2022
NON-FINANCIAL STATEMENT

NON-FINANCIAL STATEMENT

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INTRODUCTION

In a world faced with such daunting and urgent challenges as climate change, biodiversity loss and the just transition, the criteria for economic and social development have profoundly changed. To ensure its sustainability, a company must embed social, economic and environmental issues deep into its decision-making.

This is the thrust of the Group's **All Sustainable** vision, which is rooted in the constant search for the right balance between employee growth and fulfillment, economic and financial performance to secure our independence, and a positive contribution to the planet and its inhabitants. Through this process, the Group hopes to make its purpose – offering everyone a better way forward – a reality.

The All Sustainable vision holistically informs the Group's strategy, while structuring its deployment and performance metrics.

In addition to the governance body leading the process, Michelin has launched a six-part transformation program[(1)] to improve its ability to address environmental, employee relations and social issues ("I am Michelin" and "All in Action for the Environment").

- Convinced that the destiny of humankind is closely tied to a respect for nature, Michelin is assertively stepping up its innovation capabilities to develop products, services and solutions based on their life cycle assessments;
- The Group's strategy and programs are fully aligned with international environmental and social agreements and the world's most ambitious enterprises, such as the Science Based Targets initiative (SBTi);
- As a private-sector company, Michelin shares with its ecosystem – international organizations, governments, non-profits, non-governmental organizations, etc. – a responsibility to take action to meet collective challenges, particularly the need for more sustainable mobility.

More than ever, the Michelin Group is determined to help drive the transition the world needs to become more environmentally responsible and socially inclusive.

The sustainable development process, devised with our external stakeholders, is aimed at both attenuating our environmental impact and enhancing our positive contribution to society.

(1) By enabling every internal stakeholder to engage in the process, the Transformation projects supplement the management of sustainable development issues by the Group's governance mechanisms (see section 4.1 Sustainable Development and Mobility Report/Governance).

METHODOLOGY

SDG 12.6

DEFINITION OF CONTENT AND SCOPE OF REPORTING

The Michelin Group consists of Compagnie Générale des Etablissements Michelin (CGEM), a French *société en commandite par actions* (partnership limited by shares) listed on the Euronext Paris stock exchange. As such, in every host country around the world, it applies the corporate social responsibility (CSR) reporting standards defined by French legislation.

This report therefore complies first and foremost with the provisions of the French Commercial Code (*Code de commerce*), which in its Articles L. 225-102-1 and L. 22-10-36 requires every company that is publicly traded in France (or which has an average of more than 500 employees under permanent work contracts and (i) more than €20 million in total assets or (ii) more than €40 million in annual net revenue) to include in its management report a non-financial statement, disclosing how the company manages the social and environmental impact of its business operations, as well as the impact of these operations with regard to upholding human rights and preventing corruption and tax evasion.

To strike the right balance between regulatory compliance, meeting stakeholder expectations (as increasingly expressed in emerging international reporting standards) and maintaining readability, the report is organized into two sections. The first, the Sustainable Development and Mobility Report, offers a common core of content addressing the shared expectations of all our stakeholders. This is followed by the Non-Financial Statement (4.2) and the Duty of Care Plan (4.3), which are presented in the form of concordance tables, whose disclosure categories specifically refer to the related paragraphs in Chapter 1 above and the Sustainable Development and Mobility Report below. In particular, this report has been prepared in accordance with **Global Reporting Initiative (GRI)** compliance reporting[1], the Auto Parts standard of the **Sustainability Accounting Standards Board (SASB)**, and the degree of impact on the ***17 United Nations Sustainable Development Goals***[2]*, as expressed in the concordance tables at the end of this chapter.*

The Michelin Group applies all the Recommendations of the ***Task Force on Climate-related Financial Disclosures (TCFD)*** issued on June 29, 2017.

REPORTING CYCLE AND PERIOD

The reporting cycle is annual, with this year's reported data covering the 12 months from January 1 to December 31, 2022.

INDICATORS

Based on the ambitious objectives and targets set for 2030, certain key performance indicators were defined in 2020. For comparative purposes, historical data for these new indicators are presented over the past two years.

For the other key indicators, which have not changed, performance data are still reported over the past five years.

ESG data have been reported on michelin.com[3] since 2021.

Restatements: If calculation methods change or erroneous data are corrected, a restatement is issued, with an explanation systematically provided for each indicator.

Unless otherwise specified, when a new company joins the Group, data for years prior to the date of acquisition are not restated.

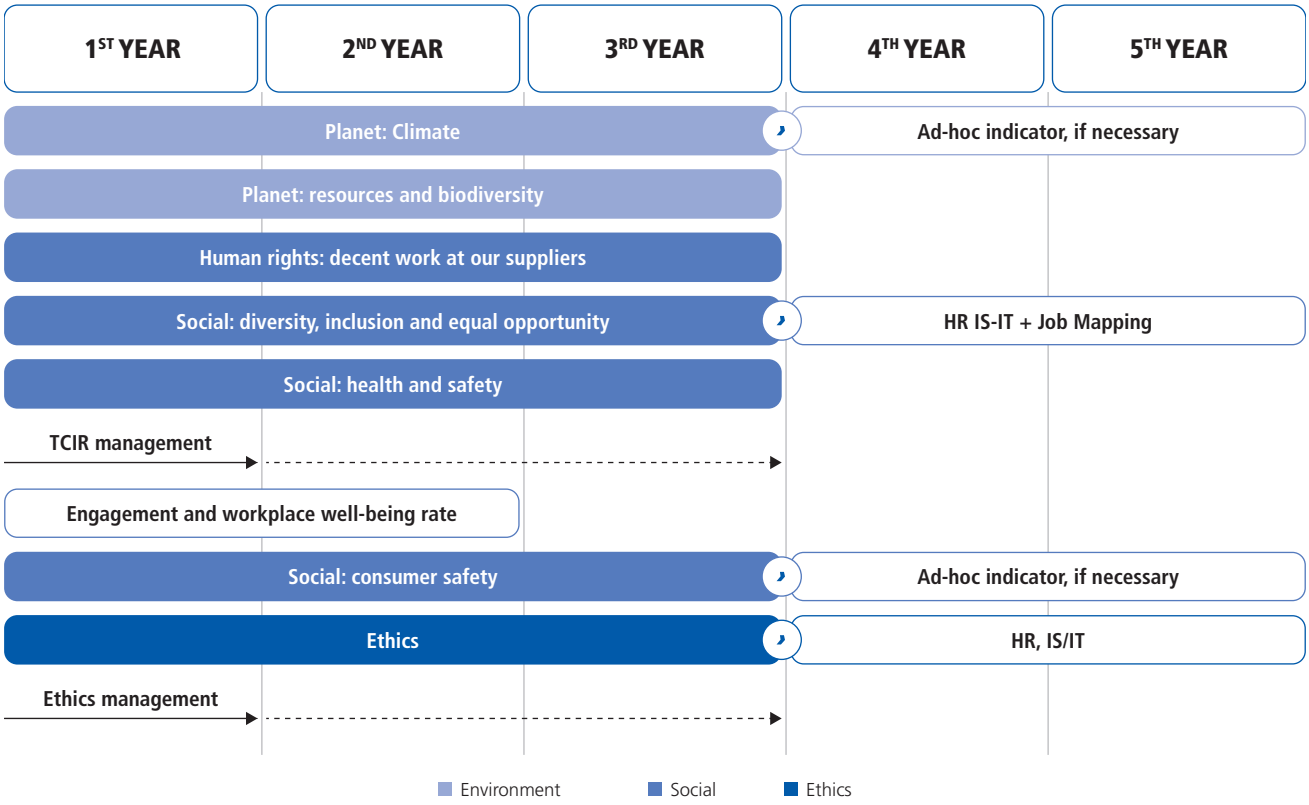
(1) In accordance with the standards specified in GRI 1: Foundation 2021, effective for reports published on or after January 1, 2023.
(2) United Nations Sustainable Development Goals.
(3) https://www.michelin.com/en/finance/key-figures-and-indicators/sustainability-performances/

General scopes of reporting

The scope of CSR reporting is intended to be the same as the Michelin Group's accounting scope of consolidation. These scopes are regularly enlarged with new companies through the Group's acquisition-led growth strategy.

The principles for integrating new companies into the CSR reporting process were defined in 2022.

- **Newly acquired companies are integrated into the CSR reporting** process[1];
- **Data coverage for the consolidated indicators** depends on their relevance to **the industry, the materiality of their impact and the maturity of the company**;
- **Most companies are integrated within three years** after closing. For certain indicators, however, whose calculation and consolidation require **the installation of an information system and/or an alignment with the company's business**, integration can take **up to five years after closing**;
- **Health & safety** and **ethics** indicators are managed and tracked from the first year.



Employee relations indicators

Michelin has redefined its employee information reporting process in compliance with Articles L. 225-102-1, L. 22-10-36 and R. 225-105 et seq. of the French Commercial Code.

(1) Excluding joint ventures that are less than 50% owned.

Data collection tools and reporting scope

Applications

Workday personnel management software has been used to manage employee data in the main consolidated companies since 2019.

Scope of reporting

Workforce numbers are consolidated at Group level. In recent years, the Michelin Group has made significant acquisitions, whose employee data are now being seamlessly integrated into the Group's Personnel Department information systems. Most of the employee information analyzed in compliance with Article R. 225-105 of the French Commercial Code (workforce numbers, working hours, health & safety data, labor relations, training, equal opportunity) concerns all of the Group's consolidated units except for the dealership networks and companies acquired in recent years[1], i.e., **82% of all employees on payroll**, versus 79.5% in 2021. This corresponds to the scope of reporting in our human resources management software. **The significant increase in the percentage of the workforce covered by reported data attests to the progress made in the management of employee information.** Unless otherwise specified, these data concern employees under all types of work contracts, except interns, apprentices and work-study trainees.

The annual Moving Forward Together employee engagement survey is conducted in the One Michelin scope of reporting, which includes all the companies in the Group's accounting scope of consolidation and all the subsidiaries[2].

Indicator consolidation method

Data were reported by the country organizations and companies in accordance with corporate guidelines. These guidelines describe, for every Michelin host country and member company, the process for compiling the information required by Article R. 225-105 of the French Commercial Code. They also specify the implementation and outside audit procedures that ensure that the process is managed efficiently and consistently across the organization. Lastly, they define the indicators or cite the references in which they are defined. Each country organization is responsible for the fairness and accuracy of the reported data.

Certifications

ISO 45001: 2018 Occupational health and safety management systems.

- 10 *certified facilities*[3].

Societal indicators

The Group's engagement with local communities through its employees is designed to meet three objectives: development of the local economy, the personal growth of people in the community, and road safety. The resources allocated by the Group to community outreach programs and their real-world impact are reflected in the monetary value of the financial assistance provided, the time devoted by employees, the number of people benefiting from the programs, and the number of jobs created with Michelin's support.

Environmental indicators

The environmental impact of Michelin facilities

Since 2021, the ***industrial – Michelin Environmental Performance indicator (i-MEP)*** has replaced the previous MEF indicator, which enabled Michelin to manage and demonstrate the steady reduction in its environmental impact from 2005 to 2020. The change was prompted by the progress made over that period. The new indicator was defined to reflect the following main factors:

- changes in certain areas, such as the increased use of renewable energies;
- the availability of resources, with the inclusion of a water stress coefficient specific to each facility;
- alignment with the Group's VOC objectives: volatile organic compound (VOC) use is now measured.
- the progress made since 2005: landfilled waste is no longer tracked.

In this way, the ***i-MEP*** improves tracking of the sustained progress the Group hopes to drive over the 2021-2030 period. The base year is 2019, which was deemed more representative than 2020 due to the impact of the health crisis.

This indicator is calculated based on data for each of the five components expressed in units per tonne of semi-finished and finished product output. As a result, its ratios *are not comparable to the ratios used during the MEF period (2005-2020), which were based solely on finished product output.* This change means that the indicator now more accurately reflects the diversity of the Group's manufacturing operations.

(1) Air Captif, BlackCircle, CVB, Euromaster, Fenner, Ihle, Klinge, Lehigh, Multistrada, Oliver Rubber, Sascar, Tablet, Teleflow, Tplus, Tyredating, Wine Advocate, Roadbotics, MTP, Allopneus, Call for You, Log for You, PT Lestari, Cemat.

(2) See the calendar of new company acquisitions in the Group report. Historical data have all been restated to ensure that inter-year comparisons are meaningful.

(3) The number of certified facilities is steadily increasing, in line with customer expectations and standards.

Basic components and weighting of **i-MEP**:

Components	Weighting
Energy use	20
CO_2 emissions	20
Organic solvent use	20
Water withdrawals x water stress	20
Amount of waste generated	20

Methodological note

By definition, the 2019 Group i-MEP baseline is equal to 100. The formula for calculating the i-MEP is as follows:

$$\text{i-MEP INDUSTRIAL} = \frac{\text{Reporting year energy use (GJ/t of SF + FP)} \times 20}{\text{Group energy use 2019 (GJ/t of SF + FP)}} + \frac{\text{Reporting year } CO_2 \text{ emissions (t/t of SF + FP)} \times 20}{\text{Group } CO_2 \text{ emissions 2019 (t/t of SF + FP)}} + \frac{\text{Reporting year water stress x water withdrawals (cu.m/t of SF + FP)} \times 20}{\text{Group water stress x water withdrawals 2019 (cu.m/t of SF + FP)}} + \frac{\text{Reporting year organic solvent use (kg/t of SF + FP)} \times 20}{\text{Group organic solvent use 2019 (kg/t of SF + FP)}} + \frac{\text{Reporting year waste generated (kg/t of SF + FP)} \times 20}{\text{Group waste generated 2019 (kg/t of SF + FP)}}$$

Data collection tools and reporting scope

Applications

Data are reported in the same format by every site around the world via a networked application. The reported indicators are defined and standardized in a reference guide that is used during internal audits and independent reviews.

Scope of reporting

In 2022, the scope of i-MEP reporting covered 75 production plants, natural rubber processing facilities and Technology Centers having a material impact on the environment. Data are collected for the period from January 1 to December 31, 2022.

If a new facility is opened, it tracks i-MEP data after completing a one-year break-in period. In the case of closure, the facility is removed from the MEP at the end of the calendar year in which it closed. The environmental data for these facilities are included in the MEP until the last month of reported production. In 2022, no new facilities were added to the scope of reporting[(1)] and none were removed (the Davydovo plant in Russia operated for part of the year).

Recently acquired businesses are gradually integrated into the Group indicator through a process based primarily on aligning and consolidating their data. Using this process, data from Camso's operations were aligned and consolidated in 2021, resulting in an impact estimated at around 3% of the Group's i-MEP components. To confirm that these contributions are integrated into the i-MEP, the same data began to be reported on a parallel track in 2022, a process that will be pursued in 2023. Fenner's operations were reviewed according to the same alignment process in 2022, with consolidation scheduled for 2023.

Certifications

ISO 14001: 2015 Environmental management systems.

- *93.4% of production facilities have been certified, covering 98.6% of tire output.*

ISO 50001: 2018 Energy management systems.

- *4 certified facilities;*
- energy performance improvement system based on lean manufacturing principles and compliant with ISO 50001;
- deployed in 88% of the production facilities in the i-MEP scope of reporting.

Environmental performance of acquisitions

The Michelin Environmental Policy stipulates that *"concerning newly created or acquired companies, the implementation plan is defined with the head of the company and submitted to the Environmental Governance for validation."* As such, the environmental performance of Camso, Fenner and Multistrada is now being tracked and improvement targets aligned with the 2030 and 2050 objectives are being deployed.

(1) Errata: Environmental data for the Soretama plant in South America have been reintegrated in line with the base year, with the result that they show one more facility in 2022 than in 2021. The 2021 Universal Registration Document erred in mentioning 77 facilities for the year. The actual number was 74 in 2021.

	Camso		Fenner		Multistrada	
Environmental performance	**2022**	**Objective**	**2022**	**Objective**	**2022**	**Objectives are aligned with the targets set in:**
Water withdrawals *(cu.m)*	433,500[1]		576,286[1]		352,600	4.1.1.4 f) Water
Waste produced *(tonnes)*	18,800[1]		7,918[1]		4,783	4.1.1.4 e) Waste
Energy consumption *(GJ millions)*	1.16[1]	Being	0.70[1]	Being	0.83	
CO_2 emissions *(tonnes)*		defined by		defined by		4.1.1.4 c) Energy/CO_2
(scope 1 et scope 2)	107,400[1]	the teams	41,817[1]	the teams	111,040	
VOC consumption *(tonnes)*	700[1]		295[1]		57.5	4.1.1.4 d) VOC emissions
Included in the 2022 i-MEP	no		no		no	

(1) Data reliability to be improved in 2023.

The Group's carbon footprint

Since 2014, Michelin has used the CDP Climate Change questionnaire to disclose its annual CO_2 emissions in the three scopes defined in the core Greenhouse Gas Protocol documents: "*The Greenhouse Gas Protocol:* A Corporate Accounting and Reporting Standard (revised edition)"[1] and its supplement Corporate Value Chain (Scope 3) Accounting and Reporting Standard[2]:

- Scope 1: emissions from fixed or mobile sources that are owned or controlled by the Company;
- Scope 2: emissions from the generation of purchased electricity, heating, cooling and steam consumed by the Company;
- Scope 3: emissions that are a consequence of the activities of the Company, but occur from sources not owned or controlled by the Company. The standard specifies 15 activity categories, of which 12 correspond to the Group's value chain. Of these, 11 are required in public reporting, and one is optional. The latter concerns emissions from the use of sold products[3] that indirectly consume fuel or electricity, such as tires.

In accordance with the GHG Protocol, Scope 1, 2 and 3 inventory is calculated for an overall base corresponding to the Group's consolidated financial reporting, with the calculations for each Scope based on GHG Protocol methodologies and guidelines. The salient methodological points are as follows:

- Scopes 1 and 2: Calculations are based on primary data from the facilities' energy bills and standardized CO_2 emission factors. The method of calculation is documented in an internal standards manual. Results are issued as part of the i-MEP indicator tracking process. Emissions excluded from inventory data account for less than 5% of Scope 1 and Scope 2 greenhouse gas emissions.

  The CO_2 emissions of the companies mentioned above in the section on the Environmental Performance of Acquisitions, were similarly calculated using primary data from the facilities' energy bills and standardized CO_2 emission factors. The reliability of these assessments needs to be further improved[4].
- Scope 3: Calculations are based on secondary data, assumptions made in the absence of certain data, and current state-of-the-art CO_2 emission factors found in the main databases (e.g., www.ecoinvent.org). The method of calculation is documented in an internal standards manual. Because it is difficult to obtain reliable primary data outside the boundaries of operational control, the estimated uncertainty of the results ranges from ±10% to ±30%, depending on the activity category. Data in the categories subject to a CO_2 emissions reduction target are updated annually. The other activity categories are updated every three years, with the last exercise conducted in 2020 for the 2020-2022 reporting cycle. The upstream and downstream transportation category includes data from Michelin, Multistrada and Camso. Beginning in 2023, all the reported categories will be updated annually.

FAIR, VERIFIABLE DATA

For the sixteenth consecutive year, Michelin's CSR data were reviewed by PricewaterhouseCoopers Audit, the Statutory Auditor designated as an independent third party. In 2022, for the fourth time, their review was conducted in accordance with the enabling decree of August 9, 2017, which defines guidelines for independent third parties in performing their review of the Non-Financial Statement. Following the review, PricewaterhouseCoopers Audit issued a report attesting to the presence, fairness and compliance of the required information.

(1) World Business Council for Sustainable Development and World Resources Institute.
(2) World Resources Institute and World Business Council for Sustainable Development, September 2011.
(3) Examples include apparel (requires washing and drying), food (requires cooking and refrigeration), and soaps and detergents (require heated water).
(4) In January 2023, the SBTi validated the Scope 1 and 2 greenhouse gas emission reduction target as compatible with the "well below 2°C" pathway. The new target includes the recent acquisitions mentioned in section 4.1.1.4 b) Reducing the environmental footprint of the production plants. As a result, it encompasses data outside the i-MEP scope of reporting. This change is not yet reflected in this report.

1.1 SUSTAINABLE DEVELOPMENT AND MOBILITY REPORT

INTRODUCTION – MICHELIN SUSTAINABLE DEVELOPMENT AND MOBILITY

Approach

Michelin's All Sustainable vision informs everything the Group does to fulfill its purpose of "offering everyone a better way forward." In particular, it ensures that all of the improvement objectives and targets are addressed at every stage in the definition and deployment of the Group's strategy.

Governance

The Group's CSR governance system is based on the guidelines in the ISO 26000 (Social Responsibility), ISO 14001 (Environmental Management) and ISO 20400 (Sustainable Procurement) standards.

Participation of Group Executive Committee (GEC) members in CSR governance

The nine members of the Executive Committee assist the two Managers in their strategic decisions concerning sustainable development[1] and other issues. As of December 31, 2022, the Committee included:

- the Chief Personnel Officer and Executive Vice President, Safety and the Environment, Progress and Transformations;
- the Executive Vice President, High-Tech Materials;
- the Executive Vice President, Automotive, Motorsports, Experiences and Americas Regions;
- the Executive Vice President, Specialties, Africa/India/Middle East, China, East Asia and Australia Regions;
- the Executive Vice President, Distribution, Services & Solutions, Strategy, Innovation and Partnerships;
- the Executive Vice President, Manufacturing;
- the Executive Vice President, Urban and Long-Distance Transportation and European Regions;
- the Executive Vice President, Engagement and Brands; and
- the Executive Vice President, Research & Development.

Committee members participate in the governance bodies dedicated to the environment, human rights, health & safety and ethics, according to their area of responsibility in the Group. The organization, responsibilities and objectives of each Governance body are presented in each section.

Oversight by the Group Management Committee (CDG)

The Group Management Committee tracks progress on sustainable development and mobility at dedicated meetings held twice a year.

The Committee includes all the members of the Executive Committee, as well as the heads of the following functions: Legal, Purchasing, Finance, Information Systems, Internal Control, Audit and Quality, Strategy, Supply Chain, Corporate and Business Services, China Region and North America Region.

Led by the Corporate Vice President, Sustainable Development and Mobility, these sessions verify that steady progress is being made towards the Ambitions targets and validate the strategic objectives of the Ethics Committee and the Environment, Human Rights and Employee Health & Safety governance bodies, including the management of the Group's non-financial risks and their internal control. A Sustainable Finance Governance body was created in 2022.

A CSR Supervisory Board committee (CSRC)

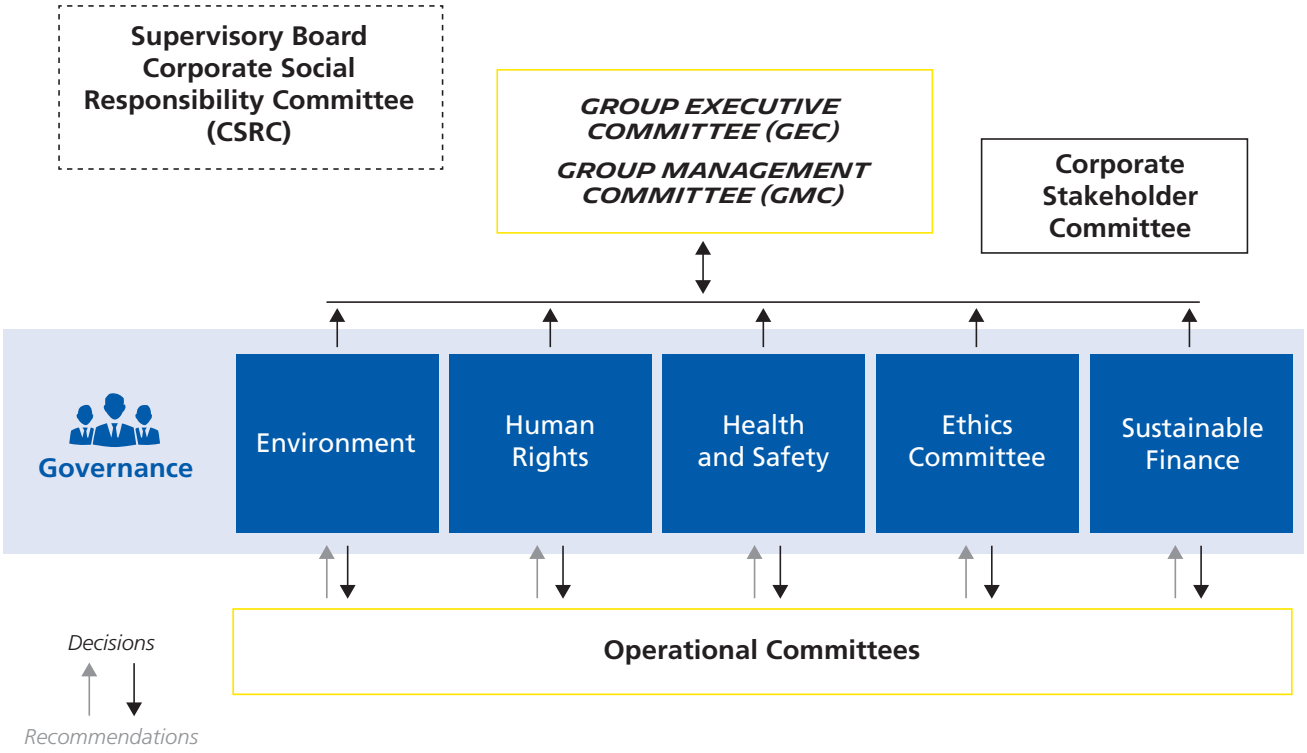
In 2020, the CGEM Supervisory Board set up a CSR Committee to analyze in detail the issues involved in Michelin's corporate social responsibility and to support Board deliberations and recommendations and Manager decisions in this area.

