 and Total GHG emissions

Scope 1 and 2 methodology

In accordance with GHG Protocol guidelines, Scope 1 and 2 CO_2 emissions are calculated using raw energy data (see ESRS E1 Disclosure Requirement E1-5) and recognized emission factors. They are calculated automatically, in an IT application, by multiplying the energy consumed by the related emission factor.

Scope 1 and 2 CO_2 emissions from Michelin-managed sites are presented, by default, according to the market-based method, which expresses the progress made in reducing CO_2 emissions driven by the Group's commitment to the energy transition (the "Renew" lever in the Environmental Policy).

The 2024 scope of reporting includes emissions from Michelin's legacy manufacturing and R&D sites, as well as from (i) Camso, Fenner and Multistrada, which were already included in 2023; (ii) the Lehigh production plants, reincluded in 2024; (iii) the RLU production site; and (iv) Euromaster, which until 2023 was not included in the target SBTi scope of reporting (95% coverage).

	Retrospective data				Reduction milestones and targets		
Total GHG emissions	**Baseline 2019** *(tCO_2e)*	**2023** *(tCO_2e)*	**2024** *(tCO_2e)*	**% change 2024/2023**	**2030 vs. 2019**	**Annual milestone over the 2019-2030 period** *(%)*	**2050 vs. 2019**
SCOPE 1 GHG EMISSIONS							
Gross Scope 1 GHG emissions (E1-6-48a and E1-6-50a)	1,725,839	1,049,930	956,909	-8.9%			
Scope 1 GHG emissions from regulated emission trading schemes (E1-6-48b)	808,242	445,211	343,448				
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (E1-6-48b)	46.8%	42.6%	35.9%				
SCOPE 2 GHG EMISSIONS							
Gross location-based Scope 2 GHG emissions (E1-6-49a and E1-6-50a)	2,044,611	2,035,084	1,972,949	-3.1%			
Gross market-based Scope 2 GHG emissions (E1-6-49b and E1-6-50a)	1,713,199	1,271,594	1,069,582	-15.9%			
SCOPE 1 AND 2 GHG EMISSIONS							
Gross location-based Scope 1 and 2 GHG emissions	3,770,450	3,085,014	2,929,858	-5.0%			
Gross market-based Scope 1 and 2 GHG emissions	3,439,038	2,321,524	2,026,491	-12.7%	-47.2%	-4.2%	-90%
GROSS REQUIRED AND OPTIONAL DISCLOSURE SCOPE 3 GHG EMISSIONS (E1-6-51)							
Gross required disclosure Scope 3 GHG emissions	14,933,938	13,536,955	12,652,988	-6.5%			-90%
Gross optional disclosure Scope 3 GHG emissions			115,000,000				
TOTAL LOCATION-BASED SCOPES 1, 2 AND REQUIRED SCOPE 3 GHG EMISSIONS (E1-6-52A)	**18,704,388**	**16,621,969**	**15,582,846**	**-6.3%**			
TOTAL MARKET-BASED SCOPES 1, 2 AND REQUIRED SCOPE 3 GHG EMISSIONS (E1-6-52B)	**18,372,976**	**15,858,479**	**14,679,479**	**-7.4%**			

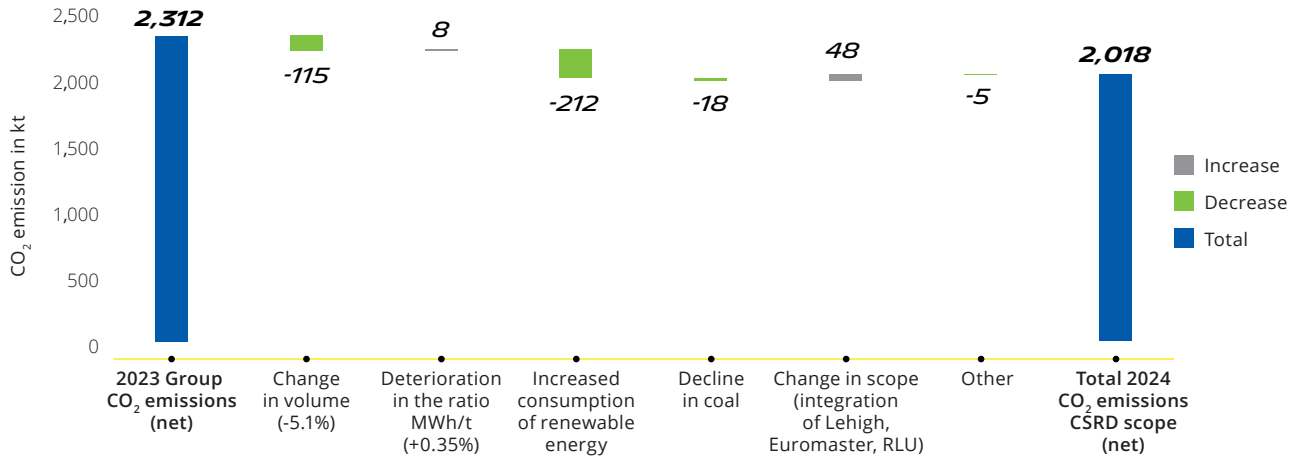
GHG emissions intensity based on net revenue	**2023**	**2024**	**% change 2024/2023**
Location-based GHG emissions intensity (E1-6-53)	586 tCO_2e/€m	573 tCO_2e/€m	-2.3%
Market-based GHG emissions intensity (E1-6-53)	560 tCO_2e/€m	540 tCO_2e/€m	-3.5%

In 2024, biogenic CO_2 emissions from the combustion of biomass to generate heat or cooling represented around 21,400 tonnes in Scope 1 and some 41,200 tonnes in Scope 2[1]. The Group is not aware of any biogenic CO_2 emissions from its Scope 3 categories.

Gross fossil CO_2 emissions from the Group's manufacturing sites declined by 12.7% year-on-year in 2024, reflecting the energy sufficiency process described in section 4.2.8.3 A key contribution to climate change through direct and indirect GHG emissions, above, and the additional purchases of EAC-backed renewable electricity described in section 4.2.9.3 Targets and quantitative contributions by lever over the 2019-2030 period (Scopes 1 and 2), above.

QUANTITATIVE CONTRIBUTION OF EACH LEVER TO THE YEAR-ON-YEAR IMPROVEMENT IN 2024 [2]

Reduction in CO_2 emissions over the year



(1) These biogenic CO_2 emissions are disclosed separately from fossil emissions, in compliance with current accounting rules. Scope 2 calculations do not include biogenic emissions from the purchased biomass-generated electricity backed by non-specific EACs. An action plan is underway to phase out this type of electricity, which is not aligned with the Group's policy of purchasing electricity from renewable sources.

(2) To ensure consistency with internal management applications, data in the chart are stated as net values. The year-on-year decline stood at 12.7%.

SCOPE 3 EMISSIONS

Scope 3 GHG emissions by category	Retrospective data				Reduction milestones and targets		
	Baseline 2019 *(tCO_2e)*	2023 *(tCO_2e)*	2024 *(tCO_2e)*	% change 2024/ 2023	2030 vs. 2019	Annual milestone over the 2019-2030 period *(%)*	2050 vs. 2019
SIGNIFICANT REQUIRED DISCLOSURE SCOPE 3 GHG EMISSIONS BY CATEGORY							
Category 1: Purchased goods and services (E1-6-51)	10,507,887	9,474,812	9,015,849	-4.8%			
Category 2: Capital goods (E1-6-51)	564,142	569,102	549,634	-3.4%			
Category 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (E1-6-51)	574,953	466,416	426,756	-8.5%			
Category 4: Upstream transportation and distribution (E1-6-51)	1,291,871	1,189,177	874,072	-26.5%			
Category 5: Waste generated in operations (E1-6-51)	61,708	118,672	108,140	-8.9%			
Category 6: Business travel (E1-6-51)	43,327	30,570	38,656	26.5%			-90%
Category 7: Employee commuting (E1-6-51)	213,483	224,134	223,512	-0.3%			
Category 8: Upstream leased assets (E1-6-51)	40,238	41,237	40,257	-2.4%			
Category 9: Downstream transportation and distribution (E1-6-51)	981,722	737,473	720,445	-2.3%			
Category 12: End-of-life treatment of sold products (E1-6-51)	270,820	247,043	239,797	-2.9%			
Category 14: Franchises (E1-6-51)	233,588	250,584	260,746	4.1%			
Category 15: Investments (E1-6-51)	150,199	187,735	155,124	-17.4%			
TOTAL REQUIRED DISCLOSURE SCOPE 3 EMISSIONS	**14,933,938**	**13,536,955**	**12,652,988**	**-6.5%**			
CO_2 emissions from the SBTi 2030 target scope[1]	10,766,859	9,201,524	8,659,577	-5.9%	-27.5%	-2.5%	
SIGNIFICANT OPTIONAL SCOPE 3 GHG EMISSIONS							
Category 10: Processing of sold products (E1-6-51)	Not applicable to Michelin						
Category 11: Use of sold products (E1-6-51)	115,000,000						
Category 13: Downstream leased assets (E1-6-51)	Not applicable to Michelin						

(1) The SBTi 2030 target scope covers raw material procurement, i.e., 85% of category 1; energy-related activities, i.e., 100% of category 3; and Michelin-operated transportation sources, i.e., 29% of category 4 plus 100% of category 9 (percentages based on the 2019 baseline).

Scope 3 methodology and performance assessment

In accordance with GHG Protocol guidelines, Scope 3 CO_2 emissions are calculated for each category as follows:

	Category description and boundary	Analysis of main changes in 2024 versus 2023
Category 1	Category 1 comprises all purchases of goods and services, with raw materials accounting for the lion's share (85% in 2019). The 2030 SBTi target concerns only raw materials, i.e., 85% of the category. Purchasing data are taken from internal databases, while emission factors are provided by suppliers or, by default, taken from recognized external databases.	The change primarily reflected the decline in raw materials-related emissions, stemming from the reduction in input volumes and the improved awareness of suppliers' emission factors. In this way, emissions from raw material procurement declined from 7.7 $MtCO_2$ in 2023 to 7.2 $MtCO_2$ in 2024, which represented an 18% reduction from the baseline 8.8 $MtCO_2$ in 2019, in line with the SBTi target.
Category 2	Category 2 includes all purchases of capital goods (CapEx). Purchasing data are taken from internal databases, while emission factors are taken from recognized external databases.	There was little change over the year, since this category tracks the Group's CapEx.
Category 3	Category 3 comprises emissions from the purchased energy used on the Group's sites (upstream purchased energy). Emissions in this category are therefore calculated using the cradle-to-gate method. The 2030 SBTi target concerns 100% of this category.	The change stemmed from the reduction in energy consumption, combined with an increase in the percentage of renewables, which have a smaller carbon footprint. In this way, emissions from purchased energy declined from 0.46 $MtCO_2$ in 2023 to 0.43 $MtCO_2$ in 2024, which represented a 26% reduction from the baseline 0.57 $MtCO_2$ in 2019. This is well in line with the SBTi target of a 2.5% reduction per year (i.e., a total 12.5% decline from 2019 to 2024).
Category 4	Category 4 includes all emissions from the upstream transportation of raw materials and semi-finished products. In 2019, 71% of these emissions came from sources operated by raw material suppliers and 29% from sources operated by Michelin (natural rubber and semi-finished products). The 2030 SBTi target concerns only Michelin-operated transportation sources, i.e., 29% of the category.	The year-on-year change reflected improved estimates of transportation emissions from our raw material suppliers, resulting from a decline in volumes carried, the use of transportation modes with smaller carbon footprints and improved estimates of intercontinental tonnages.In this way, emissions from Michelin-operated upstream transportation stood at 0.30 $MtCO_2$ in 2023 and 0.30 $MtCO_2$ in 2024, representing a 25% reduction from the baseline 0.40 $MtCO_2$ in 2019. This is well in line with the SBTi target of a 2.5% reduction per year (i.e., a total 12.5% decline from 2019 to 2024).
Category 5	Category 5 includes emissions from all waste generated in manufacturing operations, measured according to the GHG Protocol cut-off method (carbon accounting stops before the waste is recovered).	There was little change in 2024.
Category 6	Category 6 comprises CO_2 emissions from business travel by air, rail and rental car. Emissions from hotel rooms are not calculated due to a lack of data.	The change stems from the increase in air travel during the year.
Category 7	Category 7 emissions include commuting emissions estimated for each employee, with emission factors by country.	The change reflected the reduction in the Group's workforce over the year.
Category 8	Category 8 includes emissions from upstream leased cars, real estate, IT equipment and handling equipment.	There was little change in 2024.
Category 9	Category 9 includes emissions from transportation and distribution operations downstream from the production plants, excluding warehouse emissions (already included in Scopes 1 and 2). The 2030 SBTi target concerns 100% of this category.	The change primarily reflected the decline in volumes sold over the year. In this way, emissions from downstream transportation operations declined from 0.74 $MtCO_2$ in 2023 to 0.72 $MtCO_2$ in 2024, which represented a 27% reduction from the baseline 0.98 $MtCO_2$ in 2019. This is well in line with the SBTi target of a 2.5% reduction per year (i.e., a total 12.5% decline from 2019 to 2024).
Category 11	See the section on Scope 3 Use of sold products, below.	The year-on-year decline from 130 $MtCO_2$ to 115 $MtCO_2$ was due to the use of a new, more accurate calculation method rather than to a reduction in emissions, which are difficult to assess.

	Category description and boundary	Analysis of main changes in 2024 versus 2023
Category 12	Category 12 includes emissions from the collection of end-of-life tires, using the cut-off method. The same method is used to calculate emissions from the small number of tires landfilled without any recycling or energy recovery.	The change primarily reflected the decline in volumes sold over the year.
Category 14	Category 14 includes emissions from franchised tire and vehicle service centers, estimated from measurements at a sample of Euromaster outlets.	The change was led by an increase in the number of franchised service centers.
Category 15	Category 15 includes emissions from investments in equity-accounted companies. For these investments, the Group measures emissions from their energy use and, in the case of natural rubber companies, from rubber tree farms. Land use change is not calculated, in accordance with the SBTi.	The change mainly stemmed from the decline in distribution company sales.

Categories 10 and 13 are not material to Michelin.

According to the GHG Protocol Corporate Standard, the benchmark for corporate carbon accounting, measuring CO_2 emissions from tires in-use is optional because they only have an indirect impact on vehicle fuel efficiency. On the one hand, there is the "required" Scope 3 composed of all Scope 3 categories except for the Scope 3 use phase, and on the other hand, the Scope 3 use phase that is "optional" under the GHG Protocol.

Scope 3 Use of sold products

Category 11 Scope 3 emissions are particularly difficult to estimate due to the wide variety of vehicle (and therefore tire) usage scenarios and the relative lack of actual usage data. Nevertheless, Michelin made progress in 2024, both in estimating emissions from each type of tire in use and in increasing the number of products in the scope of reporting.

Scope of reporting

Data are reported for emissions from the use of (i) Passenger car, Light truck and Truck tires; (ii) specialty tires (mining, aircraft, beyond-road); and (iii) tires from other manufacturers sold through Euromaster.

Calculation methodology

Use-phase emissions of each tire range are calculated based on:

- usage data from life cycle assessments;
- the most credible average mileage assumptions based on Michelin usage data (taking into account premature replacement practices and the possibility of reselling the used tires);
- powertrain assumptions (internal combustion versus electric).

In accordance with the GHG Protocol, and contrary to LCA practices, use-phase emissions are calculated on a tank-to-wheel (TTW) basis, rather than well-to-wheel (WTW). This means that CO_2 emissions from the upstream vehicle energy phases are not included.

NB: There is no standard, industry-wide methodology for calculating category 11 Scope 3 CO_2 emissions from the use of sold products.

Only the Japan Automobile Tyre Manufacturers Association Inc. (JATMA) has issued a methodology, but few manufacturers use it. However, while it is interesting as a calculation method, JATMA's proposed parameters do not seem to reflect actual conditions of use. For example, the mileage lifespan parameter is much lower than the actual useful lives measured by Michelin.

Consequently, for the sake of plausibility, in 2024 Michelin used parameters based on its own usage statistics.

Had the JATMA methodology been used instead, Scope 3 CO_2 emissions from the use of sold products would have been approximately 30% to 40% lower than those disclosed below.

Outcome

The reduction from 130 $MtCO_2$[(1)] in 2023 to 115 $MtCO_2$ in 2024 did not result from any improvement in emissions, which are difficult to assess.

Instead, it reflected:

- a broader scope of reporting, which now includes specialty tires;
- the use of a new, more accurate calculation method.

Application of the new method will enable progress to be tracked in future disclosures.

(1) As disclosed in the 2023 Universal Registration Document.

4.2.9.7 Carbon allowances

Created in 2005, the CO_2 Allowance Management Committee tracks legislation governing carbon markets and taxes in all the countries where Group production sites are located. Its role is to define carbon allowance management principles and guidelines, ensure their proper application and conduct the necessary forecasting studies.

GHG removals and GHG mitigation projects financed through carbon credits

The Group's ambitions are compatible with the net-zero emissions target for 2050, which is being pursued without using any carbon credits to offset CO_2 emissions from its direct or indirect activities, in accordance with SBTi standards. As a result, the carbon credits derived from projects undertaken by the Group's investee funds are not set off against the Group's carbon footprint.

Internal carbon pricing

Since 2016, the Group has applied a standard internal carbon price, both to address carbon issues in capital projects and to steer capital expenditure towards low-carbon solutions and prepare for the introduction of a global carbon price.

Applicable to any capital project likely to have a material positive or negative impact on the Group's Scope 1 and 2 CO_2 emissions, the price is a factor in two decision-support programs used to:

- calculate the return on investment of projects undertaken by any Group entity. The price simulates the impact of monetizing an investment's carbon credits on its financial rate of return;
- consolidate projects with a major impact on energy efficiency (curing press insulation, lighting upgrades, etc.). This program is applicable to capital projects undertaken by entities in the legacy scope of the tire business, which accounted for 97% of the Group's Scope 1 and 2 emissions in 2024.

The internal carbon price is also used by the Scope 3 logistics entities as a baseline for assessing carbon-free solutions.

The price is based on:

- carbon allowance market price trends in Europe and five and ten-year projections;
- an analysis of the carbon price's sensitivity to the ROI of energy and logistics projects;
- an external benchmark based on prices used by other companies[(1)].

It is set by the Managers on the proposition of the Environmental Governance body and periodically revised as needed. For example, from the original €50 per tonne in 2016, it was raised to €100 per tonne in 2021 and to €200 per tonne in 2023.

(1) Based on replies to the Carbon Disclosure Project (CDP) questionnaire.

CLIMATE CHANGE ADAPTATION

Impacts, Risks and Opportunities (IROs)	Brief description
Upstream value chain · Downstream value chain · OP Own operations · Short-term · Medium-term · Long-term	
E1 – CLIMATE CHANGE	
Climate change adaptation	
Impact of physical climate risks on business activities, assets, employees, raw materials, delays and logistics costs	Michelin has operations around the world that could be impacted by the increased frequency of adverse climate events, such as storms, floods, droughts and other risks. In light of the diverse range of suppliers and the many interdependent factors necessarily involved in the manufacture of its products (infrastructure, energy, availability of labor, transportation systems, etc.), the effects of climate change may be qualified as systemic.
OP **Risk**	

Introduction

Climate change impacts are already visible and are expected to worsen over the medium term, according to the Intergovernmental Panel on Climate Change (IPCC). Michelin's approach to managing these impacts is described in detail in Chapter 3 on risk management, above. These risks arise from the following aspects of the Group's operations and value chain:

- **The Group's business activities, assets and employees:**

  Michelin has operations around the world, any of which could be considerably impacted by the increased frequency or intensity of heat waves, storms and hurricanes, floods, droughts and other natural disasters exacerbated by climate change. Failure to adapt to these conditions could result in business interruptions, property damage and risks to personal health and safety;

- **Raw materials:**
  - climate change could increase the cost of extracting and producing raw materials and impact their availability,
  - production infrastructure may be damaged, which could lead to higher costs. Extreme weather events may also cause shortages of raw materials and increase their prices;

- **Natural rubber**:

  Climate change is having a major impact on four climate parameters that play a key role in natural rubber production: average temperatures, cumulative rainfall, number of dry months and number of cold months.
  - a 2022 study commissioned by Michelin from Forest AI and the CIRAD (*Cartographie des impacts du changement climatique sur le caoutchouc naturel*) has identified a potentially major, industry-wide impact of global warming on natural rubber production, particularly over the 2050-2100 period. In the IPCC's "middle-of-the-road" shared socioeconomic pathway (SSP2), this impact could reduce the yield potential in all the current producing regions by an average 5-20% and more so in the drier regions,
  - climate change is likely to increase the length of a rubber tree's immature phase by impacting immature growth, as dry seasons are likely to be longer and/or more intense,
  - extreme droughts, heat waves and water shortages, as well as climate change-induced heavy rains and floods, will also tend to increase rubber tree mortality and reduce yields. In Thailand in 2024, for example, heavy rains caused crop losses,
  - changes in climate conditions could also have an impact on where certain pests and diseases could spread and affect production regions;

- Delivery **delays** and **logistics costs**:
  - extreme weather conditions (heat waves) and water cycle disruptions (water stress) can damage transportation infrastructure and disrupt supply chains, resulting in delivery delays and higher logistics costs, with a potential impact on Michelin's revenue,
  - in addition, Michelin's value chain comprises a myriad of interdependent inputs required to manufacture and distribute its products (infrastructure, energy, labor, transportation systems, etc.). This complexity increases the severity of the risk as well as the number of single points of failure.

4.2.10 A REVIEW OF THE GROUP'S EXPOSURE TO THE PHYSICAL RISKS OF CLIMATE CHANGE

A review of the future physical climate risks likely to impact people and property comprises two steps to assess: (i) their exposure to projected climate-related hazards and (ii) their vulnerability to these hazards. Exposure stems from the geographical location of the people and property, while vulnerability expresses the likelihood, and to what degree, that they may be adversely impacted by future climate hazards.

Michelin assessed the exposure to both current climate conditions and projected conditions in 2030 and 2050 of 721 Group facilities or sites of interest, including dealerships, and 227 key raw materials supplier sites. The main factors in selecting the Michelin sites for review were the presence of employees and the facility's criticality to business continuity. The main factor in selecting raw materials supplier sites was their importance to business continuity. The assessments were based on two disaggregated IPCC scenarios, SPP2-4.5, which estimates the median global temperature rise at 2.7°C by 2100, and SSP5-8.5, which estimates it at 4.4°C. The climate-related hazards addressed included dry and humid heat, water stress/drought, floods, strong winds and landslides. The sites' exposure to these climate-related hazards, both actual and projected, is consistent with the predicted climate change in each geographic zone.

Based on the review findings (undergoing detailed analysis), the main climate-related hazards to which the Group and supplier sites are exposed are heat, flooding, water stress and strong/very strong winds (tornadoes, typhoons and hurricanes).

4.2.11 PHYSICAL CLIMATE RISKS ADAPTATION POLICY ISSUED IN 2024

Aligned with Michelin's CSR policy, the Physical Climate Risks Adaptation Policy[1] reflects the Group's best efforts to "manage the unavoidable," by improving the value chain's resilience to physical risks,

The Policy applies to every Group entity and covers the entire value chain. It reflects the systemic, societal and multidimensional nature of climate risk impacts, which are prompting the Group, wherever and whenever necessary, to exert leverage or collaborate with stakeholders outside its value chain. Influencing initiatives are designed to spur external stakeholders to engage on the path to adaptation. Collaborative initiatives enable the Group to support adaptation measures already undertaken by external stakeholders.

4.2.12 DEDICATED INITIATIVES AND RESOURCES WITH A STRUCTURED ROADMAP TO 2030

Michelin is committed to assessing the climate risk exposure of all its own sites and other key sites in the value chain from 2025. A roadmap will be prepared during the year to identify the sites requiring a vulnerability assessment by 2030. The related metrics, which have yet to be defined, will be tracked by the Environmental Governance body.

Initiatives undertaken in 2024 included:

- reviewing exposure to projected climate conditions in 2030 and 2050 of 721 Group facilities or sites of interest and 227 key raw material supplier sites, based on the criteria described above;
- assessing the macro-vulnerability to climate-related hazards of the first six Michelin sites, with projected risks and impacts in 2030 and 2050 and identification of any required adaptation measures. These first six reviews are also intended to develop a method for quantitatively measuring such vulnerability, which can eventually be used on the other sites as needed;
- deploying climate change and climate change adaptation awareness-building and training resources.

Natural rubber sourcing risks are addressed by an action plan that was pursued in 2024 and will continue in the years ahead with actions to diversify sources, improve varietal selection and encourage highly resilient farming practices.

(1) Available on the Michelin Group website, https://www.michelin.com/en/sustainability/company/planet/climate-action

The following actions **planned for 2025** and beyond will support the launch of vulnerability assessments on at-risk Group sites and the preparation of an action plan for suppliers:

- reviewing exposure to projected climate conditions in 2030 and 2050 of the still unassessed Michelin sites, Euromaster centers, key customer sites, key transportation infrastructure and key end-of-life tire recovery and reuse facilities;
- finalizing the method for assessing the climate change vulnerability of Michelin sites and identifying any necessary adaptation measures;
- developing and trialing an in-house IT application based on this same method to enable Michelin sites to conduct their own vulnerability assessments and identify any necessary adaptation measures;
- prioritizing the Michelin site vulnerability reviews to be performed over the next three years;
- defining and rolling out an action plan to get the main raw material suppliers engaged in adaptation programs on their own sites by 2030.

By 2030, Michelin sites requiring a vulnerability assessment, based on the findings of the exposure assessments, will have performed such assessments to the appropriate depth and identified any necessary local adaptation measures. Subsequently, the selected actions will be progressively supported by appropriate adjustments to the capital expenditure and operating expense budgets.

By 2050, depending on the sites' exposure to climate-related hazards at that time, the Group intends to finance and implement the necessary on-site adaptation measures and, if need be, to influence or collaborate with external stakeholders to deploy adaptation measures. All these key actions are supporting the operational implementation of Michelin's adaptation policy.

4.2.13 METRICS AND TARGETS UNDER CONSTRUCTION

Targets for tracking implementation of the Adaptation Policy are expected to be defined in 2025. Once completed, the adaptation plan will be integrated into the Group's strategic process and will evolve in the following years. Its tracking and deployment metrics will be defined with annual and multi-year targets, including milestones for 2030 and 2050. The risk management process offers the guarantee that the commitment is fulfilled, and will ensure that reviews are performed and the adaptation plan is prepared. As part of this process, internal audits will then assess implementation.

The supporting metrics remaining to be defined will be tracked by the Environmental Governance body.

4.2.14 ANTICIPATED FINANCIAL EFFECTS: INITIAL ESTIMATES OF THE COST OF ADAPTATION MEASURES

As described above, Michelin intends to carry out by 2030 a vulnerability assessment of the sites requiring it and identify any relevant local adaptation measures. These reviews will also help to estimate the anticipated financial effects of the material physical risks, with trigger points for initiatives to support the preparation of on-site projects, as needed and in line with existing safety and security policies for people and property. The Group is reviewing any potential financial effects and based on the pilot reviews, will gradually be able, as from 2025, to prepare an initial estimate of the cost of the adaptation measures.

4.3 POLLUTION (E2)

THREE QUESTIONS FOR CYRIL DUPUCH, VICE PRESIDENT, MATERIALS RESEARCH & DEVELOPMENT

"The health, safety and environmental impact of our products and operations is an absolute priority for Michelin, integrated into all our processes."

What does pollution represent for Michelin? In particular, what is the Group's position on the issue of tire and road wear particles released during the use phase?

Life-cycle assessments have shown that the third largest impact of our tires stems from the release of Tire and Road Wear Particles (TRWP) during use. While these particles are very different from microplastics, they represent a significant environmental issue and in response, Michelin is taking action in a number of ways to abate their emissions. Our unrivaled materials expertise is enabling us to steadily reduce abrasion by developing new materials and designing our tires to be made with less raw material. In March 2022, for example, the German Automobile Association (ADAP) acclaimed Michelin as the undisputed leader in abrasion performance in tests of 143 summer, winter and all-season tires(1).

Because there is still so much to learn and do with regard to TRWP, we're pursuing our own mitigation research and engaging the entire tire industry to step up its commitment in this area. We're working with both partners and other actors within the market, as attested by the creation in late 2023 of a joint laboratory, BioDLab, in association with France's CNRS national research institute, to improve understanding of TRWP degradation in the environment.

As part of the European Tyre & Rubber Manufacturers Association (ETRMA), we cooperated extensively to help define a standardized particle measurement method. We are also engaging with regulatory agencies and support legislation that will set tire abrasion limits.

Michelin also uses chemicals in its products. How is the Group responding, particularly to the issue of substances of concern and very high concern?

Twenty years ago, we set up an environmental observatory to keep abreast of the latest scientific knowledge and to analyze public information about chemicals in each of these two classes. As soon as we are aware of the science, and without waiting for any new regulations governing the use of these substances, we initiate research programs to develop alternative solutions capable of delivering the same performance in our products.

These are often long-term programs, because we have to make sure that substituting a component won't alter product performance, particularly in terms of safety. In this way, more than 20 years ago we undertook a research program to replace resorcinol and formaldehyde in textile adhesives. Today, we're using new adhesives, with risk-free chemicals, in our own products. In fact, this innovation has had a much broader impact because, after being taken up by our textiles suppliers, its use is expanding beyond the tire industry thanks to its marketing by our ResiCare subsidiary(2).

Lastly, one of Michelin's air pollution impacts comes from volatile organic compound (VOC) emissions. What is the Group doing to reduce them?

We are committed to eliminating volatile organic solvents in our tire manufacturing operations by 2050, with an intermediate milestone of reducing their use per tonne of semi-finished and finished product by 50% in 2030 compared with 2019.

To meet this ambitious goal, we're simultaneously investing in a number of research pathways to eliminate volatile and organic solvents, develop alternative, solvent-free solutions and optimize the manufacturing process. In addition to technological innovations, Michelin is also strongly emphasizing cultural change and the application of best practices in the production plants, which together have driven a fast, significant 25% drop in VOC use over the past three years.

(1) See the 2021 ADAC study, Tyre wear particles in the environment (Allgemeiner Deutscher Automobil-Club, Tyre abrasion: wear and burden on the environment/31940 RMU), updated in March 2022.
(2) ResiCare develops and markets high-performance resins dedicated to industrial applications.

Impacts, Risks and Opportunities (IROs)	Brief description
Upstream value chain · Downstream value chain · OP Own operations · Short-term · Medium-term · Long-term	
E2 – POLLUTION	
Water, soil, air and noise pollution	
Tightening standards limiting the impact on water, soil and air pollution from microplastics (tire and road wear particles – TRWP) and substances (e.g., 6PPD)	More stringent pollution regulatory standards could lead to lower maximum tire abrasion limits and stricter regulation of particles (TRWP) and substances (6PPD) and other substances, as well as to impacts on Michelin services. Insofar as Michelin tires are well known for their superior abrasion performance compared to their premium competitors, this could represent an opportunity for the Group.
Downstream · Medium-term · **Risk**	
Water, soil and air pollution from the use of tires (TRWP)	Friction between tires and the road generates wear particles (TRWP), influenced by a variety of factors. Since 2010, certain studies have demonstrated their presence in the environment and their potential impact. However, scientific knowledge of the impact and behavior of these tire and road wear particles (TRWP) needs to be improved. Michelin and the entire industry, through the Tire Industry Project (TIP) have engaged a proactive approach to TRWP.
Downstream · Medium-term · **Negative impact**	
Water, soil and air pollution from upstream activities	Pollution in the upstream value chain primarily stems from the production of bio-sourced and other raw materials. Given its size, the natural rubber value chain can result in pollution, particularly soil contamination from pesticides and fertilizers.
Upstream · Medium-term · **Negative impact**	
Water and air pollution from direct operations, including substances of very high concern and VOCs	Water and air pollution from the Group's indoor and outdoor operations may include: ■ wastewater discharge from its own manufacturing operations; ■ substances of concern and very high concern; ■ air pollution, including volatile organic compound (VOC) emissions, both indoors and outdoors, from rubber product, rubber-compound product and tire manufacturing processes.
OP · Short-term · **Negative impact**	
Pollution from the end-of-life treatment of sold tires	Used tires can be collected and disposed of in different ways, albeit with a focus on recovering and reusing their component resources. Research shows that this could result in a number of varying environmental impacts, which could include ozone depletion, acidification, abiotic resource depletion, the formation of photochemical ozone and environmental load from the concentration of materials.
Downstream · Medium-term · **Negative impact**	

Introduction

As a manufacturer, the Michelin Group is extremely mindful of the risks of pollution, particularly in its production and other operations. To mitigate it, the Group's core response is to reduce pollutants at source, with a process focusing on the riskiest substances and replacing them with substitutes whenever technically and financially feasible. Risks arising from pollution of soil, water or air are effectively controlled through the Group's Environmental Management System.

In addition, it must be emphasized that Michelin manufactures safety products that are exposed to a wide variety of external aggressions (temperature, soil, ozone, sun, etc.), and the Group uses substances that ensure absolute safety when its products are used by its customers. Lastly, Michelin pays particular attention to the risks of pollution from the use of its products, in sync with prevailing legislation and the rising expectations of civil society. This is particularly true for tire and road wear particles (TRWP), the tire industry's most material pollution matter. A tire's grip is a vitally important factor in safe driving, but one of its consequences is the creation of wear particles from the friction, or abrasion, between the tire and the road surface. As a leader in abrasion performance, the Group is fully committed to capitalizing on its materials expertise to mitigate the emissions and encouraging the introduction of stricter abrasion limits

4.3.1 IDENTIFYING MATERIAL POLLUTION MATTERS

Material pollution matters were identified using life cycle assessments (see section 4.1.5.1 Summary of key policies, above) rather than LEAP (locate, evaluate, assess and prepare) assessments. The related impacts, risks and opportunities may be described as follows:

- **the use phase** is the most impactful, partly because of TRWP emissions:
  - TRWP generation is influenced by many factors, including tire and vehicle design, road curviness and surface, driver behavior and weather conditions. Since 2010, studies have demonstrated the presence of these particles in the environment and provided an initial assessment of their impact. Projects are also underway to test the effectiveness of potential impact mitigation measures. The current state of industry knowledge has been consolidated in the Tire Industry Project's white paper[1],
  - stricter TRWP emissions standards could lead to an increase in product design and new product development OpEx and perhaps CapEx. This could be both a risk as well as an opportunity for an industry leader like Michelin;
- **raw materials** are the second most impactful factor, primarily due to the ecotoxicity of biosourced raw materials stemming from the use of fertilizers and pesticides. Today, the Group's most widely used biosourced raw material is natural rubber;
- **the treatment of end-of-life tires** (ELTs) was not addressed in the LCAs, but rather in the ELT section of the Environmental Policy[2]. The Group is nevertheless aware of the risk of pollution, particularly soil contamination from the leaching of landfilled ELTs;
- **the production phase** has a more limited impact. However, a preliminary assessment points to a risk of emission exceeding the indicated threshold for some substances[3]. The following section will discuss air and water emissions from the Group's manufacturing operations, as well as the use of substances of concern and very high concern in certain tire formulations. While the contributions of substances of concern are insufficiently addressed in current LCA applications, they are nevertheless considered material insofar as some of these substances are used in formulations and/or generated by the Group's operations.

4.3.2 GENERAL POLICIES RELATED TO POLLUTION

Impacts, risks and opportunities are closely intertwined and systemically addressed in pollution prevention and control strategy. In particular, they are covered by the Group's Environmental Policy, which identifies and assesses pollution risks, some among them are the subject of specific policies or dedicated programs.

The riskiest substances are identified and assessed by a Chemical Risk Management Policy that seeks to replace them with substitutes wherever technically feasible. The policy is supported by restrictions on substance use and an HSE approval process for new raw materials.

By focusing on eliminating chemical pollution sources in the design stage, Michelin's approach is helping to abate both industrial pollution from its own operations and diffuse pollution from the use of its products.

The section of the Environmental Policy concerning manufacturing sites is designed to mitigate impacts by managing the risks of chronic or accidental pollution, in particular by deploying an ISO 14001-compliant environmental management system. The policy specifies the following process to manage pollution risks:

- identify the environmental risks;
- attenuate the risks to a tolerable level by reducing them at source or, failing that, treating the pollution (prevention and protection, in normal and faulty operating conditions);
- comply with regulations.

The policy pays particular attention to emissions of volatile organic compounds (VOCs), which are the main source of air pollution from the Group's own operations. The Group is committed to ensuring that, by 2050, no organic solvents are used in the production of its tires.

While the policy does not yet specifically address the issue of wear and abrasion particles, a dedicated section is being drafted as part of the TRWP program set up in mid-2023.

Each pollution-related impact, risk and opportunity is covered in dedicated sections describing the policies, actions and targets for TRWP, air and water pollution in the Group's own operations, chemicals, and pollution in the upstream value chain.

(1) See the TIP white paper on TRWP mitigation, https://tireindustryproject.org/news/tire-industry-project-commitment-to-addressing-tire-and-road-wear-particles/.
(2) See section 4.6 Resource use and circular economy (E5), below.
(3) There are no chronic releases into the soil from Michelin's own operations, so this issue is considered immaterial.

4.3.3 THE GROUP'S LONG-STANDING TRWP OBJECTIVE, BACKED BY DEEPER ENGAGEMENT WITH THE TIRE INDUSTRY AND OTHER SUPPORT RESOURCES

TRWPs are micro-particles comprising around 50% elastomer fragments from the tire and 50% minerals and road dust. This means that scientifically, they are not microplastics, even though they are considered as such in European regulations[1].

They have a number of characteristics – degradability, size, composition, density – that are very different from the usual microplastics that come from everyday plastics, such as bottles, packaging and clothing. Although few scientific articles have been published on the subject, they seem to biodegrade much more quickly than microplastics, Further studies are needed on this subject, which is why Michelin set up the BioDLab with French research institution CNRS in 2023.

An ambitious TRWP program and Michelin's differentiating abrasion performance

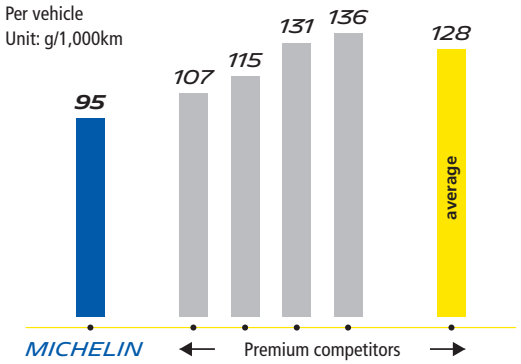
The TRWP program is informed by a commitment to taking action and encouraging the entire tire industry and its ecosystems to embrace Michelin's "all-sustainable emissions" vision for TRWPs[2]. It is dedicated to formulating an aligned, holistic strategy, translating it into action plans and supporting decision-making processes. By funding both in-house and external research programs, the Group is seeking to deepen its understanding of potential TRWP impacts, so that new materials capable of mitigating them can engineered. An initial strategy will be proposed when the Environmental Policy is updated in 2025.

Michelin has long been committed to reducing tire abrasion emissions by leading the way in tire durability and longevity, with an approach built on its materials expertise and a design strategy unceasingly focused on optimizing the use of raw materials. Michelin is recognized as the market leader in abating particulate emissions, far ahead of its premium competitors, as illustrated by tests conducted by the German Automobile Association (ADAC) in 2022[3].

PARTICULATE EMISSIONS ARE BEING REDUCED WITH EACH NEW RANGE

(1) According to the definition of the European Chemicals Agency (ECHA).
(2) The tire industry and its ecosystems (OEMs, roadbuilders, water managers, NGOs, local authorities, academia, etc.), guided by Michelin if necessary.
(3) See the 2021 ADAC study, Tyre wear particles in the environment (Allgemeiner Deutscher Automobil-Club, Tyre abrasion: wear and burden on the environment/31940 RMU), updated in March 2022.

TRWP EMISSIONS: MICHELIN VS. OTHER PREMIUM TIREMAKERS



Stepped up TRWP initiatives and resources

Michelin is actively engaged in TRWP issues, with a global action plan comprising both in-house and external initiatives at various levels, from avoiding at source to reducing potential impacts:

- Important in-house initiatives led in 2024:
  - The Group developed SAMPLE, a system that captures, sorts, counts and characterizes emitted particles very close to the tire in use, with unequaled precision and reproducibility. Unveiled at Tire Technology Expo 2024 and now fully operational, the system is sharing its findings both with the scientific community, via the California Air Resource Board (CARB) and the University of California, Riverside, and the global tire industry, in a commitment to deepening our knowledge of TRWPs and attenuating their environmental impact.
  - BioDLab, a joint laboratory between Michelin and France's national research institute CNRS created in 2023, pursued its tire rubber degradation and biodegradation research programs, with the goal of understanding this process to reduce its environmental impact. An initial scientific paper[1] has been published, describing how the polymers in TRWPs are degraded over time.
- External initiatives undertaken in 2024:
  - One of the key challenges for the Group is to explore alternatives to potential substances of concern, based on the latest scientific knowledge. This is why Michelin, as a member of the consortium led by the U.S. Tire Manufacturers Association (USTMA) since 2022, is supporting alternative analysis research[2] on a variety of replacements for 6PPD, a substance used in almost every tire formulation that performs the essential function of protecting rubber against reactions with ozone and oxygen. At year-end 2020, a study was published alleging that 6PPD-quinone, a 6PPD transformation product, could have an impact on certain fish species under specific conditions in the northwestern United States. No such impacts on aquatic life have been alleged or reported in Europe. While research on this issue is ongoing, Michelin is already diligently working with a variety of tire industry trade associations to develop viable 6PPD replacements. After a preliminary study of sixty candidate replacements, only five were selected for further testing in 2024. A formal summary of results is scheduled for mid-2026 to help select the best 6PPD replacement. Dedicated costs and resources are being shared among the participating tire manufacturers.
  - Michelin supports the introduction of abrasion threshold legislation that would remove the worse performing tires from the global marketplace. In line with this commitment, the Group is working with other members of the European Tyre and Rubber Manufacturers' Association (ETRMA) to help define a standardized TRWP emissions testing method as part of the Euro 7 regulation. In 2024, a variety of passenger car tires were the subject of a cross-testing campaign, whose findings will be used to define acceptable limits in 2025 for implementation as from 2028.

(1) "Study of sequential abiotic and biotic degradation of styrene butadiene rubber," Science of the Total Environment, Volume 926, May 20, 2024, 171928.
(2) Conducted by the California Department of Toxic Substances Control (DTSC).

- To drive faster progress in scientific research, Michelin joined with nine other tiremakers years ago as founding members of the Tire Industry Project (TIP, https://tireindustryproject.org/), which has since conducted studies to collect, characterize and understand both TRWP composition and flow, as well as to assess their potential impact on the environment and explore mitigation measures. In 2024, the Chief Executive Officers of the ten TIP member tire manufacturers approved a new work plan for 2024-2025[1]. In addition to ongoing research programs, the plan addresses the mitigation of potential impacts, with a commitment to launching pilot projects before the end of 2025 (e.g., to collect and filter roadside runoff and stormwater).

In 2024, these initiatives required a financial investment, in addition to the time allocated by members of the TRWP program and the Group's Pollution Sector Committee. In addition, the capital expenditure plan for the next five years has budgeted funds for projects to continue deploying the Group's strategy in this area.

A TRWP target and metric currently being defined

Once metrics have been defined to measure TRWP emissions and their known impacts, objectives will be set for both. To measure gains, the TRWP program tracks the milestones reached in the planned deliverables.

According to the ESRS disclosure requirement[2], the TRWP metric is directly linked to sales volumes and not to a tire's environmental performance. In addition to being highly approximative, the metric does not encourage progress, nor does it support an objective comparison with competitors over time. To enable effective tracking of the continuous improvement in this highly complex impact, the Group has been working with the TRWP program to define a more suitable metric that could be shared with the industry[3]. Such a metric should be based on abrasion data measured as part of a standardized framework, such as the Euro 7 Regulation emissions standards. However, these data will not be available before 2025, and then only for passenger cars and only in the European Union. As a result, the scope of the approach has to be broadened so that a meaningful, industry-wide metric can be calculated.

4.3.4 MITIGATING AIR AND WATER POLLUTION FROM GROUP OPERATIONS

The Group is pursuing its strategy of preventing and controlling pollution by managing the resources needed to activate the Group's Environmental Policy's prioritizing hierarchy of levers (Avoid – Reduce – Reuse – Recycle – Renew).

To help Group facilities to embrace this process, a directive has been issued specifying the Policy's principles, objectives and guidelines applicable to their operations, as part of the Group's commitment to safeguarding the environment at every stage in the product life cycle. The directive is being implemented primarily through the deployment of Environmental Management Systems (EMS) in the legacy production plants and research centers, which is delivering continuous gains in the identification and mitigation of environmental impacts both day-by-day and over the long term. The EMS is fully compliant with ISO 14001 standards[4].

To manage and mitigate pollution in its own operations, Michelin financed capital projects in its production facilities in 2024. In addition, the capital expenditure plan for the next five years has budgeted funds for projects to continue deploying the Group's strategy in this area.

4.3.4.1 Air pollution: focusing on volatile organic compounds (VOCs)

4.3.4.1.1. A VOC program built around an ambitious objective and a 2030 milestone

The objective for 2050 is to phase out all VOC-generating organic solvents completely from the tire manufacturing processes. The 2030 milestone is to reduce solvent use by 50% compared to 2019. To meet these targets, levers have been defined by a VOC program underway since 2017. The Group sites' Environmental Policy addresses this impact and specifically mentions the program's 2030 milestone. The program is managed by tracking the quantity of solvents used in kilograms per tonne of finished product.

(1) Tire Industry Project Commitment to Addressing Tire and Road Wear Particles, a white paper on TRWP mitigation issued in April 2024.
(2) See ERSR E2 Disclosure Requirement E2-4, paragraph 28(b).
(3) See the 2021 ADAC study, Tyre wear particles in the environment (Allgemeiner Deutscher Automobil-Club, Tyre abrasion: wear and burden on the environment/31940 RMU), updated in March 2022.
(4) It covers prevention and protection procedures, in normal and faulty operating conditions, as well as compliance with local regulations. Group guidelines dictate that every new or upgraded production facility, research center or natural rubber processing plant must earn ISO 14001 certification within five years of start-up.

4.3.4.1.2. Initiatives and resources clearly targeted on VOCs

The VOC program is primarily focused on reducing solvent use to reach the 2030 milestone and on avoiding emissions at source to meet the 2050 objective.

Deploying best practices

Deploying good manufacturing practices to optimize solvent use enables Michelin to meet its objectives by improving process efficiency and mitigating the environmental impact. By tracking quantities used, precisely adjusting the solvent applicators and using just the right amount of solvent, the Group is maintaining its manufacturing performance and the performance of its products, while reducing solvent use and VOC emissions.

In 2024 and beyond, key initiatives in the tire business include:

- equipping plants with portable flowmeters to measure solvent use in real time and optimize solvent application by machine, size and product. In combination with other usage tracking mechanisms, this helps to align practices for optimal solvent use;
- optimizing spray nozzle sizes for more efficient solvent application is expected to reduce solvent use by around 20-25%;
- partially refreshing product interfaces to apply just the right amount of solvent is expected to reduce quantities used by 20%. Qualitative and quantitative progress is measured by the quantity of solvents used in kilograms per tonne of finished product.

Deploying VOC-free technologies

Eliminating VOCs in tire production demands the widespread deployment of new VOC-free technologies, based on solvent replacements, inorganic or non-volatile solutions, or thin rubber films inserted between tire components. Before deployment, these solutions have to be selected and tested on tires, a process that can take several years. They are currently in the exploratory or process engineering phase, with deployment governed by a planned development schedule extending beyond 2030.

Deploying VOC treatment technologies

To reduce VOC emissions from the elastomer production plants, the Group has identified the least impactful technologies for recycling and, when necessary, treating process VOCs. A roadmap is planned for their installation by 2028.

Measures to reduce NO_x and SO_x emissions have been undertaken in every Group manufacturing site. In particular, Michelin plans to phase out the use of coal by 2030. Apart from that measure, however, the reduction in NO_x and SO_x emissions is a direct result of the initiatives deployed as part of the energy-saving roadmap (energy efficiency, fuel transition, process electrification).

4.3.4.1.3. The 2030 milestone for VOC reduction initiatives

The effectiveness of VOC reduction actions is being measured by two main metrics: the total amount of solvents used per production plant and the ratio in kilograms per tonne of finished product. These metrics track improvements and support decisions about prioritizing reduction actions. The VOC reduction targets include dedicated objectives for each business line, which must make 50% of progress between 2019 and 2030.

Since 2019, the implementation of optimized technologies and practices has driven the ratio steadily downwards to the halfway mark in 2024. The effectiveness of initiatives is measured by analyzing historical trends and comparing outcomes against industry benchmarks.

The targeted 50% reduction in 2030 compared with 2019 has been defined in direct correlation with the overall objectives of the Environmental Policy[1].

The scope of application covers all the plants producing finished products and synthetic elastomers. The period covered runs from 2019 to 2030, with the baseline values referring to solvent use and ratios in 2019.

Targets are defined using calculation methods based on the quantity of VOCs emitted or solvents used per unit volume of the plant's output. For the finished product production plants, each kilogram of VOC solvent used is assumed to evaporate completely; for the synthetic elastomer plants, emissions are measured and the ratios calculated on an actual basis. In this way, targets are based on historical solvent use or VOC emission data.

(1) Targets are expressed in absolute terms (quantity of VOC emitted in kilograms) and relative terms (kilograms of VOCs emitted or solvents used per tonne of finished product or synthetic elastomer). This means that progress can be tracked in terms of both the total reduction in emissions and the efficiency of the mitigation process.

4.3.4.2 Water pollution: rolling out an initial approach to understanding the Group's impact

4.3.4.2.1. Actions and resources currently being defined

Water pollution initiatives undertaken in 2024 focused on understanding the potential impact of effluent discharged from the Michelin production plants, with the goal of setting a meaningful mitigation target.

For example, during the year, material water pollutants from the tire production plants[1] were identified and assessed, with the findings used to deploy a measurement plan for the tire production operations. Given the stakes involved, this method offers the advantage of enabling reporting in 2025 and, more importantly, of quantifying the impact of our process effluent more accurately. Over the medium term, the assessment scope will be extended to the Group's other operations.

In 2024, with a view to understanding the impact of its discharges, the Group carried out a comparative study of two water pollution target-setting methodologies at three production plants on three different continents. The first method is derived from the freshwater "Measure, Set & Disclose" technical guidance issued by the Science-Based Targets Network (SBTN), while the second is inspired by the EU Water Framework Directive's guidelines on "the compatibility of effluent with the receiving environment." Feedback from the pilot projects will help the Group to define an appropriate target for effluent quality that is intrinsically shaped by each site's local conditions and exceeds applicable standards or guidelines.

Lastly, to preserve biodiversity, the Group is combating pollution from the pesticides and herbicides used on its manufacturing sites by deploying a plan to stop the use of such products. The goal is for every Group site to complete the switchover to pesticide and herbicide-free groundskeeping by 2030. Michelin is leveraging the active engagement of its service providers, recommending, for example, the use of low maintenance groundskeeping techniques, mechanical alternatives or burning. By the end of 2024, 45 Group sites were maintaining their grounds without using any pesticides or herbicides, compared with 22 in 2023.

4.3.4.2.2. Defining dedicated targets

Michelin believes that water quality targets can be set only for each watershed in which it operates. It is therefore working on a target definition method compatible with both the Group's international footprint and each site's local and environmental conditions. At the same time, the Group's priority is to deploy a measurement plan for the material substances, so that their impact and the effectiveness of the related initiatives can be effectively tracked.

4.3.5 MANAGING CHEMICAL RISKS

4.3.5.1 A corporate Chemical Risk Management Policy

As part of its Chemical Risk Management Policy, the Group is gradually eliminating substances that are potentially harmful to human health or biodiversity in the manufacturing and use phases. The policy is based on the application of the following fundamental principles:

- plan for emerging risks and avoid introducing risks from new chemicals or processes;
- identify and assess the existing human health and environmental risks of chemicals;
- manage these risks by implementing and maintaining effective practices, with a priority focus on substitution whenever technically feasible, without ever comprising the product's safety and other performance features;
- confirm the application and effectiveness of these management practices.

Risks that may arise from a chemical's reasonably foreseeable conditions of use are addressed across the life cycle of Michelin products, to the extent that such information is available in the Group. Objectives and action plans are prioritized to respond first to the most serious risks, based on the objectives, commitments, perceived stakeholder expectations and feasibility of medium-term initiatives. Depending on the risk, the prioritized order is approved by the Environmental Governance body or the Employee Health and Safety Governance body.

The policy is supported by a Health, Safety and Environment (HSE) chemical use approval process, which specifies the ground rules for each chemical's use and management based on its hazard class, including substances of very high concern (SVHC) on the REACH candidate list.

In addition, to guarantee that its products deliver superior endurance, grip and safety performance, Michelin has long vertically integrated the production of synthetic elastomers, fabric or metal reinforcements and certain other components.

(1) Excluding facilities operated by the former Camso.

4.3.5.2 Prioritizing actions and resources

A highly skilled, multi-disciplinary team is in place to actively monitor the latest chemicals-related regulatory and scientific developments. This supports a prioritization process that focuses diagnostics, strategic recommendations and the Group's R&D programs on the chemicals with the highest HSE risks.

This process prioritizing the highest risk chemicals and the mitigation of their risks is currently being formalized. It covers the chemical raw materials used to manufacture tires, as well as their impurities and/or their by-products generated during manufacture or use. In addition, in 2024, a study was undertaken to determine the need for digital tools to support the HSE risk prioritization and mitigation process, with the same scope of application. The necessary resources and timeframes are currently being determined.

As regards substances of concern or very high concern (SOC/SVHC), the Group does not currently have any targets for preventing and reducing their use. The continually changing state of knowledge concerning the toxicology and ecotoxicology of these substances makes it difficult to set absolute targets. The Group is stepping up its R&D commitment to identify and develop replacements wherever possible, in line with the European Commission's objectives. Note, however, that every new raw material used in tire manufacturing is subject to approval by the in-house teams, which guarantees that by default, it does not contain any substance listed in REACH annexes XIV and XVII or on the REACH candidate list.

4.3.6 A HOLISTIC UNDERSTANDING OF POLLUTION IN THE UPSTREAM VALUE CHAIN

4.3.6.1 Framework policies: Sustainable and responsible purchasing, Natural rubber and Pollution

In the Group's upstream value chain, the Group's responsible and sustainable Purchasing Policy, supported by the Supplier Code of Conduct, specifies a number of prerequisites and recommendations, covering such areas as the preservation of ecosystems, the reduction and management of waste and packaging, and the mandatory disclosure of REACH information and SVHC certificates. The natural rubber policy is more closely focused on the impact of fertilizer and pesticide use in rubber tree farming, with one of its five sections in particular addressing the judicious use of pesticides, chemical fertilizers and other chemicals. Neither of these documents target any pollutants or substances in particular, apart from SVHCs.

4.3.6.2 Initiatives and a target on pesticide use

Michelin has deployed the following resources to measure and mitigate the negative impacts of pollution:

- The RubberWay application[(1)], used to map risks in the natural rubber supply chain, includes questions concerning the use of pesticides and other chemicals, the management of chemical waste, and the odor-abatement treatment of gaseous effluent from natural rubber processing plants;
- projects undertaken in the natural rubber supply chain to develop the skills of village smallholders include environmental impact training with a focus on pesticides and waste;
- annual or biennial audits of natural rubber processing plants performed as part of quality system assessments address such environmental issues as odors, wastewater treatment and waste management. If the results fall short of compliance, a remedial action plan is requested;
- third-party assessments (usually desktop reviews) of the CSR maturity of the leading Tier 1 suppliers include questions on pollution. If the answers fall short of compliance, action plans are requested;
- on-site audits of raw material suppliers conducted as part of supplier quality system assessments include questions relating to environmental policies, regulations and waste management. If the answers fall short of compliance, remedial action plans are requested.

In 2024, the Group also prepared a biodiversity questionnaire for its main suppliers of raw materials other than natural rubber, whose pilot deployment will be launched in 2025. It includes a series of pollution-related questions to determine how well the issue is managed by the supplier.

(1) See section 4.9 Workers in the value chain (S2) for a presentation of the Rubberway application.

The Group is actively curtailing the use of pesticides in its natural rubber farming operations, with the goal of reducing pesticide use per hectare on plantations operated by the Michelin Group and its joint ventures by a milestone of 50% in 2025 and a target of 70% in 2030 (both versus 2019). The voluntary target has been set as part of the Group's commitments to Act4Nature International (see section 4.5 Biodiversity and ecosystems (E4)).

4.3.7 AIR AND WATER POLLUTION METRICS

4.3.7.1 Air pollution

E2-4 Air pollution (E2-4-28a1)

(1)	Non-methane volatile organic compounds (NMVOCs) emitted	3,825t
(2)	Nitrogen oxides (NO_x/NO_2) emitted	693t
(3)	Sulfur oxides (SO_x/SO_2) emitted	610t

The above tonnages correspond to the total plant emissions that exceed the applicable threshold values specified in Annex II of Regulation (EC) 166/2006.

(1) VOC data are compiled on the basis of calculated emissions for the synthetic elastomer production plants and actual solvent use for the tire production plants. They exclude R&D activities and the remilling operations that process raw latex or cup lumps into bales of natural rubber for the manufacturing industry. The compilation of tire production plant data is based on the assumption that VOC emissions are equal to solvent use, which is a generally unfavorable method for reporting VOC data. Data are not validated by a third party, but by a simple data verification process involving consistency testing at the local and corporate levels using the internal application.

(2) (3) SO_x and NO_x emissions data all relate to the Group's boiler plants, as defined by local regulations. The quantification method: data are taken from actual measurements, or based on emission factors recognized by local authorities, or derived from a mass balance calculation based on laboratory measurements or supplier data (SO_x from burning coal). To facilitate data reporting, plants that are not legally required to calculate or measure emissions use the emission factors in the Group's internal standards manual. Plants that do not have any measured or calculated data reported to local authorities used the following emission factors to calculate their emissions based on energy use:

Fuel	Emission factor – NO_x	Emission factor – SO_x
Natural gas	60g/GJ (45g/GJ if the burner is low-NO_x)	1g/GJ
Coal (grate firing)	160g/GJ	1,000g/GJ
Heavy fuel oil	170g/GJ	1,000g/GJ
Heating oil	100g/GJ	50g/GJ

In accordance with French regulations, including circulars of December 24, 1990 and circular 95-83; *Organisation et Méthodes des Inventaires Nationaux des Emissions Atmosphériques en France* (Ominea), 11th edition, 2014.

Performance assessment

The 46% year-on-year increase in NO_x emissions in 2024, at constant scope of reporting, was primarily due to a measurement error at the plant in Louisville, Kentucky in 2023, which caused emissions to be underestimated that year. This was not the case in 2024, when measurements were properly performed, resulting in the apparent increase. However, the increase also reflected the higher coal consumption at the plant in Olsztyn, Poland during the year.

The 9% year-on-year decline in SO_x emissions in 2024, at constant scope of reporting, was due to a significant reduction in the use of coal and heavy fuel oil at the plant in Pirot, Serbia, which offset the increase in coal consumption at the Olsztyn plant.

The 13% decrease in VOC emissions in 2024 was attributable to the reduction in VOC use over the year at four plants, an improvement in the VOC use ratio at the plants in the 2024 CSRD scope of reporting, and a decline in finished product output.

4.3.7.2 Water pollution

In 2024, a materiality assessment was undertaken to determine which substances listed in Annex II of Regulation (EU) no. 166/2006 are likely to generate emissions in excess of the indicated thresholds from the facilities in the tire production scope of operations. The assessment process comprised three steps:

- verification of the absence or presence of the substance in the raw materials used to manufacture a tire;
- if the substance is present, estimation of the quantity emitted annually by the production sites;
- determination of the substance's materiality, based on the results of steps 1 and 2, the Annex II thresholds and Michelin's expertise.

Seven substances were deemed material and included in a measurement plan deployed during the year by an independent laboratory in all the facilities in the tire production scope of operations.

		Operations concerned			
Substance	All facilities	Synthetic elastomers	Metal reinforcements	Assembly and curing	Rubber compound preparation
Total nitrogen	X				
Total phosphorus	X				
Chemical oxygen demand	X				
Zinc and zinc compounds			X	X	X
Copper and copper compounds					X
Lead and lead compounds			X		
Nickel and nickel compounds			X		

The materiality assessment will be pursued in 2025, to extend it to other business operations and to further analyze substances in the tire production business base whose materiality could not be assessed due to a lack of data. The consolidated emissions of these substances in 2024 was not disclosed this year, as the Group did not have enough data for a comprehensive assessment. The Group's international footprint means that implementing the plan in every host country is a complex process, although there is a possibility that the consolidated amounts may be disclosed in the 2025 Sustainability Statement.

4.3.7.3 Substances of concern (SOCs) and very high concern (SVHCs)

Substances of concern (SOC)

Michelin is initially focusing on measuring the amounts of SVHCs in its operations. To be able to disclose a sufficiently reliable SOC metric, a feasibility study is scheduled for early 2025 to help identify the digital and other tools needed to support an SOC reporting process. The Group believes that in 2025, it will be able to indicate when it will be able to disclose SOC amounts.

Substances of very high concern (SVHCs)

To comply with this disclosure requirement, and in line with related European regulations[1], a minimum SVHC content of 0.1% has been set as the threshold in assessing both purchased raw materials and products placed on the market. Bear in mind that the Group processes around three million tonnes of raw material every year.

Michelin does not produce any SVHCs, but an analysis of the raw material portfolio shows that some materials contain SVHCs in excess of 0.1%.

Potential emissions from the production plants are covered by the materiality assessment of the substances listed in Annex II of Regulation (EU) no. 166/2006. Unmounted tires placed on the market by Michelin contain no SVHCs in excess of 0.1%. The amount of disclosed SVHCs corresponds to the amount of SVHCs in these raw materials.

E2-5 Substances of very high concern	
Total amount of substances of very high concern procured (E2-5-35)	2,047t

Historically, to guarantee superior product performance, Michelin has vertically integrated the production of elastomers, fabric or metal reinforcements and certain other components. The in-house production of these components accounts for most of the SVHC tonnages used. However, because they are consumed during the manufacturing process, none of these SVHCs are present in excess of 0.1% in any finished product.

SVHC content has been calculated based on the raw material safety data sheets and purchasing data for the tire operations (excluding Camso). Depending on the substance, purchasing data may be actual or estimated, with estimates covering less than 9% of the total tonnage. The Group will gradually integrate the former Camso operations and other currently excluded activities.

(1) In particular the following: CLP Regulation (EC) 1272/2008 on the classification, labeling and packaging of substances and mixtures; Regulation (EC) 1907/2006 of the European Parliament and of the Council of December 18, 2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH); and Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on establishing a framework to facilitate sustainable investments.

4.4 WATER AND MARINE RESOURCES (E3)

THREE QUESTIONS FOR GUILLAUME AYRIGNAC, VICE PRESIDENT, MANUFACTURING PERFORMANCE

"Fair, sustainable water use is an important challenge for our Group, to secure the long-term viability of our operations in water-stressed regions."

What makes the 2050 objective of eliminating all impacts on water availability for local communities such a challenge?

This is indeed a major issue, because it's about focusing on the natural water cycle to attenuate disruptions from our operations, and we know that only 1% of all freshwater on Earth is actually accessible to us.

That's why, to ensure water availability, the major challenge is to translate our objective into precise water withdrawal and quality targets aligned with the watersheds where we operate.

For that, we absolutely need granular knowledge of hydrological conditions in the watershed and its ability to support withdrawals, use and discharges. To do so, we must:

- strengthen our expertise and work in concert with all the stakeholders in each local economic community and water basin to optimize, recycle and equitably share available water resources;
- develop nature-based and regenerative hydrology solutions, enabling us to become impact-neutral in the water basins where we operate;
- deepen our understanding of water availability issues in the value chain, including water-stress risks at our suppliers.

How can water-related risks impact Michelin's production plants?

Water cycle disruptions feed through to alternating risks of droughts, high water and floods. And everywhere in the world, water supply is becoming a major issue that can restrict and sometimes shut down operations.

At Group level, an internal water price, multiplied by the local water-stress coefficient, is a key parameter in our capital spending decisions. This tends to encourage water-saving projects, particularly in the most at-risk regions. We have defined ambitious targets for reducing water withdrawals by our production and R&D sites. We are also deploying a solid, result-oriented roadmap on each site, to support judicious water consumption in the host community and meet the needs expressed by external stakeholders.

How is the Group progressing on its 2030 commitment to reduce water withdrawals by 33% compared with 2019, weighted for each site's water-stress coefficient?

Group-wide, we've already cut water withdrawals by more than 15%, weighted for each site's water stress coefficient, compared with our target of 33% (metric: water-stress coefficient multiplied by cubic meters of water withdrawn per tonne of semi-finished and finished product).

We remain highly confident in our ability to sustain this progress in the years ahead and to hit our target. To do so, we're pursuing a robust, financially supported program, built around a team of experts to support the implementation of projects playing a critical role in meeting our objectives.

We're also instilling best practices in close collaboration with outside partners, developing new solutions based on scholarly and bibliographical studies, and working with local associations and partners to train all our employees and raise their awareness, for example through conferences and local sensitivity campaigns.

The Group does not have a material impact on marine resources as it does not withdraw or use any seawater in its operations nor derive any of its raw materials from marine resources. For water pollution matters, see section 4.3 Pollution (E2).

Impacts, Risks and Opportunities (IROs)	Brief description
Upstream value chain · Downstream value chain · OP Own operations · Short-term · Medium-term · Long-term	
E3- WATER RESOURCES	
Water management	
Water consumption Upstream · OP · **Negative impact**	Climate change and human water use are disrupting the water cycle and, in particular, may be contributing to the depletion of local water resources (e.g., the drying up of aquifers).

Introduction

Although the tire industry is not very water-intensive in relation to other industries like chemicals or agrifoods, it has long paid particular attention to water. Michelin is certainly well aware of the growing scarcity of this vital resource and is pursuing an ambitious strategy in response.

In general, the production plants use water primarily to convey heat and cooling, for example, to cure tires or to cool installations or products. Farther up the value chain, natural rubber plantations and other raw material production plants also use water in their operations. Since 2016, Michelin has responded to the CDP Water Security questionnaire to disclose its water withdrawals by source and by water-stress area (in line with GRI-303-3). The Group received a score of A- in 2024.

Since 2020, the annual valuation of the Group's environmental impacts has included the total cubic meters of water withdrawn, both used and discharged, underscoring the importance of this issue to the Group.

4.4.1 IDENTIFYING ISSUES USING A VARIETY OF LOCALIZED APPLICATIONS

In addition to the risk assessment procedure, the impact of Michelin's own operations on water resources has been identified by:

- applying the international Science-Based Targets for Nature (SBTN) guidance[(1)], whose first two steps were tested in 2021 and 2022 to identify the Group's biodiversity-related dependencies and material impacts (including water management), locate them geographically and define priority actions to address them;
- assessing water stress at every Group production site using the WRI Aqueduct (Baseline Water Stress) tool[(2)], the World Wildlife Fund (WWF) Water Risk Filter (water depletion[(3)]), and a local water resources risk assessment application. In this way, each site has been classified on a low/medium/high scale of water stress;
- using the proprietary Environmental and Risk Prevention Management System (SMEP) to assess environmental risks at every tire production plant, in compliance with ISO 14001 standards. The SMEP is updated at least once a year;
- identifying the production sites of raw material suppliers (except natural rubber) deemed most at risk for their water resources, by performing a dedicated review in 2022 using the Water Risk Filter and Aqueduct applications.

A SMEP process is also in place to identify the interests of each site's stakeholders. To take water awareness to the next level, in 2023, Michelin deployed Step 3 in the SBTN technical guidance (Setting Freshwater Quantity targets) at three pilot sites. The step includes mapping local-level stakeholders involved in water issues and consulting with the most impactful among them.

Ultimately, the goal is to ensure that any conflicts of interest concerning water resources are addressed at the watershed level. Such conflicts will then be analyzed to determine how water resources can be managed in harmony with nature and with local communities and other users.

(1) For more information, see https://sciencebasedtargetsnetwork.org/.
(2) See https://www.wri.org/aqueduct.
(3) See https://riskfilter.org/water/home.

4.4.2 TARGETED WATER RESOURCE POLICIES

4.4.2.1 The Group's Environmental Policy and water matters

Material water matters are addressed in the Group's Environmental Policy. In managing these matters, the Environmental Governance body is supported by the Water Committee, one of its five committees.

Underscoring the importance of these matters, the Environment Policy specifically affirms the 2050 water objective that Michelin aims to not have any impact on water availability in local communities. The policy is organized by life-cycle stage, with water-related impacts, risks and opportunities covered in two sections:

- a section on sustainable purchasing addresses matters related to raw materials and the upstream value chain;
- a section on production plants, research and development centers, offices and other operating sites.
  - This section attests to the Group's commitment to conducting its business sustainably, while protecting the environment on and around its sites by identifying environmental opportunities and risks, improving environmental performance and reducing impacts.
  - Each site's performance is managed through an environmental management system and tracked by a composite indicator that includes a water withdrawal metric.
  - The own operations section also specifies the Group's 2030 water impact target, i.e., a 33% reduction in water withdrawals versus 2019, weighted for each site's water-stress coefficient (metric: water-stress coefficient multiplied by cubic meters of water withdrawn per tonne of semi-finished and finished product).

Managing water consumption in our operations

Water consumption is managed by the Water Program, supported by a multi-disciplinary team of experts. Note that the Environmental Policy prohibits any newly built site from withdrawing water from non-renewable underground sources. For every site, the Environmental Policy is grounded in its prioritizing hierarchy of levers (Avoid – Reduce – Reuse – Recycle – Renew). Purpose-specific levers for reducing water withdrawals include:

- reducing and eliminating water leaks;
- reducing steam consumption;
- reducing evaporation;
- using water-saving systems;
- measuring and controlling water consumption;
- raising people's awareness of water issues.

While the Environmental Policy stipulates that water sufficiency is the priority pathway to a more sustainable sourcing of water, water treatment technologies are also needed to meet our objectives. Major water-saving projects undertaken in 2024 included the closure of once-through cooling circuits, the installation of adiabatic towers, the detection and replacement of damaged water pipes, and the installation of reverse osmosis systems to recycle wastewater.

During the product and service design phase, Michelin activates a number of levers to reduce each one's environmental impacts, including life cycle assessments (see section 4.1.5 Holistic management of the Group's impacts, risks and opportunities) and eco-design processes[1].

Because the metric used to track the Group's performance is based on a water-stress coefficient specific to each site, the priority focus is on the sites suffering from the most water stress.

4.4.2.2 Addressing water matters in the Physical Climate Risks Adaptation Policy

The 2024 Physical Climate Risks Adaptation Policy covers the risk of water stress and is applicable to all the fully consolidated subsidiaries (see section 4.2 Climate change (E1)).

(1) Eco-design provides a framework for innovation that helps to reduce the environmental footprint of new solutions by improving our knowledge of life cycle impacts and our ability to manage them.

4.4.2.3 The growing problem of water in the value chain and the policies in place to address it

In addition to the policies governing the Group's own operations, the following policies address water-related risks in the upstream value chain, particularly natural rubber sourcing:

- the Sustainable Purchasing Policy, which addresses such water-related issues as complying with ruling environmental regulations, deploying an environmental management system, and safeguarding water resources and ecosystems;
- the Sustainable Natural Rubber Policy includes a section on environmental protection and, more specifically, the preservation of surface and groundwater. The policy calls for preventing water contamination from chemicals, treating wastewater from the first stage in rubber processing, maximizing water recycling in production processes and, when necessary, implementing plans to ease water intensity.

Through these policies, the Group is undertaking to assess the sustainability performance of its suppliers and reserves the right to reduce sourced volumes or curtail business relations with suppliers who refuse to respond or to implement the requested action plans.

4.4.3 AN ARRAY OF ACTIONS AND RESOURCES COMMITTED TO WATER RESOURCES

4.4.3.1 Tighter management in our own operations

4.4.3.1.1. Key initiatives

The Group's 2030 objective is to reduce water withdrawals, weighted for each site's water-stress coefficient, by 33% compared to 2019 (metric: water stress multiplied by cubic meters of water withdrawn per tonne of semi-finished and finished product).

To meet it, gains are being driven by initiatives reflecting a changing attitude to water resources and a greater awareness of conservation practices. They are backed by purpose-designed levers to reduce water withdrawals and optimize water recycling and/or reuse. At every site, Michelin expects to use less freshwater and more recycled water for cooling and heating, particularly in water-stressed regions and water-intensive communities.

To identify the most effective solutions for each site, the Group has developed a number of applications for the units in the tire production scope of operations:

- The Group Transformations Program[(1)]:
  - Water issues are an integral focus of the environmental transformation process, which is designed to deploy our actions more quickly. As part of this commitment, it was decided in 2024 to sharpen the competencies in this field and reinforce the teams of experts;
- the LEAN Water process:
  - Launched in 2022, the Lean Water process provides a methodological foundation for meeting the 2030 water milestones more effectively. Following the phases in the Define, Measure, Analyze, Implement and Control (DMAIC) continuous improvement process, all the tools and methods needed to meet and document progress on a production site were listed and a three-year plan was defined to finalize their creation.
  - The tools created in 2023 (basic best practices, metering handbook, mapping and sharing of equipment performance) were rolled out in all the tire production plants in 2024. Suggestions for improvement have been integrated into the process. Deployment has driven further progress in applying best practices and the quality of measures;
- The 2020-2030 Water Roadmap:
  - In 2020, a Group-level 2020-2030 Water Roadmap was defined based on the potential gains from each lever. Since 2021, the tire production sites have been preparing their own 2030 water roadmaps, using the Group levers, shared best practices and site-specific diagnostics or workshops.
  - Site water roadmaps are consolidated to ensure alignment with the Group Roadmap. In 2024, a prioritization matrix was charted for water projects costing more than €1 million, with the amount of water stress as one of the key criteria;

(1) The six transformations are: Capturing and mining data, Accelerating innovation, Agile Michelin, All in Action for the Environment, I am Michelin and Customer Focus. They engage every internal stakeholder and support the management of sustainability matters by the Group's governance mechanisms.