The membership, responsibilities, procedures and deliberations of the CSR Committee in 2022 are presented in section 3.2.11 Corporate Social Responsibility Committee (CSRC) of this Universal Registration Document. During the year, the Committee's work mainly consisted in reviewing the following issues.

- Cross-functionally, the Committee:
  - reviewed the Non-Financial Statement included in the Universal Registration Document, paying particular attention to the most significant key CSR performance indicators, and recommended improvements, taking into account the Group's various sustainability rankings;
  - was presented the principles for managing CSR issues, including the governance system organized around four themes[2] and comprising a Stakeholder Committee;
  - continued to monitor regulatory developments, in particular the Corporate Sustainability Reporting Directive (CSRD) and its draft European Sustainability Reporting Standards (ESRS);
  - continued to analyze the steps taken by Michelin to classify its business activities according to their contribution to the European Union's environmental objectives;
  - was informed of the Stakeholder Committee's activities;
  - prepared its work program for 2023;
- In the area of the Group's environmental responsibility, the Committee analyzed the climate action plan, the biodiversity strategy and the end-of-life strategy for tire products;

(1) GRI 2-14/1: Governance.
(2) Environment; Human Rights; Health, Safety and Security; Ethics Committee.

- In the area of employee-related and social responsibility, the Committee:
  - analyzed the roadmap for including acquired companies in the scope of risk management processes covering human rights, ethical and environmental risks;
  - reviewed the CSR risk matrix, in the form of an analysis of the CSR risk maps and related methodologies. CSR risks are grouped into different risk families[1]. These issues were reviewed during the joint session organized with the Audit Committee.



Challenges and performance

In line with the latest guidance issued by the European Securities Markets Authority (ESMA) on the risk factors to be reviewed pursuant to the revised European prospectus directive, some of the main CSR risk factors identified by the Group are not covered in the "Risk Management" section (see section 2.1 Risk factors specific to Michelin, description and related management systems). This is because these risks, which have long been addressed by Michelin, have been effectively attenuated by the prevention systems in place across the Group. Moreover, while most of the issues raised by these risks are already considered to be among the Group priorities in its materiality matrix, they do not seem to be necessarily specific to Michelin, within the meaning of Regulation (EU) 2017/1129 of the European Parliament.

(1) Safety and performance of products and services, health and safety of employees or third parties, business ethics, human rights, the environment, people management and social risks, as presented by the Group's Audit and Risk Management Director.

Materiality matrix

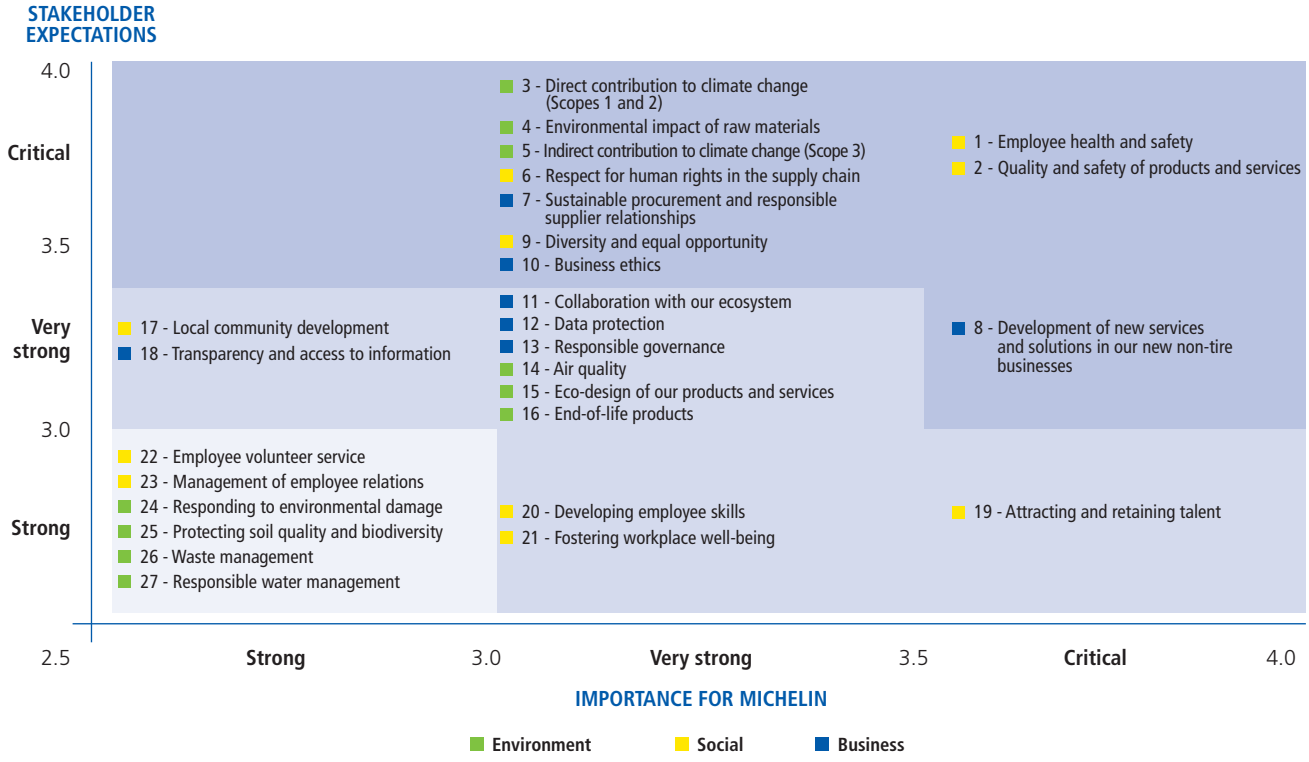
Devised in 2021, the **materiality matrix** plots the **27 core issues** for the Group and its stakeholders.

In particular, the matrix shows:

- a general convergence among outside stakeholders and Michelin Group employees concerning the relative importance of the issues;
- support for the 3P (People, Profit, Planet) approach, with both internal and external stakeholders expecting the Michelin Group to address every aspect of sustainable development.

Taking a more detailed look, the matrix highlights the importance of:

- carbon emissions, in environmental issues;
- an employee-focused approach (health, safety, diversity and inclusion, and improved talent retention), in labor relations issues;
- ethics and product quality, in business issues.



Of the 27 issues, the Group initially selected the **ten most critical** (shaded in darker blue in the matrix) and expressed them as risks, forming the core of its Non-Financial Statement. These ten risks, which are the most material to the Group, were identified on the basis of the materiality matrix exercise, which was last carried out in 2021[(1)]. Each issue's management process is further detailed below, in its dedicated section.

The remaining 17 issues comprise:

- seven environmental issues addressed in this chapter, with a section discussing the climate change adaptation plan;
- six employee relations & human rights issues discussed in the Duty of Care Plan;
- four business issues discussed in detail in Chapter 3, while "Data protection" issues are dealt with below and "Collaboration with our ecosystem" is addressed in Chapter 1. "Transparency and access to information" is the whole purpose of this Universal Registration Document.

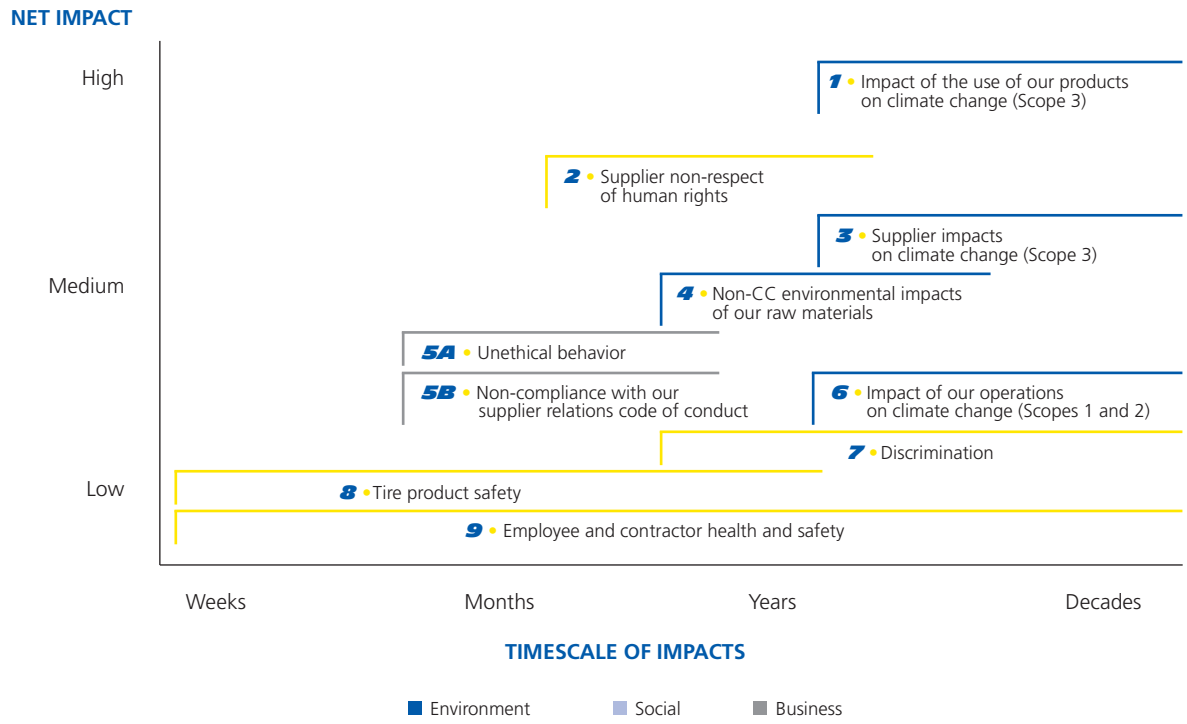
Note that the issues of "Attracting and retaining talent" and "Quality and safety of products and services" are also addressed in Chapter 2, given their specific features and impact on the Group, and that the issue of "Development of new services and solutions beyond tires" is discussed in Chapters 1 and 2.

(1) The materiality matrix will be reviewed in 2023.

The cross-reference table below illustrates the link between the matrix's ten most critical issues and their related non-financial risks.

Materiality matrix issue	Risks identified in the CSR map	Concordance
1 – Employee health and safety	9 – Employee and contractor health and safety	4.1.3 Employee health and safety 4.1.2.4 Supporting employee growth and development
2 – Quality and safety of products and services	8 – Tire product safety	4.1.4.3 Guaranteeing the quality of our products and services
3 – Direct contribution to climate change (Scopes 1 & 2)	6 – Climate change impact of our Scope 1 & 2 operations	4.1.1.1 a) Transition plan: decarbonizing our operations/Scopes 1 & 2: reaching net zero emissions in the manufacturing operations by 2050
4 – Environmental impact of raw materials	4 – Non-climate change-related impact of our raw materials on the environment	4.1.1.2 Enhancing the circularity of our products
5 – Indirect contribution to climate change (Scope 3)	3 – Climate change impact of our suppliers (Scope 3)	4.1.1.1 a) Transition plan: decarbonizing our operations Scope 3: reducing emissions from our transportation operations Scope 3: reducing emissions from purchased raw materials and components
	1 – Climate change impacts from the use of our products (Scope 3)	4.1.1.1 b) Transition plan: company strategy /Opportunities and risks/Designing ultra-energy efficient products
6 – Respect for human rights in the supply chain	2 – Supplier failure to respect human rights	4.1.4.2 Demonstrating our CSR commitments through responsible procurement policies
7 – Sustainable sourcing and responsible supplier relations	5 b – Non-compliance with our Supplier Relations Code of Conduct	4.1.4.2 Demonstrating our CSR commitments through responsible procurement policies
8 – Developing products and services beyond tires	Strategic risk addressed in section 2 Chapter 1	2.1 Risk factors specific to Michelin, description and related management systems/Risk 6: M&A and major projects The Group's business growth strategy with, around and beyond tires
9 – Diversity and equal opportunity	7 – Discrimination	4.1.2.2 Instilling an inclusive culture of diversity and preventing discrimination
10 – Business ethics	5a – Ethical violations	4.1.4.1 Ensuring ethical business practices

Map of the most critical non-financial risks



Whether environment, employee or business-related, the issues in the materiality matrix have all been translated into risk families based on the internal risk assessment method (specified in more detail in section 2.1. Risk factors specific to Michelin, description and related management systems). They were then assessed and plotted by the Group's experts according to:

- **their net impact on outside stakeholders**, i.e., their potential severity, assessed on multiple criteria, including their impact on the environment and people, and the risk mitigation measures deployed through existing mechanisms;
- **their impact timeframe**, i.e., how long the risks may occur.

In the case of environmental risks, the plots reflect the main risks throughout a product's life cycle.

As part of this continuous improvement dynamic, the Group has also formally defined a methodology to address **double materiality** factors, which consists of measuring and prioritizing both the risks that impact the Group and the risks that the Group potentially poses to its ecosystem. To do so, two scales are now used: one to assess the impact on the Group's finances, image and employees; and the other to gauge the Group's accountability for its social and environmental impacts. The accountability scale combines the extent of the negative externalities and the degree to which the Group contributes to or influences management of the related risk. This assessment method is the same as the one historically used by the Group for product safety risks, which was applied in 2022 to two environmental risks[1].

With regard to the main environmental risks, such risks relate both to the impact of the Group's operations on its ecosystem and to the short- and medium-term impact of climate change on the Group's business model, operations and financial performance[2].

The risks and their remediation plans are discussed below in the following sub-sections:

- The Environment;
- Human rights and people management;
- Employee health and safety;
- Ethics and compliance.

(1) TRWPs and non-compliance with environmental commitments.

(2) In accordance with AMF Recommendation No. 2018-12 of October 29, 2018, the 2019 AMF "Report on the Social, Societal and Environmental Responsibility of Listed Companies" and the European Commission's guidelines on reporting climate-related information, issued on June 20, 2019.

Indicators

Michelin is pursuing its 2030 commitments structured around the 3Ps (People, Profit, Planet) announced in 2021.

To drive continuous improvement in its performance, **eight objectives relate to non-financial aspects**[1]**.**

Managed on an annual basis, these objectives are enabling the Group to steadily improve in all its *financial, environmental, employee and social* responsibilities, as embodied in its All Sustainable vision.

In addition to these Ambitions, Michelin has long deployed clearly defined processes and meaningful indicators capable of tracking and improving its corporate social responsibility performance. The outcomes of the most important of these processes and indicators are presented in this report.

Non-Financial Statement: Michelin, a recognized All Sustainable approach

A wide variety of indices, labels and ratings regularly assess the Group.

To assess its environmental, social and governmental (ESG) performance as objectively as possible, the Michelin Group tracks the ratings and scores assigned to it by the leading internationally recognized non-financial rating agencies.

SUSTAINALYTICS	MSCI	CDP	ECOVADIS	ISS-OEKOM	MOODY'S ESG
LOW RISK	AAA	A- and A-	Platinum	B-	73/100

The scores attributed by the non-financial rating agencies in 2022 attest to the Group's excellent ESG performance:

- **SUSTAINALYTICS** (ESG RISK RATING): Improvement in the overall rating and therefore in the level of risk, from 12.5 to 12.2 with a LOW RISK profile, ranking the Group ninth in the global auto components industry;
- **MSCI:** Michelin maintained its **AAA** rating, the highest on MSCI's ESG rating scale. The rating confirms the Group's position as industry leader in addressing the full range of environmental, social and governance issues;
- **CDP**: Independent non-financial rating organization CDP awarded Michelin a score of A- in both categories based on its assessment. The Group had again demonstrated exceptional leadership in **tackling the challenges of climate change and water security**. Michelin has also responded to the CDP Forests questionnaire since 2021 (CDP does not assign a rating for natural rubber);

Michelin was also recognized as a leader in the **Supplier Engagement** category for the third year running. Since 2018, we have been bringing our suppliers on board our approach to measuring and reducing our carbon footprint through the CDP Supply Chain program;

- **ECOVADIS:** Michelin achieved a score of 77/100 and retained its **Platinum** Medal rating for its CSR commitment and leadership (awarded to the top 1% of rated companies);
- **ISS ESG:** Michelin retained its B- rating and PRIME status, thereby continuing to rank in the top decile across all the rated industries;
- **MOODY'S ESG** (formerly VIGEO EIRIS): Michelin was once again awarded the **highest A1+** ESG Rating by Moody's ESG, maintaining its overall score at 73/100. This ranked the Group at the **top of the 38 companies assessed in the Automotive sector**.

Michelin was also retained in the **Euronext Vigeo Eiris** index (France 20, Europe 120, Eurozone 120, World 120) and the **FTSE4Good** index, **and included in the recently created CAC 40 ESG Index**.

Helping to meet the United Nations Sustainable Development Goals

By measuring its actions against the United Nations Sustainable Development Goals (SDGs), Michelin hopes to respond more effectively to rising stakeholder expectations for better CSR communication, and to gain greater insight into its future challenges.

In the same way as the content of this Sustainable Development and Mobility Report (Chapter 4), the Growth and Value Creation Model presented in Chapter 1 correlates the Group's commitments for 2030 with the main objectives of the related SDGs.

This approach is presented in more detail on the Group's corporate website: https://www.michelin.com/en/sustainable-development-mobility/performance-transparency/un-sustainable-development-goals/.

Since 2020, Michelin has participated in a working group on the UN SDGs with all the member companies of the Tire Industry Project (TIP), which accounts for more than 60% of the world's tire production. In 2021, a roadmap identifying the tire industry's main impacts, along with the levers for action that member companies can activate across their value chain, was issued to align their contribution with the framework offered by the UN SDGs.

In 2022, the TIP report on the main environmental indicators was enhanced with new waste and other indicators[2], while an extension to a broader-based ESG document is under study.

(1) See Chapter 1/ The Group's balanced scorecard.

(2) https://www.wbcsd.org/Sector-Projects/Tire-Industry-Project/Industry-Environmental-Impact-Measurement.

THE GROUP'S MAIN NON-FINANCIAL PERFORMANCE INDICATORS

Helping to meet the United Nations Sustainable Development Goals	CSR risks/issues	Key performance indicators	Baseline year	Results 2020	Results 2021	Results 2022	2030 Objectives
THE ENVIRONMENT							
CLIMATE							
	Climate change impacts from the use of our products (Scope 3)	**Energy efficiency of our products/tires***	**2020**	**100**	**+0.5%**	**+1.8**	**+10%**
	Climate change impact of our suppliers	Suppliers of raw materials and components with a science-based target[1]		13%	21%	30%	70% in 2024
		Change in CO_2 emissions from transportation activities *(millions of tonnes of CO_2)*	2018	-15.6%	16.5%	-14.1%	-15%
	Climate change impact of our Scope 1 & 2 operations	**Change in Scope 1 and 2 CO_2 emissions from the manufacturing facilities***	**2010**	**-36.5%**[2]	**- 28.7%**	**-40.6%**	**-50%**
RESOURCES AND BIODIVERSITY							
	Non-climate change-related impact of our raw materials on the environment	Use of sustainable materials in our tires*		28%	29%	30%	40%
		Percentage of sourced natural rubber volumes whose compliance with Sustainable Natural Rubber Policy criteria has been assessed[3]		-	-	New	80%
	Impact of our direct operations on the environment	**i-MEP*** • **Energy use** • **CO_2 emissions** • **Amount of waste produced** • **Use of organic solvents** • **Water withdrawals weighted by water stress**	**2019**		**92.6**	**88.8**	**-1/3**

(1) Scope 3, category 1: Purchased goods and services, according to Greenhouse Gas Protocol terminology.
(2) The 2020 result was not representative of a normal operating environment due to pandemic-related disruptions.
(3) See section 4.1.1.3 b) Michelin's commitment to biodiversity/2022 outcomes and 2030 objectives/Natural rubber.

Helping to meet the United Nations Sustainable Development Goals	CSR risks/issues	Key performance indicators	Baseline year	Results 2020	Results 2021	Results 2022	2030 Objectives
EMPLOYEE RELATIONS AND HUMAN RIGHTS							
DECENT WORK AT OUR SUPPLIERS							
	Supplier failure to respect human rights	Percentage of suppliers meeting the human rights target		86%	89%	89%	>95%
		% of natural rubber volumes used by the Group covered by human rights assessments (RubberWay®)		30%	41%	58%	80% in 2025
DIVERSITY, INCLUSION AND EQUAL OPPORTUNITY							
	Discrimination and harassment	**IMDI[(1)]: a composite indicator tracking diversity and inclusion*** • **Gender balance** • **Identity** • **Nationality** • **Disability** • **Age** • **Social background**		**60/100**	**65/100**	**70/100**	**80/100**
		Percentage of women in management and supervisory positions		28.2%	28.9%	28.9%	35%
		Percentage of women in top management (Group executives)		15.5%	17.2%	18.7%	35%
		% of employees receiving a decent wage in each host country			95%	98.5%	100% in 2025
	HEALTH AND SAFETY						
	Employee and contractor health and safety	**TCIR***		**1.19**	**1.29**	**1.07**	**<0.5**
		Engagement rate*		**82%**	**80%**	**83%**	**85%**
		Workplace well-being indicator			76%	79%	80%
CONSUMER SAFETY							
	Product safety at our partners	**Partner NPS***	**2020**	**40.3**	**38.9**	**41.6**	**+10 points**
VOLUNTEER SERVICE							
MICHELIN VOLUNTEERS							
	Employee volunteer service	Percentage of employees engaged in Michelin Volunteers initiatives			2.5%	8.7%	20%
ETHICS AND ANTI-CORRUPTION							
ETHICS							
	Ethics violations	Number of alerts to the ethics hotline			1226	1,740	
		% of employees trained in anti-corruption practices			New	92%	>98%
	Non-compliance with our Supplier Relations Code of Conduct	% of purchasing employees trained in ethical risks in supplier relations			New	84%	>90%

* *A balanced scorecard indicator.*

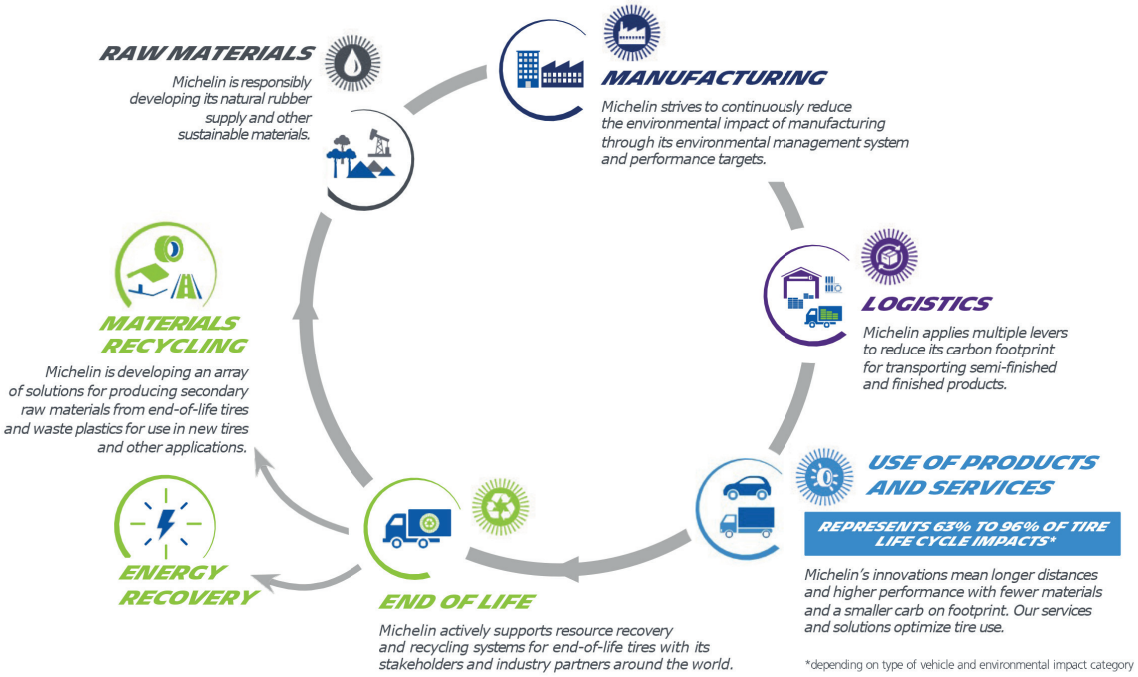
(1) *2020 and 2021 data have been recalculated following a change in the method of calculating certain sub-indicators.*

1.1.1 THE ENVIRONMENT

In exercising its social responsibility, Michelin has in recent years assessed and addressed the environmental impact of its operations across the entire life cycle of its products, from the extraction and processing of raw materials to product use and on to end-of-life recycling.