- the Group Water Program:
  - Led by the Water Expert Team (WET) of 20 water stakeholders and experts, the Group Water Program is identifying levers to reduce water withdrawals, possible synergies with energy-related initiatives, and organize the deployment of the identified levers and practices.
  - The Program, which is supported by the LEAN Water tools and methods, helps to track and update the Roadmap;
- The water recycling and reuse study:
  - In 2023 and 2024, a study was conducted to identify the most effective water recycling and reuse technologies for four main types of activities involved in tire production.
  - It analyzed and categorized water flows with similar characteristics to find cases where effluent could be collectively and judiciously treated and recycled for reuse, and then defined the appropriate technologies. The findings are now being reviewed.

Water consumption by the non-tire industrial operations is now consolidated at Group level. These sites, which account for less than 3% of the Group's total consumption, will define their own water impact reduction roadmaps.

4.4.3.1.2. Examples of significant projects

The following examples illustrate how levers were activated in 2024 to support the Group's commitment to reducing water withdrawals.

- **Resende, Brazil:** improving flow control systems to optimize management of water volumes passing through the metal cord baths, saving 27,500 cubic meters of water a year, or 7% of the plant's annual water withdrawals;
- **Mexico City, Mexico:** installing a hybrid finned heat exchanger system to upgrade the existing cooling tower. When completed in 2025, the project is expected to save 78,000 cubic meters of water a year, or around 30% of the plant's current annual withdrawals (installation in progress);
- **Fort Wayne, United States:** installing a reverse osmosis system to improve the quality of water used to top up cooling baths and cooling towers. The expected savings in 2025 stand at 49,000 cubic meters of water a year, or around 16% of the plant's annual withdrawals;
- **Shanghai, China:** abating Class I pollutants by recycling wastewater with normal-temperature rinsing. The system, comprising multi-stage filtration, vacuum evaporation and a crystal sludge filter press, reduces rinse water use by 95.2%. Around 3,000 cubic meters of water have been recovered since the system came on line in June 2024, corresponding to around 10% of the plant's annual withdrawals;
- **Montceau-les-Mines, France:** recovering and treating wastewater effluent for reuse in boilers, saving 70,000 cubic meters of water a year, or 43% of the plant's annual water withdrawals. The improvements should start to appear in 2025.

In 2024, several other projects were carried out in Europe to close open cooling circuits, resulting in the following savings:

- **Cuneo, Italy:** 877,000 cubic meters of water a year, or 26% of the plant's annual withdrawals;
- **Troyes, France:** 52,000 cubic meters of water a year, or 13% of the plant's annual withdrawals;
- **Olsztyn, Poland:** 60,000 cubic meters of water a year, or 3% of the plant's annual withdrawals.

4.4.3.1.3. Resources

In 2024, Water Program projects required the commitment of capital spending, while the capital expenditure plan for the next five years has budgeted funds for other projects to continue deploying the Group's strategy in this area. These include actions to reduce, reuse and recycle water resources, especially in areas exposed to water risks.

High water-stress sites are particularly addressed in the Water program and the Roadmap through two mechanisms:

- weighting water withdrawals by a site's water-stress coefficient. In this way, one cubic meter of water withdrawn from a high water-stress site impacts the metric as if the site had withdrawn 1.5 cubic meters;
- applying an internal water price of €5 per cubic meter, to support water-saving projects. The price is multiplied by the project site's water-stress coefficient, to give priority to capital investments in high water-stress areas.

Michelin encourages its stakeholders – universities, research institutes and NGOs – to collaborate with other users of its water basins in practicing sustainable water management. The Group is helping to develop tools (i) to identify the main pressures exerted by business activities on biodiversity, including pressures on water resources (quantitative and qualitative impacts and dependencies across its value chain), and (ii) to share its experience with other companies. In particular, Michelin consulted the World Wildlife Fund (WWF) during the pilot SBTN Step 3 study conducted on three of its host watersheds in the United States, Romania and Thailand.

4.4.3.2 Increasing attention to water matters in the upstream value chain

The following initiatives have been deployed to mitigate water risks in the upstream value chain:

- **identifying the production sites of raw material suppliers** (except natural rubber) deemed most at water-related risk during a dedicated review performed in 2022 using the Water Risk Filter and Aqueduct applications.
  - The findings were updated in 2024 as part of the mapping of sites at physical climate risk (water stress, flooding, water levels), which includes both our own operations and the main production plants of our raw material suppliers. Projects to approve new raw material suppliers or new raw material supplier sites include an assessment of the above-mentioned physical climate risks during the opportunity phase;
- **mapping risks in the natural rubber supply chain** with RubberWay to identify the highest-risk areas among the raw rubber processing plants, brokers, large plantations and village smallholders, and to share the findings with suppliers so that they can undertake remedial action and deploy improvement plans. The application includes water-related questions, which go into greater depth for the processing plants (see sections 4.5 Biodiversity and ecosystems (E4) and 4.9 Workers in the value chain (S2));
- **assessing the CSR maturity of the leading Tier 1 suppliers. These audits, which are generally desktop reviews, are conducted by a third-party,** Ecovadis, and suppliers are expected to earn a minimum overall compliance score. The audits also address water-related issues. If supplier answers fall short of compliance, action plans are requested. These assessments apply to all types of inputs and are prioritized according to the sourcing country's level of risk and the category and value of the purchases.
- On-site audits of raw material suppliers conducted as part of supplier quality system assessments include questions relating to environmental policies, regulations and the use of water consumption and other metrics.
- Annual or biennial audits of natural rubber processing plants performed as part of quality system assessments address environmental issues, with a particular focus on water treatment. If the findings fall short of compliance, remedial action plans are requested.
- In addition, in 2024, the Group prepared a biodiversity questionnaire for its main suppliers of raw materials other than natural rubber. Scheduled for pilot-launch in 2025, the questionnaire includes a series of water-related queries that will help to gauge the assessed supplier's water maturity. Selected suppliers will also be interviewed to explore these issues in greater depth. By 2030, 80% of suppliers will be covered by the biodiversity questionnaire.

Resources primarily concern the time spent by purchasing teams, Group CSR experts and on-site auditors, as well as the costs associated with CSR assessment platforms. Note that the initiatives cut across several CSR issues and are not specific to water resources.

4.4.4 WATER METRICS AND TARGETS

4.4.4.1 Water resource targets

Michelin has defined a target for reducing water withdrawals in all its production sites. It is based on withdrawals because the tire industry is not a particularly heavy user of water compared to other industries.

The Group's 2030 target is to reduce withdrawals, weighted for each site's water-stress coefficient, by 33% compared to 2019 (metric: water stress multiplied by cubic meters of water per tonne of semi-finished and finished product). It is aligned with the Group's commitment to having "zero impact on water availability for local communities" by 2050, as affirmed in the Group's Environmental Policy.

The target, which exceeds prevailing local standards, is part of an assertive initiative, with the plants enjoined to comply, at the very least, with the requirements of their operating permits.

The target has been set internally, as an initial milestone towards the Group's 2050 objective. For the time being, there are no plans to change targets or metrics between now and 2030. The Group's annual reductions in water withdrawals indicate that it is on track to reach this milestone.

4.4.4.2 Water-related targets in the upstream value chain

Water consumption targets have not yet been set for the upstream value chain. The Group must first review the findings of the assessments of the suppliers of raw materials other than natural rubber and the data in the RubberWay application (see section 4.4.3.2 above).

4.4.4.3 Water consumption metric (own operations)

	Water consumption	2024	
	Total water consumption (E3-4-28a)	7,036,605	cu.m
(1)	Amount of water withdrawn	22,468,460	cu.m
	Amount of water discharged	15,431,855	cu.m
(2)	Water consumption in high water-stress areas (E3-4-28b)	419,666	cu.m
(3)	Water intensity based on net revenue (E3-4-29)	259	cu.m/€m

(1) *Total water consumption, in cubic meters*

Water consumption corresponds to the estimated proportion of withdrawn water that is not discharged.

Volumes withdrawn are determined on the basis of invoices or meters whose reliability has been verified. In the case of discharges, however, some sites are not yet able to provide reliable data, either because they are not metered or invoiced, or else because they do not have a separate network for rainwater runoff, which is therefore reported as discharge. The Measures step in the LEAN process calls for the ongoing installation of meters in 2025 and the definition of estimation methods. These resources will be gradually deployed on-site, thereby improving data reliability by 2026 and 2027.

To calculate the metric, a Group consumption rate was estimated based on the average consumption rate of 31 plants that (i) are capable of measuring use and (ii) do not discharge more water than they withdraw. These 31 sites account for 59% of withdrawn water volumes in the scope of reporting.

The average rate was then applied to the total volume of water withdrawn across the scope of reporting.

(2) *Total water consumption in water-stressed areas, in cubic meters:*

Water consumption in water-stressed areas is calculated by applying the estimated Group consumption rate to the total volumes withdrawn by sites located in water-stressed areas assessed as high by Michelin.

Each site's water stress is determined on the basis of:

- recognized external tools, such as Aqueduct (Baseline Water Stress) from the World Resources Institute (WRI) and the Water Risk Filter from the World Wildlife Fund (WWF);
- on-site knowledge of local water resources and availability-related risks.

(3) *Water intensity*

- Water intensity corresponds to total water consumption in cubic meters per million euros of sales.

The scope of these metrics covers all the production sites of the companies included in the 2024 Sustainability Statement.

Concerning total water stored and changes in storage, Michelin's operations do not require any pumping of water during high-water periods for storage and later use during low-water periods. As a result, this metric is not material for Michelin.

With regard to recycled and reused water, the metric and its materiality will be reviewed in coming years, based on an analysis of all our activities and the ability to deploy sufficiently reliable measurement systems.

Water withdrawal performance

Tire production plants (i-MEP including the former Camso operations):

- despite the contraction in production volumes over the year, the ratio of water stress multiplied by cubic meters of water withdrawn per tonne of semi-finished and finished product decreased by 3.3% in 2024, in line with the Group's 2030 target of reducing water withdrawals per tonne of semi-finished and finished product by 33% compared with 2019, weighted for each site's water stress coefficient;
- water withdrawals fell by a significant 7.3%, half of which was due to the decline in output and the other half to project-driven gains, the deployment of best practices, and the hiring of water experts in the production plants.

Withdrawals also decreased in the Polymer Composite Solutions business, led by the highest use site, which is equipped with open-loop systems. It reduced its withdrawals by 30% over the year, as a result of the 18% decline in output and more efficient withdrawals from the local river.

4.5 BIODIVERSITY AND ECOSYSTEMS (E4)

THREE QUESTIONS FOR ANTOINE SAUTENET, CHIEF SUSTAINABILITY OFFICER

"An analysis of our dependencies and impacts on nature leads us to prioritize our initiatives in the natural rubber value chain. "

How does Michelin come to grips with an issue as complex as biodiversity and what are the Group's commitments in this area?

Biodiversity is indeed an issue that is hard for companies, especially manufacturers, to get a handle on. There are two main reasons for this. One is that determining a company's biodiversity footprint requires an understanding of local impacts, without any standardized metrics, such the tonnes of CO_2 used for climate-related matters. The other is that a company's dependencies on nature have to be assessed on several levels, in the upstream value chain (e.g., raw materials supply) but also indirectly (e.g., dependence on one or more watersheds to supply water to a production plant).

With this in mind, in 2018, Michelin formally expressed its commitment to biodiversity by joining the Act4nature international initiative[1], with the goal of easing the pressures from its operations across the value chain. Based on an assessment of Michelin's dependencies and impacts, these commitments were renewed in 2024, in three main areas:

- **raw materials.** The Group is committed to having all the natural rubber it uses assessed as deforestation-free in 2030. For the other raw materials, the Group is going to review its suppliers' biodiversity preservation policies;
- **research and development.** In 2030, life cycle assessments, using biodiversity criteria from the most mature LCA methods, will be performed for every new product or service brought to market.
- **production and research sites.** The Group is committed to limiting the environmental footprint of every site and to preserving the animal and plant life on and around their sites. This has been expressed in two major 2030 targets for all the sites: to eliminate the use of pesticides and herbicides in groundskeeping and to implement a biodiversity management plan.

Michelin is also one of the early adopters of the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD), to align itself with the targets defined by the Kunming-Montreal Global Biodiversity Framework at the COP15 and to enhance its transparency in disclosing the impact of its operations on nature. In this way, Michelin hopes to make a difference as an engaged stakeholder striving to exert its influence with companies, public authorities and local communities at the global, regional and national levels.

What is the Group's policy on sustainable natural rubber, one of Michelin's core biodiversity commitments?

Michelin's business is fundamentally dependent on biodiversity and ecosystem services, particularly the ones that support the production of natural rubber – a sustainable, renewable resource that accounts for around 21% of the raw materials used by the Group.

As one of the world's leading purchasers of natural rubber, Michelin is well aware that growing global demand can lead to bad practices. That's why it has long been engaged in supporting an equitable, eco-responsible, ultimately deforestation-free supply chain. Our Sustainable Natural Rubber Policy issued in 2015, and updated in 2021, addresses both social and environmental matters, with a particular focus on improving farming practices and safeguarding forests.

Here too, Michelin is engaged and exerting its influence, in particular through its leadership role in the Global Platform for Sustainable Natural Rubber (GPSNR) and its strategic partnership with WWF to protect biodiversity.

What are some of Michelin's impactful initiatives to support biodiversity?

The example of the Group's rubber plantation in Indonesia, operated by Royal Lestari Utama (RLU), offers a compelling illustration of our positive, results-oriented approach to biodiversity. The plantation comprises 88,000 hectares of concessions on Sumatra and Borneo in regions that had been severely degraded and deforested prior to Michelin's involvement in 2015. Its operations offers a compelling demonstration of our vision, with the development of sustainable natural rubber production. At the same time, the Group has undertaken to preserve and restore a further 15,000 hectares over the next 20 years, backed by a dedicated budget.

(1) See the initiative's website, at https://www.act4nature.com/.

Impacts, Risks and Opportunities (IROs)	Brief description
Upstream value chain · Downstream value chain · OP Own operations · Short-term · Medium-term · Long-term	
E4 – BIODIVERSITY AND ECOSYSTEMS	
Ecosystems and biodiversity	
Actual and potential deforestation from the expansion of rubber tree farms, the production of bio-based materials and the extraction of other materials	Converting land to rubber tree farming, in response to the growing demand for natural rubber, can potentially lead to deforestation. The Group's natural rubber purchases represent around 7% of world demand.
Upstream · **Negative impact**	
Contributing to the loss of habitat and land degradation, soil erosion and biodiversity loss	Single-crop natural rubber farming and the production of other biosourced raw materials could harm habitats and contribute to biodiversity loss. The use of process water, the discharge of wastewater and the mismanagement of end-of-life tires could worsen soil degradation and negatively impact the biosphere.
Upstream · OP · **Negative impact**	
Contributing to eutrophication through the use of fertilizers in rubber tree farming	Eutrophication occurs when nutrients accumulate in a soil or aquatic environment or habitat. Among the leading causes is runoff from nitrogen fertilizers used in the cultivation of rubber trees and other crops.
Upstream · OP · **Negative impact**	

Introduction

The double materiality assessment identified rubber tree farming as the source of the main factors shaping Michelin's impact on biodiversity and ecosystems. Grown primarily by our suppliers, rubber trees underpin the production of natural rubber, a critical raw material used in the manufacture of tires. Natural rubber accounts for around 21% of the raw materials used by the Group and is not currently replaceable in industrial quantities.

The majority of the Group's natural rubber inputs are sourced from village smallholders in the tropical regions of Asia (Thailand, Indonesia and Sri Lanka), West Africa (Côte d'Ivoire, Ghana and Liberia) and South America (Brazil). Michelin also directly operates two rubber plantations, in Brazil and Indonesia.

This section focuses exclusively on the identified impacts and risks of rubber tree farming, including deforestation, eutrophication and habitat degradation. The other impact factors that can degrade natural habitats, such as water consumption in high water-stress areas and water pollution from Michelin production operations, the emission of tire and road wear particles (TRWP) during the tire use phase and the mismanagement of end-of-life tires, are addressed in sections 4.3 Pollution (E2), 4.4 Water and marine resources (E3) and 4.6 Resource use and circular economy (E5) of this document.

4.5.1 STRATEGY: ADDRESSING BIODIVERSITY IN THE TRANSITION PLAN AND THE BUSINESS MODEL

Michelin is well aware of its dependency on ecosystem services and the need to preserve natural resources and restore biodiversity in order to conduct its business sustainably. As such, it has been engaged with the Act4nature international initiative since 2018, in a commitment to easing the pressure on biodiversity from its operations across the value chain by setting 2030 targets for research and development, natural rubber and other raw material sourcing, and its production and research sites.

The Group's biodiversity strategy, policies, vision, commitments, roadmaps, targets and metrics are all defined and managed by the Biodiversity Sector Committee as part of the Group's Environmental Governance body[1]. The assessment of the resilience of the Group's strategy and business model and its findings are presented in section 4.2.6 Resilience of the strategy for climate change mitigation, above. While certain biodiversity aspects were addressed in 2021 (integrating biodiversity protection into climate change scenarios and the natural rubber value chain) and 2024 (integrating resource preservation issues into stress tests), a holistic assessment of the biodiversity-related resilience of the business model and strategy will be performed in 2025.

(1) See section 4.1.2 Governance of sustainability matters, above.

Although most natural rubber is sourced from suppliers, Michelin directly owns two rubber plantations in Brazil and Indonesia.

Activity E4-1-16a i.	Site E4-1-16a	Sensitive areas E4-1-16a iii.	Impacts E4-1-16a ii.	Dependencies E4-1-16a ii.	Negative impacts E4-1-16b E4-1-16c
Rubber tree farming	Plantações Michelin da Bahia, Brazil.	Atlantic Forest/ Michelin Ecological Reserve, Brazil.	■ Land-use change. ■ Natural habitat degradation. ■ Eutrophication.	■ Soil quality. ■ Freshwater supply. ■ Pollination.	b) Land-use change and habitat degradation due to farming. c) Threatened species (IUCN Red List) identified in the activity area.
	Lestari Asri Jaya and Wanamukti Wisesa, Jambi, Indonesia.	Bukit Tigapuluh National Park.			
	Multi Kusuma Cemerlang, East Kalimantan, Indonesia.	Bukit Panjang - Bukit Siguntang. Kutai National Park.			

Excluding the natural rubber plantations, the impact of Group sites on ecosystems has not been identified as material. However, the Group is mindful of the biodiversity sensitivity of its production and research sites, which, since 2013, have inventoried their surrounding areas classified as protected under supranational, national or local legislation. These inventories are updated every five years. The latest, performed in 2023, shows that a number of production or research sites are located in or close to one or more protected areas.

Each site's environmental risk assessment, performed using the process defined in the SMEP Environmental and Risk Prevention Management System[1], addresses biodiversity through two criteria:

- The presence of protected natural areas;
- The presence of plant or animal species classified by the International Union for the Conservation of Nature (IUCN).

For sites located in or near biodiversity-sensitive areas, potential biodiversity risks are rated higher and the most likely are covered by mitigation action plans. Each new project on a site is also subject to an environmental risk assessment, whose findings are factored into the site's overall environmental risk assessment during its regular update in compliance with the ISO 14001 standard.

These assessments are part of the following processes:

- Michelin's engagement with the Act4nature international initiative;
- ISO 14001 certification of the production sites and the continuous upgrades in Group standards, aimed at ensuring the proper application of the Group's environmental policy.

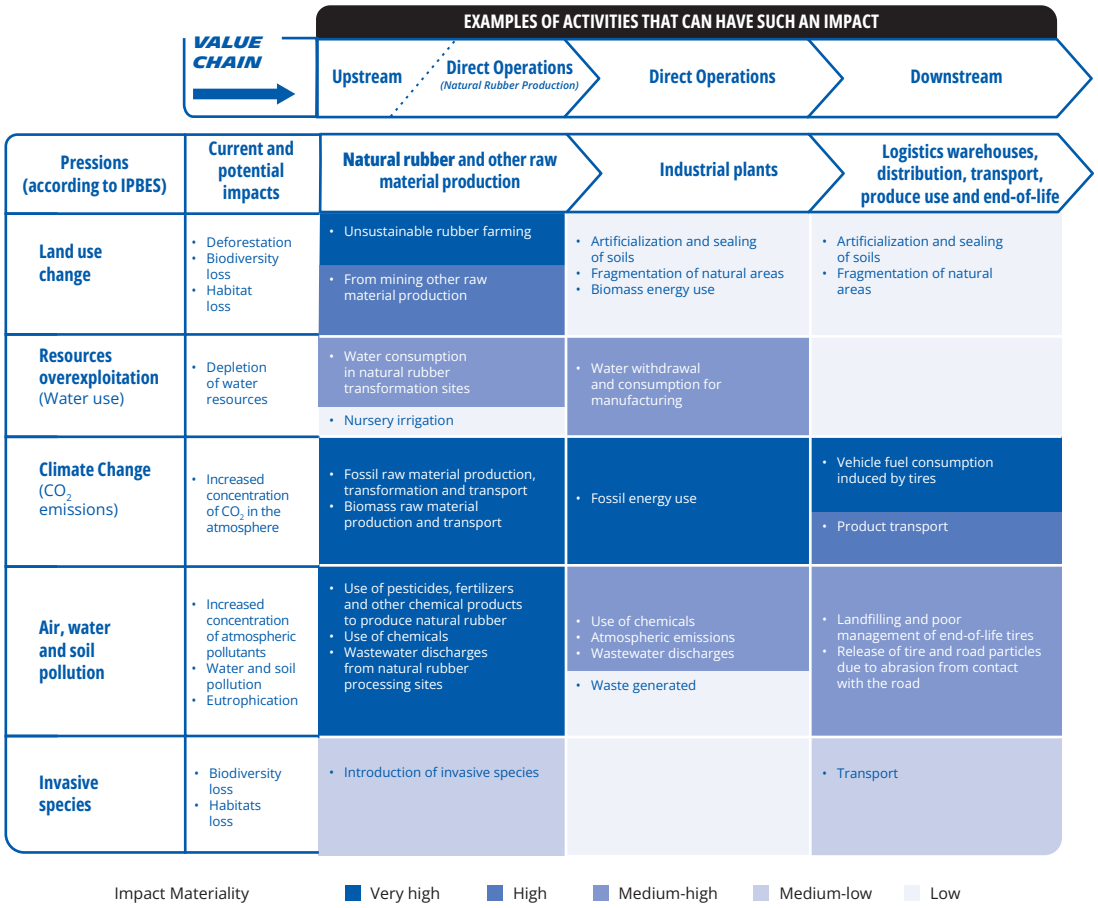
4.5.2 IDENTIFYING BIODIVERSITY AND ECOSYSTEM ISSUES: THE CRITICAL ROLE OF NATURAL RUBBER

To identify the material impacts, risks and dependencies of its operations, Michelin has carried out the first two steps in the Science-Based Targets for Nature (SBTN) guidance: 1. Assess and 2. Interpret & Prioritize. The criteria used were frequency, time interval and impact severity or degree of dependency. The assessment reflected conditions in local ecosystems, e.g., the amount of forest conversion in Michelin's primary natural rubber sourcing countries or water stress levels in its production plants' host communities. Tools such as ENCORE, Altitude Axa-Climate and the WWF Biodiversity Risk Filter, as well as life cycle assessments and IUCN databases were used to carry out the following steps:

- Geographically locating operations, both own and in the value chain, that interface with nature, along with the biodiversity-sensitive areas they impact. In addition to the above-mentioned tools, this step uses the inventories carried out by the sites since 2013 of areas located within a five-kilometer radius that are classified as protected under supranational, national or local legislation;
- Identifying and assessing dependencies and impacts using the above-mentioned methodologies.

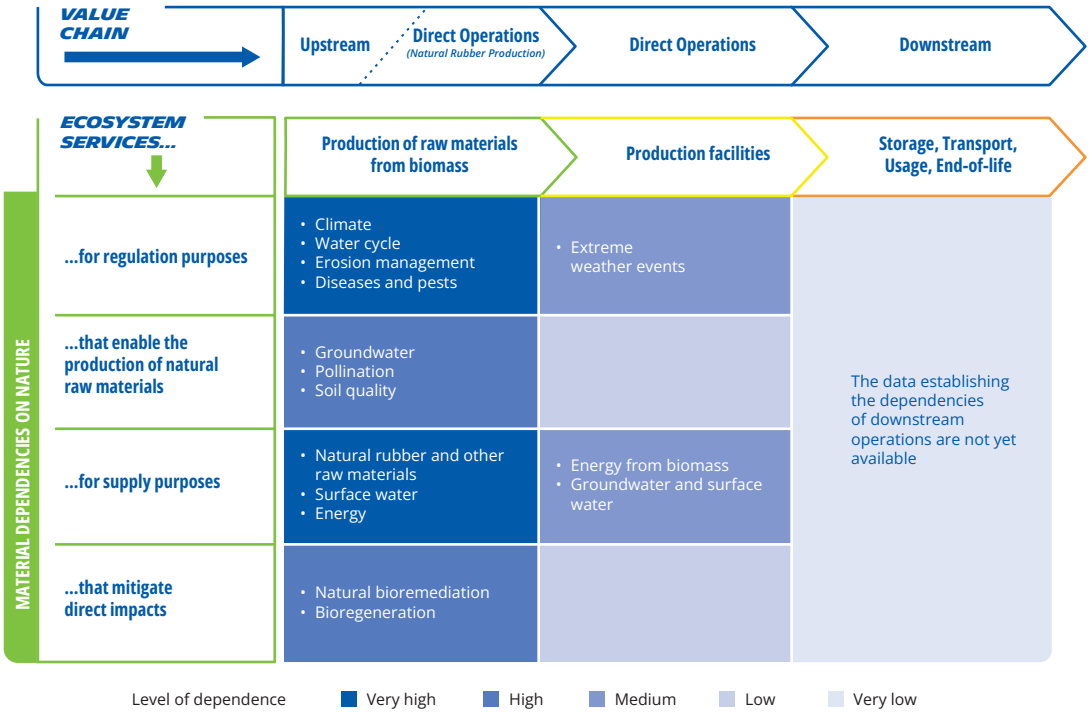
(1) See section 4.1.5 Holistic management of the Group's impacts, risks and opportunities, above.

The current and potential impacts of Michelin's operations on biodiversity are presented in the following chart:



Source: Internal analyses and SBTN Steps 1&2 tests results.

The dependencies of Michelin's operations on ecosystem services are presented in the following chart:



The above chart is not exhaustive. Weak dependencies are not included.

To fulfill the Group's commitment to the Task Force on Nature-related Financial Disclosures (TNFD), a project is underway to use and expand on the related LEAP-based assessments to improve the action prioritization and resource allocation processes.

The double materiality of biodiversity and ecosystem-related impacts, risks and opportunities has been identified and assessed by applying the criteria of probability, irremediability and scale, according to the process described above (see section 4.1.4 Double materiality assessment, above).

Material negative impacts and physical risks identified in the Group's upstream value chain and rubber tree farming operations:

- **actual and potential deforestation from the expansion of rubber plantations and the production of biosourced materials and the extraction of other materials** Land-use change to create new cropland is one of the main drivers of deforestation in rubber-producing countries, such as Indonesia, China, Thailand, Brazil and certain West African countries.

  Most natural rubber farms have expanded in or around tropical forests, which are biodiversity-rich ecosystems.

  Deforestation can degrade natural habitats, cause biodiversity loss and disrupt essential ecosystems, such as water cycles, disease regulation and soil carbon sequestration. These impacts directly affect neighboring communities, which depend on such ecosystems for their social and economic stability.

  The extraction of mining raw materials is also a contributing factor in deforestation;
- **contributing to the loss of habitat and land degradation, soil erosion and biodiversity loss**: rubber trees are primarily single-cropped, a practice that tends to homogenize the environment, which causes biodiversity loss and increases the risk of disease outbreaks, in turn leading to the greater use of pesticides;
- **contributing to eutrophication through the use of fertilizers in rubber tree farming and the production of other biomass-derived materials**: fertilizer use is one of the main causes of eutrophication in soil and aquatic ecosystems. Although rubber trees can grow on impoverished soils, fertilizers may be used, in particular during a plantation's initial development phase, to promote tree growth and optimize plot yield.

Transition risks:

The assessment concluded that none of the below-mentioned transition risks are material for the Group.

The double materiality assessment addressed the transition risks related to:

- the future introduction of regulations (i) limiting access to or increasing the price of raw materials with negative ecosystem and biodiversity impacts and/or seeking to protect and restore ecosystems and biodiversity; (ii) limiting soil sealing; or (iii) requiring full traceability and/or certification models for natural raw materials;
- litigation and/or fines in the event of negative impacts on biodiversity;
- stigmatization of the tire industry or reputational damage to the Group due to its inability to meet stakeholders' biodiversity-related expectations (e.g., zero deforestation).

Systemic risk reviewed:

The destruction or degradation of tropical forests causes a loss of local biodiversity, thereby weakening ecosystems and making them less resilient. Deforestation also degrades ecosystem services, such as carbon sequestration and the water cycle, which aggravates global warming and locally alters the conditions required for growing food crops and farm commodities. Rubber tree farming could therefore be impacted by these systemic changes, with the emergence of new diseases or pests that could sharply reduce yields. In turn, this could reduce village smallholder income, worsening the living and economic conditions in the local communities. Declining output could also give rise to tensions between natural rubber supply and demand, which could drive up prices.

Outreach to communities impacted by natural rubber production:

Agricultural operations on the Group's natural rubber production sites could affect its host communities by adversely impacting wildlife, plant life and surface and groundwater resources. In response, Michelin is committed to proactively reaching out and consulting with its stakeholders and the leading civil society organizations involved in these issues. The Group also regularly partners with local NGOs, researchers, academics and government agencies to assess and mitigate the impact of its operations on the environment and affected communities.

In place since 2021, an easily accessible grievance mechanism[1] compliant with United Nations Development Program criteria and OECD guidelines enables stakeholders and affected communities to express their grievances independently.

Furthermore, a Sustainable Natural Rubber Stakeholders Committee, in place since 2015, is providing a forum for constructive, open dialogue with civil society organizations and other value chain stakeholders from various backgrounds. It also keeps the Group attuned to the needs and expectations of society, while opening up new growth prospects. Formal meetings are held around every two years, with videoconferences organized as needed to address specific issues. The last formal meeting was held in 2022, but a special meeting was organized in May 2024 to discuss the implementation of the European Union Deforestation-free Regulation (EUDR).

To avoid the negative impacts of deforestation on essential ecosystem services to local communities, Michelin has since 2015 pursued a "zero deforestation" commitment in its own natural rubber production operations and its natural rubber sourcing. In addition, the Group has deployed traceability systems and controls to ensure that its purchased natural rubber volumes come from deforestation-free areas.

To avoid or attenuate the impacts on animal and plant life, wetlands and watercourses, the Group has undertaken a variety of preservation and restoration actions in its rubber tree farming operations in Brazil and Indonesia, including the deployment of forest rangers, active restoration programs in degraded areas and the creation of riparian buffers. In addition, a roadmap to curtail pesticide use by 2030 has been deployed in both the Group's direct operations and in its joint ventures.

(1) See the dedicated website, https://purchasing.michelin.com/en/natural-rubber-sustianbility-grievances/

4.5.3 CORE BIODIVERSITY AND ECOSYSTEM POLICIES

To manage the environmental impact of its operations across the value chain, Michelin applies the general framework defined in the Group Environmental Policy[1].

The specific issues raised by the farming, harvesting and processing of natural rubber, including deforestation and habitat degradation, are addressed by the Sustainable Natural Rubber Policy, which applies to both the Group's own operations and its natural rubber suppliers.

In addition, the Sustainable Purchasing Policy is designed to attenuate the environmental impact of suppliers in general, including suppliers of other raw materials.

4.5.3.1 The Group Environmental Policy and biodiversity and ecosystems

The Group Environmental Policy is aimed at managing pollution risks and drawing down the Group's environmental footprint to impact-neutrality, including in biodiversity matters (at each stage in the life cycle).

4.5.3.2 Biodiversity, a key component of the Sustainable Natural Rubber Policy

The Sustainable Natural Rubber Policy that precisely defines the conditions for farming natural rubber, both in terms of the environment (zero deforestation, protection and preservation of peatlands, High Conservation Value areas and High Carbon Stock areas) and in terms of social responsibility and human rights. Michelin expects every stakeholder across the supply chain to embrace responsible social, environmental and governance practices, so as to maintain rubber tree farming in a virtuous cycle of progress.

The Policy covers the Group's direct rubber tree farming operations, including farms in or near biodiversity-sensitive areas. It is also appended to every Group natural rubber purchasing contract, and suppliers are encouraged to cascade it down their respective supply chains and publicly disclose the resulting impacts and improvements.

It is supported by a roadmap to 2025[2] that describes the actions and objectives guiding its implementation. The Group Purchasing Department is responsible for ensuring the Policy's application, assessing suppliers and approving any action plans.

The Policy complies with the framework defined by the Global Platform for Sustainable Natural Rubber (GPSNR) and approved by its members in 2020.

Through the Policy, the Group is committed to encouraging compliance, in its sites and by its joint ventures, suppliers and their subcontractors, with the main principles set out in the ruling international reference documents[3].

Drafted with input from environmental and human rights NGOs and other stakeholders, it is now a contractual reference document for Group suppliers. It is appended to every Michelin natural rubber supply contract and is available for download from the Group website[2].

To manage the potential impact of rubber tree farming and natural rubber processing on biodiversity and natural ecosystems, the Policy includes a zero-deforestation commitment[4], whereby Group sites, joint ventures and suppliers agree to (i) ensure compliance with national forest protection laws; (ii) protect and preserve primary forests, high conservation value (HCV) areas[5] and high carbon stock (HCS) areas[6]; and (iii) ensure that natural ecosystems are not converted to farming.

In identifying these areas using participatory mapping and defining suitable management methods, the concerned local and indigenous communities, national civil society organizations and international stakeholders are to be consulted to ensure that economic, social and environmental needs are addressed and that the proposed farming practices are socially and environmentally acceptable.

(1) See section 4.1.5 Holistic management of the Group's impacts, risks and opportunities, above.
(2) See https://natural-rubber.michelin.com/fr/committments-and-transparency/overall-approach.
(3) Principles of the Convention on Biological Diversity (CBD, 1992); Convention on International Trade in Endangered Species of Wild Fauna and Flora (1979); New York Declaration on Forests of the United Nations (2014); WHO Recommended Classification of Pesticides by Hazard; International Code of Conduct on Pesticide Management (FAO); Annex III of the Stockholm Convention on Persistent Organic Pollutants (POPS); Annex III of the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade; the Montreal Protocol on Substances that Deplete the Ozone Layer; and the other documents listed in Appendix 2 of the Policy.
(4) See section 4.3.6.2 Initiatives and a target on pesticide use, above.
(5) As defined by the HCV Resource Network (HCVRN) https://www.hcvnetwork.org/.
(6) As defined by the HCS Approach Steering Group http://highcarbonstock.org/.

It also mandates practices to (i) preserve surface and groundwater resources and create environmental buffer zones around bodies of water; (ii) make judicious use of pesticides and fertilizers; (iii) responsibly manage waste; and (iv) avoid the introduction of potentially invasive alien species.

In applying the Policy, Michelin is committed to:

- protecting plant and animal life, including rare, threatened, endangered and critically endangered species; restoring or supporting the restoration of landscapes previously deforested and degraded by rubber tree farming; and preserving biodiversity by raising the awareness of local communities and stakeholders;
- implementing, sharing and supporting sustainable farming practices, through capacity-building programs for village smallholders that improve working conditions, reduce production costs, diversify livelihoods and increase yields per hectare without adding more cropland. This helps to reduce the risk of deforestation by easing land pressure on forest areas and cropland, while attenuating the land-use impacts of natural rubber production.

As part of the Group's duty of care, the Policy supports the development natural rubber traceability at every level of the upstream supply chain: from village smallholders and brokers to large estates and processing plants, and at an appropriate jurisdictional level[1]. In this way, the geographical origin of the purchased materials can be identified, the related social and environmental risks (deforestation, use of pesticides, degradation of biodiversity, etc.) determined and any necessary mitigation measures implemented.

Progress on the metrics measuring biodiversity conditions in the directly owned operations, such as the contribution to the conservation of environmentally, biologically and culturally important areas and the reduction in pesticide use, is regularly tracked and disclosed annually in the results report of the Sustainable Natural Rubber Roadmap 2020-2025, downloadable from the Michelin Purchasing website[2]. Michelin also discloses its progress through its annual report to the Global Platform for Sustainable Natural Rubber[3] and its replies to the CDP Forest and SPOTT questionnaires[4].

To avoid any adverse social or economic impacts on local or indigenous communities dependent on natural resources or forests, the Policy asserts the Group's commitment that it will not engage in any land grabbing or contribute directly or indirectly to actions that could lead to the illegitimate appropriation of land, forests or natural resources, to the detriment of local or indigenous communities. Michelin has also undertaken to address grievances expressed by the impacted communities through a readily accessible grievance mechanism and to remedy any adverse outcomes caused by its natural rubber production or supply operations.