Life cycle assessments have shown that production phases, from raw materials to finished product, can account for up to 30% of a tire's environmental impact, compared to up to 96% for the in-use phase, depending on the type of tire and vehicle.

THE LIFE CYCLE OF A TIRE



In response, Michelin has deployed policies to attenuate the risks arising from the environmental footprint of its products, services and business operations (purchasing, manufacturing and supply chain), towards mitigating climate change. Targets for improvement have been set and performance indicators have been introduced in all these areas.

In 2020, the Group's commitment was expressed in the preparation and publication of the Michelin Environmental Policy, which is designed to manage pollution risks and draw down its environmental footprint to total neutrality. The levers for action have been ranked according to the prioritizing hierarchy:

The hierarchy defines the medium-term issues for action in line with the scale of the challenges they represent throughout the product life cycle. Applicable to every Group unit, it will effectively align the initiatives underway in the different business segments with the Group's environmental goals and its 3P-based All Sustainable vision.

In addition, the Group is actively supporting the circular economy through the "Michelin 4R" strategy, which is designed to address the challenges of resource preservation and end-of-life product management by activating four levers: Reduce, Reuse, Recycle and Renew.

The following section presents the outcomes of the application of the environmental policies now in place.

It does not cover the dealership networks, which do not have any manufacturing operations and whose environmental impact is estimated at less than 5% of the Group total.

ENVIRONMENTAL GOVERNANCE

The Environmental Governance body is chaired by the Executive Vice President of Manufacturing, and the Executive Vice President of the Research and Development, who are both members of the Group Executive Committee. Led by the Group Environment and Prevention Director and coordinated by the Sustainable Development Director, the body also comprises eight other standing members representing the Standards and Regulations Department, the Sustainable Development and Mobility Department, the Materials Research Department, the Risk Management Department, the Purchasing Department, the B2B On-Road section of the Research and Development Department, the Information Systems Security, Security, Health & Safety and Environment Department, and the High-Tech Materials Business Line.

The Environmental Governance body meets two to three times a year. It validates environmental policies, objectives and strategies, and tracks the proper execution of the action plans deployed to meet the objectives. It ensures that environmental risk is under control and that, if necessary, effective preventive or remedial measures have been defined and implemented. The body is supported by the work of three multidisciplinary Operational Committees – the Carbon Strategy Committee, the Circular Economy Operational Committee and the Biodiversity Operational Committee – which are tasked with coordinating initiatives, watching for weak signals, assessing emerging risks and identifying opportunities to reduce environmental impacts[1].

1.1.1.1 Implementing a climate strategy SDG 13.1, 13.2 and 13.3

Climate change risks

As a global industrial player, the Michelin Group has significant interactions with the natural environment throughout the life cycle of its products and services. The **main risk factors identified by the materiality analysis[2] concern the climate change impact of carbon emissions from the Group's direct operations (Scopes 1 and 2), as well as the use of its products[3], and the operations of its suppliers (Scope 3)[4].**

In addition, the physical impacts 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[5].

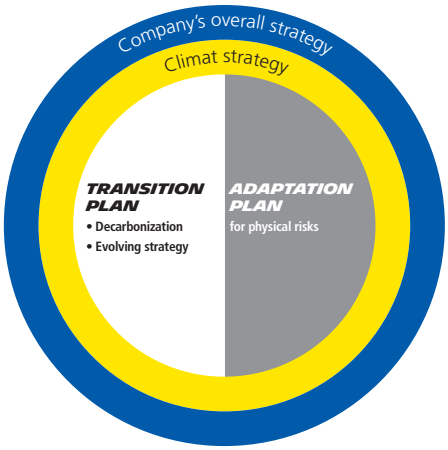
The policies, objectives, levers for action and indicators in place to mitigate these risks have been integrated into the Transition Plan and the Adaptation Plan described below, in line with TCFD recommendations.

(1) See section 4.1 Sustainable Development and Mobility Report/Governance/Oversight by the Group Management Committee (CDG).
(2) See section 4.1. Sustainable Development and Mobility Report/Materiality matrix.
(3) See section 4.1.1.1 b) Transition plan: company strategy/Opportunities and risks/Designing ultra-energy efficient products.
(4) See section 4.1.1.1 a) Transition plan: decarbonizing our operations/Scope 3: reducing emissions from purchased raw materials and components.
(5) See section 2.1 Risk factors specific to Michelin, description and related management systems/Risk 1 – Physical impacts of climate change/ Risk 5 – Environmental transition risks.

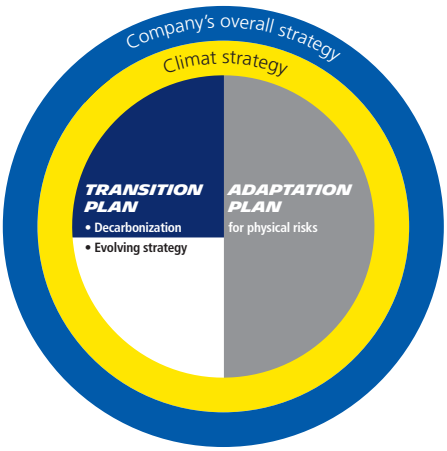
The Group's climate strategy is organized around two key outcomes. First, a transition plan includes both initiatives to decarbonize direct and indirect activities in the value chain (Scopes 1, 2 and 3) and a resilient strategic plan to support a low-carbon economy. Second, an adaptation plan to prepare for the physical impacts of climate change.

The strategy is based on three principles:

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



1.1.1.1 a) Transition plan: decarbonizing our operations



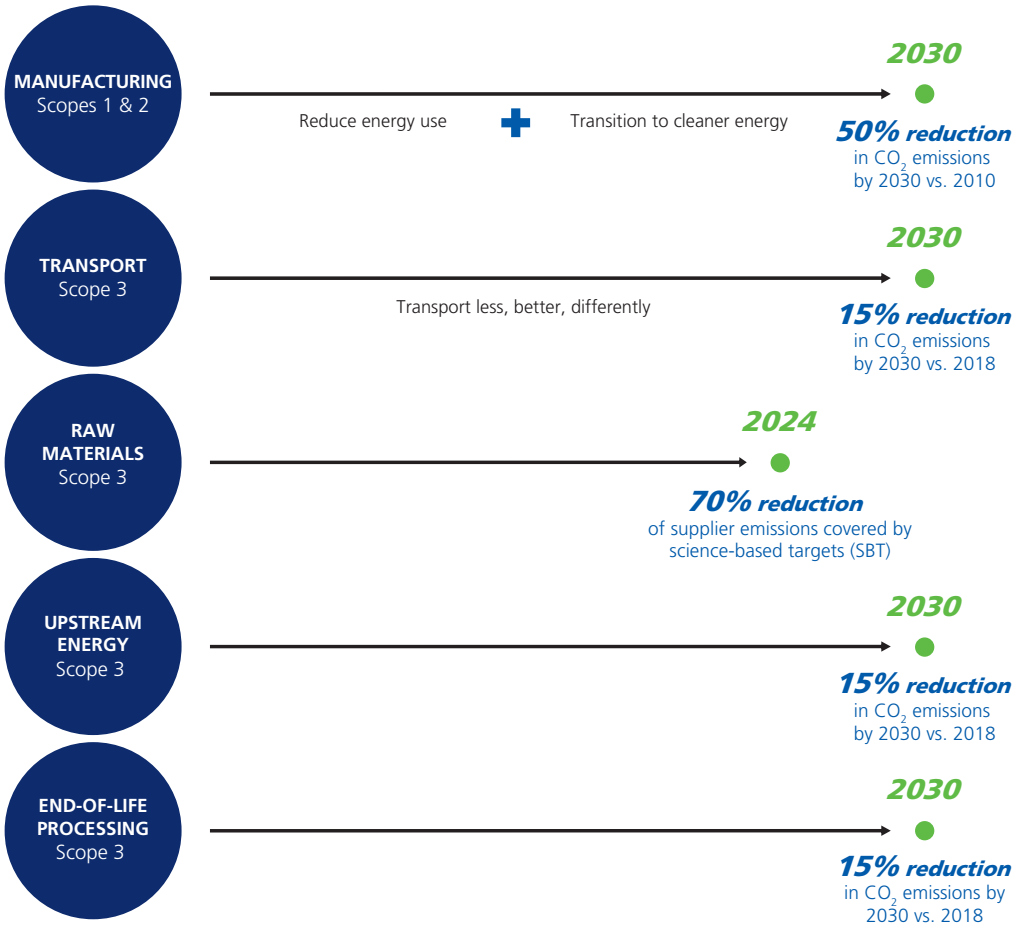
As part of its decarbonization plan, Michelin aims to reach net zero emissions by 2050[1] in Scopes 1, 2 and 3[2], with initially a priority focus on reducing to as close to zero as possible emissions from:

- **all its production plants;**
- **its transportation operations;**
- **its supply chain with its raw materials and components suppliers.**

(1) For Michelin, setting course to net zero means (i) reducing carbon emissions from its own operations and the operations of its value chain by 90% and (ii) over the longer term, preparing solutions to capture and store enough carbon to offset each year's residual emissions. This is aligned with the process defined in the SBTi's Corporate Net-Zero Standard, October 2021.

(2) Scope 3 (excluding the in-use phase): see section 4.1.1.1 a) Transition plan: decarbonizing our operations/Scope 3: reducing emissions from our transportation operations/Scope 3: reducing emissions from purchased raw materials and components/Scope 3: reducing emissions from upstream purchased energy and end-of-life treatment of sold products.

In July 2021, Michelin joined the "Race To Zero" campaign, answering the call to action led by the international Science Based Targets initiative (SBTi), the United Nations Global Compact and We Mean Business. Under this commitment, it has defined short-term (2024–2034) milestones and long-term (2035–2050) targets for reduction in all three scopes (excluding the in-use phase) and will neutralize any residual emissions every year to reach net zero by 2050. The five milestones, presented below, have been approved by the SBTi[(1)]:



(1) The four short-term Scope 3 milestones, which were originally set in 2019, were reapproved by the SBTi in January 2023. The Scope 1 and 2 milestone has been recalculated to reflect recent acquisitions and a more recent baseline year (see Methodology/Environmental performance of acquisitions). The recalculation, which does not invalidate the initial milestone set in 2020, was approved in 2023 but has not been factored into this report.

The Group's carbon footprint

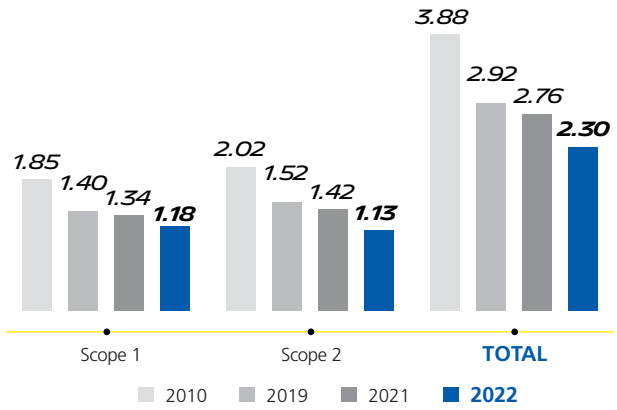
Michelin regularly updates its inventory of CO_2 emissions from its activities in accordance with the Greenhouse Gas Protocol[1].

INVENTORY OF SCOPE 1, 2 AND 3 CO_2 EMISSIONS

Scope	Inventory *(millions of tonnes of CO_2)*	Year	Group sources covered by the inventory	Comments
SCOPE 1	1.18[2]	2022	CO_2 emissions from the boiler houses at production and R&D sites	Michelin controls the assets at which energy is used, thus generating CO_2 emissions. The change in emissions volumes in 2022 compared with the 2010 baseline is presented below *(see Scope 1 and Scope 2 CO_2 Emissions).* GRI 305-1: Direct (Scope 1) GHG emissions GRI 305-2: Direct (Scope 2) GHG emissions
SCOPE 2	1.13[2]	2022	CO_2 emissions from generating the electricity and steam used by the production and R&D sites	
SCOPE 3 REQUIRED	16	2022	CO_2 emissions from the relevant activity categories corresponding to the Group's value chain (see Breakdown of Scope 3 CO_2 emissions by category)	Michelin's ability to influence activities in the value chain varies by category. The tonnage is an estimate, with the margin of uncertainty ranging from ±10% to ±30%, depending on the category. As a result, it is not yet possible to present reliable data on how these estimated emissions evolve over time. GRI 305-3: Other indirect (Scope 3) GHG emissions.
SCOPE 3 OPTIONAL	~ 130	2022	Indirect CO_2 emissions from sold tires in use	Thanks to its research and development expertise, Michelin has a significant impact on vehicular CO_2 emissions through the energy efficiency of its tires[3]. Inventoried tires include all passenger car, light truck, heavy truck and bus tires intended for on-road use, but not two-wheel tires, which account for less than 1% of emissions. The reported figure's estimated ±30% margin of uncertainty reflects the assumptions concerning the number of vehicles fitted with tires sold worldwide by the Group, whether the vehicles have internal combustion or electric powertrains, the distance traveled over the reporting year, the lifespan of the sold tires and the energy mix in the countries where the vehicles are used.

CHANGE IN SCOPE 1 AND SCOPE 2 CO_2 EMISSIONS[1] *(MARKET-BASED)*

(millions of tonnes of CO_2)

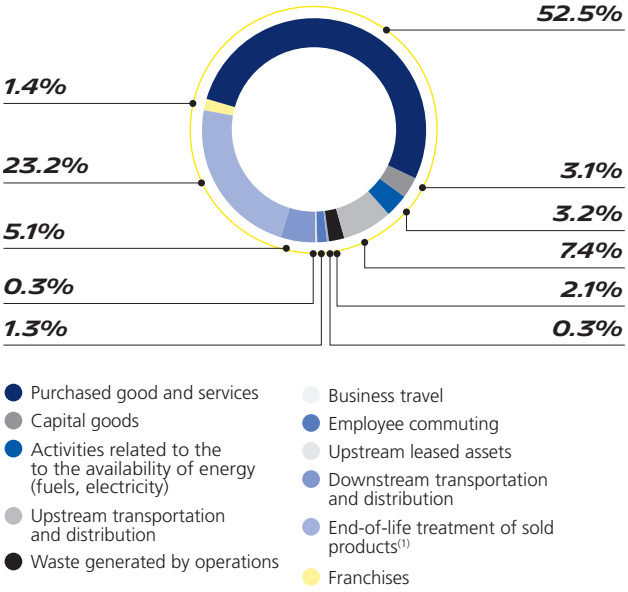


Note: Because 2020 was not representative of a normal operating environment and cannot be used as a base year for measuring progress, the baseline figures are from 2010 and 2019.

(1) Scope 2 emissions for 2010 were recalculated following a change in method in 2015 on differentiated emission factors for purchased steam.

(1) See Methodology/The Group's carbon footprint.
(2) See section 4.1.1.4 b) Reducing the environmental footprint of the production plants/Summary table of environmental data – Group.
(3) See section 4.1.1.1 b) Transition plan: company strategy/Opportunities and risks/Designing ultra-energy efficient products.

BREAKDOWN OF REQUIRED DISCLOSURE SCOPE 3 CO_2 EMISSIONS BY CATEGORY



(1) Total CO_2 tonnage emitted during the end-of-life treatment of sold tires has been estimated at 3.7 million tonnes based on an aggregate recovery and reuse rate of 76% (see section 4.1.1.2 d) The Michelin 4R circular economy process/Recycle). If the reuse of secondary raw materials from the end-of-life treatment of sold tires is taken into account, as in the ISO 14067: 2018 Greenhouse Gases – Carbon Footprint of Products method, a total of 6.4 million tonnes of CO_2 were avoided. By not using new raw materials, including petroleum derivatives, the recovery and recycling of end-of-life tires helps to avoid emitting CO_2.

Scopes 1 and 2: reaching net zero emissions in manufacturing operations by 2050

OUR AMBITIOUS OBJECTIVES:

To help mitigate climate change:

- Michelin has been measuring and steadily reducing its CO_2 emissions since 2005;
- by 2050, the Group aims to achieve net zero carbon emissions from its entire production base (Scopes 1 and 2).
- for 2030, the Group has set the target of reducing emissions from its production plants by 50% compared with 2010.

Note

In January 2023, the SBTi approved the following greenhouse gas emission reduction target for Scopes 1 and 2, which is consistent with the "well below 2°C" global warming scenario:

Michelin commits to reduce its absolute Scope 1 and 2 greenhouse gas emissions 27.5% by 2030 from a 2019 base year(1).

This new milestone encompasses data outside the current scope of reporting described in the methodological note above because:

1. It includes recent acquisitions, as mentioned in the *Methodology/Environmental performance of acquisitions* section.
2. It has also updated the baseline year from 2010 to 2019.

Neither of these changes is reflected in this report, but both will be addressed in next year.

OUR LEVERS FOR ACTION:

The emissions reduction program is built around two major processes:

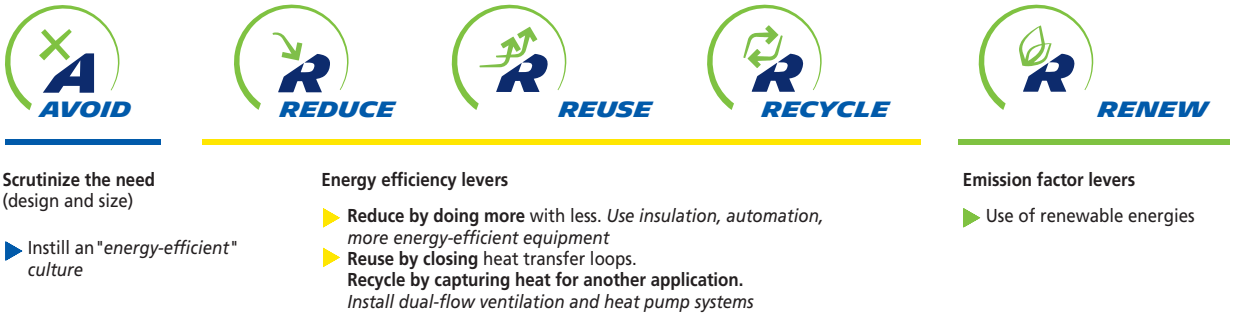
- consuming less (energy efficiency);
- consuming better (energy transition).

(See section 4.1.1.4 c) Reducing energy use and greenhouse gas emissions).

Because the challenge of carbon neutrality can be met only if global energy demand is kept under control, the Group has defined a "prioritizing hierarchy of levers," applicable to every project impacting the energy consumption of its production plants.

(1) The target boundary includes biogenic emissions and removals from bioenergy feedstocks.

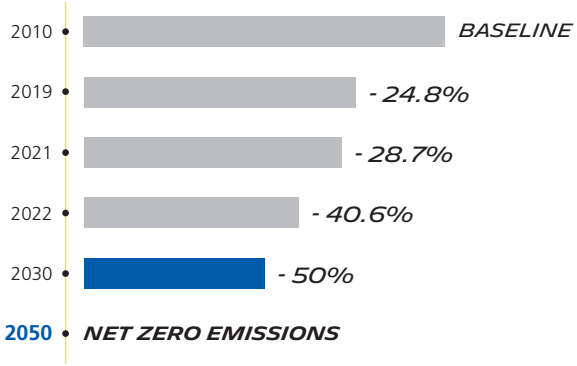
THE PRIORITIZING HIERARCHY OF LEVERS APPLIED TO THE NET ZERO EMISSIONS PROGRAM



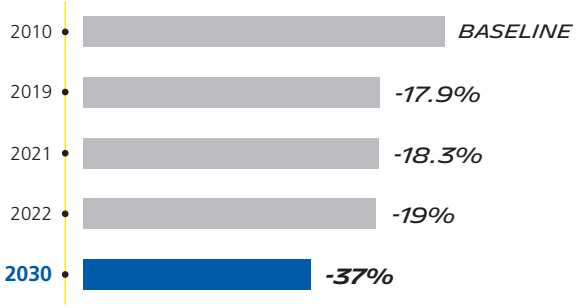
- ***Key performance indicators:*** *tonnes of CO_2 in absolute value and in gigajoules per tonne of semi-finished and finished product.*

REDUCTION IN CO_2 EMISSIONS FROM THE MANUFACTURING FACILITIES

(millions of tonnes of CO_2)



IMPROVEMENT IN THE ENERGY EFFICIENCY OF THE MANUFACTURING FACILITIES[1]



Michelin's carbon pricing system

Since 2016, the Group has incorporated an internal carbon price into its method of calculating return on investment for capital projects undertaken to:

- improve energy efficiency;
- increase production capacity, upgrade heating plants and improve logistics.

The price is currently €100 per tonne of avoided CO_2.

Carbon quota systems

In the European Union countries, direct CO_2 emissions from the 15 Group facilities that operated heating plants with more than 20 MW capacity in 2021 are subject to allowances issued under the EU's Emissions Trading Scheme (ETS). With the start of ETS phase 4, free allocations of allowances have fallen sharply, to just 26% of requirements in 2022 from 76% in 2020. Since 2017, the Group has gradually purchased allowances on the market, which are covering returns from the plants and smoothing the related costs.

In China, emissions trading schemes were introduced in 2013 in seven cities and provinces. The one in Shanghai, covering an initial three-year period until 2015, is still in effect while waiting for a national system to be introduced. Over the 2013-2022 period, overall emissions from the two plants concerned were covered by the allowances.

Created in 2005, the CO_2 Allowance Management Committee tracks legislation governing carbon markets and taxes in all of the countries where Group production facilities are located. Comprising specialists in greenhouse gases, energy buying, energy efficiency, finance and accounting, its role is to define CO_2 allowance management principles and guidelines, ensure their proper application and conduct the necessary forecasting studies.

(1) Until 2020, the energy efficiency indicator was reported per tonne of finished product. With i-MEP, as indicated in the section on methodology at the beginning of Chapter 4, the performance ratio is expressed per tonne of total manufactured output of both finished and semi-finished products. The 2010 value of total gigajoules per tonne, which was not tracked at the time, has been recalculated and presented here for reference. The recalculation was based on the fact that the proportion of semi-finished products in total output remained relatively constant between 2010 and 2019 and that the energy efficiency programs targeted all forms of energy used in the production plants.

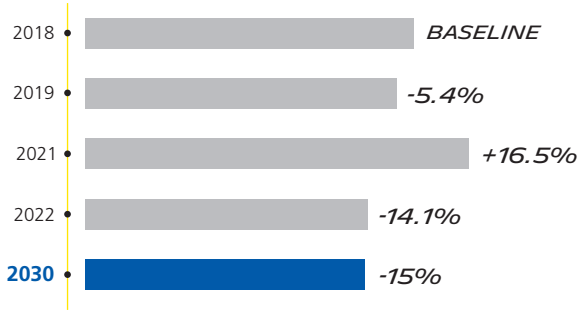
Scope 3: reducing emissions from our transportation operations

OUR OBJECTIVE:

To reduce CO_2 emissions from logistics operations, in tonnes, by 15% between 2018 and 2030. The objective, which has been approved by the SBTi, covers the supply of natural rubber to the production plants, the inter-plant transportation of semi-finished products, customer deliveries and warehouse operations.

- ***Key performance indicator:*** *tonnes of CO_2 in absolute value.*

CO_2 EMISSIONS FROM TRANSPORTATION OPERATIONS
(millions of tonnes of CO_2)



Emissions are measured using EcoTransIT World software[(1)], which supports sustainable and sufficiently reliable and data-consistent calculation for driving progress in every host region.

CO_2 emissions from transportation operations stood at 1.38 million tonnes in 2018[(2)]. This 2018 baseline was updated in 2022 to include emissions from CAMSO and to adjust certain emission factors. In 2021, CO_2 emissions amounted to 1.6 million tonnes (adjusted for the 2018 scope of reporting), representing a 16.5% increase from 2018.

In 2022, CO_2 emissions declined to 1.182 million tonnes, corresponding to a 14.1% reduction on 2018 with similar sales volumes. The performance was primarily led by structural improvements in the operating regions.

Structural improvements in efficiency delivered encouraging results, with the "tonne of CO_2 released per tonne sold" indicator declining by 12.8% between 2018 and 2022 as a result of initiatives to activate the three strategic levers: **transport less, transport better and transport differently.**

OUR LEVERS FOR ACTION:

Transporting less, the fundamental lever

The resulting analytics help identify where inventory should be ideally located to improve product availability, while avoiding unnecessary transportation. They also guide the choice of production sites, with a preference for local facilities to limit the transfer of finished products between producing and consuming regions.

This lever's performance indicator is the ratio of tonnes transported to tonnes sold. In 2022, it improved by 4.6% year-on-year, mainly due to the elimination of certain deliveries in Europe and North America.

Transporting better, an operational lever

The second lever consists of optimizing current transportation systems, based on three avenues for improvement:

Engaging with our transportation partners

Michelin firmly believes that partnerships with logistics providers are mutually beneficial over the long term. LABS set up with European carriers over the year to explore *People, Profit and Planet initiatives* helped to nurture their close collaborative relationship with the service providers and broaden their perspective on the deployment of solutions to reduce their environmental impacts. In North America, a meeting was held in 2022 with the region's largest trucking companies to identify new pathways to addressing CSR issues.

Optimizing our current transportation systems

Truck and container fill rates are optimized using digital applications and mechanical systems. In the United States, results-oriented initiatives undertaken to optimize load factors at several facilities have saved the equivalent of 450,000 truck kilometers. With the support of a number of engaged stakeholders, a demonstration of a jumbo 32-meter long EcoCombi semi-trailer was organized to promote the technology and prepare its deployment in France and the rest of Europe. In Brazil, an LNG-powered EcoCombi solution was introduced for inter-plant deliveries, leading to a 20% reduction in route carbon emissions.

Promoting and developing multimodal solutions

In Europe and the United States, Michelin has led a number of major projects to deploy multimodal solutions, New solutions are constantly being developed and deployed to expand the existing system. Nearly 7% of shipments travel by train or ship in Europe, for example, and more than 25% in the United States. The Group is maintaining the pace of deployment with, in particular, a call for tenders in North America to confirm the feasibility of transferring more than 750 truck miles to rail.

Transporting differently, a lever for innovation

The third lever is activated by implementing innovative solutions, informed by two processes:

Collaborating with outside organizations

Michelin is continuing to play a leading role in such associations as France Supply Chain, Clean Cargo and the Aspen Institute. Engaged involvement in these organizations is helping to identify actionable levers, while laying the foundations for collaborative work on innovative issues supporting decarbonized transportation. In 2022, Michelin actively participated in the Clean Cargo Working Group that updated the methodology for calculating emissions from container sea freight.

(1) Accredited by the GLEC Framework and compliant with the EN 16258 standard and the GHG Protocol.
(2) Note: the above 2018 figure differs from that published in the 2020 Universal Registration Document due to adjustments in calculation assumptions for Europe.

Innovating to deploy more environmentally friendly technologies and practices

Michelin takes an active part in discussions about the future of logistics, in a commitment to promoting and deploying innovative technologies. The Group uses natural gas and electric trucks for deliveries in Europe and the United States. In Thailand, the release of nearly 6,000 tonnes of CO_2 was avoided in 2022 by using biofuel in trucks. In addition, in Europe, a France Supply Chain working group brought together more than 12 shippers and 23 carriers with the goal of deploying 100 hydrogen-powered trucks by 2024-2025. The group helped us to understand every aspect of this new technology and to bring on board an entire ecosystem, spanning range, vehicle uptime, recharging infrastructure and maintenance servicing.

Michelin also participated in the Shippers' Coalition for Low Carbon Maritime Transport, which issued two tenders in 2022 for a north transatlantic (Europe-North America) service operated by wind-powered container ships. When this innovative, energy-efficient shipping solution starts to be deployed in 2025, it will reduce by 50% the environmental impact of more than 100,000 TEUs[1] a year, including 9,000 for Michelin.

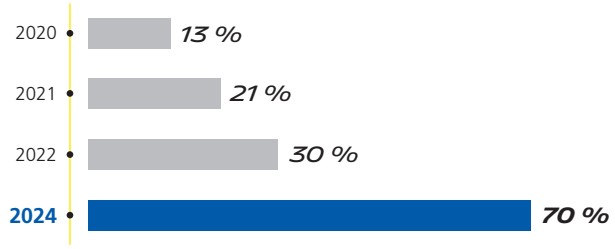
Scope 3: reducing emissions from purchased raw materials and components

OUR OBJECTIVE:

In 2020, the SBTi approved the Group's environmental targets, including one relating to purchased goods and services, i.e., that suppliers representing 70% of greenhouse gas emissions from purchased goods and services (Scope 3, category 1) will have set science-based reduction targets by 2024.

- ***Key performance indicator:*** *percentage of CO_2 emissions from suppliers of purchased goods and services (Scope 3, category 1) that have set science-based greenhouse gas emission reduction targets for 2024.*

PERCENTAGE OF EMISSIONS FROM PURCHASED GOODS AND SERVICES SOURCED FROM SUPPLIERS WITH SCIENCE-BASED TARGETS



Purchased goods and services: inventory

Emissions from purchased goods and services (Scope 3, category 1 in the Greenhouse Gas Protocol, which excludes emissions related to purchased logistics services) represent around half of all Scope 3 emissions excluding the in-use phase (category 11).

Given that raw materials account for around 85% of emissions from purchased goods and services, programs to reduce supply-chain related emissions prioritize the supply of raw materials, alongside the significant gains being made in purchased logistics services.

OUR LEVERS FOR ACTION:

The Group has taken a proactive approach to identifying the purchasing categories and suppliers that represent the largest sources of GHG emissions. 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 materials suppliers to participate in it, encouraging them to measure and disclose their greenhouse gas emissions and to develop strategies to reduce them.

A new campaign was conducted in 2020 and every year since then. Of the 103 raw material suppliers asked to submit data in 2022, nearly 85% responded. Together, they represented approximately 65% of the emissions from the Group's purchased goods and services category and approximately 55% of raw materials and natural rubber spend. In addition, 65% of the suppliers who responded to the CDP Climate Change questionnaire scored B- or higher, indicating that their emissions abatement systems were fairly mature. In 2022, the CDP recognized the Michelin Group's ability to engage its suppliers in reducing carbon emissions with a CDP Supplier Engagement Leader award.

(1) *Twenty-foot equivalent unit.*

Scope 3: reducing emissions from upstream purchased energy and end-of-life treatment of sold products

The Scope 3 CO_2 emission reduction targets approved by the SBTi include two indirect activities in the value chain, as defined by the GHG Protocol:

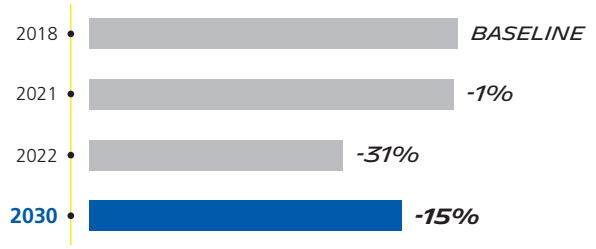
- Upstream energy: the extraction, production and transportation of fuels, purchased or acquired by a company or consumed in the generation of electricity or heat used by the company;
- the end-of-life treatment of sold products.

OUR OBJECTIVE:

Reduce CO_2 emissions, in tonnes, by 15% between 2018 and 2030.

- ***Key performance indicator:*** *tonnes of CO_2 in absolute value from upstream purchased energy and end-of-life treatment of sold products.*

CO_2 EMISSIONS FROM UPSTREAM PURCHASED ENERGY



END-OF-LIFE TREATMENT OF SOLD PRODUCTS

The current state of carbon accounting and a lack of primary data prevent us from reliably measuring the emissions impact of our end-of-life treatment initiatives. To build a tracking metric, Michelin is working with the International Reference Center for the Life Cycle of Products, Processes and Services (CIRAIG) to identify solutions to the methodological obstacles.

OUR LEVERS FOR ACTION:

- **Reducing energy use and gradually phasing in renewables**, which is being planned and managed to meet the Group's Scope 1 and 2 objectives[1]. This is based on the assumption that the upstream generation and delivery of fuel from renewable sources or of purchased renewable energy are generally less energy intensive and therefore release less CO_2 than fossil fuels/energy;
- **Supporting lower carbon end-of-life product recovery and recycling solutions** and deploying circular economy models.

OUTCOMES IN 2022:

Upstream energy

The year-on-year reduction in 2022 was led by (i) the decline in electricity emission factors in a large number of countries, according to data published by the International Energy Agency; (ii) the reduction in energy use by the Group's production plants; and (iii) the growth in the proportion of renewable energy used by the sites.

End-of-life treatment of sold products

The recovery and reuse of materials from end-of-life tires raises a number of technological, organizational and financial challenges. To overcome them, Michelin has launched two major projects[2].

- **BlackCycle**[3], an EU-funded research project launched in 2020 that is developing technologies to recover high-quality secondary raw materials from scrap tires. These raw materials could be used not only by the tire industry, but also in other technical applications, by closing resource loops and supporting the development of a circular economy. Initial projections from the project show a one-kilogram reduction in CO_2 releases for every kilogram of substituted material.
- **Joint call to action by Michelin and Bridgestone** issued in November 2021 to enrich the recycling ecosystem for end-of-life tires and promote the circular economy in the rubber industry, particularly by using carbon black recovered from recycled tires.
- **Understanding CO_2 and other environmental impacts**: Michelin is partnering with CIRAIG to deepen its understanding of the environmental impacts of end-of-life tire treatment solutions by performing life cycle assessments on the various recovery and reuse technologies.

Investing in socially responsible funds

Since 2014, Michelin has invested €5.96 million in the Livelihoods Carbon Fund, which supports reforestation, agroforestry and low-carbon cookstove projects on three continents. Conducted in collaboration with local NGOs, its projects help to reduce GHG emissions, while improving quality of life in local communities.

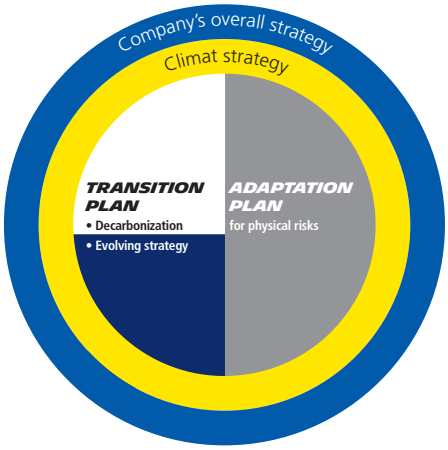
In 2022, eight projects were supported in Africa, Asia and South America. Four, in Kenya, Burkina Faso, Malawi and Peru, have installed several tens of thousands of energy-efficient cookstoves in village homes, which eliminate toxic smoke and the time-consuming task of collecting wood, while cutting GHG emissions by 50%. Another project is restoring mangrove forests in Indonesia, which fertilize the surrounding cropland and revitalize marine biodiversity, providing additional economic and nutritional value to local communities. Three agroforestry projects, two in India and one in Kenya, involve the planting of both trees and crops. This technique helps to empower farmers and make them more financially independent by improving land productivity and diversifying the crop base, while increasing biodiversity and sequestering large amounts of CO_2.

(1) See above, Scopes 1 and 2: reaching net zero emissions in the manufacturing operations by 2050.
(2) See section 4.1.1.2 d) The Michelin 4R circular economy process/Recycle.
(3) BlackCycle brings together seven industrial partners, five research & technological organizations (RTOs) and an innovation cluster as part of a European consortium in five countries (EU Grant Agreement No 869625).

1.1.1.1 b) Transition plan: Company strategy

Offering the most efficient mobility solutions without compromising on safety is the very heart of Michelin's past, present and future positioning, as reflected in products 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 support the transition to low-carbon mobility for people and goods, 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 ecosystem-driven innovation and, notably, the development of the hydrogen mobility industry.



Climate change opportunities and risks in light of TCFD principles are presented *in section 4.1.1.1 d) Engagement and transparency/ Applying the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).*

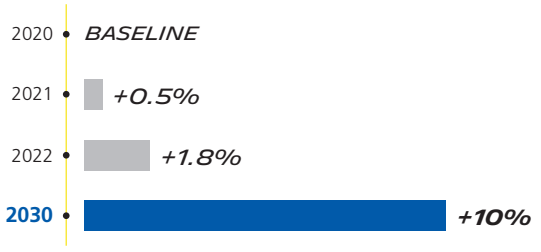
Designing ultra-energy efficient products

Using a tire on a vehicle requires additional energy that, in an internal combustion vehicle, entails the burning of fuel and therefore the release of greenhouse gases.

OUR OBJECTIVE:

Improve the energy efficiency of tires by 10% in 2030 compared to 2020.

- ***Key performance indicator:*** *improvement in tire rolling resistance compared with the 2020 baseline, weighted by sales tonnages in the reporting year.* ***Scope of reporting:*** *Passenger car, Light truck and Truck tires*[1].



In 2022, Michelin improved the energy efficiency of products sold during the year by 1.8% compared with products sold in 2020.

OUR LEVERS FOR ACTION:

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 NOx and SOx. Lower rolling resistance also increases the range of electric vehicles.

Over the past 20 years or more, Michelin has improved the fuel efficiency of its tires by more than 20%, without ever compromising on safety or longevity. Between now and 2030, the Group will continue to drive progress in its tire product plan, supported and amplified by the deployment of eco-design processes in the Research and Development Department.

Reduce the rolling resistance of Passenger car and Light truck tires

Improvements in the rolling resistance of tires brought to market in 2022 were led by three lines, the MICHELIN e.Primacy, the MICHELIN Primacy 4+ and the MICHELIN Pilot Sport EV, all of which delivered 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. MICHELIN Pilot Sport EV is the first tire specifically designed for electric sports cars. The life cycle assessments (LCAs) of both these lines were disclosed in an Environmental Product Declaration (EPD)[2], which enables tiremakers to transparently report comparable environmental performance data over a product's entire life cycle.

(1) The indicator covers 87% of the scope of reporting.
(2) The EPDs, which were certified by an independent third party, are available at environdec.com.

Following on from the MICHELIN Primacy 4, brought to market in 2018, the MICHELIN Primacy 4+ delivers excellent lifespan performance[1] and is best-in-class in wet braking when worn[2], thereby enabling consumers to use their tires as safely and for as long as possible.

Every Michelin tire range is "made to last," delivering real financial and environmental value to consumers with their durability, their totally safe, long-lasting performance down to the final kilometer, and their contribution to reducing CO_2 emissions and improving fuel efficiency.

This commitment was already demonstrated in 2016 with products, like the MICHELIN CrossClimate+, that guarantee safe driving in all weather conditions, in every season, throughout their entire lives. This performance is being upheld by the latest generations, with the MICHELIN CrossClimate 2 tire, introduced in 2021, and the MICHELIN CrossClimate2 SUV launched in 2022.

Reduce the rolling resistance of Truck tires

In Truck tires, a myriad of technological advances is delivering not only a significant improvement in fuel efficiency and with it a reduction in CO_2 emissions, but also exceptionally efficient use of the component materials thanks to remarkably long tread life and the ability to run the tire down to the last millimeter of the legal wear limit. Brought to market in 2016, the MICHELIN X® LINE™ ENERGY™ tires for long-haul trucks are the first set of big rig tires to be rated A in energy efficiency, on any axle, under EU tire-labeling rules. In addition, the MICHELIN X® MULTI™ ENERGY™ tire for regional truckers, launched in 2017-2018, has reaffirmed the Group's commitment to offering innovative solutions that both improve performance and protect the environment.

In 2021 and 2022, Michelin sustained its innovation drive in this area by renewing and expanding its MICHELIN X® LINE™ ENERGY™ and MICHELIN X® MULTI™ ENERGY™ ranges to meet the challenges of CO_2 emissions standards in Europe and North America. The ENERGY™ lines are now being deployed in the fast-growing markets of Brazil, China and India.

2021 also saw the launch of a number of new products to enable more sustainable mobility in urban areas.

With the introduction of the MICHELIN X® Incity™ EV Z tire, MICHELIN is supporting the electrification of city buses, with improved energy efficiency[3] and load bearing capacity[4].

With the forthcoming deployment of zero-emission vehicles, Michelin is forging partnerships with its OEM customers to support the environmental transition in the road transportation industry[5].

In 2022, the average energy efficiency of MICHELIN tires was improved by the growth in sales of recent ranges, such as the MICHELIN X® MULTI™ ENERGY™, the MICHELIN X® Incity™ EV Z and the MICHELIN X® MULTI™ Z, and by the introduction of the MICHELIN Agilis 3 in the *Last Mile Delivery* segment and of other products in the MICHELIN X® MULTI™ Z family.

Developing services and solutions that optimize the use and management of vehicle fleets

Another pathway to reducing CO_2 emissions is the product-service economy, which involves either (i) the combined supply of a product and a service to manage and maintain tires in ways that optimize their energy efficiency and other performance features; or (ii) the provision of a service alone that streamlines certain cumbersome fleet processes to make driving fleet vehicles more efficient, safer and greener.

Today, Michelin's Services & Solutions business line designs, develops and prototypes new, data-enabled mobility solutions for the transportation industry. Michelin helps fleet customers to optimize their management, improve their safety performance and margins, and reduce their carbon footprint with a wide range of solutions, such as:

- EFFITIRES™ and Michelin Tire Care, which take the trouble out of tire maintenance, and vehicle-focused solutions to improve operating efficiency and safety performance;
- Michelin Connected Fleet, which helps to reduce empty kilometers, thereby optimizing fleet operations and vehicle use while improving their energy efficiency;
- Michelin Connected Fleet's MoveElectric solution, which guides commercial fleets through the planning and transition process and supports EV operations once they are up and running;
- Watèa by Michelin, 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, making the energy transition both operationally and financially feasible. 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 help reduce the environmental impact of their operations;
- MICHELIN MEMS® 4, the world's leading remote tire pressure and temperature monitoring system for mining machines, reduces equipment downtime and helps increase tire life by warning of failures and avoiding premature replacement.

(1) Longevity: External tests conducted by Dekra Test Center, at Michelin's request, in July 2021, on the 205/55 R16 91V size fitted on a VW Golf comparing the MICHELIN Primacy 4+ tire (31,246 km) to its competitors, the BRIDGESTONE TuranzaT005 (-15,998 km), the CONTINENTAL PremiumContact 6 (-5,655km) and the GOODYEAR EfficientGrip Performance 2 (+2,093 km). Longevity test run in average real usage (D50) with a 12,200 km run and extrapolated longevity at 1.6 mm.

(2) Wet braking new and worn: External tests conducted by TÜV SÜD Product Service, at Michelin's request, between 80-20 kph, in May-June 2021, on the 205/55 R16 91V size on a VW Golf 8 (worn means buffed on a machine until the tread wear indicators appear, according to European regulation ECE R30r03f) comparing the MICHELIN Primacy 4+ tire (new: 22.9m – worn: 31.5m) to its competitors, the BRIDGESTONE TuranzaT005 (new: 22.7m – worn: 36.4m); the CONTINENTAL PremiumContact 6 (new: 23.0m - worn: 35.3m); and the GOODYEAR EfficientGrip Performance 2 (new: 23.7m – worn: 35.6m).

(3) Michelin calculations based on rolling resistance values.

(4) Load bearing capacity increased to a maximum of eight tonnes, or 15% more than the previous X® Incity™ XZU range.

(5) The SuperTruck programs in the United States and the European Consortium.

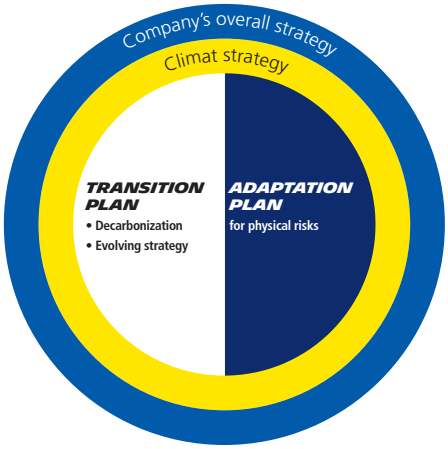
Developing new mobility solutions: hydrogen

As a trailblazer with more than 20 years of expertise in hydrogen fuel cells, Michelin is seeking to become a world leader in hydrogen-powered systems through SYMBIO, its joint venture with Forvia. SYMBIO offers a comprehensive range of compact, pre-validated and pre-integrated StackPack® fuel-cell systems that meet all the power and durability requirements for zero-emission mobility.

In October 2022, the venture announced the deployment of the HyMotive project, designed to accelerate its industrial ramp-up and the development of new disruptive innovations. It will enable SYMBIO to increase production capacity in France to 100,000 systems a year by 2028, while creating 1,000 local jobs. To drive the faster development of hydrogen mobility, Michelin also supports an ecosystem approach. One compelling example is Hympulsion, a public-private partnership formed in 2017 between Michelin and the Auvergne-Rhône-Alpes Region, ENGIE, Banque des Territoires and Crédit Agricole that is tasked with deploying France's Zero Emission Valley (ZEV) project. The simultaneous deployment across an entire region of hydrogen production, storage and distribution infrastructure and hydrogen-powered vehicles means that the system will be immediately operational, spurring the emergence of a profitable, sustainable new market. ZEV's planned deployment of 20 hydrogen filling stations and a fleet of 1,200 hydrogen-powered vehicles by 2024 makes it the largest renewable hydrogen mobility project in France. It is expected to avoid the use of 4.3 million liters of diesel fuel and the release of 13,000 tonnes of CO_2 per year.

Michelin is also committed to leveraging motorsports to spur the faster roll-out of hydrogen mobility solutions. Motorsports' demanding requirements stimulate research and development and enable technologies to be tested in extreme conditions. This is why the Group and Symbio became lead partners in MissionH24, a project that is in particular looking to integrate hydrogen-powered technology into endurance race vehicles competing in the 24 Hours of Le Mans in 2025.

1.1.1.1 c) Adaptation plan: responding to the physical risks of climate change



The plan to adapt to the physical risks of climate change has been defined and approved. The Environmental Governance body reviewed these risks and recommended that in 2022 they be addressed in long-term decisions, such as approving raw material suppliers, building or expanding production facilities and merger/acquisition projects. A physical risk manager has been appointed to deploy the action plan in 2023.

Risks related to extreme weather events have in fact long been managed as part of the Operational Continuity Plan, a comprehensive process designed to manage all of the Group's business interruption and continuity of supply risks, whether climate-related or not. The Group's crisis management capabilities reduce the potential impact of major crises(1).

Risks impacting natural rubber supplies. Rubber tree plants can only grow in the planet's narrow intertropical convergence zone. Although these plants are particularly resilient, they are exposed in these regions to direct and indirect climate change-related impacts and to the increasing scarcity of arable land. Michelin teams are developing and promoting highly resilient agricultural practices, in particular to preserve soil quality and vitality by maintaining a permanent plant cover. The Group tracks and models changing climate and health conditions in the production regions, directly on the plantations it supports and in partnership with its natural rubber suppliers and the research organizations in the International Rubber Research and Development Board (IRRDB). Lastly, the Group is pursuing its research and development and eco-design programs to optimize the quantity of natural rubber used per thousand kilometers traveled. In addition to managing physical risks, the Group continues to pursue opportunities to produce natural rubber sustainably and responsibly(2).

(1) See section 2.1 Risk factors specific to Michelin, description and related management systems/Risk 1 – Physical impacts of climate change.
(2) See section 4.1.4.2 c) A dedicated approach for natural rubber.

1.1.1.1 d) Engagement and transparency

CDP Climate Change

The CDP ranked Michelin among the most forward-looking companies in the areas of transparency and combating climate change in 2022, assigning it a score of ***A-*** in recognition of its strategy, the reduction in its CO_2 emissions and its long-term commitment to further reducing its carbon footprint.