Given the issue's lack of materiality, the Group has not defined a policy concerning the preservation of oceans and seas.

4.5.3.3 The Sustainable Purchasing Policy and biodiversity

Addressing purchasing in general and Tier 1 suppliers in particular, the Sustainable Purchasing Policy covers the purchase of natural rubber, mined raw materials and other inputs.

The purpose is to define the Group's main sustainable purchasing principles and commitments, including those relating to environmental stewardship. The Policy describes the fundamental documents, initiatives, objectives and key metrics underlying the sustainable purchasing process, including its environmental stewardship aspects.

As part of its Act4nature international commitments, the Group has undertaken to assess the biodiversity policies and practices of its suppliers of raw materials, other than natural rubber, that are likely to have the greatest impact on biodiversity in 2030. A pilot assessment will be launched in 2025.

(1) Jurisdictions correspond to the administrative regions in each country (approximately 100 km x 100 km), as defined by GPSNR.
(2) See https://purchasing.michelin.com/en/roadmap-2020-2025/.
(3) See https://sustainablenaturalrubber.org/gpsnr-reporting-requirements/.
(4) See https://www.spott.org/natural-rubber/.

4.5.4 BIODIVERSITY AND ECOSYSTEM INITIATIVES

Michelin did not use any biodiversity offsets in its action plans in 2024. Key initiatives undertaken to prevent, mitigate and remediate identified negative impacts and to meet the Group's objectives and targets are as follows:

4.5.4.1 Actions undertaken in the Group's direct operations

4.5.4.1.1. Supporting the zero-deforestation commitment

The first tire manufacturer to publish a zero deforestation commitment in 2015, Michelin ensures that its directly owned plantations are deforestation-free and engaged in conservation and restoration programs.

4.5.4.1.2. Conserving and restoring biodiversity sensitive areas

The Michelin Ecological Reserve (REM) in Bahia, Brazil

Created in 2004, the 3,950-hectare Michelin Ecological Reserve is located in the Bahia Center of Endemism, in the heart of the Atlantic Forest. It is one of the world's most species-rich yet most endangered biotopes, as well as a key biodiversity ecosystem.

An action plan defined and undertaken to protect the area from deforestation has already reduced hunting pressure by more than 85%. This has helped to spur an almost 117% increase in the wildlife population over the past 20 years, including certain species classified as critically endangered by the International Union for the Conservation of Nature (IUCN). More than 110,000 trees spanning some 340 species have been planted to restore 300 hectares of degraded land. These programs have resulted in a survival rate of close to 70%, while recreating environmental corridors to reconnect the various forest areas, thereby strengthening the ecosystem's resilience and seamlessness.

Royal Lestari Utama (RLU)

A wholly owned Michelin Group subsidiary since 2022, RLU is committed to fostering sustainable natural rubber production on 88,000 hectares of concessions (70,000 hectares in the province of Jambi, Sumatra and 18,000 hectares in the province of East Kalimantan, Borneo), which had been severely degraded and deforested prior to Michelin's involvement in 2015.

The Group is assertively developing deforestation-free natural rubber production on the concessions. It has also undertaken to preserve and restore more than 15,000 hectares, including around 3,000 prioritized for active restoration, over the next 20 years with a dedicated roadmap and budget.

The pilot active restoration project was launched in 2018 with the first phase focused on performing forest trials, collecting seeds and creating nurseries. To date, more than 15,000 trees have been planted over an area of around 100 hectares, with a more than 70% survival rate.

4.5.4.1.3. Reducing pesticide and fertilizer use on the plantations

Compared with other crops, rubber trees do not require the intensive use of pesticides. However, such use may sometimes be necessary, in particular to treat certain plant diseases.

In its own operations, the Group prohibits the use of pesticides that have been banned by the Stockholm and Rotterdam Conventions and the Montreal Protocol, including in countries where these conventions and protocols have not yet been adopted. It also bans the use of WHO class Ia and Ib products and paraquat, including in countries where these products have not yet been banned, and ensures that the risks of contaminating water resources with natural or artificial chemicals are carefully controlled.

The Group has set a target for abating pesticide use on its own and its joint ventures' plantations by 2030.

Rubber trees do not require rich soils to grow and are fairly well adapted to soils previously degraded by other crops. Michelin cooperates with industry stakeholders through the French Rubber Institute to support the science-based reduction in fertilizer use.

4.5.4.2 Actions undertaken in the Group's supply chain

4.5.4.2.1. Combating deforestation

Since 2017, as part of its duty of care commitment, Michelin has worked with its suppliers to map the social and environmental risks in its natural rubber supply chain, including the risk of deforestation, with the RubberWay™ application, whose collected data is used to map at-risk jurisdictions. The application has been deployed in every Michelin source country (Indonesia, Thailand, Malaysia, Vietnam, Sri Lanka, Côte d'Ivoire, Ghana, Guinea, Nigeria, Liberia and Brazil).

Since 2023, Michelin has worked with its natural rubber network and suppliers to geolocate all the smallholder rubber farms across its supply chain, in line with the European Union Regulation on Deforestation-free Products. **As of end-December 2024, 98% of the natural rubber suppliers' farm lots had been geolocated.** The farms have been assessed with the Global Forest Watch Pro (GFW Pro) satellite monitoring system to confirm their compliance with EUDR requirements concerning plot geolocation, demonstrating the absence of any deforestation after January 1, 2020 and compliance with local regulations.

The results are shared with direct Michelin suppliers and can be used to prepare improvement plans or deploy mutually designed risk mitigation projects.

To drive faster progress toward a more sustainable natural rubber supply chain, in 2018, Michelin worked with a diverse group of stakeholders to launch the multi-stakeholder Global Platform for Sustainable Natural Rubber (GPSNR)[1]. Today, the platform is leading improvements in the environmental and socio-economic performance of the entire natural rubber industry. GPSNR brings together stakeholders from across the natural rubber value chain, including farmers, processors and brokers, tiremakers and other users, automakers and civil society, with the participation of a large number of NGOs.

4.5.4.2.2. Promoting more sustainable, environmentally friendly farming practices

Michelin, its joint ventures and its leading natural rubber suppliers are all working together with local associations to encourage farmers to embrace more sustainable farming practices. Awareness-building programs on agroforestry techniques, reducing pesticide and fertilizer use, preserving biodiversity and deforestation issues are being deployed in natural rubber sourcing regions in Southeast Asia, West Africa and Brazil[2].

4.5.5 METRICS AND TARGETS

4.5.5.1 Biodiversity and ecosystem targets

To mitigate its material biodiversity and ecosystem impacts in line with the Sustainable Natural Rubber Policy's objectives of zero deforestation and reduced pesticide use in the natural rubber operations, as well as to progress toward the objectives of the Kunming-Montreal Global Biodiversity Framework, in 2024 Michelin renewed its existing Act4nature international commitments and added the following two new undertakings:

Impact/Risk	Commitment	Scope of application	Geographic scope	2024 performance	2030 target
Deforestation	Natural rubber volumes used by the Group assessed as deforestation-free[1]	Direct operations and natural rubber suppliers	Thailand, Sri Lanka, Indonesia, Côte d'Ivoire, Ghana, Liberia and Brazil	98%[2]	100%[3]
Pollution from pesticide use	Reduction in pesticide use per hectare (2019 baseline)	Direct operations: natural rubber plantations owned by the Group and its joint ventures[4]	Brazil, Indonesia, Côte d'Ivoire, Ghana and Liberia Nigeria	-52%	-70%

(1) According to the definitions and requirements of the European Union Deforestation-free Regulation (EUDR) or other means of proof concerning plot geolocation, demonstrating the absence of any deforestation and compliance with local regulations.
(2) Excluding certain Polymer Composite Solutions operations.
(3) Excluding changes in the scope of consolidation.
(4) Bahia, Brazil and PT Royal Lestari Utama, Indonesia. Joint venture: SIPH, West Africa, in which Michelin owns a minority interest.

(1) https://sustainablenaturalrubber.org/.
(2) https://purchasing.michelin.com/wp-content/uploads/2024/08/Sustainable-Natural-Rubber-Roadmap-2020-2025-2023-Results-V1.3_20240917.pdf.

The targets and supporting roadmaps were defined in consultation with the internal stakeholders and units represented on the Biodiversity Sector Committee. The Committee, which is a part of the Group's governance mechanism (see the dedicated section, particularly concerning environmental governance), is also tasked with tracking the related metrics and ensuring that the deployed initiatives are aligned with the Group's environmental, sustainable natural rubber, sustainable purchasing and other policies. It brings together experts from the units concerned at least six times a year.

The targets were approved by the Act4nature international Steering Committee after a cross-review between Michelin and the initiative's committee of partner organizations, comprising at least one business network, an NGO and a scientific body, tasked with assessing the SMART nature of the commitments[1].

4.5.5.2 Impact metrics related to biodiversity and ecosystems change

Material owned, leased or managed sites in or near biodiversity sensitive areas where they are having a negative impact:

- Plantações Michelin da Bahia, Brazil:
  - Number of sites: 1,
  - Total surface area: 4,578 hectares, of which a 3,950-hectare wildlife conservation area and 626 hectares planted with rubber trees.
  - *Conversion over time of land cover:*

    No land cover has been converted to farming or deforested in the last five years. Around 400 hectares of rubber trees were fallowed during this period and converted into permanent protected areas. Title to the former cropland is currently being transferred to the conservation area.

    Over the past five years, 20 hectares of fallowed rubber tree cropland have been reforested.
- PT Royal Lestari Utama, Indonesia:
  - Number of sites: 2,
  - Total surface area: 88,645 hectares, of which more than 15,000 are dedicated to biodiversity preservation or restoration,
  - *Conversion over time of land cover:*

    No land cover has been deforested by RLU in the last five years. The rubber trees were planted on plots that had been deforested or degraded prior to Michelin's involvement in 2015. Since 2022, 1,025 hectares have been added to the conservation or restoration areas.

(1) SMART commitments are Specific, Measurable, Additional, Realistic and Time-bound.

4.6 RESOURCE USE AND CIRCULAR ECONOMY (E5)

THREE QUESTIONS FOR FABIEN GABORIAUD, SENIOR VICE PRESIDENT, SOLUTIONS FOR MATERIALS CIRCULARITY

"Circular materials are a powerful lever for reducing our environmental footprint and supporting a sustainable economy." "

How is the development of new renewable or recycled materials a challenge for the Group?

It's a huge challenge, but it's also our responsibility to reduce our environmental footprint while limiting the use of natural resources. In our industry, this means replacing two-thirds of the materials used today, which are derived from fossil or non-renewable sources. However, most of these new materials are not yet available in industrial quantities. That's why we need to structure and support their emergence in existing value chains, as well as in new value chains involving other industries.

This is also a collective challenge, because cross-industry synergies and coalitions have to be identified, and that's the role Michelin wants to play.

In practice, how is the Group integrating the circular economy into its business model?

We're activating four action levers at different stages in the tire life cycle as part of the Michelin Avoid+4R process: Avoid, Reduce, Reuse, Recycle and Renew. Their outcomes are measured through our eco-design processes and systematic life-cycle assessments.

To successfully meet our collective challenge, the Group has created a new operating unit tasked with orchestrating the transition to circularity with other Group units and outside ecosystems. Specifically, it is supporting the emergence of value chains based on end-of-life tire recycling, such as the Enviro/Antin joint venture, or on renewable resources like ethanol, with the BioButterfly project.

What is Michelin doing for the treatment of end-of-life tires?

The Group has been addressing this issue for many years through the Tire Industry Project (TIP), other trade associations and the various eco-organizations set up in certain countries to ensure the collection and treatment of end-of-life tires. Thanks to this collective commitment, the TIP estimates that 88% of end-of-life tires are collected[(1)].

Of course, we have to further increase this percentage, but tomorrow's challenge will be to prioritize the recovery of end-of-life tires for use as secondary raw materials, particularly in closed loop recycling systems, which generally offer a smaller carbon footprint than burning them as fuel to recover heat and power.

(1) Source TIP 2019, covering 53 representative countries.

Impacts, Risks and Opportunities (IROs)	Brief description
Upstream value chain · Downstream value chain · OP Own operations · Short-term · Medium-term · Long-term	
E5 – RESOURCE USE AND CIRCULAR ECONOMY	
Resources and waste	
Helping to develop industry-wide recycled and renewable material sourcing capabilities Upstream · OP · Downstream · Short-term — **Positive impact**	The growing use of recycled and renewable materials requires new value chains, to attenuate risks and decouple economic growth from resource use, while maximizing their value and reuse. By 2022, renewable and recycled materials will account for 30% of Michelin tire components, with a target of 40% by 2030.
Resource inflows and their contribution to resource depletion Upstream · Medium-term — **Negative impact**	Tire manufacturing involves the use of large quantities and a wide variety of resources, which must be managed with care to avoid their depletion.
Waste produced from end-of-life tires (ELT) Downstream · Medium-term — **Negative impact**	Every year, one billion tires reach the end of their useful lives, adding to the four billion already landfilled and causing the potential destruction of natural habitats and the production of methane, CO_2 and other polluting gases. Landfills could leak, contaminating water tables and damaging ecosystems with hazardous substances.
Human health impacts from the mismanagement of end-of-life tires (ELT) Downstream · Medium-term — **Negative impact**	Disposal of end-of-life tires can potentially attract rodents carrying zoonotic pathogens and create breeding grounds for mosquitoes, forming stagnant pools and increasing the spread of vector-borne diseases. They can also cause fires.

Introduction

With its manufacturing operations requiring around three million tonnes of raw materials a year, Michelin is confronted with the major issue of resource depletion. This environmental challenge calls both for a significant transformation of manufacturing practices across the entire tire value chain and for continuous, agile realignment to address environmental matters.

In response, the Group is deploying strategies that use as few resources as possible and incorporate an increasing proportion of renewable and recycled materials, while optimizing tire design. Thanks to this commitment, Michelin tires deliver longer-lasting performance while requiring less material to manufacture, thereby contributing to the more sustainable use of available resources.

- The definition of renewable or recycled materials is currently being validated by the Tire Industry Project (TIP). However, the Group currently considers as renewable any biosourced materials whose stocks are constantly replenished through natural growth or other recurring process at a rate consistent with the pace of their depletion and use. In other words, they are replenished or regrown faster than they are harvested or extracted.
- Recycled materials are materials that have been reprocessed, either before or after use, from recovered or reclaimed materials and transformed by a manufacturing process into a final product or component for reuse in a new product.

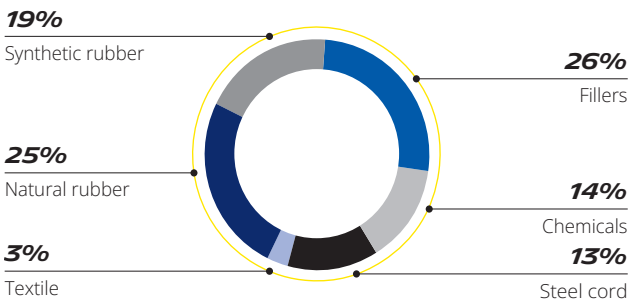
The circular economy model is both a strategic challenge and a growth driver for the Group. Circular practices address the twin imperatives of responding to the environmental emergency and securing the sustainability of the Group's business operations. The application of this model, which Michelin calls Avoid+4R, for Avoid, Reduce, Reuse, Recycle and Renew, is also helping to make its products, services and solutions more sustainable. It involves eco-designing solutions that address environmental impacts over the entire life cycle and using recycled and renewable materials, with a vision of achieving full circularity in Michelin products by 2050.

Mindful of the environmental and health impacts of end-of-life tires, Michelin also pays careful attention to their management and disposal. In many countries around the world, for example, the Group is involved in tire collection operations and is actively supporting the development of recycling value chains. Michelin is working with partners to invest in and also develop extremely innovative, disruptive technologies capable of transforming end-of-life tires or tire waste into secondary raw materials.

4.6.1 WIDELY IDENTIFYING MATERIAL CIRCULARITY IMPACTS, RISKS AND OPPORTUNITIES

Michelin has in recent years steadily assessed and addressed the environmental impact of its operations across the entire value chain, primarily based on data from life cycle assessments (LCAs). This process was completed in 2024, with the result that the materiality of impacts related to the use of resources and their circularity has been assessed across the Group and its entire value chain The material resources used by the Group, other than energy and water, are the raw materials used in the manufacture of its products, which may be categorized as follows:

BREAKDOWN OF RAW MATERIALS USED IN 2024 BY WEIGHT (TOTAL: 3.08 MT)



Maintaining a linear economy entails a number of important material impacts and risks, including. (i) the significant environmental impacts from the **depletion of natural resources** due to overharvesting. (ii) economic risks that can jeopardize business continuity. (iii) the accumulation of waste and adverse social impacts, such as the deterioration in living conditions.

The circular economy, on the other hand, offers a wide array of opportunities. A core aspect is innovation, which drives the development of new, more sustainable ways of producing products and using resources, while extending product lifetimes. Circularity also helps to develop industrial-scale capacity to supply sustainable materials, fostering a more responsible, environmentally friendly future.

The transition to a circular economy can carry risks, including high initial investments and questionable profitability. The lack of a regulatory framework could also hold back the take-up of these practices, while in the supply chain, companies must make complex adjustments. Lastly, environmental and social issues, as well as resistance to change, represent major challenges to be overcome.

Mismanagement of end-of-life tires can pose significant risks to human health and cause soil pollution. Abandoned tires can become breeding grounds for mosquitoes that potentially carry diseases like malaria and dengue fever. In addition, the chemicals released by decomposing tires can leech into soil and groundwater, impacting water quality and local biodiversity.

4.6.2 AMBITIOUS RESOURCE USE AND CIRCULAR ECONOMY POLICIES

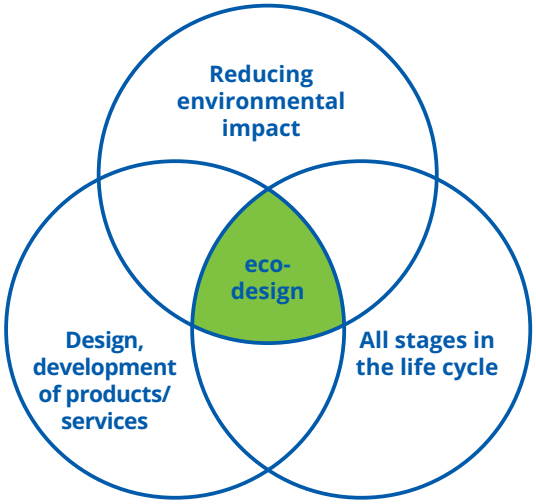
Michelin has defined several policies to address the issues of resource depletion, the circular economy and end-of-life tire management. By deploying a sustainable, responsible sourcing model, eco-designing products and incorporating recycled and renewable materials, Michelin is assertively engaged in the circular economy. These initiatives are part of a holistic strategy designed to meet the rising expectations of stakeholders for more sustainability.

4.6.2.1 The Group Environmental Policy and the circular economy

The Group's Environmental Policy represents the framework that underpins all the other policies related to environmental matters, including the circular economy. In this regard, it incorporates the Michelin Avoid+4R process, which encompasses all the actions undertaken to avoid, reduce, reuse, recycle and renew resources in response to the challenges of the circular economy and the preservation of resources. All these issues are addressed throughout the product life cycle.

4.6.2.2 The Eco-design Policy

The Eco-design Policy is embedded in the heart of Michelin's commitment to making more sustainable use of resources and enhancing the circularity of its products. It requires a systemic, methodical focus on attenuating environmental impacts throughout the product life cycle, without transferring any impacts from one stage to another or from one type of impact to another.



Applicable across the Group, the Policy defines key eco-design principles, based on the ISO 14006: 2020 and NF X30-264: 2013 standards and the use of life cycle assessments. The LCA application used by the Group was developed in close collaboration with the International Reference Center for Life Cycle Assessment and Sustainable Transition (Ciraig) and is consistent with ISO 14040 and the European Commission's PEF 3.0 methodology.

For tires, eco-design means improving mass efficiency, so that products can be designed and manufactured with less material, while maintaining or improving their performance and durability. This not only optimizes the use of resources, it also reflects a circular economy vision, where waste reduction and sustainable resource management are paramount.

The eco-design process implies that every Group unit follows the same basic rules applicable to every type of project, whether related to research, products, services or processes. R&D teams are being trained in recycled and renewable materials, LCAs and the eco-design process, with more than 90% of employees trained by the end of 2024.

4.6.2.3 Objectives of the Recycled and Renewable Materials commitment

The Recycled and Renewable Materials commitment supports the Group's eco-design policy and the circular economy process by focusing on increasing the use of secondary resources. It formally expresses Michelin's dedication to acting effectively to preserve natural resources by phasing out the use of non-renewable natural resources and increasing the percentage of recycled and renewable materials in its purchased manufacturing inputs.

4.6.2.4 The Sustainable Purchasing Policy and the Sustainable Natural Rubber Policy

These two Policies[1] are designed to ensure that Michelin sources its raw materials in an ethical, sustainable manner, by mandating compliance with materials traceability standards.

4.6.2.5 End-of-life tire management in the Environmental Policy

The management of end-of-life tires is a priority for Michelin, which has created an internal section in its environmental policy to ensure that its products are sustainably managed at the end of their useful lives. This component promotes the "Lansink's Ladder" hierarchy[2] of waste management options, with a priority focus on prevention, reuse, materials recovery (recycling) and energy recovery rather than incineration, landfill or other forms of disposal. By encouraging materials recovery and reuse, Michelin is helping to reduce waste and foster a circular economy, while attenuating the environmental impacts from new tire production. Note, however, that burning end-of-life tires to recover heat and power can be beneficial in some cases, to avoid the use of fossil fuels.

Efficiently collecting and treating end-of-life tires also helps to prevent their attendant environmental pollution and human health risks. Mismanagement, for example, can exert harmful pressures on ecosystems and local populations, particularly through storage risks, such as fires and the proliferation of rodents, mosquitoes and other pests that can spread disease.

When the Environmental Policy is revised in 2025, end-of-life tire guidelines will be defined.

(1) See section 4.1.5 Holistic management of the Group's impacts, risks and opportunities.
(2) For more on Lansink's Ladder, see "Challenging Changes – Connecting Waste Hierarchy and Circular Economy", October 2018, Waste Management & Research, 36 (10), p. 872.

4.6.3 TOWARDS A PARADIGM SHIFT: CIRCULARITY INITIATIVES AND RESOURCES

4.6.3.1 Resource depletion

Michelin takes a proactive approach to the issue of using resources sustainably (for initiatives undertaken specifically to mitigate the depletion of natural rubber resources, see the Biodiversity section). In 2023 and 2024, for example, the ADO Biomaterials corporate program helped to define selective or destructive criteria for sourcing renewable biomaterials. This led to a set of recommendations to guide purchasing towards more ethical and sustainable choices, thereby reducing the impacts from resource depletion. They will be deployed beginning in 2025.

4.6.3.2 Resource circularity

The Group is making a significant contribution to the circular economy and sustainable resource use through a number of innovative projects advancing its renewable or recycled materials roadmap. This is updated every year to ensure that the 2030 milestone will be met and that the Group is on track for 2050. This commitment is being bolstered by strategic partnerships with various organizations that are developing disruptive material sourcing and recycling technologies. In this way, Michelin is strengthening its sourcing capabilities while promoting a shift towards more sustainable manufacturing practices.

Investments committed to projects to support resource circularity represented €12 million in 2024 and are budgeted at more than €200 million over the next five years.

The leading resource circularity actions and projects are as follows:

4.6.3.2.1. Retreading

The "Reuse" phase of the Avoid+4R process is being supported by solutions such as repairing, regrooving and retreading tires, which help to conserve raw materials by extending a casing's useful life and using less raw material than manufacturing a new tire. They primarily concern truck and aircraft tires.

MICHELIN-brand truck tires are designed to be retreaded or regrooved, thereby further extending their useful lives. For example, a truck tire with a theoretical lifespan of 100,000km can last another 25,000km with regrooving and then a further 100,000km with subsequent retreading, all while using only a quarter of the amount of material as a new tire. Moreover, depending on the tire's condition, it can be regrooved and retreaded several times. In all, these technologies enable a truck tire to last 2.5 times longer than a new tire with only around 30% additional material.

In 2024, Michelin's worldwide truck tire retreading business reused more than 220,000 tonnes of casings. That corresponds to around 7% of the total amount of materials used by the Group in all its operations over the year.

Compared with a single-life, non-retreadable, non-regroovable tire, the solution offers benefits that are (i) economic, by lowering cost per kilometer; (ii) environmental, by significantly reducing raw materials use; and (iii) social, by stimulating the local economy with new retreading/regrooving-related services (collection, inspection, maintenance, sales, etc.).

4.6.3.2.2. The BioButterfly project

In sync with the "Renew" phase of the Avoid+4R process, the BioButterfly project is seeking to produce butadiene using ethanol derived from plant biomass to replace butadiene made from petrochemical feedstocks. This innovation could play a crucial role in developing more environmentally friendly synthetic rubbers, to meet growing demand while preserving natural resources.

Coordinated by Michelin in partnership with Axens and IFPEN, BioButterfly started up in January 2013 for an initial period of eight years, extended to 2024. To date, the project represents a total investment of €80 million. In January 2024, an industrial-scale demonstrator unit capable of producing bio-based butadiene was inaugurated at the Michelin plant in Bassens (France), marking a pivotal milestone in the development of a new industrial source of bio-synthetic elastomers.

In 2025, Michelin will pursue the project by using the pilot installation to produce tire demonstrators. The ultimate goal is for the partners to build a full-scale production unit.

4.6.3.2.3. The Empreinte Project

To take its All-Sustainable approach to the next level, in late 2020, Michelin launched the Empreinte project to develop effective solutions for recycling or biosourcing materials and eco-designing products. These solutions will improve the overall environmental footprint of tires while still delivering performance aligned with the expectations for new vehicles and emerging mobility needs. The innovations primarily concern novel processes for producing recycled and renewable raw materials and the development of demonstrator tires made with these materials.

Their renewable or recycled materials could be more widely deployed in some of the tires on the market starting in 2025. In addition, tires with even higher renewable or recycled materials ratios are already being engineered in the project to prepare for the next stage in 2024-2025.

4.6.3.2.4. The BlackCycle and WhiteCycle projects

Michelin's BlackCycle and WhiteCycle projects are designed to develop innovative materials recycling solutions, making them seamlessly aligned with the "Recycle" phase of the Avoid+4R process.

- Coordinated by Michelin and financed by the European Union's Horizon 2020 program, the BlackCycle project brought together 13 European organizations to reduce CO_2 emissions by developing an ecosystem for recycling end-of-life tire feedstock into high-quality secondary raw materials. Among the resulting technologies have been tire deconstruction machines and pyrolysis processes, which recycle granulated rubber into pyrolysis oils and regenerated carbon black.
- Also coordinated by Michelin and financed by the European Union's Horizon program, the €9.6 million, 16-partner WhiteCycle project is focused on recycling complex textiles-based plastics into high value-added materials. Its primary objective is to recycle more than two million tonnes of PET waste a year by 2030, in ways that reduce its environmental impact.

These two projects attest to Michelin's engagement in a strategic recycling process, supporting its commitment to using 100% renewable or recycled materials in its tires by 2050, while enhancing resource circularity across the tire industry.

4.6.3.2.5. Partnership with Enviro

Another example of a recycling project is the partnership with Swedish company Enviro, formed in 2020 to develop and mass produce a pyrolysis technology capable of recovering high-quality products like carbon black, pyrolysis oil, steel and gas, which can then be re-incorporated into the production cycle of various industries.

In 2023, Enviro set up a joint venture with the Antin Infrastructure Partners investment fund to build several end-of-life tire recycling plants in Europe. The first such site is scheduled to come on stream in Sweden, with capacity to recycle 35,000 tonnes a year. The joint venture plans on building plants throughout Europe, targeting a total annual recycling capacity of one million tonnes of ELTs. Antin and Enviro have already agreed to a financing plan for the construction of these installations.

4.6.3.3 End-of-Life Tires (ELTs)

In 2024, Michelin pursued the initiatives underway to support the systematic management of end-of-life tires, in line with the above-mentioned Policy.

The first initiative focuses on **developing collective end-of-life tire collection, recovery and reuse systems**. Michelin strengthened its commitment to these solutions during the year by collaborating with a variety of trade associations. Among them, the Tire Industry Project (TIP) has organized discussion sessions since 2021 in Europe, the United States, China and India, with Michelin's active participation. These discussions bring together value chain stakeholders to gain greater insight into local end-of-life tire management and recycling issues and identify pathways to improvement. They have supported the preparation of proposals for revising two international guidelines, the Harmonized System of Customs Codes and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes, to encourage the marketing of secondary raw materials derived from end-of-life tires.

In addition, Michelin is working with such tire industry associations as ETRMA, USTMA and JATMA to ensure **the proper collection and treatment of end-of-life tires**. The Group supports the concept of extended producer responsibility and is exercising its influence to encourage materials recovery, which generally offers a smaller carbon footprint than energy recovery.

The second initiative is developing closed-loop end-of-life tire recovery and reuse systems, capable of securing the supply of the resulting secondary raw materials.

4.6.4 METRICS AND TARGETS

4.6.4.1 Resource inflows

The Group's material resource inflows are the six categories of raw materials used to manufacture its products: synthetic rubber, natural rubber, textiles, reinforcing agents, chemicals and cables. "Critical materials" are defined by the Group[1] by reference to the SASB. Rare earths and packaging disclosures are not material.

E5-4 Resource inflows

(a)	Overall total weight of products and technical and biological materials used during the reporting period (E5-4-31a)	3,077,541t
(b)	Overall total weight of products and technical and biological materials used during the reporting period (E5-4-31a)	800,791t
	Percentage of biological materials used to manufacture the undertaking's products and services that is sustainably sourced (E5-4-31b)	26%
(c)	Weight of the secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the undertaking's products and services (E5-4-31c)	152,690t
	Percentage of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the undertaking's products and services (E5-4-31c)	5%
	RENEWABLE OR RECYCLED MATERIALS RATIO (RRMR)	**31%**

The above metrics are calculated for the tire manufacturing scope of reporting, as follows:

a) The total weight of raw materials received over the period (January 1 to December 31).

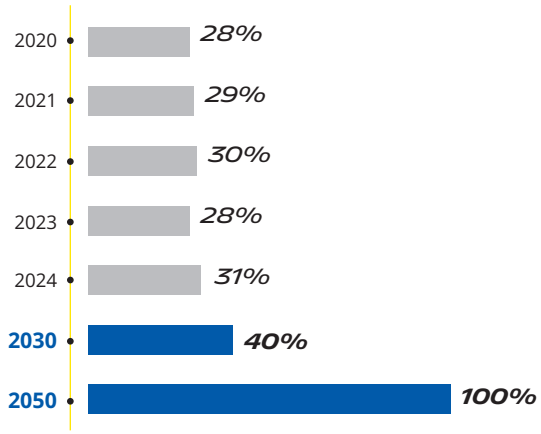
b) The weight of **renewable** materials, calculated for each raw material received over the period. This weight is calculated on the basis of the total weight of material received and the percentage of renewable content in each material. For each raw material, the percentage of renewable content is disclosed on a supplier certificate. The percentage of renewable content is equal to the aggregate weight of renewable materials divided by the total weight of raw materials received over the period.

c) The weight of **recycled** material, calculated for each raw material received over the period. This weight is calculated on the basis of the total weight of material received and the percentage of recycled content in each material. For each raw material, the percentage of recycled content is disclosed on a supplier certificate. The percentage of recycled content is equal to the aggregate weight of recycled materials divided by the total weight of raw materials received over the period.

Based on these metrics, the Group is committed to using 100% renewable or recycled materials in its tires by 2050, building on a milestone of 40% by 2030.

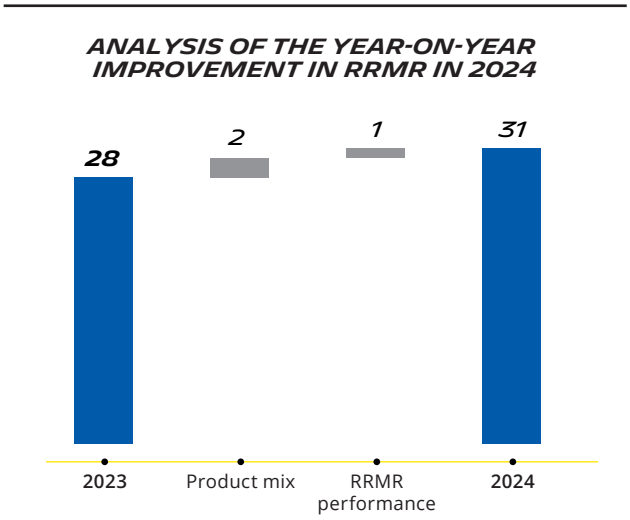
Progress towards these goals is measured by the Renewable or Recycled Materials Ratio (RRMR), calculated for the tire production scope of reporting by dividing the weight of renewable and recycled materials received by the total weight of raw materials received. In this way, it tracks the reduction in the use of primary materials and the increase in materials circularity. Since its introduction, the RRMR may be analyzed as follows:

PERCENTAGE OF RENEWABLE AND RECYCLED MATERIALS



The RRMR rose by three points year-on-year in 2024, to 31%, with two points of the gain coming from the greater use of natural rubber, whose percentage had fallen sharply in 2023, and one point from the increased volumes of other renewable and recycled materials. The Group is on track and confident that it will meet its milestone of using 40% renewable and recycled materials in 2030.

(1) SASB TR-AP-440a.1: "The term critical material – defined as any substance whose use is highly necessary but whose supply is subject to risk – generally refers to certain ores and rare earths. Very few are used in tire manufacturing. At Michelin, they are managed in accordance with the system in place to manage supply risk."



A second target, concerning eco-design, was met in 2024, when every new tire range[1] was eco-designed with the support of life cycle assessments. The objective represented a milestone towards the Group's 2030 target of eco-designing all its products and solutions. These targets are voluntary.

4.6.4.2 Resource outflows

Product durability

For many years, Michelin has been designing products based on circular economy principles. Its regrooving and retreading solutions, for example, help to extend the useful lives of tire casings, while reducing the quantity of raw material inputs.[2]

Michelin tires are designed to deliver guaranteed optimum performance from the first to the last mile, a fundamental source of product durability. In 2019, the Group demonstrated its commitment to road safety by actively supporting a European initiative to introduce minimum safety performance standards for tires in worn condition.

Product repairability

Tire repairability depends on a number of factors, including the location and severity of the damage and the overall condition of the tire. At present, there is no particular rating system in place to assess tire repairability.

The rates of recyclable content in products and their packaging

A tire is fully recyclable, within the meaning of both ESRS E5-5-36c (rate of recyclable content is 100%) and United Nations and other regulations[3].

In addition, a 2019 TIP study found that 88% of ELTs could be collected and reused either as new material (recycling) or as fuel (energy recovery)[4].

In 2024, the Group did not set targets for the recovery and reuse of end-of-life tires, given that several recovery technologies are emerging and it is too soon to determine appropriate targets for each one. As mentioned above in discussing the various actions underway[5], a number of value chains are seeking to recover and reuse ELTs as materials and/or fuel. These processes are expected to eventually replace landfilling and/or incineration as treatment measures.

The amount of packaging is not significant, therefore the rate of its recyclable content is not applicable.

(1) Michelin-brand radial tires and Camso-brand tracks.
(2) See section 4.6.3.2.1 above on retreading.
(3) See UNECE, Agreement Concerning the Adoption of Uniform Technical Prescriptions for Wheeled Vehicles, Equipment and Parts which can be Fitted and/or be Used on Wheeled Vehicles and the Conditions for Reciprocal Recognition of Approvals Granted on the Basis of these Prescriptions (Revision 2, including the amendments which entered into force on October 16, 1995), Addendum 132 – Regulation No. 133. Date of entry into force as an annex to the 1958 Agreement: June 17, 2014. Uniform provisions concerning the approval of motor vehicles with regard to their reusability, recyclability and recoverability. The issue is also addressed by Directive 2005/64/EC and the ISO 22628 standard of December 2002.
(4) Source TIP 2019, covering 53 representative countries.
(5) See above, section 4.6.3 "Towards a paradigm shift: circularity initiatives and resources".

4.7 EUROPEAN TAXONOMY

4.7.1 INTRODUCTION AND METHODOLOGY

Regulation (EU) 2020/852 of June 18, 2020 (the "Taxonomy Regulation"), supplemented and amended by the Climate Delegated Regulations (EU) 2021/2139 and 2023/2485 and the Environment Delegated Regulation (EU) 2023/2486, establishes a framework to encourage investment in sustainable economic activities by requiring companies to disclose the proportion of their sales, capital expenditure and operating expenditure that contributes substantially to the environmental objectives:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control;
- protection and restoration of biodiversity and ecosystems.

In 2024, for the first time, taxonomy-related data are disclosed in the Group's CSRD Sustainability Statement.

To assess the contribution of its activities to the environmental objectives, the Group has followed a four-step process:

4.7.2 ASSESSING ELIGIBILITY

4.7.2.1 2024 scope of reporting

In the 2024 reporting exercise, companies had to disclose the proportion of their economic activities deemed to be eligible for Taxonomy assessment and the proportion deemed to be aligned with the Taxonomy's six environmental objectives (climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems). The Group performed a multi-objective assessment of its tire manufacturing activities in relation to the climate change mitigation (CCM) and climate change adaptation (CCA) objectives.

The sales, capital expenditure and operating expenses reviewed for the purpose of this report concern all the Group's worldwide operations, corresponding to the scope of consolidated financial reporting for the year, in accordance with the provisions of the Delegated Act. The reporting period is the same as for the Sustainability Statement, i.e., from January 1 to December 31, 2024.

Because disclosures must be aligned with IFRS financial statements, companies in which the Group exercises joint control or significant influence are excluded from the calculation of the KPIs defined by the Delegated Act of the Taxonomy Regulation. As a result, only fully consolidated subsidiaries of the Michelin Group are included in the calculation of the sales, capital expenditure and operating expense indicators (concerning the scope of consolidation, see the corresponding note to the financial statements in Chapter 5 below).

4.7.2.2 Identifying eligible activities in 2024

CCM and CCA activity 3.6 – Manufacture of other low-carbon technologies

As noted in previous years, the "manufacture of rubber tyres and tubes, retreading and rebuilding of rubber tyres" (NACE Code C2211) is not one of the economic activities listed in the Taxonomy with specific screening criteria, even though the tire industry could participate in meeting the transport industry's greenhouse gas emission reduction targets.

In response, pending recognition of this economic activity and the related screening criteria, Michelin has identified, for reporting purposes, economic activity "3.6 Manufacture of other low-carbon technologies," as corresponding to its tire manufacturing activities, which contribute to the first two environmental objectives, CCM and CCA. This reflects the fact that activity 3.6 comprises the "manufacture of technologies aimed at substantial GHG emission reductions in other sectors of the economy." These economic activities "could be associated with several NACE codes, in particular from C22 (...) in accordance with the statistical classification of economic activities established by Regulation (EC) 1893/2006."

Rolling resistance, a factor in reducing greenhouse gas emissions

Pending clarification from the European Commission, and based on recital (10) of Delegated Regulation (EU) 2023/2485, the Group is using tire **rolling resistance** as the **technical screening criterion** for activity 3.6.

European tire-labeling regulation EU 2020/740 provides for the objective measurement of tire rolling resistance using an EU-validated process, comprising calculation methods, EU-approved reference laboratories and the alignment of measuring machines. Measurement results are registered in the European Commission's EPREL energy labeling database. The vast majority of tires sold outside Europe are also measured for rolling resistance, which means that the proportion of these sales meeting the screening criteria can be included in the totals. As in prior years, passenger car, light truck and truck tires in the first four rolling resistance classes [A, B, C and D] are considered as eligible for activity 3.6 with regards to the objective of contributing to climate change mitigation. As in 2023, tires with the lowest class E rolling resistance rating are excluded from eligibility.

The Group has reviewed the climate change adaptation objective in relation to activity 3.6. It found that CapEx contributing specifically to climate change adaptation was eligible, but deemed that it was still immaterial at the present time (see, however, section 4.2 Climate change (E1)). This outcome did not have any impact on the key performance indicators.

CE activity 5.1 – Repair, refurbishment and remanufacturing

In 2024, as in 2023, truck tire retreading services and other activities, excluding retreading activities licensed (e.g., Recamic in Europe) or franchised (e.g., Michelin Retread Technologies in North America) by the Group[(1)], are considered eligible for the transition to a circular economy objective, as they meet the definition of activity 5.1 of Delegated Regulation C(2023)3851 of June 27, 2023 on the environmental objectives.

CCM activity 8.2 – Data-driven solutions for GHG emission reductions

In 2024, as in 2023, the Services and Solutions activities comprise the Masternaut, Sascar and Nextraq companies. These connected solutions businesses focus on lowering their customers' fuel bills, for example by offering solutions to optimize routes or driving practices. As a result, they are eligible as contributing to the climate change mitigation objective.

CCM and CCA activity 7.2 – Renovation of existing buildings

Although renovation work on office buildings to make them more energy efficient is eligible as contributing to the climate change mitigation objective, it is immaterial in the Group's CapEx budget.

(1) Because in these cases, Michelin does not sell the retreaded tires.

4.7.2.3 Conclusion concerning eligible activities in 2024

The following table shows all the Group activities identified as eligible (excluding the activities of joint ventures and associates), presented by impacted environmental objective[1]:

European Taxonomy		Corresponding Michelin Group activity	Substantial contribution to one of the environmental objectives			Reported KPIs		
Economic activity	Description	Activity	Mitigation	Adaptation	Circular economy	Net sales	CapEx	OpEx
3.6 Manufacture of other low-carbon technologies	Manufacture of technologies aimed at substantial GHG emission reductions	Passenger car, Light truck and Truck tire manufacturing	X	X		X	X X[1]	
8.2 Data-driven solutions for GHG emission reductions	Development or use of ICT solutions that are aimed at collecting, transmitting and storing data and at its modeling and use where those activities are predominantly aimed at the provision of data and analytics enabling GHG emission reductions	Development of fleet management telematics solutions to improve fleet fuel efficiency	X			X	X	
5.1 Repair, refurbishment and remanufacturing	Repair, refurbishment and remanufacturing of goods that have been used for their intended purpose before by a customer	Truck tire retreading (replacing worn tread with new tread)			X	X	X	
7.2 Renovation of existing buildings	Construction and civil engineering works or preparation thereof	Renovation of head office buildings	X	X			X[1]	

(1) This activity is immaterial and therefore has not been included in the figures in Appendix C.

4.7.2.4 Change in reported Taxonomy-eligible activities, 2023-2024

Based on the 2023 scope of taxonomy reporting (activities 3.6, 5.1 and 8.2), in 2024, the Group can report that:

- 53% of sales were Taxonomy-eligible (54% in 2023);
- 55% of CapEx was Taxonomy-eligible (59% in 2023);

To improve the reliability of reported data, in 2024, the eligible portion of sales does not include any estimated adjustment, which explains the change from 2023.

As concerns the OpEx of Taxonomy-eligible activities in 2024, given the low materiality of the OpEx KPI, the Group claims exemption from the OpEx reporting obligation as specified in article 8 of the Taxonomy regulation.

The decline in the CapEx of Taxonomy-eligible activities primarily reflects the wider scope of consolidation.

4.7.2.5 Analysis of Taxonomy-non-eligible Group activities

Based on Michelin's understanding of the current Regulation, some of the Group's activities do not meet the eligibility screening criteria even though they have a potentially positive impact on the environment:

- Process electrification capital projects to support the Group's decarbonization plan: these projects are delivering substantial gains in energy efficiency and a smaller carbon footprint, but they are not yet recognized in the European Taxonomy.

(1) The detailed tables of these indicators, which comply with Delegated Regulation (EU) 2021/2178 rules concerning the content and presentation of Taxonomy-related disclosures, are presented in Appendix C below.

- Agricultural, mining, aircraft and two-wheel tires are not covered by a labeling regulation and therefore cannot be reported in the Taxonomy, even though they provide an array of customer benefits, including improved energy efficiency and with it, lower CO_2 emissions;
- Tire-as-a-Service activities: the Group is developing fleet management and other services and solutions that optimize the use and management of vehicle fleets, while improving their fuel/energy efficiency. This activity is not deemed Taxonomy-eligible under CE activity 5.5 because it does not meet the criterion of the service provider retaining ownership of the product.

Michelin has not identified any activities eligible for the other three Taxonomy objectives, i.e. the sustainable use and protection of water and marine resources, the prevention and control of pollution, and the protection and restoration of biodiversity and ecosystems.

4.7.3 ASSESSING ALIGNMENT

Michelin has assessed the alignment of its activities in 2024, according to the following procedures. Information concerning minimum safeguards is presented in the Sustainability Statement sections dealing with human rights, business ethics and preventing corruption.

CCM and CCA activity 3.6 "Manufacture of other low-carbon technologies" and CE activity 5.1 "Repair, refurbishment and remanufacturing"

The chemicals-related Do No Significant Harm (DNSH) principle ("*Pollution Prevention and Control*" objective) now applies to both the CCM and CCA 3.6 activity and the CE 5.1 activity, after its scope was significantly broadened in 2024 by integrating the criteria described in article 57 of Regulation (EC) 1907(2006)

Chemicals play a core role both in Michelin's tire manufacturing process and in delivering key performance attributes such as safety, endurance and a small environmental footprint.

Michelin applies a chemical risk management policy designed to protect human health and the environment (see section 4.3 Pollution (E2)). In particular, prioritized action plans are defined and deployed to restrict the use of the highest-risk chemicals or replace them whenever technically feasible. As in 2023, the policy also addresses substances of very high concern (SVHC) on the Registration, Evaluation, Authorization and restriction of Chemicals (REACH) candidate list.

With regard to the applicable criteria for reporting 2024 DNSH to pollution prevention and control data, Michelin cannot realistically and reliably assess compliance with the criterion in the last paragraph of Appendix C (substances with a specific hazard class that could be recognized as SVHC in the future). The text does not provide the conditions for an assessment ensuring data access and comparability (number of substances deemed disproportionate for a DNSH criterion, an unusable, constantly changing Chemical & Labeling database, reference to harmonized and non-harmonized classifications).

As a result, and pending clarification of the text by the European Commission, Michelin cannot validate compliance with the DNSH criterion concerning chemicals.

According to the Taxonomy principle, an activity's alignment is based on compliance with three fundamental conditions: substantial contribution to the environmental objective, compliance with DNSH criteria and compliance with minimum social safeguards. **Given that the DNSH criteria cannot be met, none of CCM and CCA activity 3.6 or CE activity 5.1 was aligned in 2024.**

CCM activity 8.2 "Data-driven solutions for GHG emission reductions"

In the case of **CCM activity 8.2**, as in the prior year, the Group has not disclosed the aligned proportion because (i) the activity is not deemed sufficiently material (less than 3% of sales); and (ii) there is a lack of data to demonstrate alignment with the criterion defined by the European Taxonomy[1].

(1) Concerning materiality, see the answer to question 13 in Commission notice C/2023/305 of October 20, 2023.

4.7.4 CALCULATION PRINCIPLES AND TABLES

The following paragraphs present in detail the principles used to calculate the three key performance indicators required by the European Taxonomy Regulations.

4.7.4.1 Sales KPI

For CCM activity 3.6, the percentage of eligible sales is determined by dividing the sales of passenger car, light truck and truck tires in rolling resistance classes A to D by total consolidated sales, as shown in the consolidated financial statements (see the consolidated income statement in Chapter 5 of this document).

For CE activity 5.1, the percentage of eligible sales is determined by dividing the sales of truck tire retreading services (as defined in section 4.7.2.2 above) by total consolidated sales for the year (see Chapter 5 of this document). Similarly, the percentage of eligible sales of CCM activity 8.2 is calculated by dividing the sales of Masternaut, Sascar and Nextraq (see section 4.7.2.2 above) by total consolidated sales for the year (see Chapter 5 of this document).

4.7.4.2 CapEx KPI

The European Taxonomy defines the methods for calculating alignment ratios. By analogy, the Group reports its eligible capital expenditure, which may be:

- associated with the activity's eligible sales;
- associated with a capital plan to expand eligible activities or to transform eligible activities into aligned activities within five years, or up to ten years if warranted by the features of the activity in question;
- individual capital outlays that are not associated with an activity intended to be marketed by the Group.

Some of the Group's capital expenditure is directly allocated to each activity (e.g. outlays committed to introduce technologies that improve tire rolling resistance). For other capital expenditure (in infrastructure shared by several activities, for example, or in semi-finished goods production units serving several activities), the Group uses an allocation method based on each activity's use of the assets concerned. The capital expenditure reported for a given activity is therefore all of the capital expenditure directly committed to it plus the indirect capital expenditure allocated to it, less capital expenditure on corporate projects. In the case where some capital expenditure is associated with an activity that is not marketed by the Group, these outlays are reported separately to avoid double counting.

4.7.4.3 OpEx KPI

In accordance with the European Taxonomy, the only operating expenses disclosed in this report are direct non-capitalized costs relating to research and development, building renovations, maintenance and repair, short-term leases and any other direct expenses related to the day-to-day servicing of the property, plant and equipment assets. On this basis, the total Taxonomy-eligible OpEx amounts to 7.5% of the Group's total operating expense in 2024 (see Chapter 5 of this document, "Consolidated operating income restated for sales").

As mentioned above, given the OpEx KPI's lack of materiality, the Group claims exemption from the OpEx reporting obligation, as specified in article 8 of the Taxonomy regulation.

The tables presenting Taxonomy disclosures concerning sales, CapEx, OpEx and gas and nuclear activities) may be found in Appendix C below.

SOCIAL MATTERS

4.8 OWN WORKFORCE (S1)

THREE QUESTIONS FOR ALEXANDER LAW, CHIEF SOCIAL DEVELOPMENT OFFICER

"In response to widespread internal and external change, our strategy is focused on fostering employee engagement and attracting and retaining talented people"

How would you describe the Group's commitment to an adequate or a "living wage"?

Michelin's overall performance and sustainable viability are grounded in its ability to strike the right balance between the People, Profit and Planet bottom lines. Our commitment is to guarantee that every Group employee is paid at least the equivalent of the living wage benchmark. This is critical to meeting the Sustainable Development Goals defined in the UN Global Compact, which Michelin has pledged to uphold since 2010. The Group ensures that every employee, regardless of host country or company, is paid at least the equivalent of the living wage benchmark.

What are the challenges involved in attracting and retaining talented people?

Employee turnover and shortages of the skills we need, including to support the environmental transition, are important risks for Michelin. That's why we must absolutely strengthen our ability to attract and retain talented people. This is a major challenge for the Group's operations, in particular to cope with the disaffection with shift work, and for its ambitious 2030 objectives, which is why we've deployed a Group-wide action plan focused on three main objectives: defining critical jobs and prioritizing initiatives to retain and/or attract talented people to them, managing appeal through cross-cutting governance, and nurturing the employee experience.

The action plan expands on other fundamental risk-management practices being deployed, such as talent planning programs, adequate wage standards, a universal social protection floor and fair pay reflecting each employee's performance and level of responsibility. Other business-critical processes include personal development, upskilling, hiring, promoting from within and succession planning.

What are your main employee health and safety objectives?

Employee health and safety is naturally a priority for Michelin, which is being addressed with a three-pronged strategy. First, we're focusing on prevention, to ensure that everyone stays safe and healthy, in particular by constantly striving to maintain a high-quality work environment. Secondly, we need to help attract and retain talented individuals by continuously strengthening a culture of prevention and supervision, with a special emphasis on ergonomics. And lastly, Michelin takes care that new technologies, in whatever form, are introduced for the benefit of people, both to support their personal growth and to protect their health and safety.

Impacts, Risks and Opportunities (IROs)	Brief description
Upstream value chain · Downstream value chain · OP Own operations · Short-term · Medium-term · Long-term	
S1 - OWN WORKFORCE	
Attracting and retaining talent	
Deterioration of the employer brand and talent turnover; shortage of talent on the market OP **Risk**	Talent turnover issues may arise due to the nature of the industry (many production plants operate 24/7) and to the geographical location of Michelin facilities.
Employee health, safety and well being	
Deaths, disabilities and injuries OP **Negative impact**	In all the Group's office, production, research, logistics and retail facilities, employees may be exposed to the risk of accidents involving mechanical or electrical installations, materials and finished products handling, chemicals, tooling and shopfloor movements. These risks could result in injuries of varying degrees of severity. Traffic accidents during business travel have also been identified as risks.
Occupational illnesses caused by exposure to chemicals and harmful substances, including substances of concern and very high concern OP **Negative impact**	The tire industry uses a number of potentially hazardous compounds, as well as substances of concern or very high concern. Employees working in research or manufacturing operations are at risk of exposure to chemicals that, if unmitigated, could ultimately lead to illness. This may concern certain products and substances used to make tires, as well as certain compounds that may be found in process fumes.
Social protection	
An adequate wage and a social protection floor OP **Positive impact**	Adequate wages and social protection benefits for Michelin employees around the world

Introduction

Michelin's corporate purpose is to "offer everyone a better way forward." This vision unites everyone in the corporate community through individual and collective initiatives inspired by the Group's ambitious objectives for 2030.

Respect for people is one of Michelin's founding values and the Group has always been particularly mindful of the well-being of its employees. Today, it is more aware than ever of its responsibility to employees and other stakeholders. For Michelin, business performance is closely tied to employee fulfillment and high-quality social dialogue.

4.8.1 A STRATEGY GROUNDED IN EMPLOYEE ENGAGEMENT

Michelin's vision and strategy have always been people-driven, which is why it is so strongly committed to upholding and promoting human rights. The Group's strategy is deeply grounded in both the engagement and the development of people and teams, which together are one of its differentiating strengths and a decisive factor in meeting its 2030 objectives. Every employee is empowered to grow at Michelin, both professionally, in terms of skills and leadership, and personally, with fulfilling work, health and safety protection, and the guarantee of equal opportunity regardless of social background, gender, age, ethnic origin, sexual orientation, religious beliefs, disability or physical appearance.

Regular assessments of employee engagement (via the annual "Moving Forward Together" survey, see below) and inclusive, constructive social dialogue are key success factors in the strategy, which is designed to drive sustainable, balanced performance. Employee share ownership is also an important component in the engagement strategy.

The principles embodied in the Group's workforce policies are informed by international legal instruments[1] and directly guided by its ethical values.

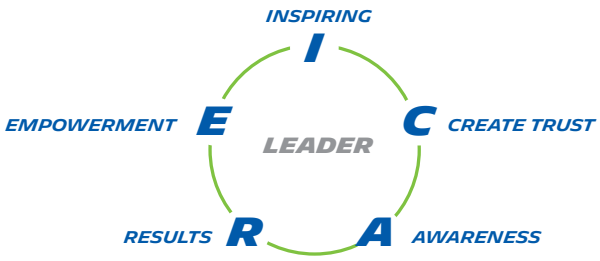
(1) These include the fundamental conventions of the International Labour Organization, the UN Guiding Principles on Business and Human Rights, and the Universal Declaration of Human Rights. The principles have also been shaped by input from the many working sessions held with the United Nations Global Compact and other organizations dedicated to these issues.

4.8.2 DEPLOYING THE STRATEGY THROUGH A CONSISTENT SET OF POLICIES AND THE ICARE LEADERSHIP MODEL

The Group's workforce strategy is overseen by the Corporate Personnel Department, which is led by the Chief Personnel Officer, a member of the Group Executive Committee. The Department is tasked with defining workforce policies, ensuring their implementation and sharing its expertise. Deployment of the strategy is based on a foundation of seven policies designed to foster social cohesion and equity through respect for people and facts, support Michelin's employer appeal and sustainable employability for everyone, and ensure compliance with applicable regulations and international standards. These foundational policies align with the impacts and risks identified in the double materiality assessment and the related governance mechanisms as follows:

Impacts, risks, and opportunities				
Attracting and retaining talent	Living wages and social protection floor	Employee health and safety	Policies	Governance mechanisms
			1. Recruitment and hiring	Social cohesion
			2. People development	Social cohesion
			3. Employee and team compensation and social protection	Social cohesion
			4. Diversity, equity and inclusion (DEI)	Social cohesion
			5. Employee relations	European Works Council
			6. Health, safety, quality of worklife	Employee health and safety
			7. Anti-harassment	Human Rights/Ethics Committee

In recent years, these core procedures have been supported by a leadership model known as ICARE (I for "Inspiring", C for "Create Trust", A for "Awareness", R for "Results" and E for "Empowerment"). It is designed to ensure collective accountability, so that employees at every level of responsibility are empowered to act as leaders.



4.8.3 ACTIVE STAKEHOLDER DIALOGUE, A CORE COMPONENT OF THE WORKFORCE STRATEGY

The Group nurtures active, ongoing dialogue with employees throughout the year. Personal and team engagement, one of Michelin's differentiating strengths, plays an important role in driving operational excellence and meeting business objectives, while fostering empowerment of the engaged teams. By improving engagement conditions and perception of the employee value proposition, the Group is also enhancing its employer appeal.

The Moving Forward Together survey, a key social dialogue lever

Employee engagement is tracked through the annual global Moving Forward Together survey, which enables employees to express their views on the Group's progress towards its strategic goals and on their daily employee experience. The annual findings provide a key lever for managers at every level to foster constructive social dialogue and drive continuous improvement.

The steady increase in the engagement rate over the years attests to the ongoing efforts to instill a stimulating, inclusive workplace environment. Calculated based on four Moving Forward Together survey questions, the rate has risen from 80% in 2019 to 84.7% in 2024 (up one point from 2023). This means that it has already met the target for 2030 and must now be consolidated.

A global governance system supporting dialogue with employee representatives

Social dialogue begins by listening to employees, through the "Moving Forward Together" survey (see above), whose findings, over time, demonstrate the commitment of managers to using it as a lever to support dialogue and drive continuous improvement.

More generally, Michelin fosters open, transparent, constructive social dialogue as a powerful source of sustainable performance. Managers receive training in the legal aspects of labor relations. The social dialogue process is designed to address employee ideas and viewpoints and encourage their free expression in the production plants, offices, country organizations and regional organizations. Dialogue with employees and their representatives is conducted in accordance with the principles of freedom of association and the right to collective bargaining, without any form of discrimination. The information provided to employee representatives is negotiated with them and complies with the legal requirements in each country. Particular attention is paid to dialogue in countries where the local culture and/or legislation is not conducive to employee input.

Sharing and dialogue are also facilitated by two Group employee representation organizations:

- The **European Works Council** (CEEM), set up in 1999, meets twice a year in plenary session. It represents a forum for information and consultation, where employee representatives are kept regularly informed of the Group's strategic objectives, financial results, highlights of the preceding six months, the main health, safety, environment and prevention metrics, and changes in the workforce.
- The **Global Works Council**, in place since 2020 and led by the Director of Employee Relations, meets once a year in plenary session. Its remit is to share the Group's strategic objectives and results transparently in every country where Michelin has a significant presence and to help co-construct fundamental policies to support the Group's transformations in such areas as competitiveness, social protection, diversity (particularly inclusion and disability) and sustainability. It includes representatives from the various host countries and focuses on labor relations and other aspects of the employer-employee experience. In July 2023, the Global Works Council began its second three-year term by broadening its membership, with new representatives from India, Sri Lanka, Indonesia and Australia.

An **Employee Relations** Policy (2024), overseen by the Corporate Personnel Department, describes the Group's general principles governing its employee relations engagement:

- To support a clear understanding of actual opportunities and challenges, the social dialogue process strives to ensure that employee ideas and viewpoints are addressed.
- Management plays a key role in this process by sharing technical and business information with employees or their representatives, enabling them to understand the true nature of the Group's situation and thereby contribute to constructive dialogue.
- Engagement with employees and/or their representatives is organized and conducted in accordance with the principles of freedom of association and the right to collective bargaining.
- Social dialogue leads to co-construction and compromises that foster a sustainable balance between People, Profit and the Planet, and therefore the interests of the Group, its employees and its shareholders.
- As part of this process, employees and/or their representatives have the right to express themselves freely, including to management, in accordance with our corporate values.
- Employees or their representatives are not subject to any form of discrimination nor suffer any negative effects on the management of their careers or advancement as a result of their actions as representatives.

In a commitment to enhancing the effectiveness of the social dialogue process in all its host communities, in line with their particular features and characteristics, Michelin has been a member of the Global Deal since 2017.

Michelin is thus strongly committed to upholding and promoting human rights, measuring and improving employee engagement, and practicing inclusive, constructive social dialogue to drive sustainable, balanced performance.

Michelin's commitment to human rights

Since 2010, Michelin has actively supported the United Nations Global Compact, integrating its principles into its global operations in compliance with local legislation. The Group embraces human rights principles and upholds the major international conventions. This commitment is also expressed in the Group's support for the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, as well as in its compliance with a number of the fundamental conventions of the International Labour Organization (freedom of association and protection of the right to organize; the elimination of discrimination in employment and occupation; the abolition of forced and child labor; and the right to a safe and healthy working environment).

Michelin's human rights policy and strategy are approved by the dedicated Human Rights Governance body which meets twice each year, which is co-chaired by the Executive Vice President & Chief Personnel Officer and the Executive Vice President, Engagement and Brands.

4.8.4 SOCIAL PROTECTION, HEALTH AND SAFETY, AND ATTRACTING AND RETAINING TALENT: THREE CORE ELEMENTS OF MICHELIN'S WORKFORCE STRATEGY AND ITS DEPLOYMENT

4.8.4.1 An adequate wage and social protection

Fair Wage Network certification granted in 2024

The promise that employees will be paid compensation that enables them and their families to live with dignity has long been deeply embedded in Michelin's value system.

The recently deployed Adequate Wage and Universal Social Protection Floor programs were both designed around the objective of ensuring that they cover every Group employee around the world. In this way, they are fostering the long-term personal growth of employees and helping to enhance the Group's appeal and ability to retain talent. Employee compensation today must enable a family of two adults and two children to meet their basic needs, save for the future and purchase standard consumer goods (depending on each country's standard of living). This adequate wage-based compensation is largely higher than a host country's legal minimum wage.

To fulfill this commitment, Michelin worked with the Fair Wage Network, an independent NGO specializing in adequate wage issues, whose methodology is recognized by IDH-The Sustainable Trade Initiative and many other NGOs[1]. As a result, Michelin was one of the first companies to earn the Fair Wage Network's "Living Wage Global Employer" certification in February 2024.

The Group's living wage commitment is an integral part of the Employee and Team Compensation and Social Protection Policy, supported by a standards manual explaining the methodology and implementation process. When a company is acquired, the living wage commitment is quickly deployed within three years, except in special cases[2].

A heritage of social protection: Michelin One Care

In addition to a living wage, the Group has deployed the Michelin One Care program to provide every employee with a universal social protection floor, comprising a set of basic social protection benefits to supplement host country social security systems.

Designed in 2021 and covering 98% of the worldwide workforce at the end of 2024, Michelin One Care includes the following measures:

- **New child leave:** a minimum of 14 weeks maternity/adoption leave and four weeks paternity leave, both at full pay
- **Access to health care:** health care cover not only for hospitalization and emergencies, but also for maternity care, doctors' visits and outpatient care
- **Family protection in the event of an employee's death:** payment of a death benefit equal to at least one year's salary, with coverage from the first day on the job

On January 1, 2026, the Michelin One Care program will be enhanced with the introduction of an education annuity for the children of deceased employees.

Reflecting their importance at Michelin, employee benefits programs are overseen by a dedicated governance body, the Global Employee Benefits Board (GEBB), which is co-chaired by the Corporate Finance Department and the Corporate Personnel Department. It is especially tasked with supporting a comprehensive, holistic approach to the Group's benefits commitment, ensuring that it is properly factored into corporate strategy and operations management, and approving changes in Group benefits policies or strategy and tracking compliance.

The process for engaging with the workforce and their representatives with regards to these issues is presented above.

(1) In referring to adequate or decent pay, "living wage" is the term preferred by the United Nations Global Compact, the International Labor Organization and other international bodies. Ensuring that Group employees are paid at least the equivalent of the living wage benchmark is a key factor in meeting the Sustainable Development Goals defined in the UN Global Compact.

(2) For example, if special in-field reviews are needed when the Fair Wage Network cannot provide data for a given company's host community.

4.8.4.2 Employee health and safety: an absolute priority in every decision

A core strategy and policies

In all the Group's office, production, research, logistics and retail facilities, employees may be exposed to the risk of accidents or work-related illnesses caused by mechanical or electrical installations, the handling of materials and finished products, chemicals, tooling and shopfloor movements. These risks can result in injury or illness of varying degrees of severity. Traffic accidents during business travel have also been identified as risks. In many host countries, employees may be exposed to health risks or the risk of assault, battery or kidnapping in the course of their work or while traveling. These risks are especially acute in countries experiencing political instability or heightened security situations. To acquire granular knowledge of specific conditions and features, each plant or office site is deploying risk assessments, workstation mapping exercises, annual or multi-year action plans, and equipment and process upgrades to drive continuous improvement.

The Group's health and safety strategy has three main objectives:

- Maintaining a priority focus on protecting everyone's health and safety (including health-related environmental impacts);
- Fostering employer appeal and employee retention (a culture of prevention and monitoring, safety and cognitive ergonomics);
- Supporting the organization's transition from technological compliance to agile human behavior in an automated world (also known as Enterprise 5.0).

The strategy is based on three pillars:

- Building an agile, flexible ecosystem (organizational and human factors, addressing societal and generational change, data strategy and exploration, including AI);
- Fostering personal fulfillment in the ecosystem, including the place of people in new technologies, skills development and adaptation, and the psychological acceptability of rules (buy-in);
- driving action with collective intelligence (connection to the outside world, health and safety culture, precursor analysis for predictive safety).

Implementation is overseen by a dedicated Employee Health and Safety Governance body, chaired by the Chief Personnel Officer and the Executive Vice President, Manufacturing and comprising members from the business lines and the corporate and operational departments, which meet twice a year to define health and safety policy, objectives and strategy. The strategy emphasizes a holistic, people-centric approach to health and safety, reflecting the latest technological and societal developments to create a safe, attractive, fulfilling workplace environment for everyone. Employee health and safety are also being managed through risk mapping exercises.

At Michelin, a Health and Safety Declaration describing the Group's principles and objectives has been distributed to every Group site and posted in every meeting room. Its primary principle is that "each person is unique and his or her health and safety are all-important."

A Health, Safety and Quality of Worklife Policy incorporated into the policy and overseen by the Corporate Personnel Department, is based on the following general principles:

- employee health and safety take precedence over any other activity;
- everyone is expected to obey the rules and mitigate any at-risk situation. Everyone has the right to refuse to perform a task for which they have not been trained and authorized to perform safely;
- the opinions of employees and their representatives are taken into account when defining action plans to improve working conditions;
- the Group complies with the most protective of either corporate procedures or local regulations;
- the Group deploys the resources and fosters the conditions to sustain an employee's ability to work, ease ergonomic hardship, preserve his or her physical, mental and social health, and ensure everyone's safety and well-being.

In the Policy's application notice, Michelin undertakes, in every aspect of its business, to:

- make its best effort to ensure and safeguard the health and safety of its employees, subcontractor employees and visitors;
- manage the health impact of its products and operations on its host communities, customers and the general public;
- create and nurture working conditions that preserve the physical and mental health of employees, support work-life balance and personal well-being, maintain people's ability to work and keep workstations accessible to as many people as possible.

This last commitment is being supported by the Adaptation to Physical Climate Risks Policy (2023), which addresses the impact of climate change on people's physical and mental health. It is overseen by the Corporate Audit, Quality and Customer Promises Department. A Chemical Risk Management Policy (2022) was also deployed and overseen by the Corporate Planning, Prevention and Protection Department, and is designed to protect human health and environmental ecosystems from the harmful effects of chemicals use.

Every work-related accident is investigated to determine the cause, with a comprehensive review of the technical, organizational and behavioral aspects. These reviews are often conducted with employee representatives. Incidents with a negative impact are tracked monthly by the Group Executive Committee during a session dedicated to safety issues, which may involve the presentation and analysis of a confirmed accident. Incident rates are also tracked monthly, with the results distributed and discussed by site, region and business process (e.g. Manufacturing, Distribution, R&D, Retail, Logistics).

Processes are also in place for engaging with the workforce about health and safety issues (see the Employee Relations Policy described above) and to enable employees to express their concerns or needs, without fear of reprisal, either to their direct managers or through other, more confidential channels such as the ethics hotline, their representatives, their unit's personnel manager or the Medical Department.

Lastly, the Total Case Incident Rate (TCIR), which tracks work-related accidents and illnesses across the Group, is one of the criteria for the portion of employee bonuses tied to the Group's performance (see the "Employee Health and Safety" section, below).

Key initiatives and resources

Initiatives have been undertaken to manage the risk of any negative impacts, with a priority focus on actions that are (i) capable of mitigating impacts on objectives, commitments and perceived stakeholder expectations and (ii) feasible over the medium term.

The following are just some of the prevention and improvement measures being deployed at Group-level.

- An ISO-compliant management system is in place at the very least in all the production plants
- Michelin sites are staffed with risk prevention professionals, such as OSH experts, ergonomists, hygienists, doctors and nurses
- Continuous improvement is being driven by risk assessments, workstation mapping, annual or multi-year action plans, and equipment and process upgrades
- Training programs are helping to instill a culture of alertness and safety among the entire workforce, based on a proactive mindset and extensive empowerment

In 2024, for example:

- The Group's "Life Saving Rules" to prevent or avoid possible life-threatening situations were described and explained in a reference manual specifying the related management principles and other Group policies. Applicable in every Group unit and site, the rules represent the fundamental safety practices that every Group employee, contractor or visitor, without exception, must follow on a given site or in a given operation
- A framework for initiatives to impel "Continuous Improvement in Quality of Worklife and Working Conditions" is underway.

To reassure external and internal stakeholders that internal procedures and rules are properly applied and that the highest-impact risks are under control, internal control procedures are performed concerning such health and safety issues as exposure to asbestos and chemicals, fire and explosion, ergonomics, workplace accidents, workplace malaise, regulatory compliance, leadership and skills.

A total of €56 million was committed to workforce health and safety initiatives in the Group's production base in 2024. Over €150 million is budgeted over the next five years, to support the Group's goal of setting the global standard in workplace safety.

4.8.4.3 The Group is ensuring its appeal and ability to retain talented people, now and in the future

A strategy consistently aligned with reality

For Michelin, improving its employer appeal and ability to retain talented people is a business-critical issue. As part of its All-Sustainable strategy, the Group has to attract and retain new talent to protect its independence and continue to innovate. Although Michelin's heritage, robust foundations and powerful corporate culture enable it to outperform the market with a lower overall turnover rate, it considers that turnover represents an important risk, that could have a potential impact on its employer brand and possibly lead to skills shortages.

The Covid-19 pandemic and succeeding crises have transformed the world of work, prompting employees to seek more flexible, hybrid working conditions, which means employers have to reinvent themselves to remain attractive. This transformation in life and workstyles has led to higher turnover and employee retention difficulties over certain periods, particularly in the production operations, shared service centers, digital operations and transportation. The Group must also address the outlook and expectations of new generations, such as the members of Generation Z born after 1995.

Like any large organization with a global footprint, Michelin must also constantly respond to a myriad of impactful changes both internally and in the wider society. Since 2018, for example, the acquisitions of Camso, Fenner, Multistrada, Masternaut and FCG have brought in around 14,000 new employees, considerably expanding the Group's diversity and skills base. Job families and skills sets are also evolving, with IT, digital technology, data management, artificial intelligence, innovation and environmental matters all helping to drive transformation. The Group is also having to adjust to new business lines leveraging its long-standing polymer composite expertise, such as engineered fabrics and films, conveyor belts, seals and belts for very high value-added industries.

At Michelin, turnover is more frequent among employees with less than two years' seniority, although it remains limited compared to the market. If this risk is not properly managed, the Group's operations and 2030 objectives could be impacted over the medium term. This is particularly the case for production jobs with irregular working hours, which could have an impact on an employee's health, social life and family life.

Policies and action plans deployed to manage talent turnover risks and enhance employer appeal

Group-wide, overall turnover has been stable and contained over the past three years. It is tracked more specifically in certain seniority categories (less than two years), certain business operations (manufacturing and marketing/sales) and certain regions.

This risk is being effectively managed by the combined impact of the seven Corporate Personnel Department policies described above, as well as by the action plan currently being deployed by the Department. Built on the findings of an internal audit performed in late 2023, the plan is structured around three major objectives and segmented into several initiatives, some of which are scheduled to be completed by the end of 2025:

- Defining "critical" jobs and positions and prioritizing measures to retain people in them and/or attract new people to them
- Managing the concept of employer appeal and attractiveness in general with a cross-cutting governance body
- Managing and tracking the employer brand and employee experience

The action plan supplements other bedrock risk management initiatives being pursued by the Group, including the following:

- A **talent planning** process is enabling the Group to take a strategic approach to the jobs and skills needed over the next five years in each Group unit, supported by an action plan. It is capable of accurately foreseeing both the emergence of new professions, jobs and skill-sets and the ways in which they will inevitably evolve in response to ever-faster transformations. As a cross-cutting management process, talent planning is closely tied to the Group's strategic plan and the strategic workforce planning (SWP) process that is supporting a variety of hiring, reskilling and upskilling action plans.
- Michelin actively encourages **employee share ownership.** At December 31, 2024, 3.75% of outstanding shares were held either by employees (2.59%, up 0.49 points on 2023) or former employees (1.16%) and 61% of employees were company shareholders. During the latest employee share ownership plan in September 2024, 57% of worldwide employees took up the offer, four points more than in 2022 and including 16% or nearly 11,000 people who were first-time investors.
- Michelin is committed to **offering every employee compensation that is personalized and fair**, in each reference market, and reflective of his or her individual performance and level of responsibility. Compensation policies are implemented with a long-term view, taking into account each person's professional development, so as to enable people to advance according to their aspirations and abilities and the needs of the Group. Compensation is also carefully aligned with evolving market conditions and local practices. In every host country, compensation is competitively set and raised with a constant eye on achieving the right balance between employee satisfaction and financial performance;
- updated in 2024, the Group's **Diversity, Equity and Inclusion** policy aims to ensure that everyone feels valued in the company. It addresses three issues:
  - *Well-being in the workplace*. Having inclusive teams means enabling each member to feel accepted and at ease in the organization, regardless of their origin, gender, age, sexual orientation, religion, physical appearance, disability or social background.
  - *Performance*. Diversity helps to hone collective intelligence, improve customer understanding, deepen the talent pool and foster engaged, committed teams,
  - *Social responsibility*. Michelin is deeply committed to making a positive difference in society, in particular by working towards the inclusion of people who struggle to find work.