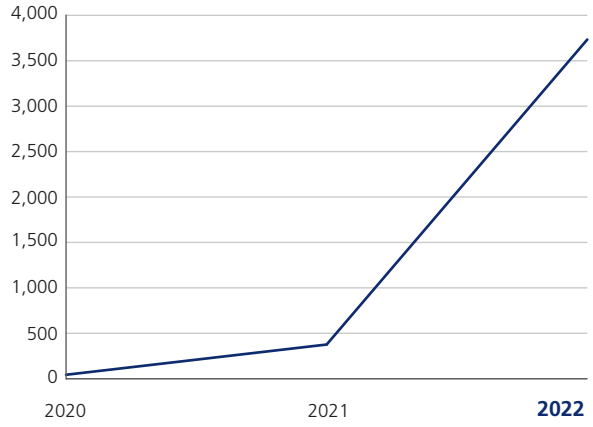
Each year, the Michelin Group responds to the CDP Climate Change, CDP Water Security and since 2021, the CDP Forest questionnaires. *The* CDP is an independent, non-financial rating organization. Michelin's full response may be found on the CDP platform[(1)] and on the Group's website[(2)].

Raising employee awareness of climate issues

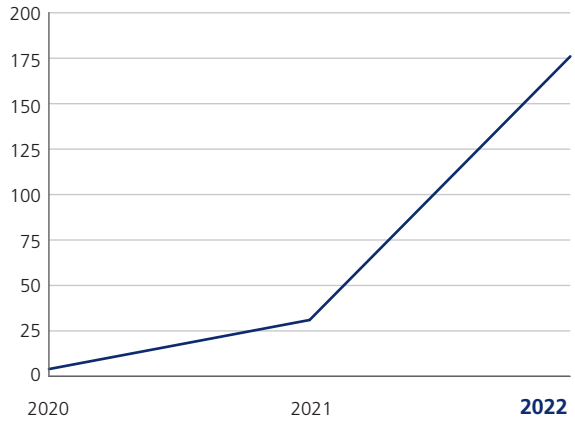
To raise employee awareness about the All in Action for the Environment transformation program, the collaborative Climate Fresk[(3)] workshop was chosen as the preferred tool for imparting knowledge and a shared language on global warming issues.

These workshops teach participants about the causes and consequences of global warming and empower them to take action. First organized in 2020, Climate Fresks had been attended by **more than 4,000 people** across the Group by 2022. To maintain the pace of deployment at every level of the organization, more than 150 facilitators have been trained.

NUMBER OF EMPLOYEES ATTENDING CLIMATE FRESK WORKSHOPS



NUMBER OF CLIMATE FRESK WORKSHOPS HELD



Applying the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Since 2018, the Michelin Group has been gradually applying the recommended guidelines issued on June 29, 2017 by the TCFD and, in 2020, demonstrated its support for the task force as a signatory.

Embracing TCFD principles implies driving change up, down and across the entire organization as it shifts to a market strategy and operations consistent with the below 2°C global warming scenario, while addressing the impacts arising from above 2°C scenarios.

(1) https://www.cdp.net/en/responses.
(2) https://www.michelin.com/documents/reponse-au-questionnaire-cdp-climate-change-2020-en-anglais-seulement/
(3) https://fresqueduclimat.org/

Detailed information concerning the application of TCFD recommendations may be found in the public answers to the CDP Climate Change 2022 questionnaire (see https://www.cdp.net/en/responses). A summary of these disclosures is presented below[1]:

Governance	
Roles, responsibilities and control	**Climate strategy** As part of the Supervisory Board's role of exercising permanent oversight of the Group's management, its CSR Committee reviews the climate strategy, including the transition plan and the adaptation plan, and issues recommendations. **Transition plan/decarbonizing our operations and adaptation plan** The Environmental Governance body reviews climate-related and energy transition issues impacting the Group's business operations and, under this remit, makes decisions on behalf of the Group Executive Committee. It ensures that targets for decarbonizing operations are met and that climate-related physical risks are identified and properly managed. The body comprises two Executive Committee members and representatives from eight departments, supported by a group of in-house experts forming the Carbon Strategy Committee[2]. Via the Executive Committee, it may receive opinions concerning the Group's climate change strategy issued by the Corporate Stakeholders Committee[3]. **Transition plan/Company strategy** The Group Executive Committee manages the transition plan in relation to the Group's strategy, based on its analysis of the climate scenarios. 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.
Strategy	
Time horizons considered when identifying, assessing and managing risks and opportunities	**Long-term (16 to 30 years)** Build a roadmap to lower the carbon intensity of the Group's business operations, aligned with the Paris Agreement/1.5°C scenario and the goal of reaching net zero emissions in Scopes 1, 2 and 3 by 2050; analyze physical risks with global warming scenario modeling; review climate change/societal scenarios for strategic or innovation purposes (see below). **Medium-term (6 to 15 years)** Manage strategic risks and opportunities requiring decisions related to (i) manufacturing facilities (type of energy, energy utilities, deployment of new technologies and/or processes); (ii) future CO_2 allowance costs; (iii) research and development priorities (environmental footprint of future tire generations, new powertrains and high-tech materials); (iv) the strategic foresight analysis of the economic environment and trends in the mobility of people and goods; (v) responses to forthcoming changes in standards and regulations; (vi) the review of climate change/societal scenarios for strategic or innovation purposes (see below); (vii) the building and management of decarbonization roadmaps to meet CO_2 emission reduction targets; and (viii) the analysis of physical risks with global warming scenario modeling and preparation of adaptation plans. **Short-term (0 to 5 years)** Operational management: (i) analyze exogenous factors, such as investors, customers, competitors, peers, NGOs, institutions and other stakeholders; (ii) make decisions concerning reductions in Scope 1 and 2 carbon emissions (e.g., energy efficiency projects and renewable energy purchases) and Scope 3 emissions (e.g., supply chain organization, engagement with suppliers and new partnerships); (iii) manage regulated carbon quotas; (iv) prepare strategic plans and create new solutions and partnerships; (v) implement R&D projects in low carbon/energy efficient materials, products and services; (vi) deploy a tactical strategy to address standards and regulations; (vii) manage prevention and protection measures against extreme weather events; (viii) manage media coverage of climate change-related social responsibility issues; (ix) engage with public and private sustainable mobility stakeholders to support the decarbonization of the transportation industry via the Movin'On ecosystem and the Transport Decarbonization Alliance.

(1) This information has been structured according to the framework recommended for energy and transportation companies in "Climate-related financial reporting: Operational framework for a constructive dialogue between investors and companies", issued in July 2018 by the MEDEF French business network, the French Insurance Federation and the French Asset Management Association.

(2) See section 4.1.1 The Environment/Environmental governance.

(3) See section 4.1.2.3 Dialogue with stakeholders.

Climate scenarios used

Scope 1 and 2 emissions pathways

The 2030 and 2050 reduction targets[1] were determined on the basis of the 1.5°C scenario: *"In model pathways with no or limited overshoot of 1.5°C, global net anthropogenic CO_2 emissions decline by about 45% from 2010 levels by 2030 (40-60% interquartile range), reaching net zero around 2050 (2045-2055 interquartile range)." IPCC Special Report: Global warming of 1.5°C.*

Physical risks

Two global warming scenarios were used, RCP 4.5 and RCP 8.5, over two time frames, 2030 and 2050, in developing a physical risk assessment application for direct operations (production facilities) and indirect operations (key raw material suppliers).

Strategy and innovation

Working with international transition experts and applying state-of-the-art practices, the Group has prepared four possible climate change/societal scenarios[2] for how its business environment could evolve under the impact of climate change and the policies likely to emerge as a result[3]. The scenarios are distinct from one another and based on contrasting, yet equally plausible assumptions. Each 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 indicators (global population, GDP per capita, energy intensity and carbon footprint of consumed energy) and a set of public indicators representative of each scenario that enable us to identify their implications and assess their materiality over time;
- a global map displaying the scenario or blend of scenarios deemed most likely for each country.

Use of scenarios

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

1. strategic fundamentals are retained in every scenario;
2. regardless of the scenario, connectivity and outside partnerships will play an important role;
3. trends in vehicle fleets, urban mobility, micro-mobility and intermobility will have a favorable impact and environmental degradation will have a negative impact;
4. 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;
5. most of the organization would benefit from continuing to develop carbon emission reduction solutions for their customers and upgrading operations across the value chain to manage physical and transitional risks more effectively;
6. climate scenarios should continue to be analyzed and the five-year strategic plan adjusted accordingly.

The Executive Committee decided to reassess the Group's strategy in light of the latest scenarios at least every three years and/or in the event of one of the following events: a regulatory requirement, a new strategy or a failure of the current strategy, or the availability of likely new scenarios.

Summary of key assumptions and indicators

Increase in global mean surface temperature:

- four global warming pathways ranging from 1.7°C to 3.7°C by the end of the century.

Time horizons:

- 2035, with a qualitative description, a quantitative characterization based on a set of macro-indicators and a global representation of scenarios by country;
- 2050, with elaborate, situational narratives painting a vivid picture of life in each scenario.

Contextual assumptions underlying all four scenarios:

- 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, collapse of biodiversity, impact of various forms of pollution).

Constant assumptions:

- UN population forecasts;
- human beings are essentially driven by their own interests and the interests of their loved ones and communities;
- a world as politically and socio-economically fragmented as today's, in which countries choose a variety of different strategies;
- an irreversibly digitalized world.

Variable assumptions:

- the landscape of environmental crises and shocks having an impact on society;
- the economic system and economic growth;
- the pace of energy decarbonization;
- the development of technological inventions and strategies, particularly those supporting the climate transition and climate change adaptation;
- predominant lifestyles and consumer spending patterns;
- the political regime and its priorities.

(1) See section 4.1.1.1 a) Transition plan: decarbonizing our operations.

(2) An additional, extremely pessimistic alternative scenario was used to test the values attributed to the Group's plant and equipment. The results are presented in note 2.6 to the consolidated financial statements.

(3) See 4.1.1.1 b) Transition plan: company strategy.

Main risks and opportunities and their potential financial impacts	**Transition opportunities** • ***Market*:** develop and promote mobility products and services that are low-carbon and/or suitable for use in adverse weather conditions, in response to market trends driven by legislation (emissions standards, minimum tire performance standards), technology (growing take-up of electric vehicles) or emerging new demand from corporate customers (fleet management) and consumers. *See section 4.1.1.7 2022 report on the Michelin Group's activities in respect of the European Taxonomy Regulation, Eligible Proportion of 2022 Sales, Capital Expenditure and Operating Expenditure/activities 3.6 and 8.2).* • ***Technologies:*** develop and bring to market hydrogen propulsion systems supporting the energy transition on a variety of vehicles. Annual revenue over the medium term estimated at €1,500 million. **Transition risks** • ***Market:*** achieving net zero emissions by 2050, thereby meeting customer and investor expectations, entails higher costs to introduce or deploy new practices, technologies, processes and organizations. Over the medium term, the provisional average annual cost of reducing the Scope 1 and 2 carbon footprint is estimated at €90 million in capital expenditure. • **Legal and regulatory compliance*:*** increasing CO_2 allowance costs on regulated markets. Annual operating expenses over the short term are estimated at €22 million. **Physical risks** • ***Extreme weather events:*** deterioration of production capacity in facilities operated by the Group and its suppliers caused by increasingly frequent and severe extreme weather events (production shutdowns, supply chain disruptions, damage to production assets). Over the short term, the maximum net impact on annual operating income is estimated at €150 million to €400 million.
Metrics and targets	
Greenhouse gas emissions	CO_2 emissions, Scopes 1, 2 and 3: *see section 4.1.1.1 a) Transition plan: decarbonizing our operations/Inventory of Scope 1, 2 and 3 CO_2 emissions.*
Reduction targets	Scopes 1 and 2: *see section 4.1.1.1 a) Transition plan: decarbonizing our activities/Scopes 1 and 2: reaching net zero emissions in the manufacturing operations by 2050.* Required Scope 3 (excluding the in-use phase): *see section 4.1.1.1 a) Transition plan: decarbonizing our operations/*Scope 3: reducing emissions from our transportation operations/Scope 3: reducing emissions from purchased raw materials and components/Scope 3: upstream purchased energy and end-of-life treatment of sold products. Optional Scope 3 (in-use phase)*: see section 4.1.1.1 b) Transition plan: company strategy/Designing ultra-energy efficient products.*
Spending	**Manufacturing operations**: €62 million was invested in 2022 as part of the production plant decarbonization plan (Scopes 1 and 2). **Research, development and process engineering:** €468.5 million was invested in 2022 to enable the introduction of technologies to improve the rolling resistance of our tire products and the installation of molds for the new tire lines that reduce rolling resistance compared to the previous generations. *See section 4.1.1.7 2022 report on the Michelin Group's activities in respect of the European Taxonomy Regulation, activity 3.6.*

Taxonomy reporting: See section 4.1.1.7 2022 report on the Michelin Group's activities in respect of the European Taxonomy Regulation

1.1.1.2 Enhancing the circularity of our products SDG 8.4, 9.4, 12.2, 12.4, 12.5, 13.2 and 17.17

Risks related to other impacts of raw materials on the environment (excluding climate change)[1]

As the only point of contact between a vehicle and the road, tires play a vital role in road safety. They are made of around 200 different materials, such as elastomers (natural and synthetic rubber), plasticizers and chemicals, which are all essential to delivering performance.

A variety of raw material factors, such as their natural or fossil origin, their production or extraction method and their increasing demand can generate environmental impacts, including resource depletion, pollution and/or loss of biodiversity.

In addition, the emission of tire and road wear particles (TRWP)[2] generated by abrasion during a tire's in-use phase can also have an impact on the environment.

Through a policy of continuous innovation, focused on sustainable mobility, Michelin is making every effort to attenuate the adverse environmental impact of its products throughout their life cycle and to help conserve resources.

This policy is grounded in eco-design practices, the use of life cycle assessments, and the deployment of a circular economy approach known as **Michelin 4R**.

In 2017, the Group presented its ambitions for sustainable mobility through its VISION concept, which comprises both a wheel and an airless tire, fully connected and made from sustainable materials, whose "rechargeable" tread can be produced on demand by 3D printing. VISION lies at the core of Michelin's sustainable development and mobility strategy and offers a compelling illustration of its circular economy approach.

At the Movin'On Summit in 2019, Michelin unveiled UPTIS, a combined airless, puncture-proof tire and wheel assembly developed in partnership with General Motors. UPTIS eliminates any risk of flats or blowouts, thereby improving both the safety of motorists and the productivity of business fleet operations. This feature also reduces the use of raw materials in production, which in turn reduces waste. UPTIS represents a decisive milestone in making the VISION concept a reality.

1.1.1.2 a) Increment the use of sustainable materials

Michelin defines sustainable materials as renewable bio-based materials, such as natural rubber or butadiene produced from biomass ethanol, or materials made from recycled sources (recovered or reused materials).

Renewable bio-based materials[3] are made from raw materials derived from natural resources that are naturally replenished on a human timescale, such as biomass. This excludes fossil fuels like oil, natural gas and coal, as well as minerals.

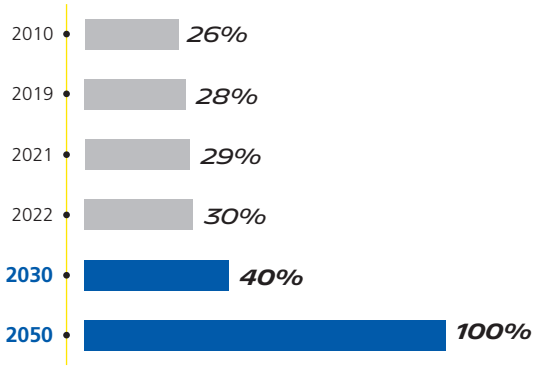
Recycled materials[4] are made from raw materials or feedstocks recovered from industrial or household waste that has been reprocessed into products, materials or substances. Recycling does not include energy recovery or the reprocessing into materials that are to be used as fuels.

OUR OBJECTIVE:

The Group's ambitious objective is to manufacture its tires entirely from sustainable materials by 2050, backed by a commitment to incorporating an average of 40% sustainable materials by 2030.

This commitment is measured by the **Average Sustainable Materials Rate (ASMR)** indicator

AVERAGE SUSTAINABLE MATERIALS RATE (ASMR)



In 2022, the percentage stood at 30%, an improvement on 2021 and in line with the roadmap to meet the 2030 target of 40%.

During the year, the Group continued to enhance the maturity of dedicated technologies in its R&D projects, increase the use of certain sustainable materials in existing tires, and improve traceability in certain supply chains with its suppliers, reflecting its active commitment to meeting its sustainable materials objective.

(1) See section 4.1 Sustainable Development and Mobility Report/Challenges and performance/Materiality Matrix.
(2) See section 2.1 Risk factors specific to Michelin, description and related management systems/Risk 7 – Environmental risks from the use of our products: Tyre and Road Wear Particles.
(3) As defined by the OECD and the American Chemical Society in "12 Principles of Green Chemistry."
(4) As defined in European Directive 2008/98/EC on waste.

THE EMPREINTE PROJECT

To take its All Sustainable approach to the next level, Michelin launched **the EMPREINTE project** in late 2020.

Funded by the PIA (Programme d'Investissements d'Avenir) run by ADEME as part of the French automotive industry recovery plan, the new project is designed to deliver effective solutions for **recycling or bio-sourcing materials** and **eco-designing products**. These solutions will improve the overall environmental footprint of tires by guaranteeing in-use performance fully aligned with expectations for new vehicles and emerging mobility needs.

By addressing the major challenges of sustainable mobility, the EMPREINTE project is targeting two strategic markets: personal mobility (Passenger car tires) and freight transportation (Truck tires).

The five-year project covers **four closely related research areas**, which will help drive future innovation:

- **materials**: development of new sustainable materials (recycled and bio-based, sourced for example from recovered waste) and their production processes;
- **tires**: design and development of "sustainable" demonstrator tires, made from these new materials but still delivering the same optimal performance;
- **connectivity**: development of connected capabilities and predictive maintenance solutions to optimize in-use tire impacts;
- **manufacturing:** optimization of tire manufacturing processes to manage the industrial complexity associated with these new materials.

In October 2022, Michelin unveiled new tires designed by the EMPREINTE project that feature 45% sustainable materials in the passenger car tire and 58% in the bus tire. In both cases, this represents a 50% increase in the sustainable material content compared with current tires.

The new fitments have been approved for open road use and offer the same premium performance as Michelin's benchmark tires. Their sustainable materials could be more widely deployed in some of the tires that Michelin will bring to market in 2025.

1.1.1.2 b) Deploying eco-design practices

Michelin is gradually rolling out a process to systematically assess the environmental footprint of all its new product projects based on eco-design principles.

In 2020, Michelin joined the Pôle Eco-conception association, France's leading center for eco-design and life cycle performance management, to improve its methods, make its process more robust and continue to develop its eco-design capabilities.

In 2021, the Environmental Governance body approved the publication of an "Eco-design Charter," based on guidelines in the ISO 14006: 2020 and NF X30-264: 2013 standards. It presents key eco-design principles and specifies the basic rules that all Group units are expected to apply to any project engaged in an eco-design process (e.g., involving research, products, services or business, digital and/or production processes).

1.1.1.2 c) Broadening the use of life cycle assessments

Michelin has long used life cycle assessments (LCAs) and is continuously improving its expertise in measuring the lifetime environmental impact of its products via such indicators as global warming potential, resource depletion, photochemical oxidation and water acidification and eutrophication. This approach, which is based on ISO 14040 guidelines, provides greater insight into these impacts that then informs the design choices made to reduce them.

Since 2012, Michelin has been involved with eight other international corporations in supporting the International Life Cycle (ILC) Chair, the primary research unit of the International Reference Centre for the Life Cycle of Products, Processes and Services (CIRAIG), which is addressing such major issues as the decarbonization of power generation and use, the efficient use of resources and energy, the circularity of material flows and planetary limits.

Michelin is also a member of SCORELCA, a French association that conducts research commissioned by its 12 active members and partners. Like those pursued by the ILC Chair, its research programs are helping to enhance the methodological skills used by the Group's LCA expertise unit.

Similarly, Michelin has worked for several years with other tiremakers in the Tire Industry Project (TIP)[1] to draft product category rules (PCRs) defining a set of industry-specific, ISO 14025-compliant guidelines that manufacturers can apply to determine the environmental impact of their products. The TIP has developed a PCR that is technically comprehensive, global in scope and capable of supporting consistent, harmonized assessments.

1.1.1.2 d) The Michelin 4R circular economy process

LCAs have shown that production phases, from raw materials to finished product, can account for up to 20% of a tire's environmental impact. This poses a variety of challenges, such as reducing the impact of mobility on ecosystems, natural resources and human health, limiting its effects on climate change and securing supply. To ensure that natural resources are used more wisely, Michelin is simultaneously rolling out four initiatives under the Michelin 4R banner, for Reduce, Reuse, Recycle and Renew.

Since 2017, this process has been managed by the Circular Economy Operational Committee, whose multidisciplinary members are led by the Sustainable Development and Mobility team. It defines and tracks process deployment, identifies risks and opportunities, leads the related initiatives and proactively plans for changes in legislation and compliance. Its activities and outcomes are validated by the Environmental Governance body[2].

Reduce

In addition to its initiatives to improve tire energy efficiency to reduce the CO_2 released during the in-use phase[3], the Michelin Group is also leading research and development programs focused on reducing resource consumption and harmful pollution from the use of its products.

Reducing resource consumption

The Group's research and development is guided by a clear commitment to designing and manufacturing tires with less material, while lengthening their service lives and enabling them to deliver the same safe driving experience and ever-improved performance.

Beyond setting performance objectives for new tires, Michelin is also committed to delivering performance over time by extensively testing worn tires, so as to demonstrate that tires can and should deliver very high performance until the tread wear indicators appear. If motorists were confident that their tires would remain safe throughout their useful lives, they would be encouraged to use them until they reached the legal minimum tread depth – of 1.6 mm in Europe – which would avoid the unnecessary use of 400 million tires a year worldwide and help to both reduce raw materials consumption and cut CO_2 emissions by up to 35 million tonnes a year (estimates based on calculations for Europe).

In 2019, European institutions accepted the principle of testing wet grip on worn tires in revising the General Safety Regulation for vehicles[4]. Along with the entire automotive industry, Michelin is contributing to the working group formed as part of the UNECE World Forum for the Harmonization of Vehicle Regulations, which is defining a test method for future legislation.

Reducing harmful pollution from the use of our products: tire and road wear particles (TRWPs)

Factoring in the environmental impact of its business activities is a major concern at Michelin. That's why the Group is proactively engaged with the tire industry in analyzing the potential impacts from tire and road wear particles (TRWPs), the mixture of tire tread and road surface debris generated by the friction between tires and the road.

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

(1) *Tire Industry Project: Launched in 2005, the Tire Industry Project is a voluntary initiative dedicated to addressing the tire industry's sustainability challenges and issues. It currently comprises 11 of the world's leading tiremakers: Bridgestone Corporation, Continental AG, Cooper Tire & Rubber Company, The Goodyear Tire & Rubber Company, Hankook Tire Company, Kumho Tire Company, Inc., Michelin Group, Pirelli Tyre SpA., Sumitomo Rubber Industries, Ltd., Toyo Tire & Rubber Company Ltd., and Yokohama Rubber Co., Ltd. The TIP operates under the auspices of the World Business Council for Sustainable Development (WBCSD).*

(2) *See section 4.1.1 The Environment/Environmental Governance.*

(3) *See 4.1.1.1 b) Transition plan: Company strategy/Designing ultra-energy efficient products.*

(4) *Regulation (EU) No. 2019/2144 of the European Parliament and of the Council of November 27, 2019 on type-approval requirements for motor vehicles and their trailers, and systems, components and separate technical units intended for such vehicles, as regards their general safety and the protection of vehicle occupants and vulnerable road users.*

In addition, Michelin continues to carefully track the research being conducted worldwide that could serve to enhance current scientific knowledge. A wide variety of studies conducted by the TIP and other research organizations are providing converging signals that TRWPs account for a small percentage of total urban air pollution particles. Moreover, according to a recent study commissioned by the tire industry, a geospatial model of the Seine watershed indicated that only 2% to 5% of TRWPs released into the environment reach estuaries and potentially the marine environment[(1)].

The TIP regularly releases its TRWP research studies at: https://www.wbcsd.org/Sector-Projects/Tire-Industry-Project/Resources/Tire-Road-Wear-Particles-Papers.