Sustained, ongoing employee skills development

Michelin feels strongly that it should offer employees an enriching, fulfilling experience, by improving their ability to learn and grow in line with their aspirations to secure their sustainable employability. Personal growth and development is one of the Group's commitments to its employees. Everyone has access to the resources they need to take charge of their own development and enhance their employability, both in and outside the Group. Employability is supported by continuous skills development and such management practices as frequent feedback, performance reviews and the identification of potential. Performance development information is transparently shared with the employee concerned through the Workday HR information system accessible to 85% of the workforce.

In 2022, in response to its volatile, uncertain, complex and ambiguous business environment, Michelin set up a talent factory known as the "*Manufacture des Talents*" to support employees in their career development or retraining. In this way, it enables people to cultivate their lifelong-learning mindset, while helping to enhance the attractiveness of our host communities and improve talent retention. Every year, more than €240 million is allocated to training budgets, with 1,000 instructors and 55,000 online modules[(1)].

The MICHELIN employer brand, a factor of differentiation

Michelin consistently strives to reflect the diversity of its markets and local contexts. Hiring plays an important role in meeting this goal, not only by increasing diversity but also by making management teams more international. As emphasized in the Diversity, Equity and Inclusion Policy updated in 2024, being open to hiring more diverse individuals deepens the talent pool, gives the best people a chance and builds more talented teams. Diverse teams provide a greater, wider variety of ideas and viewpoints that nurtures collective intelligence and spurs innovation. Diversity, equity and inclusion are tracked by the Diversities & Inclusion Management Index (IMDI), a dedicated composite indicator displayed in the Group's strategic scorecard.

Michelin hires people with the intention of supporting their future career development, not just to fill an initial job vacancy. This means hiring both young graduates and more experienced people based on their proven skills, motivation, behavior, potential for future development and ability to embrace our corporate purpose and values.

One of the objectives is to bring on board competent, engaged, empowered people, capable of acting as leaders with respect for others, to foster innovation and entrepreneurship and support the agility and responsiveness the Group needs to thrive in a constantly changing environment. The opportunities created by retirements and acquisitions are putting pressure on the talent pool and confirming the need to hire and detect talent.

By 2030, the Group is committed to having:

- women account for 35% of the 600 most senior executives;
- host-country nationals represent a greater percentage of top management, with a target of 50% non-French nationals among the top 100 senior managers.

Capital expenditure committed to attracting and retaining talent stood at €76 million in 2024. and is budgeted at more than €300 million over the next five years.

4.8.5 METRICS AND TARGETS

4.8.5.1 Characteristics of employees

The Group's workforce totaled **129,832** people at December 31, 2024[(2)]. Data for **125,117** of them[(3)] are analyzed by gender in the table below:

Gender	Number of employees
Male	99,518
Female	25,583
Other	2
Not reported	14
TOTAL	**125,117**

(1) Training disclosures required by the CSRD are currently being prepared for the 2025 reporting year.
(2) See Note [8], Workforce, compensation and benefits, in the consolidated financial statements in section 5.2.1 of this URD, in which the Group presents the average number of employees on payroll in 2024.
(3) The difference reflects the 4,715 people who work for companies that are not integrated into the Group's human resources information system.

Two of the Group's host country organizations have more than 50 employees, accounting for at least 10% of the worldwide workforce at December 31, 2024:

Country	Female	Male	Other	Not reported	Total
France	4,511	16,327	0	1	20,839
United States	3,932	15,747	1	2	19,682

The workforce at December 31, 2024 may be analyzed by gender and type of work contract as follows:

	Female	Male	Other	Not reported	Total
Number of employees	25,583	99,518	2	14	125,117
Number of permanent employees	24,623	96,972	2	13	121,610
Number of temporary employees	960	2,546	0	1	3,507
Number of non-guaranteed hours employees	0	0	0	0	0

2024 turnover was calculated on the basis of the 122,478 employees with permanent work contracts as of January 1, 2024. Of these, 13,588 left the Group during the year (of which 7,106 voluntary separations, 4,671 involuntary separations, 1,661 retirements and 150 deaths), making for a turnover of 11%.

4.8.5.2 Adequate wage

On the basis of the Fair Wage Network certification awarded in February 2024, 100% of Michelin employees in the assessed scope are paid an adequate wage. New companies, which currently account for 3.5% of the total workforce[1], will be included in future certification rounds, starting in February 2025. Based on internal estimates, the Group considers that they are already paid a living wage. In this evolving context, the Group discloses that 96.5% of employees were paid a living wage at year-end 2024.

4.8.5.3 Employee health and safety

As of December 31, 2024, 68% of Group employees and temp agency workers were covered by a recognized, effective health and safety management system (i.e., an ISO 45001-certified system or the Group's standard SMEP Environment and Risk Prevention Management System[2]).

Work-related accidents and illnesses are tracked in the Group's strategic scorecard by the Total Case Incident Rate (TCIR) indicator, which is calculated based on the number of work-related accidents and illnesses recorded per 200,000 hours worked. The TCIR is one of the criteria for the portion of employee bonuses tied to the Group's performance. Compared with the 2030 target of less than 0.5, the 2024 TCIR stood at 1.03 for the year.

In 2024, the Group calculated the recordable work-related accident indicator provided for in ESRS S1-14, §88 by using the Total Recordable Incident Rate (TRIR). This indicator, whose scope is broader than the TCIR because it includes the RLU plantations, tracks the number of accidents (but not cases of occupational illness) per one million hours worked. On this basis, 1,203 work-related accidents among employees and temp agency workers were recorded in 2024, for a TRIR of 5.01.

The number of work-related fatalities was 0[3].

4.8.5.4 Incidents, complaints and severe human rights impacts

In 2024, incidents, complaints and severe human rights impacts included:

- 159 discrimination incidents, corresponding to the total number of confirmed cases of discrimination, including harassment, reported to the Group's whistleblowing system[4].
- 1,481 grievances concerning worker or human rights violations, corresponding to the total number of allegations reported to the Group's whistleblowing system, less the 159 incidents mentioned above. These allegations correspond to the following nine categories: bullying, sexual harassment, inappropriate behavior, human rights, health and safety issues, personal data protection, complex employee relations issues that were not resolved at the level of the manager and/or development partner, reprisals and violence and threats.

(1) The list of companies accounting for the 3.5%, mainly consisting of recently acquired companies, may be found in Appendix D below.
(2) See section 4.1.5.1.1 Environmental matters, above, for a presentation of the SMEP Environment and Risk Prevention Management System.
(3) In 2024, only fatalities resulting from workplace accidents were recorded, thereby excluding two fatalities resulting from commuting accidents during the year.
(4) For more on the Michelin ethics hotline, see section G1 – Business Conduct, below.

4.9 WORKERS IN THE VALUE CHAIN (S2)

THREE QUESTIONS FOR VINCENT ROUSSET-ROUVIÈRE, CHIEF PROCUREMENT OFFICER

Workers in the value chain: a more focused approach to the natural rubber supply chain
"Michelin was the first tire manufacturer to deploy a sustainable natural rubber policy"

Why have you taken a special approach to your natural rubber supply chain?

For the past 10 years, well ahead of any regulations, Michelin has been demonstrating its duty of care to its supply chain with, for example, a Sustainable Purchasing Policy and assessments of its suppliers' CSR maturity. To take these commitments to the next level, we have to factor in the notion of accountability, to focus initiatives where risks are especially acute and where the Group can make a difference. And in fact, it turns out that human rights risks are especially high in the natural rubber production value chain (located in Southeast Asia or West Africa, with a large workforce) and that the tire industry represents around three-quarters of the natural rubber market. This explains why the tire industry, and with it, Michelin, is particularly accountable with regards to this issue.

What is the objective of the Group's Sustainable Natural Rubber Policy?

Michelin was the first tire manufacturer to deploy such a policy, in 2016. It was drafted in partnership with the WWF and has since been updated, with input from a large number of stakeholders. It specifies the Group's commitments, informs our decisions and formally defines our expectations for the value chain. It is also backed by a roadmap with detailed, results-oriented objectives. The Group's transparency and performance have been recognized by SPOTT, whose assessments ranked Michelin No. 1 in the tire manufacturer category for natural rubber ESG disclosures in 2022, 2023 and 2024.

How do you identify worker-related risks in the natural rubber supply chain and how do you respond?

In 2017, Michelin developed a particularly innovative solution called RubberWay, which has since been widely deployed by the Group and also now taken up by our competitors. It provides a highly granular map of worker-related and other risks at different points in the supply chain that are also precisely geo-located. This then enables pragmatic risk mitigation projects to be deployed where they're needed, on the ground, in collaboration with village smallholders. Read on to find out more about our approach.

Impacts, Risks and Opportunities (IROs)	Brief description
Upstream value chain · Downstream value chain · OP Own operations · Short-term · Medium-term · Long-term	
S2 – WORKERS IN THE VALUE CHAIN	
Human rights	
Violation of the rights of workers in the value chain, including child labor, forced labor and illegal labor practices	Forced labor, child labor and illegal labor practices are risks in agricultural supply chains, including in the natural rubber industry.
Upstream · **Negative impact**	

Introduction

The risk of forced labor, child labor and other human rights violations could have a negative impact on workers in the Group's upstream value chain. Michelin has relationships with around 35,000 direct suppliers. The process of managing the related risks is based on the findings of an accountability assessment that measured the number and size of suppliers at each link in the value chain, Michelin's weighting in the chain, and the human rights issues and risks in its component channels. The findings showed that the natural rubber value chain, with its labor-intensive farming activities and broad geographical footprint, is the most exposed to the negative impact.

Forced labor, for example, is particularly widespread in farm commodity supply chains, while rubber plantations are located in countries at risk of forced or child labor, such as Southeast Asia or West Africa, and are very labor-intensive. Although rubber-tree farming is relatively unaffected by child labor compared with other crops, some reports have noted the high risk of exploitation of migrant and other workers in natural rubber-producing countries.

As a result, the Group is particularly alert to the risk of forced and child labor, especially since the tire industry accounts for around 70% of the global natural rubber market.

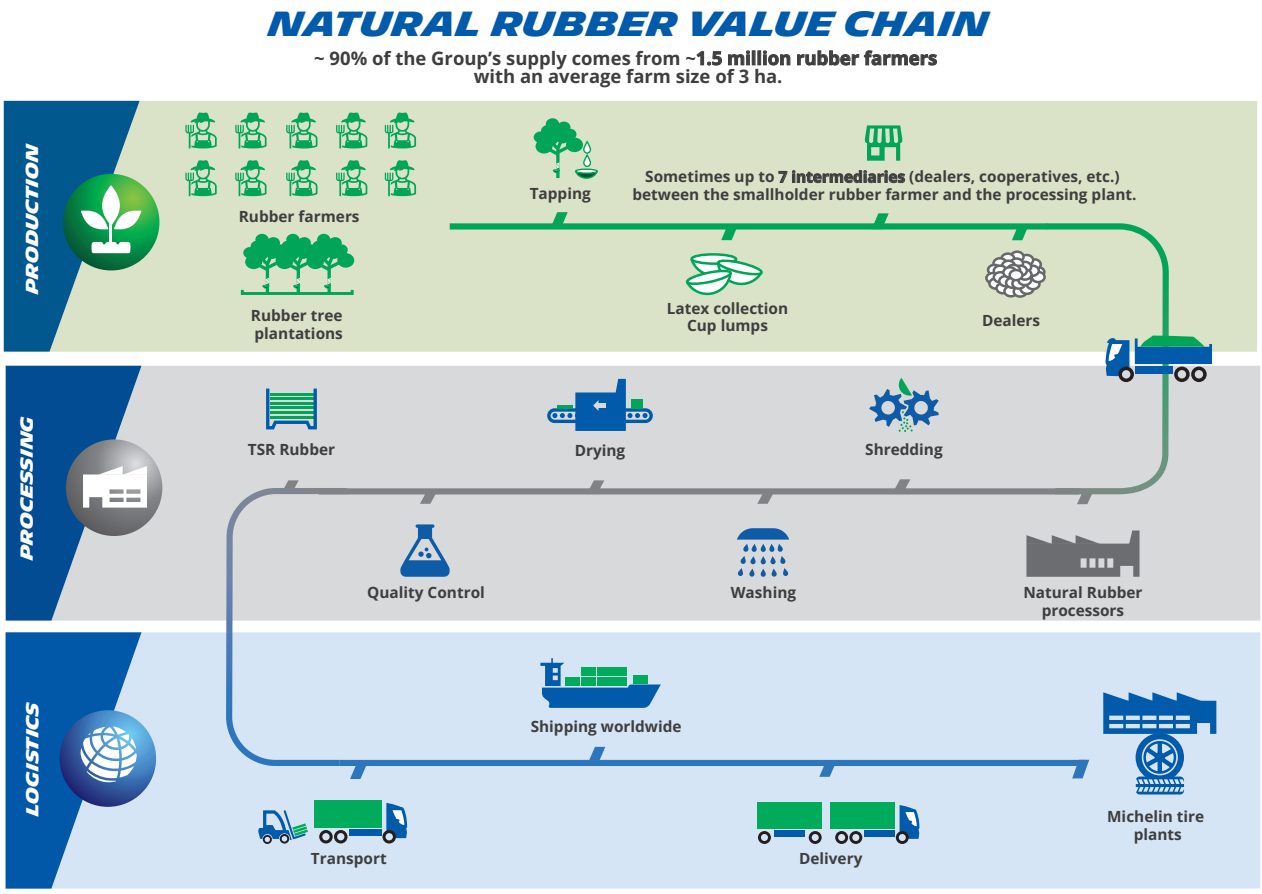
The Group's Duty of Care Plan also deals in depth with the management of these risks.

4.9.1 A VALUE CHAIN STRATEGY FOCUSED PRIMARILY ON NATURAL RUBBER SOURCING

Natural rubber is a critical raw material in tire manufacturing. Harvesting is labor-intensive and the trees can be farmed only in tropical regions, in countries at risk of human rights violations. To date, there is no financially viable substitute for natural rubber.

Rubber-tree farming requires a very large workforce, totaling some six million farmers worldwide. Of these, village smallholders produce 85% of the world's output on small farms generally covering fewer than four hectares. The remaining 15% is supplied by large plantations or estates. The other raw materials required for tire production, such as synthetic rubber, reinforcing agents (like carbon black), metal and textile reinforcements and chemicals, are primarily sourced from the oil, chemical and steel industries whose workforces are much smaller and generally skilled. This means that the risk of forced labor is higher in the natural rubber supply chain. In addition, natural rubber accounts for around a quarter of the Group's purchased inputs. For these reasons, this is where the Group has focused its efforts.

Although Michelin directly or through joint ventures owns a small number of plantations, the vast majority of its natural rubber is supplied by external farms. Most value chain workers likely to be concerned by the risk of forced labor would therefore be found among people working for entities in the upstream value chain, with migrant workers being particularly vulnerable. Most of the world's rubber-tree farms are located in Southeast Asia, West Africa and, to a lesser extent, Brazil.



4.9.2 PROCUREMENT POLICIES DESIGNED TO MANAGE RISKS RELATED TO VALUE CHAIN WORKERS

Michelin has supported the UN Global Compact since 2010 and France's Responsible Supplier Relationships Charter since 2012. The Group has also deployed two policies addressing the management of risks of human rights violations in the value chain, which were prepared under the responsibility of the Chief Procurement Officer, who is also tasked with their application in the upstream value chain. They are available on the Michelin Purchasing website[1]. The Sustainable Natural Rubber Committee is the governance body for the Group's Sustainable Natural Rubber Policy.

4.9.2.1 The Group's Sustainable Purchasing Policy (updated in 2024)

The Sustainable Purchasing Policy covers the procurement of all types of inputs, including natural rubber, particularly from the Group's direct (Tier 1) suppliers. It defines the Group's main sustainable purchasing principles and commitments, including those relating to human rights issues, and describes the fundamental documents, initiatives, objectives and key metrics underlying the sustainable purchasing process, including its human rights aspects.

(1) https://purchasing.michelin.com/fr/espacedocuments/.

4.9.2.2 The Group's Sustainable Natural Rubber Policy (updated in 2021)[1]

Focused on natural rubber procurement, the Sustainable Natural Rubber Policy covers all of Michelin's own operations, joint ventures and upstream supply chain. It informs management decision-making processes, systems and performance metrics at Group level and in the concerned business units, subsidiaries, affiliates and joint ventures. The first version was drafted in consultation with WWF, while the subsequent version was shaped by extensive input from a wide range of stakeholders, including environmental and human rights NGOs, and complies with the framework defined by the Global Platform for Sustainable Natural Rubber (GPSNR) presented below. The Policy is anchored in five core pillars, including the fundamental pillar of respect for people (upholding human rights, working conditions and the living environment) and the commitment to improving farming practices (initiatives to improve the livelihoods and economic resilience of village smallholders).

Its component policies, which address the risks of forced labor, child labor and human trafficking, express the Group's commitment to:

- opposing and combating forced labor and child labor;
- mapping its upstream value chain to identify the activities and countries most at risk of human rights violations;
- deploying a dedicated mapping exercise for the natural rubber supply chain;
- undertaking mitigation initiatives whenever and wherever risks are identified;
- maintaining a whistleblowing system open to everyone;
- regularly interacting with natural rubber stakeholders and remediating any (1) issues, particularly impacts on free, prior and informed consent or (2) adverse impacts expressed through the grievance mechanism.

4.9.2.3 Complementary elements

In addition, since 2012, Michelin has applied a supplier code of conduct (Michelin Purchasing Principles) that mandates compliance with specific forced labor, child labor and employee safety requirements, in line with ILO standards. The Purchasing Principles are translated into many languages and included in contracts and the general terms and conditions.

The above-mentioned policy base is aligned with internationally recognized guidelines and principles (UN Guiding Principles on Business and Human Rights; International Labour Organization fundamental conventions). In particular, the Responsible Natural Rubber Policy specifies which UN Sustainable Development Goals it is helping to advance. It was drafted with input from stakeholders, including environmental and human rights NGOs, and has been certified as compliant with the GPSNR framework.

To the best of the Group's knowledge, end 2024, no serious incidents of forced labor or child labor were reported as having occurred in 2024 in the upstream supply chain, either to the Group's ethics hotline or in public reports notified to the Group.

4.9.3 WELL-ESTABLISHED DIALOGUE PROCESSES ADDRESSING THE VIEWPOINTS OF VALUE CHAIN WORKERS

The views and opinions of workers in the natural rubber value chain are addressed through three channels:

- **consultations with stakeholders**, in particular environmental and human rights NGOs, both when the Sustainable Natural Rubber Policy is drafted or revised and during the regular meetings held every two years or so. The latter enable participants to review the progress made and, most importantly, to propose new pathways for the years ahead, focusing on the sustainable natural rubber roadmap, metrics and targets. A variety of stakeholders are invited to attend, including NGOs, research organizations like CIRAD (a French government research center that works with developing countries on international agricultural and development issues), customers, suppliers and, beginning in 2025, investors. The fourth meeting will be held in early 2025;
- **Global Platform for Sustainable Natural Rubber** (GPSNR), of which Michelin is a founding member. GPSNR brings together stakeholders from across the natural rubber value chain, including village smallholders, other producers and representatives of civil society, with the participation of a large number of NGOs. It is now leading improvements in the environmental and socio-economic performance of the entire natural rubber industry. GPSNR develops frameworks and standards, organizes working groups to bring together stakeholders and discuss best practices, and designs joint programs to implement practical, measurable solutions.

(1) Downloadable from Michelin's natural rubber website (https://purchasing.michelin.com/fr/caoutchouc-naturel-responsable-et-resilient/) and appended to the Group's natural rubber purchasing contracts. Michelin actively encourages its suppliers to implement sustainability policies aligned with GPSNR recommendations.

- **thoroughly mapping social and environmental risks in the natural rubber value chain**, down to the smallest holder, using the RubberWay® mobile app. Supply chain stakeholders, including raw rubber processing plants, brokers, large plantations and smallholders, are asked to respond to a questionnaire about their practices in such areas as human rights, the environment, agricultural training and market transparency. The inputted data can then be analyzed and summarized on a web platform to create a map highlighting the areas of potential social and environmental risk.

4.9.4 PROCESSES TO REMEDIATE POTENTIAL NEGATIVE IMPACTS

If the Group finds that it may have caused a significant negative impact on workers in the value chain, appropriate remedial actions can be defined or approved by two key governance bodies: the **Human Rights Governance** body, which approves the Group's human rights policy, objectives and strategy, and, if the impact occurred in the natural rubber supply chain, the **Sustainable Natural Rubber Committee.** If the negative impact is confirmed, the remediation response is defined on a case-by-case basis.

To improve its ability to detect adverse impacts, the Group has opened an **ethics hotline** that can be accessed by Group employees, contractor employees, temporary workers and any other value chain worker, as well as by customers, suppliers, service providers and other outside stakeholders via a dedicated telephone number and a secure website hosted by an independent company[1].

If, in response to an ethics hotline report, remediation or reparation proves necessary, the victims are contacted, reparation measures are undertaken and prevention mechanisms are strengthened. Compensation may be paid, depending on the situation. Any Group employee, regardless of his or her level of responsibility, who fails to uphold human rights will be disciplined in accordance with applicable laws and procedures. If a contractor, customer, supplier or other business partner is found to have violated human rights or failed to prevent human rights risks, the individuals or, in the case of a company, the managers are contacted to find and initiate remedial solutions. Failure to deploy remedial or corrective measures may result in the decision to terminate the business relationship.

In the case of the natural rubber value chain, the **GPSNR** grievance mechanism may be used if an individual, group or GPSNR member has been adversely impacted by the activities or operations of the GPSNR or its members. The GPSNR website lists the channels available to its members (including Michelin).

Lastly, the **Natural Rubber Stakeholders Committee** can alert the Group to situations concerning workers in the natural rubber value chain.

4.9.5 A WIDE ARRAY OF INITIATIVES IN PLACE TO PREVENT NEGATIVE IMPACTS AND DELIVER POSITIVE IMPACTS

Michelin is pursuing a number of initiatives aimed at **preventing and/or mitigating** human rights risks in the value chain, both on a day-to-day basis and over time.

4.9.5.1 Initiatives to prevent negative impacts from occurring

Structurally, the Sustainable Natural Rubber Policy is appended to all the Group's natural rubber purchasing contracts, while the supplier code of conduct (Michelin Purchasing Principles) is incorporated into the Group's general terms and conditions and all its contracts. The latter require that suppliers perform CSR assessments and deploy any necessary action plans and authorize Michelin or its mandated service providers to carry out on-site audits. In the event of refusal, Michelin reserves the right to respond as warranted, including by terminating all or part of its business relations with the supplier.

Another important prevention/mitigation lever is mapping to identify the sourcing countries and purchasing categories most at risk of CSR shortcomings, with a dedicated mapping exercise for the natural rubber supply chain using the RubberWay® application.

Third-party assessments of the CSR maturity of leading Tier 1 suppliers (usually desktop reviews by EcoVadis) also play a core role in risk prevention. These reviews cover such human rights issues as forced labor and child labor. For compliance, a predefined score must be earned, both overall and on human rights performance. If supplier answers fall short of compliance, action plans are requested. Supplier performance on forced labor and child labor issues is reviewed in depth every six months and suppliers are queried if any particular risk is flagged.

(1) For more on the Michelin ethics hotline, see section G1 – Business Conduct, below.

Training stakeholders across the supply chain is also a key factor in preventing risk. For example, Group buyers and employees are being upskilled with such dedicated training resources as human rights webinars, an e-learning module (optional for employees and mandatory for the most senior executives) and training sessions for buyers on human rights and other CSR issues. Suppliers are also engaged with training modules developed by Michelin or available on the EcoVadis and other CSR assessment platforms.

For natural rubber farmers, field projects aim to develop their skills and include systems for tracking implementation and outcomes. The attendant risk is factored into the Group's audit process. On-site audits of raw material suppliers, as well as annual or biennial audits of natural rubber processing plants performed as part of supplier quality system assessments, include questions relating to human rights and working conditions.

4.9.5.2 Michelin's positive impact initiatives

Michelin also strives to create positive impacts for workers in its value chain.

In 2024, a wide range of field projects were pursued in the natural rubber supply chain to develop the skills of village smallholders and improve their living and working conditions, both essential levers in avoiding the use of forced or child labor. These included the Cascade projects in Indonesia (2020-2027, in partnership with Porsche), the River project in Sri Lanka (2022-2025, in partnership with the French Ministry of the Economy and Finance) and the Mahakam project in Indonesia (2022-2025).

In West Africa, the SIPH joint venture is also deeply engaged with village smallholders and local communities, where it is leading a variety of programs to prevent malaria, AIDS and other diseases, providing training in best farming practices and supplying high-quality planting material by producing and marketing rubber seedlings.

All these projects are empowering farmers to improve their living and working conditions, while enabling them to increase yields and upgrade their environmental and labor practices.

4.9.5.3 Action plans tracked and recognized by outside agencies

Michelin tracks and assesses the outcomes of these initiatives with a number of metrics, of which several have annual or multi-year targets. Three of these are presented in the Metrics and Targets section, below. For example, the Group tracks the deployment of CSR assessments and the progress of supplier scores. Projects such as Cascade, River and Mahakam include metrics for measuring not only the number of participants and their profiles, but also actual progress, with indicators tracking the number of farmers whose working conditions and/or livelihoods have improved.

Awards and labels earned from agencies include (i) the French government's Responsible Supplier Relations label (June 2014); (ii) the French government's Responsible Supplier Relations and Procurement label recognizing French companies that have demonstrated the ability to foster balanced, sustainable relations with their suppliers (2019, 2022, confirmed in 2024); and (iii) certification that the Group's purchasing practices are mature with regard to the new ISO 20400 Sustainable Procurement standard (2019, 2022). In 2024, Michelin was awarded an EcoVadis score of 90/100 in Responsible Purchasing, ranking it in the top 1% of companies rated in its industry. Also in 2024, for the third year running, Michelin was ranked No. 1 in the tiremaker category by SPOTT, a natural rubber ESG disclosure platform, with a score of nearly 81% (No. 2 in the general natural rubber category).

4.9.5.4 Initiatives coordinated with Group purchasing processes

In its day-to-day operations, Michelin takes great care not to contribute to the risk of human rights violations impacting workers in the value chain. Its purchasing practices actively encourage the integration of CSR criteria into sourcing processes. These criteria can be discriminating (i.e., mandatory) or differentiating; they can concern suppliers and/or the product or service offering. In the case of natural rubber, the Group does not source from certain extremely high-risk countries, or from certain suppliers whose practices are not acceptable. In addition, purchasing teams include a dedicated CSR unit, particularly for natural rubber sourcing.

In the event of a negative impact, the Group's response will be carefully adapted to the situation and proportionate to the issues at stake. If a shortfall is identified, through supplier assessments, grievance mechanisms or any other channel, the Group will work with the supplier to define a mutually acceptable, time-bound improvement program. Confirmed or persistent non-compliance may result in the scale-back, suspension or termination of business relations with the supplier.

Within the Group, the Human Rights Governance body and the Group Ethics Committee may play an advisory and arbitration role in the event of a conflict between social responsibility and business issues.

Naturally, Michelin has allocated resources to managing any potential impacts. In terms of governance, the Chief Procurement Officer is a member of the Group Human Rights Governance body, the Group Ethics Committee and the Sustainable Natural Rubber Committee. Operationally, the sustainable purchasing process is managed in each purchasing category and each region, with the support of a global Sustainable Purchasing network that includes a natural rubber team.

4.9.6 METRICS AND TARGETS

Targets for managing this negative impact are presented in the Sustainable Purchasing Policy. They are defined by the Purchasing Department, in liaison with the Human Rights Operational Committee, and approved by the Human Rights Governance body. Natural rubber targets are presented during discussions with stakeholders at the biennial meetings with the Natural Rubber Stakeholders Committee (presentation of new targets, tracking and follow-up, key takeaways).

The target for the percentage of suppliers whose human rights score in the third-party CSR maturity assessments meets the Group's standards is **95% in 2030**, compared with 85% in the 2019 baseline year. The target applies to all Group suppliers assessed by a third party that have a valid score. As of end-2024, the percentage was 93%.

The second target concerns the percentage of natural rubber volumes used by the Group covered by human rights assessments, based on a representative sample of farmers mapped with the RubberWay® application. The target, which is **80% in 2025,** applies to the Group as a whole. As of end 2024, 80% of the Group's volumes had been assessed since 2017, based on a representative number of farmers, compared with only 7% at the end of the 2017 baseline year.

The third target concerns the number of village smallholders whose working conditions and/or livelihoods have improved as a result of remediation projects (primarily assessed through surveys). The target is **30,000 in 2030**, compared with 467 in the 2022 baseline year. The target applies to the entire Group. As of end-2024, 6,783 farmers had reported improvements since the projects were launched in 2020.

	Baseline year				Target	
	2018	2019	2022	2024	2025	2030
Percentage of suppliers whose human rights score in the third-party CSR maturity assessments complies with the Group's standards		85%		93%		95%
Percentage of natural rubber used assessed for compliance with the Group's human rights standards	7%			80%	80%	
Number of village smallholders whose working conditions and/or livelihoods have improved			467	6,783		30,000

4.10 CONSUMERS AND END-USERS (S4)

THREE QUESTIONS FOR DMITRY MOLOKANOV, CHIEF CUSTOMER EXPERIENCE OFFICER

"Customer engagement and the quality and safety of our products and services are the hallmarks of the Michelin experience." "

How does Michelin currently ensure that the safety of its products and services remains a core priority in their development process?

Michelin is deploying a number of key practices to ensure that safety is deeply embedded in the development of its products and services. First, we've instilled a real culture of quality, based on strict standards such as ISO 9001:2015, whose certification informs our quality management processes. Second, our marketing, engineering and product development teams work closely together to define rigorous safety criteria for each MICHELIN-brand product, factoring in such market data as applicable standards and conditions of use, as well as emerging trends. We also conduct extensive testing throughout the development process to ensure that all our products meet the highest safety standards before they are brought to market. Lastly, customer feedback and potential incident reports are systematically analyzed to help deliver steady improvements. A product and customer service performance tracking system is in place, enabling us to detect even the most latent issues and respond quickly and effectively if necessary.

How does Michelin measure customer satisfaction to continuously improve the safety and quality of its products and services?

We use a purpose-designed customer relationship ecosystem we call "customer centricity", which combines a variety of tools and methods to listen to the voice of our customers. For example, we conduct regular satisfaction surveys and analyze feedback from our customer rooms[1], whose locations close to key markets enable us to pick up quickly on any dissatisfaction and respond appropriately. In addition, we've set up tracking platforms that collect data from social media and other communication channels, which are analyzed to deepen our understanding of customer expectations and adjust our offering accordingly. Of course, in addition to all this, our in-field customer support engineering teams and sales forces are in close, daily contact with our dealers and partners, enabling us to gather direct feedback on the performance of our products in real-world conditions.

How does Michelin address customer expectations and needs to support sustainable mobility without compromising on the safety of its products and services?

Michelin's future vision for the safety of its products and services is to continue innovating by embracing advanced technologies, such as artificial intelligence and usage data analytics, to meet emerging safety needs. Collaborative working, both with our customers and partners and between our teams, is enabling us to develop solutions that specifically meet our customers' safety and sustainability needs. In this way, we are seeking to actively contribute to road safety initiatives worldwide, while aligning our strategy with the Sustainable Development Goals. By placing our customers squarely in the center of our vision, we hope to build trust and nurture a unique user experience that combines safety and environmental sensitivity.

(1) Located close to key markets and equipped with all the necessary capabilities, customer rooms capture customer dissatisfaction and then respond, as quickly as possible, with initiatives that effectively fulfill the customer promise. If necessary, they can hand the problem over to the Quality Platforms.

Impacts, Risks and Opportunities (IROs)	Brief description
Upstream value chain · Downstream value chain · OP Own operations · Short-term · Medium-term · Long-term	
S4 – CONSUMERS AND END-USERS	
Quality and safety of products and services	
Improving the safety of drivers and other road users, including by improving tire industry quality and safety standards Downstream · Positive impact	Since its creation, Michelin has nurtured a culture of quality, which is critical to improving the mobility of people and goods. Every employee at every link in the value chain is trained and committed to ensuring the quality and safety of our products and services. This engagement also raises personal safety awareness.

Introduction

The planet is coming under ever-increasing demographic pressure, as people everywhere legitimately aspire to move and travel to work and to access health care, education and leisure activities. For Michelin, mobility is a universal right and a vector of human development that everyone should enjoy, which Michelin is committed to safeguarding and making more sustainable. This is why the Group is constantly innovating to make mobility increasingly safe, accessible and efficient (delivering maximum performance with minimum use of resources) and light on the environment. This holistic approach to mobility forms the very heart of Michelin's corporate purpose.

By leveraging its materials science and unparalleled polymer composite expertise for more than 130 years, the Group has become a technological leader in tires that support all forms of mobility. Today, the Group is focusing on innovation and excellence to continue making a difference in a fast-evolving market, particularly by keeping pace with the sharply rising demand for electric vehicles. Michelin's expertise in designing composite products is supporting its sustained growth in the tire business as well as its expansion into non-mobility related markets. For example, it is currently applying its distinctive core competencies in materials, product design, process engineering and data science to innovate in such industries as construction materials, aerospace, low-carbon energies and health care.

Enhancing freedom of movement for people and goods requires an uncompromising attitude towards the safety and quality of every product and service. Every Group employee, at every point in the value chain, is aware and engaged in delivering Michelin Quality to fulfill the expectations of customers and end-users.

4.10.1 AN UNRIVALED QUALITY AND PRODUCT SAFETY STRATEGY TO MEET CUSTOMER NEEDS

End-user customers play a central role in implementing the Group's strategy and meeting its objectives. They include (i) consumers, who buy tires for their personal cars or motorcycles; (ii) transportation businesses, such as overland trucking and urban delivery companies, bus companies and airlines; and (iii) agricultural and industrial businesses, such as construction, materials handling and mining companies. The Group also markets tires for automobile and motorcycle motorsports.

To reach these customers and end-users, Michelin uses an indirect sales model based on dealers and resellers, as well as on partnerships with original equipment manufacturers (OEMs) of automobiles, trucks, buses, two-wheel vehicles, farm machinery, earthmovers, aircraft and race vehicles. Its strategy addresses the widely varying expectations of each type of customer, consumer and end-user, so as to meet their needs as effectively as possible.

Customer satisfaction is the bedrock of the Group's strategy, whose various building blocks – product, service and experience offerings, go-to-market processes, pricing policies, strategic sourcing, partnerships, mergers and acquisitions, etc. – are crafted and articulated by the Business Lines. Designed to deliver total customer satisfaction, the Michelin Quality process, known as the "Customer Promise Guarantee" (CPG), is applied in every aspect of the business. It ensures that the Group knows its customers and markets, develops products and solutions aligned with their needs, fulfills its commitments in implementing its solutions, and measures their satisfaction. Executing this quality strategy is the mission of the Customer Centricity Board, which brings together the chief executives of the Group's leading business units once a quarter and regularly interacts with customers or companies to improve the Group's ability to meet their increasingly high standards, in particular as regards sustainability.

Michelin is committed to upholding human rights, as expressed in its Master Policy[1]. with regards to every stakeholder, including consumers and end-users.

In addition, resources are dedicated to quality management, with Customer Promise Guarantee teams led by a Quality Manager active in every operating region and Business Line. Worldwide, around 50 people are assigned to these teams, which also manage the Net Promoter Score® (NPS®) metric. The Quality Board works closely with this quality network to define and deploy major initiatives and adjust the system as needed.

Applied around the world and in every business segment, the strategic process is organized around four main pathways to improving the safety and quality of Michelin products:

4.10.1.1 Zero compromise on the safety and quality of Michelin products

Every decision involving quality is based on avoiding any compromise whatsoever on product safety and quality. Tires are a critically important vehicle safety component. End-users are responsible for monitoring their condition, in particular through periodic tire pressure checks and visual inspection. Moreover, conditions of use, which also depend on the user, can evolve over time, making some form of monitoring system essential. Michelin has deployed a system for constantly tracking the real-world performance of its products and customer service in order to detect even the most latent issues and respond quickly and effectively if necessary. The system is based on:

- Customer rooms, located close to key markets and equipped with all the necessary capabilities, that capture customer dissatisfaction and then respond, as quickly as possible, with initiatives that effectively fulfill the customer promise. If necessary, they can hand the problem over to the Quality Platforms;
- Quality Platforms, generally organized by product segment, that oversee the tracking of in-market product performance. They review all available information and data to assess any impacts on the safety of product users. This information may come from outside, via the customer rooms or other sources, such as in-use safety incident reports, or from in-house, via alerts from the design, manufacturing or test teams;
- a review by the Product Performance Monitoring Board (presented in section 4.10.2.1 below) three times a year to ensure that the system is consistent with the Group's Quality Policy provisions and procedures.

In a situation where a product or service designed and/or manufactured and/or marketed by the Group and/or bearing one of the Group's brands exposes customers to a potential or proven safety risk, the appropriate Quality Platform will initiate a dedicated process, defined and supervised by the Corporate Quality Department, to assess the potential impact on customer safety. If need be, a decision may be made to recall the product from the market. Such voluntary recalls are consistently carried out in compliance with legislation applicable at the date of the decision.

In 2024, across the entire Group, all its brands and all its tire products, two voluntary recalls were issued, concerning 53 products of the total 200 million or so manufactured every year by the Group.

All of the recalls were issued voluntarily as a preventive measure and carried out in a fully transparent manner. Each one specified the model number, date of manufacture and other information enabling the recalled product to be easily identified, as well as a description of the defect, an assessment of the risks, an identification of the root causes and the corrective actions taken. Where applicable, regulatory authorities were informed in full compliance with prevailing legislation and guidelines. Stakeholders such as automakers, wholesalers, dealer networks and customers were also informed through appropriate channels. During each recall campaign, a multidisciplinary team managed deployment of the action plan in accordance with Group procedures. To assess the recall's effectiveness, the campaign is continuously and systematically tracked by the Quality Department.

4.10.1.2 Sustainable product performance

Michelin is committed to offering a safe, sustainable driving experience, from the first to the last kilometer, until the legal minimum tread depth is reached. This means that tires can be changed less often, saving customers money and reducing their impact on the environment. In addition to being a pledge of safety, this guarantees that less waste will be produced and less material will be used in production. For fleet owners, the performance of Michelin tires supports a total cost of ownership approach that reduces the tire budget, lowers the fuel bill and improves productivity.

(1) See https://www.michelin.com/en/sustainability/company/people.

4.10.1.3 Customer satisfaction: the bedrock of Michelin's strategy

Total customer satisfaction is the bedrock of the Group's quality strategy and to deliver it, the Michelin Quality Process, known as the "Customer Promise Guarantee", is applied in every aspect of the business.

As seen in the chart below, it ensures that the Group knows its customers and markets, develops products and solutions aligned with their needs, fulfills its commitments in implementing its solutions, and measures their satisfaction.

The marketing, in-field customer support, and sales teams are dedicated to understanding customer demands and the risks arising from specific or extreme conditions of use in the markets where the products and services are sold. This understanding is documented in specifications and integrated into the research and development processes. The objective of leading the industry in creating customer value is tracked in the Group's strategic scorecard, with a net promoter score (NPS) target set for 2024 (see section entitled "Metrics and Targets" below).

4.10.1.4 Innovating for customers with data-driven experiences

With more than a million vehicles under contract, Michelin is a leading provider of data-driven, AI-enabled connected solutions for business fleets. The Connected Solutions business line focuses on developing, delivering and operating innovative solutions for mobility professionals, based on in-depth knowledge of customers and their usage practices, coupled with data management expertise. These solutions help mobility professionals to meet the challenges of improving the safety of transported people and goods, increasing the productivity of their fleet management operations and reducing their CO_2 emissions.

EFFITIRES[1], for example, facilitates tire maintenance by using an automated inspection system to improve operating efficiency and safety, while reducing CO_2 emissions and raw materials use. MICHELIN **Connected Fleet**[2] provides the applications and data that fleet operators and managers need to optimize their fleet management process. Through **MICHELIN Mobility Intelligence (MMI)**[3], Michelin is leveraging innovative data analytics, powered by advanced artificial intelligence and machine learning technologies, to provide actionable information (for example, identifying and mapping high-risk areas) that helps to improve road safety and transportation infrastructure.

(1) See https://pro.michelin.fr/transport-de-marchandises/services-transport-de-marchandises/effitires.
(2) See https://connectedfleet.michelin.com/fr/.
(3) See https://mobilityintelligence.michelin.com/en/.

4.10.2 THREE FUNDAMENTAL DOCUMENTS SUPPORTING DEPLOYMENT OF MICHELIN'S QUALITY STRATEGY

The deployment of the Group's quality strategy is being supported by three fundamental documents: the Group Quality Policy, the Quality Statement and the Customer Promise Guarantee approach. They are applied in every country where the Group markets its products.

4.10.2.1 The Group Quality Policy

The deployment and application of the Group Quality Policy is overseen by the **Group Quality Governance** body, which comprises the Corporate Internal Audit, Quality, Internal Control and Risk Management Department, which reports to the Managers, and a Quality Network at the operations level, comprising the Quality Departments in the business lines, operating units and regional organizations. It defines the Group Quality Policy, including quality guidelines and standards underpinning Michelin's ability to sustainably provide high value-added products and services to its customers and nurture their trust, as well as the trust of all its other stakeholders.

The Quality teams are empowered to perform their role and tasks independently, including when deciding to bring a new product to market or to recall a product that fails to comply with Group quality standards. The Group Quality Governance body is supported by the Product Monitoring Board, which is chaired by the Vice President, Internal Audit, Quality, Internal Control and Risk Management and comprises the Executive Vice Presidents of the Business Lines, the Manufacturing Department and the Research and Development Department. The body is fully independent, reporting directly to the Managers.

4.10.2.2 The Quality Statement

The Quality Statement and one of the six transformations, "Customer Satisfaction", are designed to move the organization from "zero product defect" to "100% Customer Satisfaction." Their focus is on ensuring that every decision contributes to delivering an experience that lives up to the expectations of Michelin's customers[1].

4.10.2.3 The Customer Promise Guarantee approach

The Customer Promise Guarantee approach, which is designed to deliver total customer satisfaction, is described above.

4.10.3 A CONTINUOUS CUSTOMER DIALOGUE PROCESS AND MICHELIN'S LEADERSHIP IN SUPPORTING TIRE REGULATIONS

Since 2018, the core metric in the customer dialogue process has been the Net Promoter Score® (NPS®), which enables the Group to gauge customer satisfaction and take corrective action as needed. It is included in the Group's strategic scorecard of indicators. Since 2020, the Group has been tracking the Partner NPS, the weighted average of the OEM and dealer macro-clusters (i.e., not end-users).

For end-users, Michelin plays a significant role in improving tire safety through its active engagement in support of international standards and regulations.

4.10.3.1 Minimum performance standards

European legislators have introduced minimum tire-performance standards, in particular through Regulation (EU) 2019/2144 and United Nations' ECE Regulation 117. These regulations cover rolling resistance, noise and wet grip performance, with the goal of limiting a tire's environmental impact and improving road safety. Regulations and standards-setting offer Michelin, with its technological leadership, an opportunity to ensure a "fair, level playing field" for all.

Introduced in 2012 for new tires, the minimum standards are gradually being applied to products already on the market.

(1) "Together, through the contribution of each employee and our commitment to continual improvement of our Quality Management System, we strive every day to guarantee the core promises we make to our customers and stakeholders: our innovative product and service offers meet their needs and provide them satisfaction; they benefit from a great experience and a quality of service among the best; by choosing our products and services solutions, they act for a more sustainable planet; they have confidence in the reliability of our products and services and in the integrity of our Company." Michelin Quality Statement (2021).

Compliance of new Passenger car, Light truck and Truck tires is verified by government technical services when the product is certified. In the European Union, the stricter rolling resistance and wet grip standards introduced in Regulation R117, for both new and worn tires, have progressively been applied to new products since July 2024.

In each of the member countries, Michelin is supporting the application of these standards and, when requested, is helping to define the minimum thresholds.

4.10.3.2 Worn tire performance

The existing minimum standards for rolling resistance, noise and wet grip concern the measured performance of new tires. However, a tire's condition and performance evolve as it wears.

In the case of rolling resistance and noise, for example, performance improves or remains stable with use, so it makes sense to define their minimum standards on the basis of a new tire, as is currently the case.

On the other hand, a tire's wet grip declines as it wears. In 2019, the European Union approved the introduction of a regulation governing the wet grip performance of worn tires. Michelin participated in the United Nations working group that developed the regulatory method (R117-04) for introducing a minimum wet grip performance standard in 2024 on worn tires still within the legal wear limit, so as to ensure that tires deliver acceptable performance throughout their useful lives.

4.10.4 A POSITIVE IMPACT ON CONSUMERS AND END-USERS: INNOVATIVE PRODUCTS AND SERVICES

Michelin is pursuing its road safety strategy by introducing (i) new products offering even more robust safety performance with a smaller environmental footprint and (ii) customer services, such as the connected solutions mentioned above.

In 2023 and 2024, for example, two major truck fleet solutions were refreshed. First, the second-generation MICHELIN X® MULTI™ ENERGY™ tire range was introduced for fleet operators looking for an all-weather, all-road tire delivering optimum fuel efficiency and excellent mileage performance. The range's safety gains were recognized by Dekra, which conducted certified tests comparing the lateral wet grip performance of new and worn Michelin tires against their premium competitors.

Second, the innovative MICHELIN Connected Mobility[1] solution was launched in 2023 to help fleet managers meet their multitude of operational, financial, regulatory and environmental challenges. The end-to-end solution seamlessly combines five areas of expertise: connected technologies, day-to-day fleet management applications, tire management optimization, support and advice, and of course, Michelin tire performance. For example, MICHELIN Connected Mobility can help a fleet cut its fuel bill by up to 12% and reduce the number of tire pressure-related roadside repairs by up to 80%.

In addition to products and services, Michelin promises to make mobility more accessible, safer, more efficient and more environmentally sensitive. That's why the Group is committed to acting in the common good by financing road safety initiatives, notably in developing countries. Examples include:

- The Michelin Foundation's contribution to the United Nations Road Safety Fund (UNRSF), which is supporting solutions in low and middle-income countries, with a special focus on worldwide public policy and infrastructure;
- Michelin's ongoing partnership with UNICEF focused on children's road safety education programs in China, Cambodia and the Philippines.

(1) https://pro.michelin.fr/transport-de-marchandises/services-transport-de-marchandises/michelin-connected-mobility.

4.10.5 METRICS AND TARGETS

The Net Promoter Score® (NPS®)

Since 2018, the Michelin Group has used the Net Promoter Score® (NPS®) to help employees to measure customer satisfaction and, if needed, take corrective action. NPS improvement initiatives are defined by the regional organizations and the Business Lines) in close collaboration with the Customer Promise Guarantee teams and in-house partners (sales forces, Supply Chain, Customer Business Service, etc.). Regional initiatives are led by local management teams, while at Group level, every Customer Centricity Board meeting includes a dedicated NPS® session. In addition, twice a year, the Corporate Customer Promise Guarantee team issues a progress report on the initiatives underway.

Based on an NPS® of 50.6 in 2020 for the original equipment passenger car tire business, the Group's executive team is committed to increasing the Partner NPS by 10 points over the 2020-2030 period. In 2024, the Partner NPS stood at 40.2, compared with 40.3 in 2020. Partner interviews in 2024 emphasized the quality of Michelin's products and brand identity, but some customers commented negatively on product pricing and availability.

The NPS is included in the Group's strategic scorecard of indicators.

GOVERNANCE MATTERS

4.11 BUSINESS CONDUCT (G1)

THREE QUESTIONS FOR CHARLOTTE GRASS, CHIEF COMPLIANCE OFFICER

"Today, ethical business practices are indispensable if we want to build trust and act as an agent of all-sustainability."

What is the Group's commitment with regard to ethical business practices?

As day by day, we build the Michelin of tomorrow, the concern for ensuring that individual and collective conduct remains consistent with its values and ethical principles is always top of mind.

More than ever, our goal is to make these values and principles a single, clearly identifiable foundation on which every Group employee can stand, wherever they are and whatever their responsibilities.

Among other things, this means that the Group pays particular attention to deploying a wide range of compliance-related prevention and detection programs in all its units and Business Lines.

What is at stake for the Michelin Group in its business conduct?

Trust – that's what ethical business conduct is all about for Michelin. The trust of its employees, the trust of its customers, the trust of its shareholders and, more generally, the trust of all its internal and external stakeholders. This trust, which is more vital but harder to build than ever in this time of quickening technological, climate and social change, undeniably stems from the Group's ability to conduct its business ethically.

What sets the Michelin Group apart in its business conduct?

Since its founding, Michelin's employees have embraced the values of respect that are the building blocks of its corporate DNA.

Embodied in guiding principles, these values inspire employees as they conduct the Group's business ethically and in compliance with applicable regulations. The Group has deployed an organization and a governance structure dedicated to addressing current and emerging ethics and compliance issues, both at corporate level and in the Regions and the Business Lines. The Group's cross-cutting, multi-disciplinary approach gives it a granular vision of its risk picture. What underpins all this is the empowerment of the various stakeholders in every aspect of the business and with it, a shared commitment to living our ethical principles. The Group attaches particular importance to a culture of speaking up, particularly with regard to any breaches of its ethical principles, so that compliance with them is always the norm.

Impacts, Risks and Opportunities (IROs)	Brief description
Upstream value chain · Downstream value chain · OP Own operations · Short-term · Medium-term · Long-term	
G1 – BUSINESS CONDUCT	
Business ethics and corporate culture	
Fines, litigation and reputational damage due to unethical business practices	Potential unethical business practices include corruption, fraud, bribery, environmental violations and exploitive conditions in the supply chain.
OP **Risk**	

Introduction

Unethical business conduct represents a risk for Michelin, whose employees may be exposed to unethical practices in the course of their business relationships. Failure to comply with applicable regulations could have serious, lasting or irreversible consequences for the Michelin Group's image and reputation with institutions and/or the general public. This could hamper the Group's ability to attract talent and capital or expose it to financial risks, such as fines or the costs incurred in compliance, litigation or crisis management. Managers and employees involved in unethical practices may also be exposed to fines and/or imprisonment.

Michelin is formally committed to acting ethically in all its business activities and, in particular, to fighting corruption. It expects every employee to act consistently with integrity, in respect of the internal and external standards that have underpinned its corporate culture for over a century.

Compliance with the Group's fundamental values depends on the commitment of every employee, regardless of job title or function. They are expected to safeguard the values, reputation, image and heritage that the Michelin Group nurtures and enhances over time in order to protect both its employees and its long-term viability.

4.11.1 GOVERNANCE

The role of the administrative, management and supervisory bodies

See section 4.1.2 Governance of sustainability matters, above, for a presentation of the role of the administrative, management and supervisory bodies related to business conduct, as well as the expertise of these bodies in dealing with business conduct matters.

In the Corporate Legal Department, a multi-disciplinary Compliance Support Group (CSG) is tasked, in particular, with preventing and managing the risks of non-compliance with the Group's Code of Ethics, including in relation to anti-corruption and influence peddling.

The CSG takes a holistic, multidisciplinary approach to ethical and compliance risks. Its primary mission is to maintain high-quality protection for the Group and its employees through the creation and deployment of robust compliance programs. The CSG works in close collaboration with its Compliance network and the Group's other corporate departments (personnel, audit, internal control, communication, sustainable development and impact, purchasing, etc.). The Group's Compliance network is tasked with instilling the values and principles of the Code of Ethics in the Regions, deploying training initiatives and ensuring proper application of the procedures. Regular meetings are organized with the Regional General Counsels and/or the Regional Compliance Officers to drive the wider deployment of compliance programs and the sharing of best practices. Each Regional Compliance Officer, who is a member of the Regional Ethics Committee, reports once a year to the Group Ethics Operational Committee on the status of the compliance programs, with a summary then presented to the Group Ethics Committee.

4.11.2 BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE

The management of ethical risks and the fight against corruption are supported by two fundamental reference documents, respectively the Michelin Code of Ethics and the Anti-Corruption Code of Conduct. Both are prefaced by a statement from the Managers emphasizing the Group's commitment to ethics, which is based on the ethical behavior of each employee, acting as an "ambassador of Michelin's values." Both may be downloaded from the Code of Ethics website(1), the corporate website(2) and the Purchasing website(3).

The Regional President is responsible for ensuring that the Codes are properly applied everywhere in his or her geographical remit. In practice, the Codes are deployed by the Regional General Counsels and/or Compliance Officers, overseen by the Regional Ethics Committees and the Group Ethics Committee, which is chaired by the General Manager and Chief Financial Officer.

A deployment status report is presented to the Regional Ethics Committees and included in the annual reports submitted by each Region to the Group Ethics Operational Committee. Internal control procedures are performed to verify that the Codes have been distributed and accessible to every employee in the Region or business unit, with a particular focus on employees in at-risk countries and newly acquired companies. Other internal audits, focused either on Code deployment or more general issues, may also be carried out.

4.11.2.1 The Michelin Code of Ethics

Subtitled "Acting Ethically Every Day," the **Michelin Code of Ethics** reviews the Group's fundamental values (respect for facts, respect for people, respect for customers, respect for shareholders and respect for the environment) and describes the Group's ethical principles and compliance procedures. It sets out the guidelines governing employee and stakeholder decisions, with practical advice on how to respond to the most frequently encountered situations ("Dos and Don'ts"), and specifies the behaviors to adopt in typical situations for each work environment. Translated into 21 languages, the Code of Ethics was reviewed and expanded in 2021, in particular to strengthen the Group's commitments in areas like human rights and the environment, while responding more effectively to employee questions and making it easier to understand.

The Code of Ethics addresses the business conduct risks related to the giving or receiving of gifts and invitations, international trade and export controls, competition law, conflicts of interest, charitable and political donations, stock exchange regulations/insider trading, anti-fraud/anti-corruption, privacy and personal data protection, supplier relations and compliance with laws and regulations.

The Code applies to all employees and to any person working on Group sites or acting on behalf of a Group unit, anywhere in the world. The Group also encourages its customers, suppliers and other partners to adhere to the provisions of the Code, and in many cases, compliance is a prerequisite for doing business with the Group.

The Group supports ongoing Code deployment and compliance with regular, dedicated videos, events and other forms of communication. The Code is also distributed to new hires, who receive in-person and online training in ethics issues. Information campaigns are also organized for suppliers and customers.

4.11.2.2 The Anti-Corruption Code of Conduct

To mitigate the risks of corruption, in 2015, the Group introduced an **Anti-Corruption Code of Conduct** applicable to all employees and agents (i.e., third parties acting in the name and on behalf of Michelin). Updated in 2020, it attests to the Group's commitment to deploying a policy of zero-tolerance for any form of corruption or bribery. The Group also encourages its customers, suppliers and partners to adhere to the principles of the Code, through (i) contractual clauses inserted in their contracts referring to the Code and the Michelin Purchasing Principles and specifying the Group's anti-corruption compliance requirements and expectations; and (ii) newsletters.

The Code is designed to raise employee awareness of actions that could be construed as bribery or corruption, by providing examples and indicating the course of action when confronted with such events or situations. In particular, it deals with such issues as bribes, kickbacks and payoffs, the use of agents and brokers, payments for favors or other inducements, charitable or political contributions, gifts and invitations.

(1) https://ethique.michelin.com/en/.
(2) https://michelin.com/.
(3) https://purchasing.michelin.com/.

The Anti-Corruption Compliance Program (ACCP)

Impelled by the commitment of the Managers, in 2018 Michelin introduced an **Anti-Corruption Compliance Program** based on the provisions of France's Sapin II Act. Supported by a Group standards manual, it was approved by the Group Ethics Committee in September 2018 then updated and re-approved by the Group Ethics Committee in July 2021. Any new updates are now approved by Group Compliance and sent to the Group Ethics Committee for information.

Building on the provisions of France's Sapin II Act, the Michelin Program is backed by:

- Top management's strong commitment to the Group's policy of zero-tolerance for corruption and influence peddling;
- a corporate compliance team (CSG) and local relay officers in the Regions;
- a corruption risk map based on Sapin II standards and the recommendations of the French Anti-Corruption Agency, to identify at-risk operations, processes and countries and determine the mitigation measures to be deployed;
- mechanisms for assessing third parties with which the Group works or wishes to work, based on the findings of the corruption risk mapping;
- a Code of Ethics addressing the fight against corruption, a dedicated Anti-Corruption Code of Conduct specifying the procedures to be followed based on real-world examples, and a communication plan;
- an awareness-building program for all managers and employees and a stepped-up training plan for the ones most exposed to corruption risks;
- a whistleblowing hotline accessible to all Group employees and stakeholders (customers, suppliers, NGOs, etc.);
- control procedures (anti-corruption accounting audits, internal controls and audits);
- a system for tracking disciplinary measures taken in response to confirmed cases of corruption or influence peddling.

Each Regional President is responsible for managing corruption risks in all the activities and operations in his or her geographical remit, whether they arise from entities or companies associated with the Region, any other entity or company, or any person acting on behalf of a Group entity or company. Regional deployment of the Anti-Corruption Compliance Program and compliance with its principles are overseen by the Regional General Counsels and Regional Compliance Officers.

Any new company joining the Michelin Group, regardless of its business, size, industry or geographic location, must embrace the Group's ethical principles and values, including the Code of Ethics, the Anti-Corruption Code of Conduct and the Anti-Corruption Compliance Program and all other corruption risk management policies and guidelines no later than twelve months following the closing of the acquisition.

The Group believes that all its employees may be exposed to the risk of corruption. Nevertheless, as part of the corruption risk mapping exercise, certain functions have been identified as being the most at-risk, including purchasing, sales, customs, logistics and public affairs.

4.11.2.3 Michelin's whistleblowing system (ethics hotline)

4.11.2.3.1. General presentation

Since 2021, a **single Group-wide whistleblowing system** has been deployed in every Group entity, replacing the regional alert mechanisms that had been in place since 2005. Available in 30 languages, the system may be accessed by Group employees, contractor employees and temporary workers, as well as by customers, suppliers, service providers and other outside stakeholders via a hotline and a secure website hosted by an independent company. The system allows whistleblowers to anonymously and confidentially report any behavior, practice or situation that allegedly violates applicable laws, internal procedures or the Group's values and principles as set out in the Code of Ethics. As stated in the Code, possible violations may also be reported through such traditional channels as direct or other managers, the Personnel Department or the Regional Ethics Correspondent. All reports are consolidated in the Group's whistleblowing hotline and presented regularly to the Group Ethics Committee and once a year to the Group Management Committee and the Supervisory Board's Audit Committee.

Based on the reported information, the Regional Ethics Committees concerned decide if the alert is admissible and if it warrants an internal investigation. If the investigation substantiates the alleged violations, the Committees define and deploy action plans with remedial measures and/or disciplinary sanctions up to and including dismissal.

Deployment of the ethics hotline has been extensively publicized across the Group to remind employees of its existence and its procedures and to report its usage statistics. Information posters are also on display at Group sites. All employees may request training in how to use the ethics hotline.

4.11.2.3.2. The Group Whistleblowing Procedure

The **Group Whistleblowing Procedure**[1] describes the basic principles of reporting possible ethics violations. Such alerts must be submitted on a disinterested basis, i.e., in good faith and without seeking direct compensation. All alerts are reviewed impartially and the principles of presumption of innocence, protection of privacy and protection of the reputation of individuals will be applied throughout the process. Investigators have sufficient impartiality, competence, authority and resources to perform their duties and consistently comply with the internal requirements of the investigation. Potential conflicts of interest are carefully considered and appropriate measures taken as necessary. All decisions on an alert (admissibility, appointment of an investigator, coming to a decision after investigation) are taken in a collegial manner, and the methods used to check the accuracy of the information and events reported must be justified and proportionate to the seriousness of the allegations.

When processing alerts, Michelin attaches great importance to preserving confidentiality. The conditions of collecting and processing alerts therefore guarantee that the whistleblower's identity and all details likely to identify the whistleblower, the alleged subject of the alert, any third party mentioned in the alert and the information gathered while processing the alert will be kept strictly confidential.

Similarly, any employee who thinks that he or she may have suffered retaliation for filing an alert or taking part in the investigation is encouraged to report this through the ethics hotline or to the authorized persons. In particular, the whistleblowing system may be used to report any retaliatory measure, threat or attempt to use such measures against an employee. After the alert has been closed, it is followed up to ensure that there has been no retaliation and that the corrective measures have been properly implemented.

The Regional Ethics Committee ensures that measures taken following the investigations are upheld and tracked, including the absence of any retaliation.

4.11.2.3.3. The Group Investigations Directive

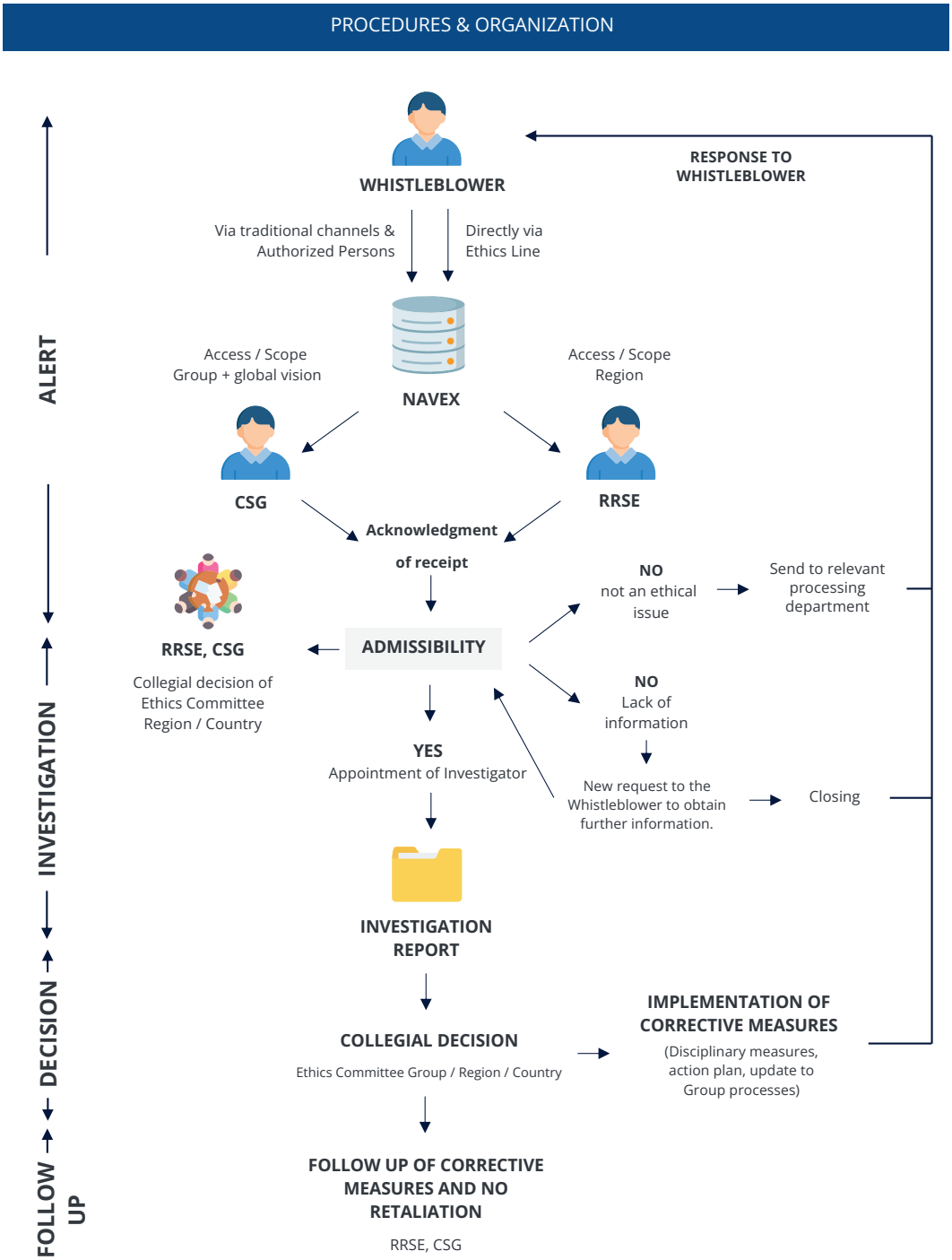
The Group has prepared a **Group Investigations Directive** defining the steps for processing an alert, the fundamental principles to be applied and the persons involved in the process. The investigation procedure applies to all matters covered by the Group's Code of Ethics, including incidents of corruption and bribery. The Group may also request the assistance of external investigators if necessary.

Submitted ethics alerts are analyzed and processed by authorized persons in accordance with the Group Whistleblowing Procedure and the Group Investigations Directive applicable across the Group, as defined by the Compliance Support Group (CSG) and the Corporate Planning, Prevention and Protection Department (DCAAP).

At Group level, only the Chief Compliance Officer and designated CSG members have access to all the alerts or reports submitted to the ethics hotline. The Regional Risk, Security and Environment Managers (RRSE) and, where applicable, the persons formally designated as their deputies, have access to alerts or reports filed in the countries in their Region. All these individuals are considered as authorized persons, and as such are bound by strict confidentiality and impartiality rules and vested with the requisite capabilities, authority and resources.

(1) Downloadable from michelin.com/groupe/raison-etre-values.

SUMMARY DIAGRAM OF THE ALERT COLLECTION AND PROCESSING MECHANISM



4.11.2.4 Ethics training

The Group offers a number of business conduct training courses intended either for all employees or for people in the most at-risk functions. They cover a range of subjects and issues, including the Code of Ethics, the ethics hotline, harassment, antitrust, anti-corruption, personal data protection and conflicts of interest. The courses are mandatory and must be attended when the employee takes up his or her new position and every two years thereafter.

In particular, given that all Group managers and employees worldwide may be exposed to corruption risks, since the final quarter of 2021, everyone qualified as eligible, wherever they work around the world, is expected to attend, every two years, an e-learning program reviewing the fundamental principles of the fight against corruption. The program enables participants to (i) understand the concepts of corruption and influence peddling; (ii) onboard the main principles of France's Sapin II Act and the related compliance system; (iii) identify situations at risk of corruption and influence peddling and recognize the consequences of violations; (iv) avoid situations likely to create a conflict of interest; and (v) use the whistleblowing channels to report possible infringements.

4.11.3 INITIATIVES SUPPORTING BUSINESS CONDUCT POLICIES AND THE CORPORATE CULTURE

In 2024, as every year, initiatives were undertaken to ensure compliance with the Code of Ethics, the Anti-Corruption Code of Conduct and the Anti-Corruption Compliance Program.

The Group Ethics Committee is currently updating the Group's corruption risk map, at the pace of three Regions per year in 2024, 2025 and 2026.

At the same time, the third-party due diligence process introduced in 2021 was strengthened in 2024, including specific anti-corruption due diligence prior to any merger or acquisition and the inclusion of ESG issues in due diligence audits. During the year, assessment criteria were reviewed, to realign the criteria for identifying at-risk third parties, lower the "at-risk country" threshold, deploy third-party assessments of suppliers in the Northern Europe Region in compliance with the German Duty of Care Act (LkSG) and introduce an upstream assessment procedure for new suppliers.

Internal ethics and compliance procedures are regularly updated. In 2024, a review of the Code of Ethics was initiated and the Anti-Corruption Compliance Program was updated. In 2025, the Group's Gifts and Entertainment Directive and Anti-Corruption Code of Conduct are scheduled for revision, as is the Third-Party Assessment Procedure to incorporate the new criteria identified in 2024.

The Group is continuing to develop and deploy mandatory online and in-person training courses for the most at-risk functions, including a mandatory anti-corruption e-learning course for the most exposed employees.

4.11.4 PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

The Anti-Corruption Compliance Program is designed to prevent and detect allegations and incidents of corruption, influence peddling and bribery. The Code of Ethics, the Anti-Corruption Code of Conduct and mandatory training courses all contain a presentation of the corruption and bribery detection procedures[1].

As part of the Anti-Corruption Compliance Program, Michelin has also introduced a key performance indicator tracking the percentage of employees who have undergone anti-corruption training, which is mandatory for all employees in the more at-risk functions (see above).

(1) See above for a description of these guidelines.

4.11.5 METRICS AND TARGETS

4.11.5.1 Percentage of functions-at-risk covered by anti-corruption training

In all, 79% of employees in functions-at-risk received anti-corruption training between January 1, 2023 and December 31, 2024.

In accordance with the Anti-Corruption Compliance Program (ACCP), these sessions must be attended every two years by all eligible employees, i.e., people exposed to the risk of corruption who have been employed by the Group for more than six months. The percentage trained corresponds to the number of employees qualified as eligible at December 31, 2024 trained in 2023 and 2024, divided by the total number of employees qualified as eligible at December 31, 2024. The Group's target for the anti-corruption training attendance rate is at least 95% by the end of 2026.

4.11.5.2 Confirmed incidents of corruption or bribery

The number of convictions and the amount of fines levied for violation of anti-corruption and anti-bribery laws is tracked by each Regional Compliance Officer. In 2024, there were no convictions, and consequently no fines paid for the violation of anti-corruption laws in the Group. This attests to the Group's policy of zero-tolerance for corruption and influence peddling,

APPENDICES

APPENDIX A – ADDITIONAL INFORMATION DISCLOSED IN COMPLIANCE WITH ARTICLE L.22-10-35 OF THE FRENCH COMMERCIAL CODE

Stronger ties between French citizens and the armed forces and enlistment in the reserves

Signed in 2017, the first agreement to support the military reserves policy was renewed in 2022 under the same conditions. Under its terms, reservist employees of Manufacture Française des Pneumatiques Michelin and its subsidiaries may be granted up to 12 working days of paid leave per year to facilitate their service in the French Army, Air Force or Navy, the National Gendarmerie, the National Police Force, or armed forces support organizations such as the Armed Forces Health Service, the Defense Procurement Agency (DGA), the Services of Supply, the Operational Energy Service (SEO) and the Defense Infrastructure Service (SID). There are currently around 70 reservists among Michelin employees in France[1].

Combating tax evasion

Michelin's tax policies are defined and implemented in line with its operating objectives in responsible and sustainable business development. In this regard, the Group's primary responsibility is to ensure that it fulfills all of its international, regional and local tax obligations, in both the spirit and the letter of the law. Moreover, Michelin has defined its own fundamental guidelines, in a commitment to securing its positions and ensuring that the Group fairly pays all of the taxes due in its host communities.

This is why Michelin systematically interprets tax legislation in compliance with both the law and the legislator's intent, without taking advantage of any possible loopholes.

The Group also recognizes the need and the value of nurturing trust-based relationships with tax authorities. As a result, the Group Vice President of Tax Affairs and members of his network foster, nurture and maintain ongoing, transparent relationships with tax authorities at every level.

Whenever possible, the Group seeks to foster such relationships in every host geography. In 2019, for example, the Group signed a partnership agreement with the French tax authorities, under the "relationship of trust" framework set up by the Budget Ministry, whereby any major events likely to have a tax impact will be shared transparently.

Naturally, the Group's tax policies strongly condemn all forms of tax evasion and expressly forbid management from taking advantage of tax regimes deemed to be prejudicial or non-transparent. Similarly, Michelin does not engage in any transaction, financial or otherwise, that would have the effect of evading taxes or of optimizing its corporate tax liability without generating any other operational or economic benefit.

A recurring effective tax rate of more than 20% and the lack of any tax adjustments or convictions for tax fraud attest to the effectiveness of the initiatives and tax governance in place to combat tax evasion. Furthermore, the Group's presence in a given geography is based solely on operational decisions concerning our manufacturing or marketing operations and never on tax considerations.

All tax risks are tracked specifically by the Tax Affairs Department, under the supervision of the Corporate Finance Department. The system for managing these risks is also governed by the Group's tax policies. In line with its new obligations, the Group is deploying and tracking compliance with the global minimum taxation rules issued by the OECD's Pillar Two initiative.

The Michelin Group is a responsible taxpayer, complying with local and international legislation. We have developed our geographical footprint to be able to serve our customers, adding tangible value to their lives through our manufacturing, sales & marketing, development and services locations. The search for proximity, both in terms of relationships and geography, is even more relevant today with the challenges of managing our environmental footprint.

We are actively engaged in developing our host communities and systematically comply with local legislation wherever we operate, with an unceasing commitment to paying our fair share of taxes and customs duties. In our tax transparency report[2], we share information on the topic, always with the same goal of fostering constructive dialogue with all our stakeholders.