The CEOs of the TIP member manufacturing companies approved a decision to continue adding to existing knowledge by launching a new cycle of TRWP research projects addressing areas such as:

- sampling of TRWP presence in different environmental compartments (air, rivers, soil, estuaries) and modeling TRWP fate in the environment;
- analyzing the degradation of TRWPs;
- investigating the potential health impacts from long-term exposure to TRWPs.

Similar research is being pursued by the European Tyre and Rubber Manufacturers Association (ETRMA), which in July 2018 launched the Tyre and Roadwear Platform, a multi-stakeholder platform, facilitated by CSR Europe, dedicated to sharing scientific knowledge and co-designing mitigation options to reduce the environmental impact of TRWPs.

Working with representatives from governments, academia, non-governmental organizations and industries, it seeks to foster open, inclusive dialogue among all stakeholders, in order to holistically explore the TRWP challenge.

Lastly, it is already possible to start making a positive contribution to reducing TRWP releases, both collectively and individually.

Collectively, by defining a standardized test and using it to remove the worst performing tires from the market by enforcing tire abrasion thresholds. To support regulation that would limit acceptable levels of particle releases from all tires worldwide, Michelin and other ETRMA members are helping to define a standardized TRWP emissions testing method.

In late 2022, the European Commission published the proposed text of the EURO VII regulation, which contains a section addressing the reduction of particle emissions from road tires through compliance thresholds, which could be based on the abrasion test method proposed by the industry.

Individually, by developing innovations that enable the Group to design tires that help to further reduce TRWP emissions.

Regardless of any ongoing studies, Michelin has always led the way in using materials more efficiently. This process has driven a steady reduction in TRWP emissions from its tires. **The Group is committed to further reducing overall particulate emissions from its new tire families.**

PARTICULATE EMISSIONS ARE BEING REDUCED WITH EACH NEW RANGE

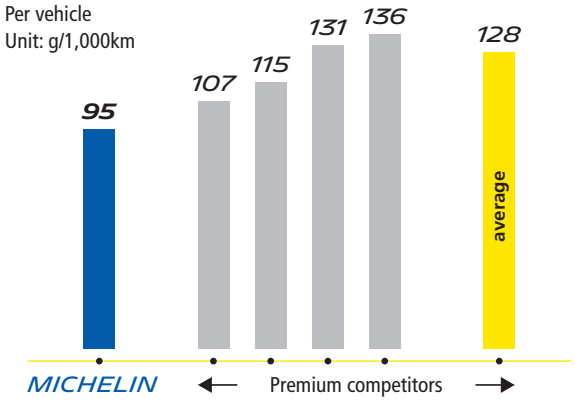
DEKRA studies in 2020 (MARK20B, MARK20E) and 2021 (MARK21E).

In 2022, the Allgemeiner Deutscher Automobil-Club (ADAC) updated its comprehensive study on determining whether tires with lower TRWP emissions are less safe, by measuring tire abrasion from around 100 tire models of different sizes and comparing the releases to the results of braking distance tests on dry, wet and, for winter tires, snowy roads.

Analysis of the ADAC results shows that MICHELIN often ranked first as the brand releasing the fewest particles per kilometer, on average, among all the tires tested, while still delivering excellent performance in the safety-relevant categories.

(1) This research is available to the public at https://www.tyreandroadwear.com/.

TRWP EMISSIONS: MICHELIN VS. OTHER PREMIUM TIREMAKERS



Source: ADAC Tyre test: Tyre abrasion – On road tests, April 2022

Reuse

Solutions such as repairing, regrooving and retreading tires help to conserve raw materials because they extend a casing's useful life and use less raw material compared to manufacturing a new tire. The Group is extending these solutions to Truck, Aircraft and Earthmover tires.

Michelin Truck tires can be regrooved when the tread is worn, then mold-cure retreaded using the Remix process or pre-cure retreaded and regrooved a second time before the components are reused in end-of-life tire recovery solutions. For example, assuming the tire has a theoretical lifespan of 100,000 km, regrooving can add 25,000 km without any additional material. Retreading can then add a further 100,000 km using four times less raw material than it takes to make a new tire. Lastly, the final regrooving increases total tread life by another 25,000 km.

In all, with one retreading and two regroovings, a Michelin Truck tire can last 2.5 times longer than a new Michelin tire with only around 30% additional material.

This offers three benefits compared with a non-retreadable, non-regroovable tire, whether premium or budget:

- a financial benefit from the lower cost per kilometer;
- environmental benefits, by considerably reducing raw materials use;
- social benefits, by creating more jobs. Everywhere that retreading/regrooving is practiced, the logistics operations and related services (collection, inspection, maintenance, retailing, etc.) help to stimulate the local economy.

Recycle

The deployment of technically and economically viable systems to recycle and treat end-of-life tires is a major challenge that Michelin is determined to address, in every country, in cooperation with all of the stakeholders concerned. Indeed, for many years, the Group has been encouraging the introduction of effective solutions and continues to play a leading role.

A study conducted by TIP in 2019 showed that 88% of all end-of-life tires, regardless of brand, sold in the 45 countries under review were collected and the majority of them were recovered and reused(1). According to data presented in this same study, of the total tire tonnage brought to market by Michelin in 2019 in those countries, an estimated 76% was recovered and reused, of which 43% as material, 29% as fuel and 4% in earthworks.

In 2022, the Group continued to participate in end-of-life tire recycling programs through its active membership in a variety of industry associations, including in particular:

- the TIP: ELT management solutions have to be deployed locally, with the involvement of stakeholders up and down the value chain. This is why, in addition to the knowledge acquired in recent years on volumes and recovery methods, the TIP organized discussions in the United States, Europe and China to gain greater insight into management and recycling issues. Although tire collection and management performance in these three regions has clearly improved over the past 20 years, these forums revealed opportunities for further progress, for example, by passing more appropriate, more consistent legislation, sharing knowledge more broadly and expanding collaboration among stakeholders. The TIP has rolled out an action plan to address these opportunities, developing, in particular, a digital platform to improve ELT data sharing and support information exchange in ELT management channels;
- industry associations, including the European Tyre and Rubber Manufacturers Association (ETRMA), the United States Tire Manufacturers Association (USTMA) and the Japan Automobile Tyre Manufacturers Association (JATMA). In its joint programs with these associations, Michelin is making every effort to ensure that end-of-life tires are properly collected and processed, thereby demonstrating its support for the concept of extended producer responsibility, and exercising its influence to encourage material recovery, which optimizes the reuse of tire components as secondary raw materials and generally offers a smaller carbon footprint than energy recovery.

(1) *Global ELT Management* – A global state of knowledge on regulation, management systems, impacts of recovery and technologies, Tire Industry Project, December 2019: https://www.wbcsd.org/Sector-Projects/Tire-Industry-Project/End-of-Life-Tires-ELTs.

The Group is also investing in the development of end-of-life tire recovery and reuse technologies.

- In 2017, Michelin acquired Lehigh Technologies, a US company specializing in the design and production of micronized rubber powders derived from recycled end-of-life tires and other rubber-based industrial products. In 2022, the Group began building a Lehigh Technologies workshop at its Olsztyn plant in Poland, with production scheduled for start-up in 2023.
- In April 2020, the Group announced a partnership with Sweden's Enviro to develop and mass produce a highly innovative pyrolysis technology that recovers high-quality products like recycled carbon black, pyrolysis oil, steel and gas, which can then be re-incorporated into the production cycle of various industries. In 2022, Michelin secured a site in Chile's Antofagasta region to launch its recycling services in the country. After coming on stream late in first-half 2023, the plant will collect end-of-life tires from local mining companies and process them via shredding and grinding. The new business enables the Group to support the deployment of Chile's new Extended Producer Responsibility bill, which came into effect in 2023.

Michelin is also involved in other recycling ventures, such as the partnership formed in November 2020 with Canadian start-up Pyrowave to speed up the industrialization of an innovative technology to recycle polystyrene plastic waste.

The Pyrowave process breaks down polystyrene to recover its original building blocks of styrene monomers, a key component in synthetic rubber. Once recovered, the monomers can be used in the manufacture of synthetic elastomers for our tires, as well as in new polystyrene products and many other applications. With this partnership, Michelin is helping new value chains to emerge in the circular plastics economy.

On November 22, 2021 **Michelin and Bridgestone** jointly issued a call to action to enrich the recycling ecosystem for end-of-life tires and promote the circular economy in the rubber industry. The two main global tire leaders hope to enable and increase the use of carbon black recovered from recycled tires[(1)]. A progress report on the initiative, in which some 20 industry stakeholders are participating, was presented on November 16, 2022, with proposed specifications for the carbon black recovered from end-of-life tires with pyrolysis technology.

In addition, for more than ten years now, Michelin has been ensuring that all of its tire manufacturing waste is recovered[(2)].

BlackCycle, a European project for recycling end-of-life tires into new tires

Launched in 2020, the BlackCycle project brings together 13 organizations[(3)] in a European public-private partnership that aims to create, develop and optimize a full value chain, from ELT feedstock to secondary raw materials (SRMs), with no waste of resources in any part of the chain and a specific attention for the environmental impact. These SRMs will be used to develop new ranges of passenger car and truck tires, which will be sold commercially in European and global markets.

Funded by the Horizon 2020 program, the consortium is based in five European countries (France, Spain, Germany, Greece and Switzerland) and includes seven industrial partners, five research & technological organizations (RTOs) and an innovation cluster. Coordinated by Michelin, its governance system comprises a steering committee, a cluster synergies board and a technical support committee.

Renew

Michelin is committed to ensuring that by 2050, all the materials used to make its tires are sustainable. To meet this major challenge, the Group is encouraging the use of sustainable recycled and/or bio-based materials such as natural rubber and certain plant-based oils and resins. In the case of bio-based materials, large-scale projects have been launched to shift supply chains to bio-based materials or to improve the sustainability of natural materials:

- Project BioButterfly, in partnership with Axens and IFPEN, is developing a bio-butadiene production process using ethanol derived from biomass. The goal is to create innovative synthetic rubbers that are more environmentally responsible. The development phase got underway in 2015 and the completed industrial demonstrator is scheduled for start-up in early 2023.
- BioImpulse, a collaborative public/private research project that is helping to create a new, fully bio-based adhesive resin that is safer for human health. The consortium is coordinated by Michelin subsidiary ResiCare.

Michelin is also a member of BioSpeed, a consortium of companies committed to accelerating the market uptake of next generation bio-based materials.

Lastly, Michelin is sustainably and responsibly developing its natural rubber supply chain[(4)].

(1) See section 4.1.1.1 b) Transition plan: decarbonizing our operations/Scope 3: upstream purchased energy and end-of-life treatment of sold products.
(2) See 4.1.1.4 e) Reducing and managing waste.
(3) Michelin, Orion Engineered Carbons, Pyrum Innovations, Quantis, CSIC-Instituto de Carboquímica (ICB), CPERI/CERTH, Sisener Ingenieros SL, Aliapur, Estato Umweltservice GmbH, HERA Holding, AXELERA, Ineris and Fundación ICAMCYL (https://blackcycle-project.eu/).
(4) See section 4.1.4.2 c) A dedicated approach for natural rubber.

1.1.1.3 Supporting biodiversity SDG 8.4 and 15.9

Michelin, like every company, relies on biodiversity and ecosystem services, such as the supply of raw materials, water provisioning and climate regulation, to conduct its business sustainably. This is why the Group is stepping up its commitments and initiatives to combat climate change, conserve resources and safeguard biodiversity.

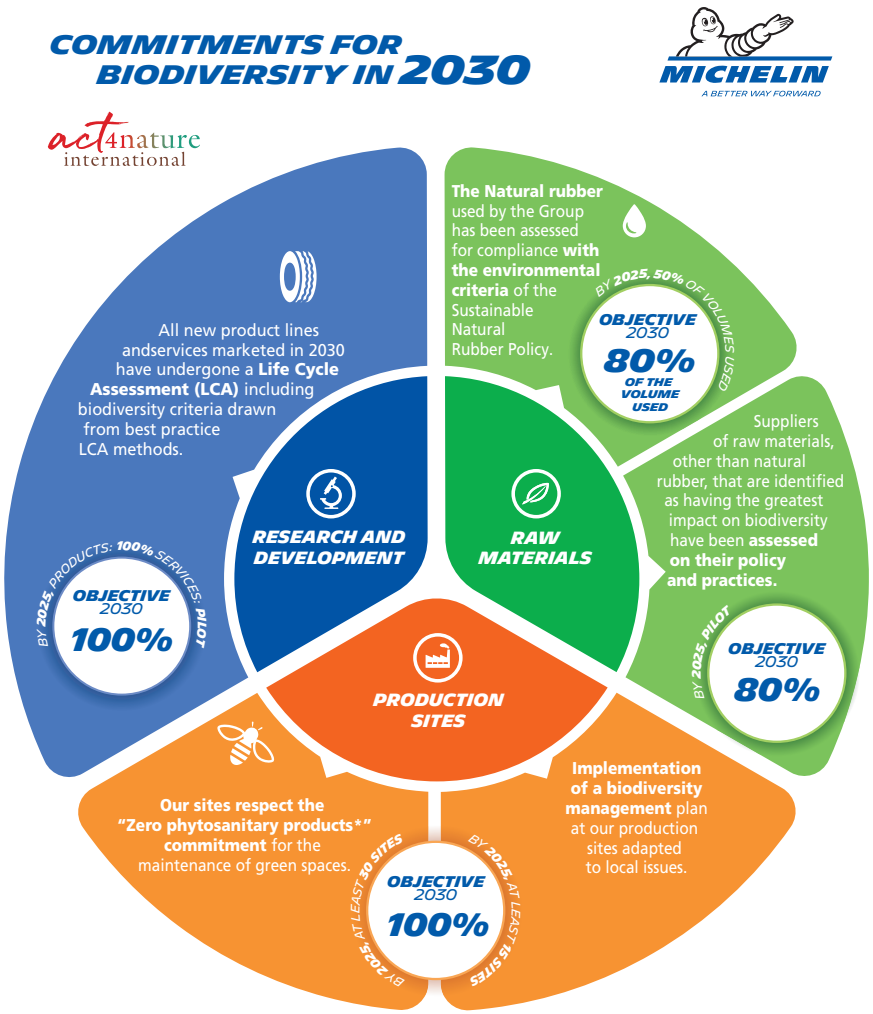
1.1.1.3 a) The Biodiversity Operational Committee

Created in 2018, the multidisciplinary Biodiversity Committee comprises experts from the Environment, Research and Development, Purchasing and Sustainable Development Departments. It prepares the Group's biodiversity strategy and submits it to the Environmental Governance body. It is tasked with detecting even the most latent issues, assessing emerging risks and defining targets for reducing the biodiversity impact of the Group's operations. It leads the preparation of roadmaps for the operating units and oversees the deployment network.

1.1.1.3 b) Michelin's commitment to biodiversity

In 2018, the Group formalized its commitment to biodiversity by joining the **act4nature** initiative (**act4nature international** since 2020), launched by French association Entreprises pour l'Environnement (EpE). In so doing, it pledged to support a charter of ten common commitments and defined five individual commitments focused on corporate governance, stakeholder dialogue, research and development, raw materials and manufacturing facilities[1].

In 2021, Michelin renewed its commitment to easing the pressure on biodiversity from its operations across the value chain by setting objectives for 2030 as part of its strategy's All Sustainable vision: **Michelin in Motion**.



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

** *Intermediate milestones for 2025 have also been defined and approved by the Environmental Governance body.*

(1) *The 2018-2020 commitment outcomes were reviewed in the 2020 Universal Registration Document, page 228.*

2022 outcomes and 2030 objectives

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.

- As of end-2022, the LCA deployment plan was firmly on-track, with **LCAs completed for at least 75% of new** Passenger car and Light truck, Truck and Specialty[1] product projects.

Raw materials

Natural rubber

In 2030, 80% of the natural rubber volumes used by the Group will be assessed for compliance with the environmental criteria in its Sustainable Natural Rubber Policy[2].

- In 2022, Michelin analyzed the gap between the Policy's environmental criteria and the practices applied in its subsidiaries and joint ventures[3], which account for 4.5%[4] of sourced natural rubber volumes. The action plans required to ensure compliance have been defined and implemented.

  At the same time, Michelin and its partner, WWF France, finalized the compliance framework for the procurement of natural rubber from industrial tree farms.

  In 2023, the framework will be rolled out and a risk mitigation framework will be developed and piloted for sourcing regions where the majority of tree farms are operated by village smallholders.

By year-end 2022, 80% of the Group's sourced natural rubber volumes will be mapped with RubberWay®[5]

- **At year-end 2022, 80% of the Group's sourced natural rubber volumes were mapped.**

Other raw materials

In 2030, 80% of raw material suppliers, excluding natural rubber, identified as having the greatest impact on biodiversity, have had their policies and practices assessed.

- In 2022, a study was conducted to identify the raw materials with the greatest biodiversity impact, based on the findings of the Science Based Targets for Nature (SBTN) materiality matrix and raw materials life cycle assessments.

Manufacturing facilities

Pesticide-free groundskeeping

By 2030, all of our production plants and research facilities will have banned pesticides and herbicides in groundskeeping.

- As of end-2022, 12 facilities in France were maintaining their grounds without using any pesticides or herbicides, three others had phased out all but one product, under a maximum three-year waiver, and one site in China was transitioning to pesticide-free.

Biodiversity management plan

By 2030, all of the production plants will have introduced a biodiversity management plan that appropriately addresses local issues.

- By the end of 2022, eight production plants that had previously identified pollution risks had implemented control plans and one research facility had prepared a management plan based on Natura 2000 guidelines.

Other initiatives carried out in 2022 with the network of manufacturing and research facilities, such as the creation of a network of *Biodiversity Champion Sites* and the organization of a *No Pesticides Convention* in Europe, are described in *section 4.1.1.3 d) Preserving biodiversity around Group manufacturing and research facilities.*

Other initiatives undertaken in 2022

During the year, Michelin pursued its engagement with the ***Natural Capital Lab***[6] initiative founded by WWF France and the Environmental Accounting Chair at AgroParisTech, the University of Paris-Dauphine, Reims Champagne-Ardenne University and the Louis Bachelier Institute. Led by the AgroParisTech Foundation, the Lab is dedicated to supporting companies in testing robust sustainability tools.

As part of the initiatives, Michelin tested the first two stages in the ***Science Based Targets for Nature (SBTN)*** method, which helps first to identify the dependencies and material impacts of Michelin's operations on biodiversity across the value chain and then to map these impacts geographically and define priority actions aligned with local issues. A compilation of feedback from Michelin and other stakeholders was published (in French) by the Natural Capital Lab in 2022[7].

(1) Tires for earthmovers, farm machinery, aircraft, etc.
(2) https://natural-rubber.michelin.com/fr/committments-and-transparency/overall-approach.
(3) Michelin's Green Gold Bahia Program in Brazil, RLU in Indonesia and SIPH in West Africa.
(4) The rate is calculated based on the volume of natural rubber sourced in the prior year.
(5) This objective's target date was originally set for end-2020, but was deferred to end-2022 due to the pandemic.
(6) https://lab-capital-naturel.fr/.
(7) https://lab-capital-naturel.fr/media/integrer-l-entreprises-dans-les-limites-planetaires.pdf.

1.1.1.3 c) Preserving biodiversity and ecosystems in rubber tree farming

As one of the world's leading users of natural rubber, a critical raw material in tire manufacturing, Michelin is especially attentive to the impacts that rubber farming and processing can have on biodiversity and ecosystems. In particular, it has deployed a dedicated process to assess risks in the natural rubber supply chain[1].

The Group's **Sustainable Natural Rubber Policy,** published in 2016 and updated in 2021, defines specific environmental criteria that the Group has pledged to meet, and which are also included as contractual obligations in natural rubber procurement contracts.

The Group has reaffirmed its commitment to "zero deforestation" and includes among its criteria compliance with such principles as:

- preserving High Conservation Value (HCV) areas, High Carbon Stock (HCS) areas and peatlands;
- preserving surface water and groundwater;
- using pesticides and chemical inputs judiciously;
- avoiding the introduction of potentially invasive alien species;
- encouraging the creation of environmental buffer zones around bodies of water, and between producing regions and HCV areas;
- supporting biodiversity conservation by raising awareness among local communities and stakeholders.

The Policy applies to every supplier and is supported by a roadmap to 2025[2] that describes the initiatives and objectives guiding its implementation.

Combating deforestation[3]

Of the roughly six million natural rubber farmers worldwide, Michelin estimates that it sources from around two million, most of whom are village smallholders working on just a few hectares. To combat deforestation in such a complex, highly fragmented supply chain, the Group is exercising its duty of care and conducting a program to review the jurisdictions at risk of deforestation in its sourcing countries[4], based on the RubberWay®[5] application and a **deforestation risk analysis tool** developed with the WWF. Based on this risk analysis, prevention and mitigation measures will be gradually introduced to reach a significant portion of the farmers in the jurisdictions concerned[6].

Reducing pesticide use

While natural rubber production does not require the intensive use of chemicals, their judicious use at various stages in the production and processing cycle may help to improve efficiency, for example by treating certain plant diseases.

In 2021, **Michelin committed to (i) reducing pesticide use per hectare by 50% by 2025 in the 85,000 hectares of rubber tree farms operated by the Group and its joint ventures; (ii) eliminating herbicides entirely on 50% of its planted hectares by 2030**; **and (iii) immediately banning all use of pesticides classified as "prohibited" and "highly restricted" by the Forest Stewardship Council (FSC).**

- By the end of 2022, the amount of pesticide used per hectare on rubber tree farms operated by the Michelin Group and its joint ventures had been reduced by 65%.

Michelin also intends to identify any at-risk pesticide use practices with data inputted into the RubberWay® application by stakeholders across the supply chain and to promote best alternative farming practices as widely as possible. The commitment has been approved by the corporate Environmental Governance body.

1.1.1.3 d) Preserving biodiversity around Group manufacturing and research facilities

Systematically identifying nearby protected areas

In 2013, the Group's production plants and research facilities conducted an initial survey to **identify nearby areas classified as protected** under supranational, national or local legislation. In 2018, the facilities performed the update recommended every five years, which showed a total of 196 protected areas within a radius of five kilometers of each one. When the updated data was analyzed with regard to the GRI 304-1 indicator[7], it showed that 28 facilities in eight countries, representing a total surface area of 6,600 hectares, are located less than a kilometer from one or more protected areas.

These findings have been integrated into each facility's environmental risk analysis and management plans have been revamped or deployed at the eight plants that had identified areas at risk of pollution. The list of at-risk areas will be updated in 2023, along with the environmental risk analysis application, which will make the biodiversity impact of environmental factors easier to grasp.

A network of Biodiversity Champion Sites

A network of *Biodiversity Champion Sites* was set up in 2022, with seven facilities in France, China, the United States, Mexico and Thailand volunteering for initial participation. The members met four times during the year, in particular to exchange best practices, compare local legislation and work on defining a model biodiversity management plan that could be deployed at other manufacturing or research facilities. *Biodiversity Fresk* workshops were also trialed during the year.

(1) See section 4.1.4.2 c) A dedicated approach for natural rubber.
(2) https://purchasing.michelin.com/wp-content/uploads/sites/34/2021/01/Sustainable-Natural-Rubber-Roadmap-2020-2025_EN.pdf.
(3) See 4.1.4.2 c) A dedicated approach for natural rubber/Assessing supply chain risks
(4) https://purchasing.michelin.com/en/we-care-about-the-environment/.
(5) https://rubberway.tech/.
(6) See 4.1.4.2 c) A dedicated approach for natural rubber/Assessing supply chain risks/Frontline initiatives.
(7) GRI 304-1: Operational sites owned, leased or managed in or adjacent to protected areas or areas of high biodiversity value outside protected areas.

Pesticide-free groundskeeping

Europe

In September 2022, a No-Pesticides Convention brought together environmental and purchasing experts, groundskeeping contractors and an NGO for two days, with the goal of capitalizing on the success of the French sites in this regard and facilitating the banning of pesticides on all of the Group's sites across Europe. Following the event, a 2023-2026 roadmap for the transition of the European sites was devised and a groundskeeping charter was drafted for attachment to future contracts.

China

In January 2022, the 72-hectare Shenyang plant became the first Group facility in Asia to ban the use of pesticides and herbicides in grounds maintenance, preferring instead to explore a combination of mechanized and physical methods, such as high-pressure water jetting, insect lamps and manual and animal weed control. In addition, chemical groundskeeping fertilizers have been replaced by organic fertilizers. In all, this enabled the plant to eliminate around 100 kg of pesticides, herbicides and fertilizers. The pesticide-free commitment will be factored into the plant's environmental management system standards in 2023.

Local initiatives designed to address local issues

Ladoux, France

***CENA* –** In July 2011, an agreement was signed with the Auvergne Regional Nature Conservancy (CENA) to ensure protection of a 3.5-hectare area containing continental salt meadows on the grounds of the Ladoux Technology Center. Extremely rare in Europe, this type of habitat is home to protected maritime species in the Auvergne region (such as the sea plantain and black grass) and has been designated as a priority for conservation. In 2021, the conservation area was expanded by 1.7 hectares.

Collaboration with CENA was deepened in 2022 by the close support provided during preparation of the above-mentioned *2022-2030 Ladoux Biodiversity Management Plan*. A roundtable bringing together the Environment and Prevention Department, employee volunteers, management and the groundskeeping contractor identified some thirty biodiversity initiatives for the period to 2030, such as maintaining the corridor of thermophilic hillsides, restoring segetal flora, reclaiming wetlands and preserving the grasslands in the Limagne plain.

***Natura'Ladoux* –** In addition, the Natura'Ladoux non-profit association, which was founded in 2016, is leading local preservation programs, for example, to vary mowing patterns to protect orchids, build nest boxes and bird tables for passerines and perform site development studies. It also organizes activities to raise employee awareness, such as species watching and tracking. In 2022, the association also participated in the Center's Environment Day and in the roundtable discussions of initiatives to include in the *2022-2030 Ladoux Biodiversity Management Plan*.

Cropland – In 2020, for the first time, the cropland used as testing grounds for agricultural tires, which had been left fallow for several months, was rehabilitated using only farm machinery, without any pesticides. In 2021, a steering committee comprising Center representatives and local farmers was set up to review and reduce the use of pesticides and herbicides, whose frequency of application is tracked using the dedicated IFT indicator. The results of the 2021-2022 campaign revealed that the Center's average frequency was lower than the regional average. In 2022, a number of measures were undertaken, such as eliminating the use of pesticides and herbicides around the salt meadow or rotating crops according to prior-year feedback.

***Rif*–** A project to restore the Rif canal was undertaken in 2021 to revitalize around one hundred meters of the waterway and limit bank erosion with a variety of vegetation engineering techniques (combs, aquatic plant weirs, vegetated berms). In 2022, the observed improvements enabled the design of a possible new development of the waterway from 2023 to 2025.

Montceau-les-Mines, France

At the Montceau-les-Mines plant, an afternoon dedicated to biodiversity was organized to raise awareness among a hundred students from nearby schools. Nesting boxes will be built and installed on plant grounds.

The Michelin Ecological Reserve in Bahia, Brazil

Michelin created the 3,350-hectare Michelin Ecological Reserve (REM) in Bahia Brazil in 2005 to preserve one of the world's most species-rich tropical rainforests, in a region suffering from widespread deforestation and environmental degradation. In 2021, the reserve was expanded by 550 hectares and now covers a total 3,900 hectares.

To protect the Reserve from hunters, forest rangers were hired to conduct regular day and night patrols, which have reduced hunting by 91%, allowing wildlife abundances to increase to 117%. Certain species critically threatened with extinction, such as the yellow-breasted capuchin monkey *(Sapajus xanthosternos)* and the red-billed curassow *(Crax blumenbachii)*, are once again flourishing in the Reserve, which has become essential for their long-term survival.

Every year, more than 100 scientists are supported by the REM research program, which has funded 120 ecological studies over the past 16 years, resulting in the publication of 160 scientific papers. Ten new species were discovered in 2022, bringing to 30 the number of previously unknown species found since the Reserve was opened.

As part of the program launched in 2005 to restore deforested areas, REM has planted 108,500 trees spanning 275 species, enabling the forest to regain 300 hectares. The Reserve also protects the 61-meter high Pandaca Grande waterfalls, which are visited by more than 80,000 tourists a year.

The REM educational outreach program helps young people in neighboring communities increase their awareness of environmental issues and encourages them to seek sustainable solutions for their communities.

Today, REM is one of the best-protected areas of the Atlantic Forest, which is one of the most species-rich biomes in the world. The Reserve has also demonstrated that it is possible to produce natural rubber while preserving biodiversity.

Querétaro, Mexico

In December 2022, the Michelin plant in Querétaro, Mexico was awarded the "Seal of Biodiversity" by the local Municipality, in coordination with the Polytechnic University of Santa Rosa Jauregui. The certificate is granted to property owners and institutions representing islands of biodiversity, due to the presence of native flora and fauna, and to high environmental value sites that preserve the integrity and features of local ecosystems.

Shenyang, China

Promoting biodiversity on-site

Located in a chemical industry park, where biodiversity is not abundant, the Shenyang plant is nevertheless investing every year in the construction of biodiversity-friendly areas. One example is the floating island built in 2022 in a rainwater overflow basin that not only provides a home for local species of aquatic animals and plants, but also purifies water quality. Eventually, it could serve as a home to a complete aquatic micro-ecosystem.

Raising employee awareness

In February 2022, the plant officially set up the Committee for a *Culture of Environmental Stewardship*, tasked with building employee awareness and organizing environmental protection activities. In September, at the Shenyang Green Factory event, biodiversity was addressed during the sustainable "Smart Manufacturing" exhibition.

1.1.1.4 Reducing the environmental footprint of our manufacturing operations

SDG 6.3, 6.4, 7.2, 7.3, 8.4, 9.4, 11.6, 12.2, 12.4, 12.5 and 14.1

Risks related to manufacturing operations

The main environmental risks arising from the tire manufacturing process concern the use of energy, water and raw materials resources, the release of pollutants into the air, water and soil, the production of waste and the release of greenhouse gas emissions.

The Group is exposed to the risk of legal or financial consequences if its operations cause soil, water or air pollution or if it fails to comply with the applicable local, national or international environmental regulations and standards. These risks are effectively controlled through the Environmental Management System(1).

The Group's environmental policy is aligned with the 3P Vision (People, Profit, Planet). Since 2020, the Environmental Policy has affirmed, in its general policy section, both the fundamental principles for addressing environmental issues and the Group's ambitious objectives. A section dedicated to the production plants and offices defines how these principles should be applied to enable each one to manage its operations sustainably. This process is impelled by three main drivers:

- improving environmental performance and reducing impacts;
- identifying and managing environmental opportunities and risks;
- complying with applicable legislation and Group guidelines.

Improvements in environmental performance are being led by four programs(2) (Energy/CO_2, Volatile Organic Compounds, Waste and Water), each with two objectives:

- ensure that the Group's 2030 targets are met by defining a roadmap and the technical levers to be deployed;
- prepare for the future by defining ambitious improvement targets for 2050, as well as effective intermediate milestones.

Each program is managed by a program leader, with the support of a multidisciplinary team of experts who perform medium and long-term opportunity and feasibility studies. They are all overseen by the Environmental Governance body(3). Each program's policies and outcomes are described in detail in this section.

The pace of progress in the four programs is tracked consistently across every production plant and manufacturing unit by a shared composite indicator, **i-MEP**, which is described in the methodological note.

At the same time, the Group has developed an Environmental Management System to prevent the risks of soil contamination and to protect sensitive ecosystems around its facilities.

1.1.1.4 a) An Environmental Management System backed by a network of experts

The Group's EMS is designed to enable each plant to manage its impact on the environment, on both a day-to-day and long-term basis. It comprises a process to track compliance with legislation and Michelin standards, the obligation to define and meet, every year, improvement targets aligned with local issues and Group commitments, and procedures to attenuate the risks of accidental pollution. It is structured into processes, so as to ensure compliance with ISO 14001-2015 standards. Since 2018, all of the production plants subject to certification have been certified to these standards.

Group guidelines dictate that every new production facility must earn ISO 14001 certification within five years of start-up. In 2022, 93.4% of all facilities were certified(4). ISO 14001-certified facilities accounted for 98.6% of the products produced during the year.

To ensure the effectiveness of both the system's operating procedures and the implemented solutions, a networked organization is in place, comprising around 100 specialists based in every host country, plant, and Operating and Corporate Departments.

(1) See section 4.1.1.4 a) An Environmental Management System backed by a network of experts.
(2) See Methodology.
(3) See section 4.1.1 The Environment/Environmental Governance.
(4) Including the production plants, natural rubber processing facilities and Technology Centers having a material impact on the environment.

Dedicated training courses to support EMS deployment have raised environmental awareness among all of the nearly 76,000 employees working on certified sites, along with a varying number of subcontractors and temporary workers.

In 2022, €58.6 million, or 46% more than in 2021, was committed to projects to enhance the environmental performance of the production facilities.

Budget allocation is analyzed in the following table.

These budget amounts are based on the definition recommended by the French Accounting Board (CNC recommendation 2003-R02 of October 21, 2003), which covers only outlays that are "supplementary" (i.e., excluding routine maintenance, operating costs, waste management and similar expenses) and "exclusively environmental" (i.e., excluding the environmental aspects of capital expenditure projects).

Group	Total expenditure		
(in € thousands)	**2022**	**2021**	**2020**
Air pollution prevention	3,953	9,750	3,657
Surface water pollution prevention	2,963	2,200	1,457
Soil and subsurface water pollution prevention	4,703	3,147	1,965
Waste reduction and recycling	2,539	3,264	2,299
Sustainable use of water resources	4,140	2,259	1,532
Sustainable use of energy resources	27,498	16,479	6,405
Reduction of greenhouse gas emissions	10,855	2,402	3,038
Preserving biodiversity [1]	668	-	-
Other	1,299	623	914
TOTAL	**58,618**	**40,124**	**21,268**

As of December 31, 2022, total consolidated provisions for environmental risk amounted to €23.4 million.

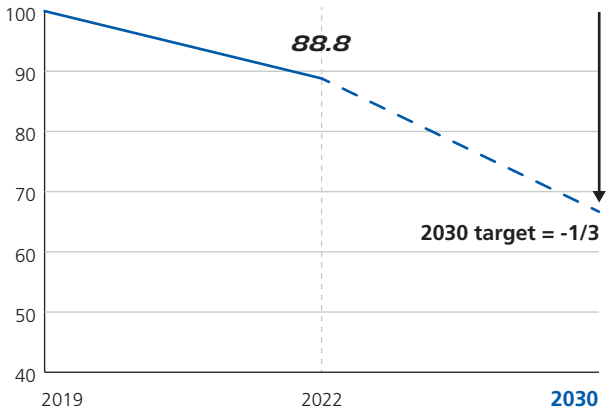
1.1.1.4 b) Reducing the environmental footprint of the production plants

Since 2005, Michelin has measured the key impacts from its manufacturing operations. Improvements driven by the four environmental programs are tracked at every level, from the sites to the Group Executive Committee, through the **i-MEP**[2] composite performance indicator, which measures five variables: energy consumption and water withdrawals, CO_2 emissions, volatile organic compound (VOC) consumption and the amount of waste generated. The i-MEP is displayed in the Group's balanced scorecard and is one of the strategic indicators that every plant must track to measure its operational excellence.

In 2020, each program defined its 2030 roadmaps. **Based on the identified technical levers, the i-MEP indicator is expected to decline by one-third over the period to 2030.** The objectives of the four programs are described in more detail below.

The 2022 performance is analyzed in the following tables.

Improvement in the industrial – Michelin Environmental Performance (i-MEP) Indicator



Improvement in the industrial – Michelin Environmental Performance (i-MEP) Indicator

Ambitions for 2030	2030 Ambition compared with 2019	2019	2022	2023 target	% change 2022/2019
i-MEP	-1/3	100	88.8	87	-11.2

(1) In 2020 and 2021, outlays for "preserving biodiversity" were recognized in "Other."
(2) The i-MEP was introduced in 2021 to replace the MEF indicator used from 2005 to 2020.

Summary table of environmental data – Group

	Ratios			Absolute values by i-MEP component – Group				GRI and SASB indicators[1]
i-MEP component	**2022**	**2019**	**% change 2022 vs. 2019**	**2022**	**2019**	**Unit**	**% change 2022 vs. 2019**	
Energy consumption *(GJ/t of SF+FP)*	**4.35**	**4.40**	**-1.16%**	**39,039**	**40,302**	**x 10^3 GJ**	**-3.13%**	**GRI 302-1 TR-AP-130a.1**
Michelin point sources	1.97	2.24	-12.11%					GRI 302-3
Steam purchased, net	0.54	0.36	49.43%					GRI 302-4
Electricity purchased, net	1.84	1.80	2.35%					
CO_2 emissions[2] *(t/t of SF+FP)*	**0.26**	**0.32**	**-19.80%**	**2,304**	**2,919**	**x 10^3 t**	**-21.08%**	**GRI 305-1**
Direct emissions from Michelin point sources (Scope 1)	0.13	0.15	-12.56%	1,177	1,401	x 10^3 t	-15.97%	GRI 305-2
Indirect emissions, steam generation (Scope 2)	0.03	0.02	51.41%	272	162	x 10^3 t	68.03%	GRI 305-4
Indirect emissions, electricity generation (Scope 2)	0.10	0.15	-36.52%	855	1,356	x 10^3 t	-36.97%	GRI 305-5
Water withdrawals *(cu.m/t of SF+FP weighted by water stress)*	**3.15**	**3.36**	**-6.14%**	**26,101**	**28,227**	**x 10^3 cu.m**	**-7.53%**	**GRI 303-1**
Organic solvent consumption *(kg/t of SF+FP)*	**0.66**	**0.83**	**-20.58%**	**5,917**	**7,634**	**t**	**-22.50%**	**GRI 305-7**
Waste generated *(kg/t of SF+FP)*	**33.09**	**36.10**	**-8.33%**	**297,077**	**330,836**	**t**	**-10.21%**	**GRI 306-2 TR-AP-150a.1**
i-MEP INDICATOR PERFORMANCE (IN POINTS)	**88.78**	**100**	**-11.22%**					
Other environmental indicators								
Total Michelin direct and indirect emissions avoided *(tonnes of CO_2)*				37,000	24,000			GRI 305-5
Sulfur dioxide emissions *(kg/t of SP+FP)*	0.15	0.15	0.0%					GRI 305-7
Nitrogen dioxide emissions *(kg/t of SP+FP)*	0.18	0.17	3.23%					GRI 305-7
								GRI 306-2
Hazardous waste generated *(kg/t of SP+FP)*	3.23	3.05	5.90%	28,960	28,852	**t**		TR-AP-150a.1
Number and total surface area of facilities located less than one kilometer from a protected area				28 facilities[3] totaling 6,600 ha				GRI 304-1
In 2022, the Michelin Group did not incur any significant fines or non-monetary sanctions for non-compliance with environmental legislation and/or regulations.								GRI 307-1

(1) GRI = Global Reporting Initiative Standards, 2016; SASB = Sustainability Accounting Standard Board, Auto parts, 2018.

(2) "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, revised edition", World Business Council for Sustainable Development and World Resources Institute.

(3) Inventories carried out in 2018. The update is done every five years.

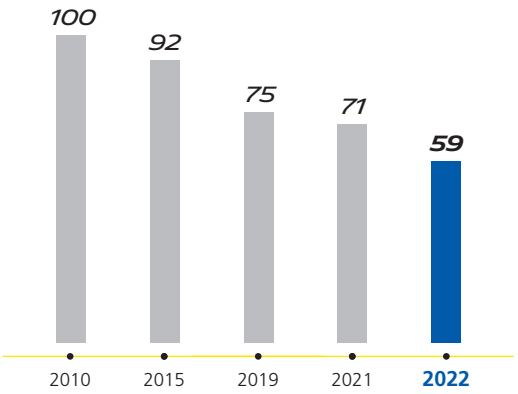
1.1.1.4 c) Reducing energy use and greenhouse gas emissions

OUR AMBITIOUS OBJECTIVES

The Group's objective is to achieve net zero carbon emissions[1] across its entire production base by 2050. For 2030, the Group's objectives are to:

- **reduce emissions from Group production facilities** by 50% versus 2010 in absolute terms **(indicator:** tonnes of Scope 1 and 2 CO_2 released);
- **eliminate the use of coal** to generate own or purchased heat **(indicator:** % of coal in our heat sources);
- **improve production plant energy efficiency by 37%** versus 2010 **(indicator:** MWh used per tonne produced).

CHANGE IN CO_2 EMISSIONS*
(base 100)



* *Absolute value.*

In 2022, total CO_2 emissions from the Group's production plants were down 21% compared with 2019, for a 41% reduction since 2010.

The ratio of CO_2 emissions per tonne of output stood at 0.26, versus 0.32 in 2019.

These improvements were driven by a two-pronged strategy designed to:

1. **reduce energy use;**
2. **shift to a less carbon-intensive energy mix.**

The first objective is being pursued through an energy efficiency process in the production plants, while the second is being met by activating both structural levers, to upgrade energy supply infrastructure to use less carbon-intensive energies, and market levers to purchase less carbon-intensive energies.

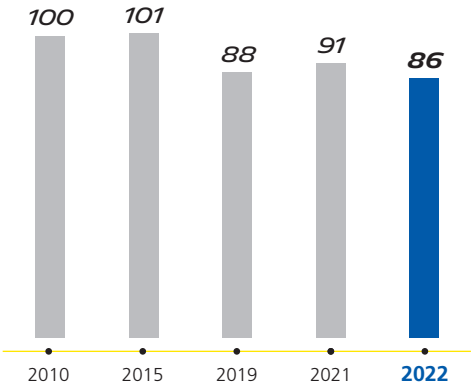
In 2022, carbon emissions declined by 16.5% year-on-year, led by:

- the more than 5% decline in output;
- the 0.72% improvement in energy efficiency, thanks to the application of best practices in such processes as curing, compounding and building air management;
- the increase in the share of electricity from guaranteed renewable sources in the power mix, from 42% to 52%, thanks to the initial purchases of I-RECs in China and Thailand.

Capital expenditure committed during the year came to €62 million, slightly higher than forecast.

Improving energy efficiency

ENERGY CONSUMPTION, 2010-2022*
(base 100)



* *Absolute value.*

2030 Roadmap

Since 2020, the technical levers to be activated over the current decade have been identified and organized into three families:

1. Applications of best technical practices.
2. Process electrification.
3. Heating plant and utility decarbonization projects.

Together, these projects are expected to improve energy efficiency by 37% in 2030 compared to 2010. In 2022, the process electrification projects were brought forward in response to the energy crisis.

2022 Achievements

Energy efficiency improved by 0.71% year-on-year in 2022. This underperformance from last year's forecast target of 2.3% a year was attributable to the energy crisis, which seriously disrupted production plant output, starting in Europe in the first half and spreading worldwide by year-end. Improving energy use flexibility during periods of reduced output is a real challenge.

In response to the energy crisis in Europe, the Group launched an energy conservation plan based on the disciplined application of best practices:

- recommended thermostat settings by building and by season;
- tighter fluid leakage control;
- management of production shutdowns and restarts.

Energy efficiency and conservation remain priorities in the net zero emission roadmap. **In 2022, 290 projects were completed, requiring €62 million in capital expenditure, committed as follows:**

- **Application of best practices: 58%;**
- **Process electrification: 12%;**
- **Heating plant and utility decarbonization projects: 30%.**

(1) Net emissions = Scope 1 and 2 emissions less absorptions from the atmosphere.

2023-2027 plan

The 2023-2027 strategic plan is built on a forecast gain in energy performance of around 3% a year. The capital budget to meet these objectives has been increased to more than €90 million a year.

Driving the Group's energy transition

2030 Roadmap

As part of its commitment to achieving net zero carbon emissions across its entire production base by 2050, the Group has set an intermediate target of reducing its emissions by 50% by 2030 compared to 2010. In addition to improving energy efficiency, the Group is exploring a wide array of sustainable solutions to use renewable sources to generate not only electricity but also heat by burning biomass and biogas as fuel. The latter is a more difficult challenge, as the commercial supply of sustainably produced biogas and biomass is not growing as fast as the supply of electricity from guaranteed renewable sources.

At the end of 2022, 50 plants prepared their 2030 roadmap, based on a combination of the most fit-for-purpose projects to drive energy efficiency (consuming less) and the energy transition (consuming better).

2022 Achievements

Increasing the use of renewable energies

In a commitment to sustainably reducing the Group's carbon footprint, strategies have been in place since 2008 to increase the use of renewable energies.

Today, 19 Group facilities are equipped with renewable energy installations:

- Photovoltaic panels on four facilities in Thailand, six in Germany and one each in India, China, France and Spain;
- Biomass-fired boilers at two plants in France;
- Purchase of heat generated by a household waste incinerator at two facilities in France;
- Purchase of heat from biomass-fired facilities at one plant in France.

Compared with the emissions from previously used energy sources, **these on-site renewable energy installations avoided the release of over 45,900 tonnes of CO_2 in 2022**, of which 37,000 tonnes directly reduced the Group's total CO_2 emissions (versus 21,000 in 2019).

At end-2022, several projects were under consideration, including the installation of a biomass-fired boiler and photovoltaic panels in **Cuneo,** Italy and the installation of electric boilers and heat pumps powered by electricity from guaranteed renewable sources in **Nyiregyhaza,** Hungary, and **Golbey,** France.

Eliminating coal

Today, four of the Group's manufacturing facilities are still equipped with coal-fired boilers, in Olsztyn (Poland), Louisville KY (United States), Bassens (France) and Pirot (Serbia), while another, in Shenyang, China, purchases steam from a coal-fired plant. In 2018, the Environmental Governance body[1] approved the goal of eliminating coal as an energy source in the production plants by 2030. Studies are underway at four of the five plants to replace coal with another primary energy source, such as natural gas or biomass from sustainably managed sources.

The Group's first zero emission plant

Since the end of 2019, the Gravanches plant in Clermont-Ferrand (France) has been heated by a heat pump system that recovers waste process heat. With all its other energy needs covered for the past three years by purchasing electricity from guaranteed renewable sources, Gravanches has become the Group's first net zero carbon emissions site. The 470 MWh of gas needed to supply heat during pump maintenance outages are covered by purchases from renewable sources with guarantees of origin.

Purchasing electricity from guaranteed renewable sources

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[2] but also, to a lesser extent, through the purchase of unbundled guarantees of origin. Electricity with renewable energy certificates has been purchased in Brazil, the Republic of Serbia and China since 2021, and in Thailand since 2022.

In 2022, this represented nearly 2,377,801 MWh, for which the corresponding I-RECs were duly canceled in the registry. In all, they covered nearly 52% of consumed electric power and avoided the release of 730,000 tonnes of CO_2 during the year. Without these purchases, the Group's emissions would have been 32% higher for the year.

In Asia, six plants use electricity generated on-site from renewable sources under on-site power purchase agreements (see table below).

In all, 22.7% of the heat and power used by the Group in 2022 came from renewable sources. [SASB TR-AP-130a.1]

(1) See section 4.1.1 The Environment/Environmental Governance.

(2) https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2018.328.01.0082.01.ENG.

1.1.1.4 d) Reducing harmful air emissions

Reducing VOC emissions

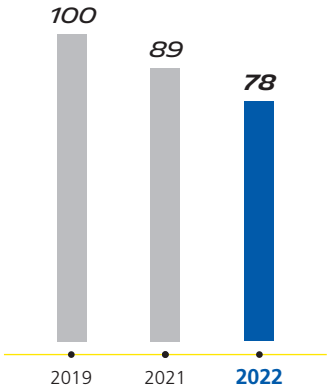
OUR AMBITIOUS OBJECTIVES

The Group's strategy to lower its VOC emissions is based on reducing the use of organic solvents in production processes. **The VOC objective for 2050 is to phase out all VOC-generating organic solvents completely from the tire manufacturing processes. The 2030 milestone is to reduce VOC use by 50% compared to 2019.** Some sites, such as Nyiregyhaza in Hungary and Shenyang in China, have set the challenge of going VOC-free well before 2050 and possibly by 2030.

To meet these targets, levers have been defined by a VOC program underway since 2017. Since the vast majority of VOC-generating organic solvents are used in the assembly plants, the program is managed **by tracking the quantity of solvents used, in kilograms per tonne of finished product (tires).** This calculation method is different from the one used to track the VOCs in the i-MEP, but it enables more efficient management of the VOC program by focusing only on tire production, which uses VOC-generating solvents.

Achieving this objective means activating the three levers for action described below and launching innovative research projects to overcome the main technical obstacles.

CHANGE IN VOC EMISSIONS*
(base 100)



** Valeur absolue.*

2022 Achievements

In 2022, VOC consumption per tonne of finished product declined by 9% compared to 2021.