(1) Note that Florent Menegaux is a colonel in the French Army's citizen's reserve.
(2) https://www.michelin.com/publications/informations-réglementées/rapport-transparence-fiscale

APPENDIX B – LIST OF DATAPOINTS IN CROSS-CUTTING AND TOPICAL STANDARDS THAT DERIVE FROM OTHER EU LEGISLATION

Disclosure Requirement and related datapoints	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	URD reference
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 Table #1 of Annex I		Commission Delegated Regulation (EU) 2020/1816, Annex II		4.1.2.1 Composition and role of the administrative, management and supervisory bodies
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Commission Delegated Regulation (EU) 2020/1816, Annex II		4.1.2.1 Composition and role of the administrative, management and supervisory bodies
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex I				4.1.2.4 Statement on due diligence
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Commission Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex I		Commission Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex I		Delegated Regulation (EU) 2020/1818, Article 12 (1), Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv Delegated Regulation (EU) 2020/1818, Article 12 (1), Delegated Regulation (EU) 2020/1816, Annex II			Delegated Regulation (EU) 2020/1818, Article 12 (1), Delegated Regulation (EU) 2020/1816, Annex II		N/A

Disclosure Requirement and related datapoints	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	URD reference
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2 (1)	4.2 CLIMATE CHANGE (E1) TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2		N/A
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		4.2.9 METRICS AND TARGETS
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator number 5 Table #2 of Annex I				4.2.9.5 Energy consumption and mix
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex I				4.2.9.5 Energy consumption and mix
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex I				4.2.9.5 Energy consumption and mix
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex I	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5 (1), 6 and 8 (1)		4.2.9.6 Gross Scope 1, 2, 3 and Total GHG emissions
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicator number 3 Table #1 of Annex I	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8 (1)		4.2.9.6 Gross Scope 1, 2, 3 and Total GHG emissions
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2 (1)	4.2.9.7 Carbon allowances

Disclosure Requirement and related datapoints	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	URD reference
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II, Delegated Regulation (EU) 2020/1816, Annex II		4.2.14 ANTICIPATED FINANCIAL EFFECTS: INITIAL ESTIMATES OF THE COST OF ADAPTATION MEASURES(1)
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) **ESRS E1-9** Location of significant assets at material physical risk paragraph 66 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk.			4.2.14 ANTICIPATED FINANCIAL EFFECTS: INITIAL ESTIMATES OF THE COST OF ADAPTATION MEASURES(1)
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2: Banking book – Climate change transition risk: Loans collateralized by immovable property – Energy efficiency of the collateral			4.2.14 ANTICIPATED FINANCIAL EFFECTS: INITIAL ESTIMATES OF THE COST OF ADAPTATION MEASURES(1)
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Commission Delegated Regulation (EU) 2020/1818, Annex II		4.2.8.1 Rolling resistance, a key differentiating factor at a time of higher tire energy performance standards(1) 4.2.8.2 Expanding the line-up of EV tires(1)
ESRS E2-4 Amount of each pollutant listed in Annex II of the EPRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex I, Indicator number 2 Table #2 of Annex I, Indicator number 1 Table #2 of Annex I, Indicator number 3 Table #2 of Annex I				4.3.7 AIR AND WATER POLLUTION METRICS
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex I				4.4.2 TARGETED WATER RESOURCE POLICIES
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex I				N/A
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex I				N/A

(1) Disclosure of qualitative information.

Disclosure Requirement and related datapoints	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	URD reference
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex I				4.4.4.3 Water consumption metric (own operations)
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex I				4.4.4.3 Water consumption metric (own operations)
ESRS 2- SBM 3 – E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex I				4.5.1 STRATEGY: ADDRESSING BIODIVERSITY IN THE TRANSITION PLAN AND THE BUSINESS MODEL
ESRS 2- SBM 3 – E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex I				4.5.1 STRATEGY: ADDRESSING BIODIVERSITY IN THE TRANSITION PLAN AND THE BUSINESS MODEL
ESRS 2- SBM 3 – E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex I				4.5.1 STRATEGY: ADDRESSING BIODIVERSITY IN THE TRANSITION PLAN AND THE BUSINESS MODEL
ESRS E4-2 Sustainable land/ agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex I				4.5.3 CORE BIODIVERSITY AND ECOSYSTEM POLICIES
ESRS E4-2 Sustainable oceans/seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex I				N/A
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex I				4.5.3 CORE BIODIVERSITY AND ECOSYSTEM POLICIES
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex I				Not material
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex I				Not material
ESRS 2- SBM 3 – S1 Risk of incidents of forced labor paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				4.8.1 A STRATEGY GROUNDED IN EMPLOYEE ENGAGEMENT
ESRS 2- SBM 3 – S1 Risk of incidents of child labor paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				4.8.1 A STRATEGY GROUNDED IN EMPLOYEE ENGAGEMENT

Disclosure Requirement and related datapoints	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	URD reference
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				4.8.3 ACTIVE STAKEHOLDER DIALOGUE, A CORE COMPONENT OF THE WORKFORCE STRATEGY Michelin's commitment to human rights
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 21			Commission Delegated Regulation (EU) 2020/1816, Annex II		4.8.3 ACTIVE STAKEHOLDER DIALOGUE, A CORE COMPONENT OF THE WORKFORCE STRATEGY Michelin's commitment to human rights
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				4.8.3 ACTIVE STAKEHOLDER DIALOGUE, A CORE COMPONENT OF THE WORKFORCE STRATEGY Michelin's commitment to human rights
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				4.8.4.2 Employee health and safety: an absolute priority in every decision
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				4.11.2.3 Michelin's whistleblowing system (ethics hotline)
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Commission Delegated Regulation (EU) 2020/1816, Annex II		4.8.5.3 Employee health and safety
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Not disclosed in 2024
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Not material

Disclosure Requirement and related datapoints	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	URD reference
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				4.8.5.4 Incidents, complaints and severe human rights impacts
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator number 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II, Delegated Regulation (EU) 2020/1818 Art 12 (1)		4.8.5.4 Incidents, complaints and severe human rights impacts
ESRS 2- SBM 3 – S2 Significant risk of child labor or forced labor in the value chain paragraph 11 (b)	Indicators numbers 12 and 13 Table #3 of Annex I				4.9 WORKERS IN THE VALUE CHAIN (S2) Introduction
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				4.9.2 PROCUREMENT POLICIES DESIGNED TO MANAGE RISKS RELATED TO VALUE CHAIN WORKERS
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicators numbers 11 and 4 Table #3 of Annex I				4.9.2 PROCUREMENT POLICIES DESIGNED TO MANAGE RISKS RELATED TO VALUE CHAIN WORKERS
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II, Delegated Regulation (EU) 2020/1818 Art 12 (1)		4.9.2 PROCUREMENT POLICIES DESIGNED TO MANAGE RISKS RELATED TO VALUE CHAIN WORKERS
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		4.9.2 PROCUREMENT POLICIES DESIGNED TO MANAGE RISKS RELATED TO VALUE CHAIN WORKERS
ESRS S2-4 Human rights* issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex I				4.9.2.2 The Group's Sustainable Natural Rubber Policy (updated in 2021)
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex I and Indicator number 11 Table #1 of Annex I				Not material
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex I		Delegated Regulation (EU) 2020/1816, Annex II, Delegated Regulation (EU) 2020/1818 Art 12 (1)		Not material

Disclosure Requirement and related datapoints	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	URD reference
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex I				Not material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				4.10.2.1 The Group Quality Policy
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II, Delegated Regulation (EU) 2020/1818 Art 12 (1)		4.10.1 AN UNRIVALED QUALITY AND PRODUCT SAFETY STRATEGY TO MEET CUSTOMER NEEDS
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex I				N/A
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex I				4.11.2 BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex I				4.11.2.3.2 The Group Whistleblowing Procedure
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		4.11.5.2 Confirmed incidents of corruption or bribery
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex I				4.11.5.2 Confirmed incidents of corruption or bribery

APPENDIX C – EUROPEAN TAXONOMY TABLES

Table 1 – Sales ("Turnover")

Proportion of sales from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2024

		Year 2024		Substantial contribution criteria						Do no significant harm criteria (DNSH)								
Economic activities	Code	Absolute sales	Proportion of sales	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) proportion of sales, year 2023	Category (enabling activity)	Category (transitional activity)
		in € millions	*%*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)																			
Manufacture of other low-carbon technologies	CCM 3.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**16%**	E	
Sales of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**16%**		
Of which enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	***16%***	*E*	
Of which transitional		-	-	-						-	-	-	-	-	-	-	***0%***		*T*
A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED)																			
Manufacture of other low-carbon technologies	CCM 3.6	13,846	51%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	NO	YES	YES		**36%**		
Data-driven solutions for GHG emission reductions	CCM 8.2	240	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								**1%**		
Repair, refurbishment and remanufacturing	CE 5.1	364	1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								**1%**		
Sales of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		**14,449**	**53%**	**52%**				**1%**									**38%**		
A. SALES OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1 + A.2)		**14,449**	**53%**	**52%**				**1%**									**54%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Sales of Taxonomy-non-eligible activities (B)		**12,743**	**47%**	*Analysis not carried out for reasons of materiality and insufficient data*															
TOTAL		**27,193**	**100%**																

Table 2 – Capital expenditure

Proportion of capital expenditure from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2024

		Year 2024		Substantial contribution criteria						Do no significant harm criteria									
Economic activities	Code	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) proportion of CapEx, year 2023	Category (enabling activity)	Category (transitional activity)
		in € millions	*%*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	**%**	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)																			
Manufacture of other low-carbon technologies	CCM 3.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**22%**	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22%**		
Of which enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	***0%***	*E*	
Of which transitional		-	-	-						-	-	-	-	-	-	-	***0%***		*T*
A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED)																			
Manufacture of other low-carbon technologies	CCM 3.6	1,561	53%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	NO	YES	YES		**36%**		
Data-driven solutions for GHG emission reductions	CCM 8.2	47	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								**1%**		
Repair, refurbishment and remanufacturing	CE 5.1	20	1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								**1%**		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		**1,628**	**55%**	**54%**				**1%**									**38%**		
A. CAPEX OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1 + A.2)		**1,628**	**55%**	**54%**				**1%**									59%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		**1,335**	**45%**	*Analysis not carried out for reasons of materiality and insufficient data*															
TOTAL		**2,963**	**100%**																

Table 3 – Operating expenses

Proportion of operating expenses from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2024

		Year 2024		Substantial contribution criteria						Do no significant harm criteria									
Economic activities	Code	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) proportion of OpEx, year 2023	Category (enabling activity)	Category (transitional activity)
		in € millions	*%*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES; NO; N/EL*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	**%**	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which enabling																		*E*	
Of which transitional																			*T*
A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED)																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)																			
A. OPEX OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1 + A.2)																			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities																			
TOTAL		**1,842**	**100%**																

Analysis not carried out for reasons of materiality and insufficient data

Tables 4 – Multi-objectives

	Proportion of OpEx/Total OpEx	
	Taxonomy aligned per objective	Taxonomy eligible per objective
CCM	-	-
CCA	-	-
WTR	-	-
CE	-	-
PPC	-	-
BIO	-	-

	Proportion of CapEx/Total CapEx	
	Taxonomy aligned per objective	Taxonomy eligible per objective
CCM	-	54%
CCA	-	-
WTR	-	-
CE	-	1%
PPC	-	-
BIO	-	-

	Proportion of sales/Total sales	
	Taxonomy aligned per objective	Taxonomy eligible per objective
CCM	-	52%
CCA	-	-
WTR	-	-
CE	-	1%
PPC	-	-
BIO	-	-

Table 5 – Gas and nuclear activities

Row		
	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

APPENDIX D – TABLE OF DISCLOSURE REQUIREMENTS

ESRS	Disclosure Requirement	URD reference
ESRS 2	BP-1 – General basis for the preparation of sustainability statement	4.1.1 GENERAL BASIS FOR THE PREPARATION OF THE SUSTAINABILITY STATEMENT
	BP-2 – Disclosures in relation to specific circumstances	4.1.1 GENERAL BASIS FOR THE PREPARATION OF THE SUSTAINABILITY STATEMENT
	GOV-1 – The role of the administrative, management and supervisory bodies	4.1.2.1 Composition and role of the administrative, management and supervisory bodies 4.1.2.2 The key role of the administrative, management and supervisory bodies
	GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies;	4.1.2.2 The key role of the administrative, management and supervisory bodies
	GOV-3 – Integration of sustainability-related performance in incentive schemes	4.1.2.3 Integration of sustainability-related performance in incentive mechanisms
	GOV-4 – Statement on due diligence	4.1.2.4 Statement on due diligence
	GOV-5 – Risk management and internal controls over sustainability reporting	4.1.2.5 Risk management and internal controls over sustainability reporting
	SBM-1 – Strategy, business model and value chain	4.1.3.1 A sustainability driven strategy, business model and value chain
	SBM-2 – Interests and views of stakeholders	4.1.3.2 Constant, careful attention to the interests and views of stakeholders
	SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	See below for the disclosure requirements "Related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model" as regards the ESRS: ■ ESRS E1 Climate change; ■ ESRS E4 Biodiversity and ecosystems; ■ ESRS S1 Own workforce; ■ ESRS S2 Workers in the value chain; ■ ESRS S4 Consumers and end-users.
	IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	4.1.4.1 Methodology
	IRO-2 – Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	APPENDIX D – Table of Disclosure Requirements

ESRS	Disclosure Requirement	URD reference
ESRS E1 Climate change	Related to ESRS 2 GOV-3 – Integration of sustainability-related performance in incentive schemes	4.1.2.3 Integration of sustainability-related performance in incentive mechanisms 4.2.4 GOVERNANCE AND MONITORING OF THE TRANSITION PLAN
	E1-1 – Transition plan for climate change mitigation	4.2 CLIMATE CHANGE (E1) TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION
	Related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	4.2.5 ALIGNMENT OF THE TRANSITION PLAN WITH THE GROUP'S BUSINESS STRATEGY 4.2.6 RESILIENCE OF THE STRATEGY CLIMATE CHANGE MITIGATION (Introduction) 4.2.8 MITIGATION ACTIONS AND RESOURCES EMBEDDED IN OUR BUSINESS MODEL
	Related to ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities	4.1.4.1 Methodology
	E1-2 – Policies related to climate change mitigation and adaptation	4.2.7 CLIMATE CHANGE MITIGATION AND ADAPTATION POLICIES 4.2.11 PHYSICAL CLIMATE RISKS ADAPTATION POLICY ISSUED IN 2024
	E1-3 – Actions and resources in relation to climate change policies	4.2.8 MITIGATION ACTIONS AND RESOURCES EMBEDDED IN OUR BUSINESS MODEL 4.2.12 DEDICATED INITIATIVES AND RESOURCES WITH A STRUCTURED ROADMAP TO 2030
	E1-4 – Targets related to climate change mitigation and adaptation	4.2.9.1 Short-to-medium-term (according to the SBTi) 4.2.9.2 Long term 4.2.9.3 Targets and quantitative contributions by lever over the 2019-2030 period (Scopes 1 and 2) 4.2.9.4 Projected levers for the 2050 time horizon 4.2.13 METRICS AND TARGETS UNDER CONSTRUCTION
	E1-5 – Energy consumption and mix	4.2.9.5 Energy consumption and mix
	E1-6 – Gross Scope 1, 2, 3 and Total GHG emissions	4.2.9.6 Gross Scope 1, 2, 3 and Total GHG emissions
	E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	4.2.9.7 GHG removals and GHG mitigation projects financed through carbon credits
	E1-8 – Internal carbon pricing	4.2.9.7 Carbon allowances, Internal carbon pricing
	E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	4.2.8 MITIGATION ACTIONS AND RESOURCES EMBEDDED IN OUR BUSINESS MODEL 4.2.14 ANTICIPATED FINANCIAL EFFECTS: INITIAL ESTIMATES OF THE COST OF ADAPTATION MEASURES
ESRS E2 Pollution	Related to ESRS 2 IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	4.1.4.1 Methodology
	E2-1 – Policies related to pollution E2-2 – Actions and resources related to pollution E2-3 – Targets related to pollution	4.3.2 GENERAL POLICIES RELATED TO POLLUTION 4.3.3 THE GROUP'S LONG-STANDING TRWP OBJECTIVE, BACKED BY DEEPER ENGAGEMENT WITH THE TIRE INDUSTRY AND OTHER SUPPORT RESOURCES 4.3.4 MITIGATING AIR AND WATER POLLUTION FROM GROUP OPERATIONS 4.3.5 MANAGING CHEMICAL RISKS 4.3.6 A HOLISTIC UNDERSTANDING OF POLLUTION IN THE UPSTREAM VALUE CHAIN
	E2-4 – Pollution of air, water and soil	4.3.7.1 Air pollution 4.3.7.2 Water pollution
	E2-5 – Substances of concern and very high concern;	4.3.7.3 Substances of concern (SOCs) and very high concern (SVHCs)
	E2-6 – Anticipated financial affects from pollution-related impacts, risks and opportunities	Not disclosed in 2024

ESRS	Disclosure Requirement	URD reference
ESRS E3 Water and marine resources	Related to ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	4.1.4.1 Methodology
	E3-1 – Policies related to water and marine resources	4.4.2 TARGETED WATER RESOURCE POLICIES
	E3-2 – Actions and resources related to water and marine resources	4.4.3 AN ARRAY OF ACTIONS AND RESOURCES COMMITTED TO WATER RESOURCES
	E3-3 – Targets related to water and marine resources	4.4.4.1 Water resource targets 4.4.4.2 Water-related targets in the upstream value chain
	E3-4 – Water consumption	4.4.4.3 Water consumption metric (own operations)
	E3-5 – Anticipated financial effects from material water and marine resources-related risks and opportunities	Not disclosed in 2024
ESRS E4 Biodiversity and ecosystems	E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model	4.5.1 STRATEGY: ADDRESSING BIODIVERSITY IN THE TRANSITION PLAN AND THE BUSINESS MODEL
	Related to SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	4.5.1 STRATEGY: ADDRESSING BIODIVERSITY IN THE TRANSITION PLAN AND THE BUSINESS MODEL
	Related to ESRS 2 IRO-1 – Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities	4.1.4.1 Methodology 4.5.2 IDENTIFYING BIODIVERSITY AND ECOSYSTEM ISSUES: THE CRITICAL ROLE OF NATURAL RUBBER
	E4-2 – Policies related to biodiversity and ecosystems	4.5.3 CORE BIODIVERSITY AND ECOSYSTEM POLICIES
	E4-3 – Actions and resources related to biodiversity and ecosystems	4.5.4 PROTEAN BIODIVERSITY AND ECOSYSTEM INITIATIVES
	E4-4 – Targets related to biodiversity and ecosystems	4.5.5.1 Biodiversity and ecosystem targets
	E4-5 – Impact metrics related to biodiversity and ecosystems change	4.5.5.2 Impact metrics related to biodiversity and ecosystems change
	E4-6 – Anticipated financial effects from biodiversity and ecosystem-related impacts, risks and opportunities	Not disclosed in 2024
ESRS E5 Resource use and circular economy	Related to ESRS 2 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	4.1.4.1 Methodology
	E5-1 – Policies related to resource use and circular economy	4.6.2 AMBITIOUS RESOURCE USE AND CIRCULAR ECONOMY POLICIES
	E5-2 – Actions and resources related to resource use and circular economy	4.6.3 TOWARDS A PARADIGM SHIFT: GAME-CHANGING CIRCULARITY INITIATIVES AND RESOURCES
	E5-3 – Targets related to resource use and circular economy	4.6.4.1 Resource inflows 4.6.4.2 Resource outflows
	E5-4 – Resource inflows	4.6.4.1 Resource inflows
	E5-5 – Resource inflows	4.6.4.2 Resource outflows
	E5-6 – Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	4.6.3.2 Resource circularity

ESRS	Disclosure Requirement	URD reference
ESRS S1 Own workforce	Related to ESRS 2 SBM-2 – Interests and views of stakeholders	4.1.3.2 Constant, careful attention to the interests and views of stakeholders 4.8.3 ACTIVE STAKEHOLDER DIALOGUE, A CORE COMPONENT OF THE WORKFORCE STRATEGY
	Related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	4.8.1 A STRATEGY GROUNDED IN EMPLOYEE ENGAGEMENT 4.8.4 SOCIAL PROTECTION, HEALTH AND SAFETY, AND ATTRACTING AND RETAINING TALENT: THREE CORE CONCERNS OF MICHELIN'S WORKFORCE STRATEGY AND ITS DEPLOYMENT
	S1-1 – Policies related to own workforce	4.8.2 DEPLOYING THE STRATEGY THROUGH A CONSISTENT SET OF POLICIES AND THE ICARE LEADERSHIP MODEL 4.8.4 SOCIAL PROTECTION, HEALTH AND SAFETY, AND ATTRACTING AND RETAINING TALENT: THREE CORE CONCERNS OF MICHELIN'S WORKFORCE STRATEGY AND ITS DEPLOYMENT
	S1-2 – Processes for engaging with own workers and workers' representatives about impacts	4.8.3 ACTIVE STAKEHOLDER DIALOGUE, A CORE COMPONENT OF THE WORKFORCE STRATEGY
	S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns	4.8.3 ACTIVE STAKEHOLDER DIALOGUE, A CORE COMPONENT OF THE WORKFORCE STRATEGY 4.8.4.2 Employee health and safety: an absolute priority in every decision
	S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	4.8.4 SOCIAL PROTECTION, HEALTH AND SAFETY, AND ATTRACTING AND RETAINING TALENT: THREE CORE CONCERNS OF MICHELIN'S WORKFORCE STRATEGY AND ITS DEPLOYMENT
	S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	4.8.3 ACTIVE STAKEHOLDER DIALOGUE, A CORE COMPONENT OF THE WORKFORCE STRATEGY
	S1-6 – Characteristics of employees	4.8.5.1 Characteristics of employees
	S1-7 – Characteristics of non-employee workers in the undertaking's own workforce	Not disclosed in 2024
	S1-8 – Collective bargaining coverage and social dialogue	Not material
	S1-9 – Diversity metrics	Not material
	S1-10 – Adequate wages	4.8.5.2 Adequate wage*
	S1-11 – Social protection	Not disclosed in 2024
	S1-12 – Persons with disabilities	Not material
	S1-13 – Training and skills development metrics	Not disclosed in 2024
	S1-14 – Health and safety metrics	4.8.5.3 Employee health and safety
	S1-15 – Work/life balance metrics	Not material
	S1-16 – Compensation metrics (pay gap and total compensation)	Not material
	S1-17 – Incidents, complaints and severe human rights impacts	4.8.5.4 Incidents, complaints and severe human rights impacts

* *The following companies will be included in the Fair Wage Network's future "Living Wage Global Employer" certification rounds from 2025: Nex Tyres SL, Tyre Dating SAS, TRK SRL, Michelin Asia Singapore Co. Pte. Ltd, ASM Clermont Auvergne, PT Wanamukti Wisesa, PT Lestari Asri Jaya, PT Multi Kusuma Cemerlang, PT Royal Lestari Utama, CDI Products Arabia Industrial Ltd, EGC Operating Company, LLC, Pennel & Flippo SA, Fait Plast SPA, Angeloni Group SRL, Selcom SRL (being companies with more than 10 employees at December 31, 2024).*

ESRS	Disclosure Requirement	URD reference
ESRS S2 Workers in the value chain	Related to ESRS 2 SBM-2 – Interests and views of stakeholders	4.1.3.2 Constant, careful attention to the interests and views of stakeholders 4.9.3 WELL-ESTABLISHED DIALOGUE PROCESSES ADDRESSING THE VIEWPOINTS OF VALUE CHAIN WORKERS
	Related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	4.9.1 A VALUE CHAIN STRATEGY FOCUSED PRIMARILY ON NATURAL RUBBER SOURCING
	S2-1 – Policies related to value chain workers	4.9.2 PROCUREMENT POLICIES DESIGNED TO MANAGE RISKS RELATED TO VALUE CHAIN WORKERS
	S2-2 – Processes for engaging with value chain workers about impacts	4.9.3 WELL-ESTABLISHED DIALOGUE PROCESSES ADDRESSING THE VIEWPOINTS OF VALUE CHAIN WORKERS
	S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns	4.9.4 PROCESSES TO REMEDIATE POTENTIAL NEGATIVE IMPACTS
	S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	4.9.5 A WIDE ARRAY OF INITIATIVES IN PLACE TO PREVENT NEGATIVE IMPACTS AND DELIVER POSITIVE IMPACTS
	S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	4.9.6 METRICS AND TARGETS
ESRS S3 Affected communities	Related to ESRS 2 SBM-2 – Interests and views of stakeholders	Not material
	Related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	Not material
	S3-1 – Policies related to affected communities	Not material
	S3-2 – Processes for engaging with affected communities about impacts	Not material
	S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns	Not material
	S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	Not material
	S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Not material

ESRS	Disclosure Requirement	URD reference
ESRS S4 Consumers and end-users	Related to ESRS 2 SBM-2 – Interests and views of stakeholders	4.1.3.2 Constant, careful attention to the interests and views of stakeholders 4.10.3 A CONTINUOUS CUSTOMER DIALOGUE PROCESS AND MICHELIN'S LEADERSHIP IN SUPPORTING TIRE REGULATIONS
	Related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	4.10.1 AN UNRIVALED QUALITY AND PRODUCT SAFETY STRATEGY TO MEET CUSTOMER NEEDS
	S4-1 – Policies related to consumers and end-users	4.10.2 THREE FUNDAMENTAL DOCUMENTS SUPPORTING DEPLOYMENT OF MICHELIN'S QUALITY STRATEGY
	S4-2 – Processes for engaging with consumers and end-users about impacts	4.10.3 A CONTINUOUS CUSTOMER DIALOGUE PROCESS AND MICHELIN'S LEADERSHIP IN SUPPORTING TIRE REGULATIONS
	S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	4.10.1.1 Zero compromise on the safety and quality of Michelin products
	S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	4.10.1.2 Sustainable product performance 4.10.1.3 Customer satisfaction: the bedrock of Michelin's strategy 4.10.1.4 Innovating for customers with data-driven experiences 4.10.4 A POSITIVE IMPACT ON CONSUMERS AND END-USERS: INNOVATIVE PRODUCTS AND SERVICES
	S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	4.10.5 METRICS AND TARGETS
ESRS G1 Business conduct	Related to ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies	4.11.1 GOVERNANCE
	Related to ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	4.1.4.1 Methodology
	G1-1 – Business conduct policies and corporate culture	4.11.2 BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE
	G1-2 – Management of relationships with suppliers	Not material
	G1-3 – Prevention and detection of corruption and bribery	4.11.3 INITIATIVES SUPPORTING BUSINESS CONDUCT POLICIES AND THE CORPORATE CULTURE 4.11.4 PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY 4.11.5.1 Percentage of functions-at-risk covered by anti-corruption training
	G1-4 – Confirmed incidents of corruption or bribery	4.11.5.2 Confirmed incidents of corruption or bribery
	G1-5 – Political influence and lobbying activities	Not material
	G1-6 – Payment practices	Not material

4.12 REPORT ON THE CERTIFICATION OF SUSTAINABILITY INFORMATION AND VERIFICATION OF THE DISCLOSURE REQUIREMENTS UNDER ARTICLE 8 OF REGULATION (EU) 2020/852

(For the year ended December 31, 2024)

This is a translation into English of the Statutory Auditors' report on the certification of sustainability information and verification of the disclosure requirements under Article 8 of Regulation (EU) 2020/852 of the Company issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and the H2A guidelines on "Limited assurance engagement - Certification of sustainability reporting and verification of disclosure requirements set out in Article 8 of Regulation (EU) 2020/852".

To the Shareholders,

Compagnie Générale des Etablissements Michelin
23 place des Carmes-Déchaux
63000 Clermont Ferrand

This report is issued in our capacity as Statutory Auditors of Compagnie Générale des Etablissements Michelin (the "Group"). It covers the sustainability information and the information required by Article 8 of Regulation (EU) 2020/852, relating to the financial year ended December 31, 2024 and included in the sustainability statement in the Group's management report.

Pursuant to Article L. 233-28-4 of the French Commercial Code (*Code de commerce*), Compagnie Générale des Etablissements Michelin is required to include the abovementioned information in a separate section of the Group's management report. This information has been prepared in the context of the first-time application of the aforementioned articles, a context characterised by uncertainties regarding the interpretation of the legal texts, the use of significant estimates, the absence of established practices and frameworks, in particular for the double materiality assessment, and an evolving internal control system. It provides an understanding of the impact of the Group's activity on sustainability matters, as well as the way in which these matters influence the development of its business, performance and position. Sustainability matters include environmental, social and corporate governance matters.

Pursuant to II of Article L. 821-54 of the aforementioned Code, our responsibility is to carry out the procedures necessary to issue a conclusion, expressing limited assurance, on:

- compliance with the sustainability reporting standards adopted pursuant to Article 29 *ter* of Directive (EU) 2013/34 of the European Parliament and of the Council of December 14, 2022 (hereinafter ESRS for European Sustainability Reporting Standards) of the process implemented by Compagnie Générale des Etablissements Michelin to determine the information reported;
- compliance of the sustainability information included in the sustainability statement in the Group's management report with the requirements of Article L. 233-28-4 of the French Commercial Code, including with the ESRS; and
- compliance with the requirements set out in Article 8 of Regulation (EU) 2020/852.

This engagement is carried out in compliance with the ethical rules, including those on independence, and quality control, prescribed by the French Commercial Code.

It is also governed by the H2A guidelines on limited assurance engagements on the certification of sustainability information and verification of disclosure requirements set out in Article 8 of Regulation (EU) 2020/852.

In the three separate parts of the report that follow, we present, for each of the parts covered by our engagement, the nature of the procedures we carried out, the conclusions we drew from these procedures and, in support of these conclusions, the elements to which we paid particular attention and the procedures we carried out with regards to these elements. We draw your attention to the fact that we do not express a conclusion on any of these elements taken in isolation and that the procedures described should be considered in the overall context of the formation of the conclusions issued in respect of each of the three parts of our engagement.

Finally, where it was deemed necessary to draw your attention to one or more items of sustainability information provided by Compagnie Générale des Etablissements Michelin in the Group's management report, we have included an emphasis of matter paragraph hereafter.

The limits of our engagement

As the purpose of our engagement is to provide limited assurance, the nature (choice of techniques), extent (scope) and timing of the procedures are less than those required to obtain reasonable assurance.

Furthermore, this engagement does not provide a guarantee regarding the viability or the quality of the management of Compagnie Générale des Etablissements Michelin; in particular, it does not provide an assessment of the relevance of the choices made by Compagnie Générale des Etablissements Michelin in terms of action plans, targets, policies, scenario analyses and transition plans, that extends beyond compliance with the ESRS reporting requirements.

It does, however, allow us to express conclusions regarding the process for determining the sustainability information to be reported, the sustainability information itself, and the information reported pursuant to Article 8 of Regulation (EU) 2020/852, as to the absence of identification or, on the contrary, the identification of errors, omissions or inconsistencies of such importance that they would be likely to influence the decisions that readers of the information subject to this engagement might make.

Our engagement does not cover any comparative data.

Compliance with the ESRS of the process implemented by Compagnie Générale des Etablissements Michelin to determine the information reported

Nature of the procedures carried out

Our procedures consisted in verifying that:

- the process defined and implemented by Compagnie Générale des Etablissements Michelin has enabled it, in accordance with the ESRS, to identify and assess its impacts, risks and opportunities related to sustainability matters, and to identify the material impacts, risks and opportunities that are disclosed in the Group's sustainability statement; and
- the information provided on this process also complies with the ESRS.

Conclusion of the procedures carried out

On the basis of the procedures we have carried out, we have not identified any material errors, omissions or inconsistencies regarding the compliance of the process implemented by Compagnie Générale des Etablissements Michelin with the ESRS.

Elements that received particular attention

The elements to which we paid particular attention concerning the compliance with the ESRS of the process implemented by Compagnie Générale des Etablissements Michelin to determine the information reported are presented below.

Concerning the identification of stakeholders

Information concerning the identification of stakeholders is provided in section 4.1.3.2 "*Constant, careful attention to the interests and views of stakeholders*" of the Group's sustainability statement.

We spoke to management and other persons we deemed appropriate and inspected the documentation available.

Our work notably consisted in assessing the consistency of the main stakeholders identified by the Group with the nature of its activities, taking into account its business relationships and value chain.

Concerning the identification of impacts, risks and opportunities (IROs)

Information on the identification of impacts, risks and opportunities is provided in section 4.1.4 "*Double materiality assessment*" of the Group's sustainability statement.

We have reviewed the Group's process for identifying actual and potential impacts (positive and negative), risks and opportunities ("IROs") in relation to the sustainability issues set out in paragraph AR 16 of ESRS 1 "Application requirements", as presented in section 4.1.4 "*Double materiality assessment*" of the Group's sustainability statement.

We reviewed the list of IROs identified by the Group, including a description of their distribution in the Group's own operations and value chain, as well as their time horizon (short, medium or long term), and we assessed the consistency of this list with our knowledge of the Group.

We assessed:

- the approach used by the Group to gather information;
- the way in which the Group considered the list of sustainability topics listed in ESRS 1 (AR 16) in its assessment.

Concerning the assessment of impact materiality and financial materiality

Information on the assessment of impact materiality and financial materiality is provided in section 4.1.4.1 "*Methodology*" of the Group's sustainability statement.

Through interviews with management and inspection of the available documentation, we obtained an understanding of the impact materiality and financial materiality assessment process implemented by the Group, and assessed its compliance with the criteria defined by ESRS 1.

Compliance of the sustainability information included in the sustainability statement in the Group's management report with the requirements of Article L. 233-28-4 of the French Commercial Code, including the ESRS

Nature of the procedures carried out

Our procedures consisted in verifying that, in accordance with legal and regulatory requirements, including the ESRS:

- the disclosures provided provide an understanding of the general basis for the preparation and governance of the sustainability information included in the sustainability statement in the Group's management report, including the general basis for determining the information relating to the value chain and the exemptions from disclosures used;
- the presentation of this information ensures its readability and understandability;
- the scope chosen by Compagnie Générale des Etablissements Michelin for providing this information is appropriate; and
- on the basis of a selection, based on our analysis of the risks of non-compliance of the information provided and the expectations of users, this information does not contain any material errors, omissions or inconsistencies, i.e., that are likely to influence the judgement or decisions of the users of this information.

Conclusion of the procedures carried out

Based on the procedures we have carried out, we have not identified material errors, omissions or inconsistencies regarding the compliance of the sustainability information included in the sustainability statement in the Group's management report with the requirements of Article L. 233-28-4 of the French Commercial Code, including the ESRS.

Emphasis of matter

Without qualifying our conclusion, we draw your attention to the information set out in section 1 "*General basis of preparation of the sustainability statement*" of the Group's sustainability statement describing the methodological limitations resulting from the uncertainties inherent in the first year of application of Article L. 233-28-4 of the French Commercial Code, in particular those relating to indicators not published in 2024 and to information for which it has not been possible to collect all the data.

Elements that received particular attention

The elements to which we paid particular attention concerning the compliance of the sustainability information included in the sustainability statement of the Group's management report with the requirements of Article L. 233-28-4 of the French Commercial Code, including the ESRS, are presented below.

The information published on climate change (ESRS E1) is mentioned in section 4.2 "*Climate change (E1)*" of the Group's sustainability statement.

The elements to which we paid particular attention concerning the compliance of this information with the ESRS are presented below.

Our audit procedures mainly consisted in:

- assessing, based on interviews conducted with management or relevant persons, in particular, the Corporate Sustainable Development and Impact Department (DCDI), whether the description of the policies, actions and targets implemented by the Group covered the following areas: climate change mitigation and climate change adaptation;
- assessing the appropriateness of the information presented in section 4.2 "*Climate change (E1)*" of the Group's sustainability statement and its overall consistency with our knowledge of the Group.

With regard to the information reported on the greenhouse gas emissions statement:

- we asked what internal control and risk management procedures the Group has put in place to ensure the compliance of the disclosed information;
- we reviewed the greenhouse gas emissions inventory protocol used by the Group to draw up its greenhouse gas emissions statement, and we assessed how it was applied to a selection of emissions categories and sites, for Scopes 1 and 2;
- With regard to Scope 3 emissions, we assessed:
  - the justification for the inclusions and exclusions of the various categories and the transparency of the information provided in this respect,
  - the process for gathering information;
- we assessed the appropriateness of the emission factors used and the calculation of the relevant conversions, as well as the calculation and extrapolation assumptions, taking into account the inherent uncertainty related to the state of scientific or economic knowledge and the quality of the external data used;
- for physical data (such as energy consumption), we reconciled the underlying data used to draw up the greenhouse gas emissions statement, together with the supporting documents, using sampling techniques.

With regard to the verification of the transition plan for climate change mitigation, our work mainly consisted of assessing whether the information published in the transition plan meets the requirements of ESRS E1 and provides an appropriate description of the underlying assumptions of the plan, it being specified that we are not required to express an opinion on the appropriateness or level of ambition of the objectives of the transition plan.

Compliance with the reporting requirements set out in Article 8 of Regulation (EU) 2020/852

Nature of the procedures carried out

Our procedures consisted in verifying the process implemented by Compagnie Générale des Etablissements Michelin to determine the eligible and aligned nature of the activities of the entities included in the scope of consolidation.

They also involved verifying the information reported pursuant to Article 8 of Regulation (EU) 2020/852, which involves checking:

- compliance with the rules governing the presentation of this information to ensure that it is readable and understandable;
- on the basis of a selection, the absence of material errors, omissions or inconsistencies in the information provided, i.e., information likely to influence the judgement or decisions of users of this information.

Conclusion of the procedures carried out

Based on the procedures we have carried out, we have not identified any material errors, omissions or inconsistencies in relation to compliance with the requirements of Article 8 of Regulation (EU) 2020/852.

Elements that received particular attention

We established that there were no such elements to address in our report.

Neuilly-sur-Seine and Paris La Défense, February 18, 2025

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Itto El Hariri	Frédéric Gourd