The Group's VOC strategy is based on activating three key levers:

- Deploying **good manufacturing practices** to optimize solvent use, in particular by tracking quantities used, precisely adjusting the solvent applicators, using just the right amount of solvent and maintaining performance over time. In some cases, it also means undertaking studies to improve our understanding of the interactions between the various production parameters and VOC consumption.

The following examples illustrate a few of these practices:

REDUCE

- a large number of plants have been equipped with portable flowmeters that measure solvent use in real time. Analyzing the data enables us to compare solvent application by machine, by size and by product, so that practices can be aligned. The plants are continuing to apply best practices, with a primary focus on reducing use to just the right amount and rethinking solvent consumption points;
- in China, for example, the plant in Shenyang was able to reduce its solvent use by 25% compared to 2021 by optimizing spray nozzle sizes;
- the Ardmore OK plant in the United States cut solvent consumption by 20% compared to 2021, on machines recently equipped with new spray nozzles;
- partially refreshing product interfaces resulted in a 20% reduction in solvent use at the Homburg plant in Germany. The solution, which delivers just the right amount of solvent required, is scheduled for deployment at the Alessandria, Italy plant in 2023.

- The introduction of **new process, materials and product solutions** designed to reduce or remove organic solvents at certain interfaces. For example:

AVOID

- a VOC-free water-based solution was industrially upscaled in several plants, including Cuneo in Italy, Karlsruhe in Germany, Shenyang in China, Nyiregyhaza in Hungary and Roanne in France. The Roanne facility's advanced understanding of the solution's implementation process is likely to facilitate its large-scale deployment in 2023;
- a large number of production facilities continued to replace solvents with a thin rubber film on an interface between two products. This was particularly the case at the Shenyang site in China, which cut consumption per tonne of finished product by 70% compared with 2021.

REDUCE

- The installation in 2022 of new dissolving rollers at the Asheboro NC retreading center in the United States has reduced solvent use by approximately 10%. Installation at two additional US plants is planned for 2023.
- research and development teams are **designing lower organic solvent use** into projects, to ensure that tomorrow's products minimize their impact on VOC emissions. In 2021, internal project specifications were upgraded to set higher targets for reductions in VOC use.

- In 2022, **an exploratory project was launched** to examine the complete elimination of VOCs on the most solvent-intensive interface.

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

A network of Group VOC experts meets twice a year to discuss the deployment of best practices, the development of new process, material and product solutions and the progress on innovative research projects. Similar networks are in place for groups of plants with identical processes and/or identical solutions. The above-mentioned industrial upscaling of a water-based brightening solution offers a compelling example of sharing and support among Group units pursuing the same objective. This ability to work together will undoubtedly make it possible to meet the 2030 target.

Nitrogen oxide (NOx) and sulfur oxide (SOx) emissions

In general, reported data concern nitrogen oxide and sulfur oxide emissions from the Group's heating plants that can vary widely from year to year, because they are calculated based on the periodic (often quarterly) measurement of emission concentrations. In addition, given that purchased steam is not included in the calculation, reported data depend on the mix between generated and purchased steam.

In 2022, specific NOx emissions amounted to 0.18 kg per tonne of output, versus a calculated 0.17 kg in 2019. SOx emissions came to 0.15 kg per tonne of output, versus a calculated 0.15 kg in 2019.

In 2015 and 2016, four upgrades helped to significantly reduce NOx and SOx emissions by: (i) replacing the use of fuel oil with natural gas at three production facilities in Canada; (ii) closing the former Shenyang plant in China, which used a coal-fired boiler; (iii) replacing the on-site coal-fired steam generation facility at the Shanghai plant with the purchase of steam from a gas-fired CHP power station; and (iv) fitting a DeSOx/DeNOx scrubber on the coal-fired boiler at the Bassens plant in France. In 2020, a coal-fired boiler was replaced by a gas-fired installation at the Olsztyn plant in Poland. The total elimination of coal-fired boilers in all of the Group's production facilities by 2030 will drive a further significant reduction in these emissions[1].

1.1.1.4 e) Reducing and managing waste

OUR AMBITIOUS OBJECTIVES

By 2050, the Group hopes to reduce the amount of waste produced per tonne of total output by 50% compared to 2019 (indicator: kilogram of waste per tonne of semi-finished and finished product). To support progress towards this ambitious goal, **an intermediate milestone of a 25% decrease versus 2019 has been set for 2030.**

To meet all these reduction targets, the waste program is capitalizing on the digitization of waste data and the Group's 4R strategy:

Eliminate waste at the source. Examples of levers include:

- avoiding single-use products;
- encouraging suppliers to re-use returnable packaging;
- eliminating boiler ash by phasing out coal as an energy source.

Reduce the amount of waste. Examples of levers include:

- improving process management (higher compliance rates);
- developing technological upgrades (less materials wastage);
- applying good manufacturing practices and raising employee awareness.

Reduce the amount of waste by instilling a reuse culture. Examples of levers include:

- fixing what can be fixed;
- reusing industrial equipment among plants;
- reusing non-compliant materials across the Group by creating synergies among the business lines or with acquisitions.

(1) See section 4.1.1.4 c) Reducing energy use and greenhouse gas emissions/Eliminating coal.

RECYCLE

When waste cannot be avoided, prefer materials recovery and reuse solutions to recovering energy through incineration. In this way, waste can be reused to manufacture new products. Examples include recycling unvulcanized rubber waste to make gaskets, wheels and a variety of other non-tire rubber products, regenerating solvents and reusing process sludge to make outdoor flooring tiles.

In addition to reducing waste, the Group is committed to recovering and reusing all the waste it does produce. As a result, its waste policy prohibits landfilling, unless it can be shown that there is no technically and environmentally viable treatment option for the waste in question. However, this is only to be used as a stopgap while waiting for a recovery and reuse solution.

2022 Achievements

In 2022, the Group's waste expert network was restructured by geography (Asia, Europe and America) following the hiring of new members.

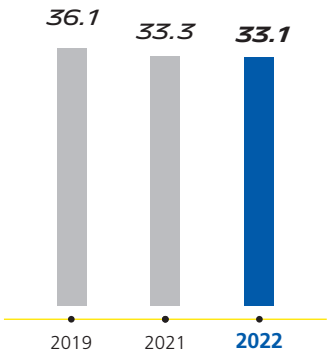
Due to business conditions and the decline in output, the Group's waste performance ratio remained virtually unchanged year-on-year in 2022, with only a 0.7% reduction. In absolute terms, however, the amount of waste produced declined by 5.2% over the year, to 297 kt.

A full 96.5% of this waste was recovered and reused, either as fuel or as new material, maintaining the high rate (over 96%) achieved in recent years. [SASB TR-AP-150a.1]

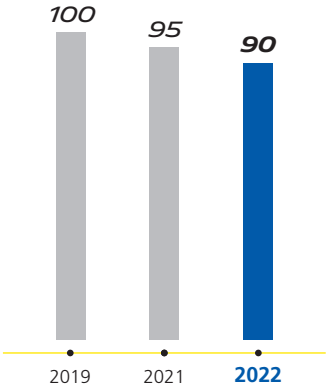
In addition, by focusing on materials recovery instead of other waste treatment channels, 71% of all waste was recovered as reusable materials in 2022.

Lastly, 9.8% of total waste generated in 2022 was classified as hazardous under each country's legislation. [SASB TR-AP-150a.1]

WASTE PERFORMANCE, 2019-2022
(Ratio in kilograms of waste per tonne of finished and semi-finished product)



WASTE PRODUCED, 2019-2022*
(base 100)



* *Absolute value.*

WASTE GENERATED
(kt)

2019	330.8
2021	315
2022	297.1

1.1.1.4 f) Reducing water withdrawals and effluent discharge

OUR AMBITIOUS OBJECTIVES

The Group is committed to eliminating all of its impact on water availability in local communities by 2050.

It is well aware of the growing scarcity of this vital resource and is pursuing its strategy of steadily reducing withdrawals. **Its 2030 objective is to reduce these withdrawals, weighted for each facility's specific water stress coefficient, by 33% compared to 2019 (indicator: water stress x cu.m per tonne of semi-finished and finished product).**

To meet this 2030 target, the Group is activating levers aimed at:

REDUCE

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

REUSE RECYCLE

- optimizing recycling and/or reuse.

Organization in place to meet the objective

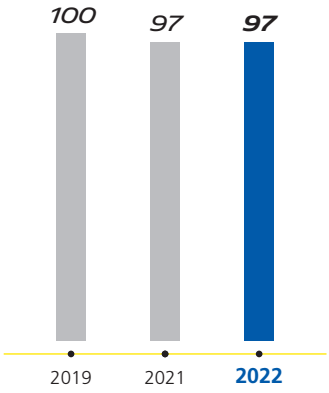
Introduced in 2017, the Water Program is structured around the water expert team (WET), a network of water stakeholders who meet quarterly to:

- identify levers to reduce water withdrawals;
- find and share best practices;
- identify possible synergies with energy initiatives and stakeholders;
- organize the deployment of these levers and practices.

In 2020, a Group-level water roadmap was defined for 2020-2030, based on the potential gains from each lever. In 2021 and 2022, the production facilities prepared their own water roadmaps to 2030, using the Group levers, shared best practices and site-specific diagnostics or workshops.

2022 saw the launch of the Lean Water process, which lays down a methodological foundation for meeting the 2030 water objectives more effectively. Following the phases in the Define, Measure, Analyze, Implement and Control (DMAIC) 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.

WATER WITHDRAWALS, 2019-2022*
(base 100)



* *Absolute value.*

2022 Achievements

In 2022, the water performance ratio per tonne of semi-finished and finished product remained virtually unchanged year-on-year, with just a 0.29% improvement reflecting the 5% decline in output and the greater need for cooling water during the summer heatwave in Europe. In absolute terms, water withdrawals were down 5% for the year.

Nevertheless, despite the challenging environment, projects to further reduce water withdrawals were carried out in 2022. The following examples illustrate how the levers are being activated in support of the Group's strategy to reduce its water withdrawals:

- Ciligeon, Indonesia: improved mechanical seals in the mixers and pumps have helped to save more than 3,800 cu.m of water a month, i.e., nearly 5.5% of the site's total consumption;
- Shanghai, China: the plant has increased the amount of recyclable water by increasing the efficiency of one of its water treatment processes. Compressed air is injected into the wastewater, which enhances oil-water separation and improves recycling. In all, the system can save up to 2,800 cu.m of water a year;
- Campo Grande, Brazil: installation of a reverse osmosis system to treat part of the plant's process effluent now enables 65% of the treated water to be recycled and reused upstream in the cooling towers;
- Vitoria, Spain: a decanter centrifuge was optimized to store and reuse the plant's sand filter flushout water. The decanter was equipped with new water recirculation pumps that enable the reuse of 39,000 cu.m of water a year, reducing the site's water needs by 3%;
- Greenville SC, United States: a review of the plant's cooling needs and the distribution of cold production between the cooling towers and the chiller units led to the installation of a new system to manage cooling setpoints based on wet bulb temperatures. The new settings and new control system have improved cooling tower operation, helping to reduce both energy and water consumption (by 31,500 cu.m a year in the latter case).

Water use disclosures

Since 2016, Michelin has responded to the CDP Water Security questionnaire to disclose its water withdrawals by source and by water stressed area (in line with GRI-303-3). **The Group received a score of A- in 2022**[(1)]**.**

1.1.1.4 g) Preventing releases to soil and groundwater

The Group's Environmental Management System includes a dedicated process to prevent the risk of chronic or accidental spills based on three fundamentals: (i) clearly defined operating procedures, (ii) environmental impact awareness building; and (iii) results-oriented actions.

In addition to the pollution risk prevention measures, all the production plants are expected to follow the contaminated sites and soil (CSS) procedures designed to mitigate any risks to human health and/or the environment from the Group's operations, thereby enabling further business development. These procedures call for:

- applying a step-by-step methodology in accordance with international CSS study standards (desktop reviews, on-site inspections, choice of remediation strategy, remediation and monitoring);
- seeking support from expert CSS service providers;
- factoring in current and future uses;
- addressing, if needed, the potential off-site impacts downstream from a spill in addition to the impacts within the physical perimeter of the Group's property.

These procedures do not replace compliance with prevailing local legislation, particularly if the latter is inadequate to protect human health, the environment and the Group's reputation. They apply at every stage in the Group's business life-cycle (acquisitions, mergers, integration, soil displacement on sites in operation, leasing, disposal).

(1) https://www.michelin.com/documents/reponse-au-questionnaire-cdp-water-security-2020-en-anglais-seulement/

1.1.1.4 h) Abating noise pollution and odors

Although entirely innocuous, odors are nonetheless an issue for Michelin plants, some of which are located in built-up areas. These odors may be generated by the process used to produce certain types of natural rubber components used in tire manufacturing.

The standard solution, based on the thermal oxidation of effluents, has been retrofitted at several European facilities and at the plant in Shenyang, China. New technologies are also being explored. In the case of noise pollution, manufacturing operations whose noise levels are not particularly significant consistently comply with local legislation in every host community. When designing new facilities or extensions, guidelines are followed to ensure that noise-generating equipment, such as fans and other auxiliary systems, are installed far from the property boundaries.

More generally, the on-site teams work with Group experts to abate the odors, noise and other potential environmental nuisances that manufacturing operations may cause local residents.

1.1.1.5 Measuring and reducing the environmental impact of digital technology

In line with the Group's All Sustainable vision, the Digital Sustainability initiative has begun by reviewing and optimizing the environmental impacts of digital technology. It will be expanded in 2023 with an action plan to address the social and employee-related impacts.

The carbon footprint of the Group's digital activities is estimated at 34 kt CO_2e a year, the equivalent of all the emissions from a production plant or 1.2% of the Group's Scope 1 and 2 emissions.

Designed to strike the right balance between the digital transformation and the environmental transition, the Digital Sustainability strategy is helping to meet the Group's environmental objectives. It is overseen by a governance body comprising top managers

and is built around two processes:

- **GreenIT, to measure and optimize CO_2 emissions.** Initiatives include extending laptop service lives from four to five years, integrating carbon abatement criteria in tenders and deploying best frugal and efficiency practices.
- **IT for Green, to promote digital technologies as a lever for reducing the environmental impact of the Group's activities. Examples include:**
  - reducing production plant water use through data analytics. In this way, 160,000 cu.m of water was saved in 2022 at the Olsztyn plant alone;
  - reducing carbon emissions. Replacing on-track testing with digitalized type approval circuits, for example, could cut carbon emissions from the certification process by 40%.

To enhance employee engagement, Michelin has undertaken awareness-raising and training initiatives around the environmental impacts and challenges of digital technology. These include deploying the digital collage and developing new skills, such as digital services life cycle assessments (the benchmark method for assessing environmental impacts) and eco-design processes.

1.1.1.6 Valuing our environmental externalities

In 2020, Michelin initiated an exercise to place a monetary value on its environmental impacts, starting with the ones addressed by commitments to the planet.

Undertaken as part of the All Sustainable strategy, the exercise is designed to facilitate the representation of environmental issues, enhance transparency with stakeholders and provide a valuation method for use in assessing the performance of Group units or during acquisitions.

These volumes are as follows:

- total tonnes of Scopes 1 and 2 CO_2 emissions, as described in section 4.1.1.4 b) /Summary table of environmental data - Group;
- total tonnes of CO_2 emissions in part of Scope 3, covering the upstream and downstream transportation and distribution of natural rubber, semi-finished products and finished products (see section 4.1.1.1 a));
- total tonnes used of organic solvents generating volatile organic compounds (VOCs) (see section 4.1.1.4 d);
- total cubic meters of water withdrawn, both used and discharged. (see section 4.1.1.4 f)).

The initial valuation, whose methodology is described below, was performed on the basis of volumes in 2019, which was chosen as a baseline because it was the last year before the health crisis.

The production facilities covered by the valuation are the same as in the scope of reporting for the environmental indicators, as described in the section on methodology at the beginning of Chapter 4.

The valuation method used is based on the OECD definition of valuing "avoidance costs", with input from ISO 14007: Environmental management – Guidelines for determining environmental costs and benefits and ISO 14008: Monetary valuation of environmental impacts and related environmental aspects.

It is based on determining the euro cost, per tonne or cubic meter of reduction, of the solutions implemented or scheduled to be implemented to reduce emissions, use or withdrawals of the selected externalities. The value of these externalities is then calculated by applying the unit cost to the total volume of current emissions, use or withdrawals.

The cost calculations for the solution always include the necessary capital expenditure. They also include operating expenses when (i) additional consumables must be purchased after VOC-generating organic solvents have been replaced by aqueous solutions; and (ii) additional treatment products must be purchased when wastewater or effluent is reused.

This valuation method is limited by the fact that it is based on the cost of eliminating volumes that are reducible using known solutions. There remains the unknown potential cost of disposing of the residual volumes, whose disposal generally costs the most or requires technologies that do not yet exist and whose cost is unknown (and which could cost more or less than existing technologies).

To offset this limitation, which could cause us to underestimate the cost of negative externalities, the following conservative approaches have been factored into the calculation method:

- We considered that the solutions implemented or scheduled to be implemented would reduce the amounts emitted, used or withdrawn over 12 years, i.e., the depreciation period for the corresponding purchased equipment, even though this is often much shorter than historically observed life spans, which can extend to several decades (e.g., tire curing presses or steam-generating boilers whose longer service lives are used to value CO_2 emissions).
- We increased the cost of certain capital expenditure outlays (e.g., by 20% when valuing water withdrawals).
- The calculations are cross-checked against outside benchmarks to confirm that the unit externality costs determined by our generic method rank at the top of the range calculated according to these outside methods.

In the end, the unit costs used to value the three externalities are:

- for water, €2.4 per cu.m, as determined by the method;
- for VOCs: €2,100 per tonne, based on the outside benchmark, which was higher than the calculation from the method;
- For CO_2: updating the avoidance cost calculation resulted in an increase in the cost per tonne recognized in the balance sheet, to €120 at year-end 2022 from €100 in 2021. The increase primarily reflected the growing proportion of projects to electrify tire curing presses in the capital expenditure plan used as a reference.

The outside benchmarks used for cross-checking were as follows:

- CO_2: (i) the prices applied by leading corporations in their internal carbon fees; (ii) the price indicated in Delft University's *Environmental Prices Handbook 2017 (Environmental prices for average atmospheric emissions in the Netherlands – "central" carbon dioxide price)*; and (iii) carbon quota prices on the European market;
- VOCs: the price indicated in Delft University's *Environmental Prices Handbook 2017 (Environmental prices for average atmospheric emissions in the Netherlands – "central" volatile organic compounds price)*;
- WATER: we compared the calculated cost to what it would have been initially, had we applied the three methods used by 19 companies that answered yes to the question "Does your company use an internal price on water?" on the CDP 2020 Water Security questionnaire and were attributed an A (18 companies) or A- (1 company) score.

To take the monetary measurement of its externalities to the next level, in March 2021, Michelin joined the Value Balancing Alliance (VBA), an organization of multinational companies from a variety of industries that is developing and testing a methodology capable of translating environmental, social and economic impacts into comparable financial data.

In 2022, the total cost of valued externalities stood at €493 million, a steep 16.4% decline from the 2019 baseline, based on the same unit cost per tonne of CO_2 (€120), as follows:

COST OF TARGETED NEGATIVE EXTERNALITIES

		2019 Actual		2021 Actual		2022 Actual	2023 Forecast	
		At a cost of €100 per tonne of CO_2	At the updated cost of €120 per tonne of CO_2	At a cost of €100 per tonne of CO_2	At the updated cost of €120 per tonne of CO_2	At a cost of €120 per tonne of CO_2	At the cost of €100 per tonne of CO_2	At the updated cost of €120 per tonne of CO_2
CO_2 emissions: Scopes 1 and 2	*Thousands of tonnes*	**2,919**	**2,919**	**2,764**	**2,764**	**2,304**	**2,160**	**2,160**
Unit cost	*€/t*	100	120	100	120	120	100	120
Fair value	*In € millions*	292	350	276	332	276	216	259
CO_2 emissions: Scope 3 Upstream and downstream transportation and distribution */**	*Thousands of tonnes*	**1,301**	**1,301**	**1,510**	**1,510**	**1,182**	**1,156**	**1,156**
Unit cost	*€/t*	100	120	100	120	120	100	120
Fair value	*In € millions*	130	156	151	181	142	116	139
VOC consumption	*t*	**7,634**	**7,634**	**6,782**	**6,782**	**5,917**	**5,310**	**5,310**
Unit cost	*€/t*	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Fair value	*In € millions*	16	16	14	14	12	11	11
Water withdrawals	*Thousands of cu.m*	**28,227**	**28,227**	**27,498**	**27,498**	**26,101**	**25,362**	**25,362**
Unit cost	*€/cu.m*	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Fair value	*In € millions*	68	68	66	66	63	61	61
TOTAL COST	*In € millions*	**506**	**590**	**508**	**593**	**493**	**404**	**470**
Change from 2019						-16.4%	-20.2%	-20.4%

* *Proportion of Scope 3 upstream and downstream transport and distribution corresponding to our SBTi commitments.*

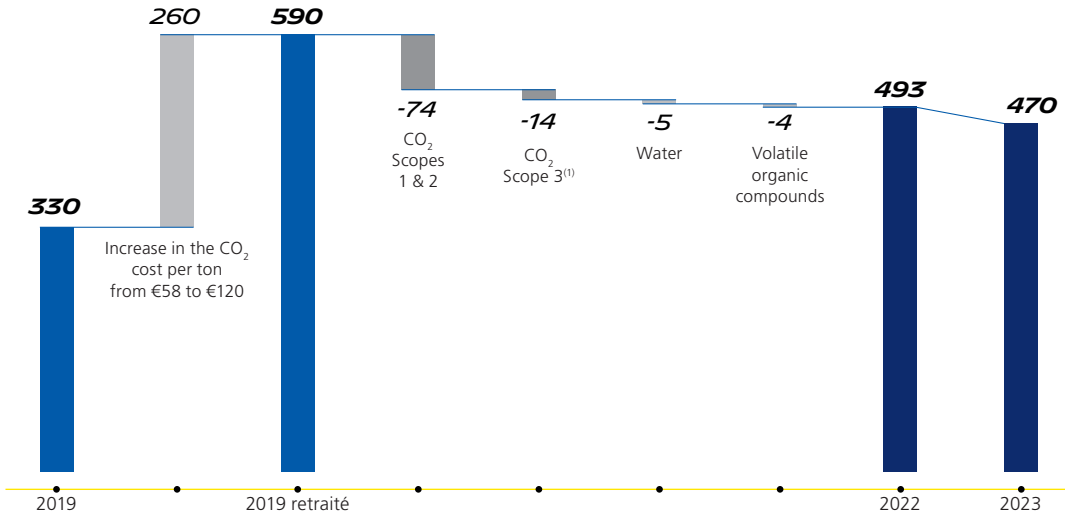
** *2022 data includes CAMSO.*

The 2022 performance was attributable to the following factors:

- **Scope 1 and 2 CO_2 emissions:**
  - Sustained improvement in the ratio of emissions per tonne of output, led by the take-up of best practices and the capital expenditure committed under the production plant decarbonization plan.
  - The more than 5% decline in production over the year.
  - An increase in the share of electricity from guaranteed renewable sources in the power mix, from 42% to 52%, thanks to the purchase of I-RECs in China and Thailand.
- **Scope 3 emissions from upstream and downstream transportation and distribution:**
  - Structural improvements in the "tonne of CO_2 released per tonne sold" indicator, as a result of initiatives to activate the three strategic levers: transport less, transport better and transport differently.
  - Robust year-on-year gain on 2021, whose performance was adversely impacted by supply chain disruptions.
- **VOC consumption:**
  - Sustained activation of the three levers of the Group's VOC strategy:
    - Deploying good manufacturing practices to optimize solvent use.
    - Introducing new process, materials and product solutions designed to reduce or remove organic solvents.
    - Including organic solvent use reduction criteria in every project from the research and development phases.
- **Water withdrawals:**
  - Positive impact of the ongoing deployment of projects to reduce water withdrawals despite the summer heatwaves in Europe, which increased the cooling water needs in the production process.

ANALYSIS OF EXTERNALITY COSTS

(in € millions)



(1) Inbound and outbound transportation and distribution of natural rubber, semi-finished products and finished product

1.1.1.7 2022 report on the Michelin Group's activities in respect of the European Taxonomy Regulation

Regulation (EU) No. 2020/852 of June 18, 2020, commonly known as the European Taxonomy Regulation, 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 one or more of six environmental objectives:

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

The European Commission has therefore defined a certain number of technical screening criteria designed to build a common language of sustainability and, consequently, support investment flows into activities that make a substantial contribution to meeting those six objectives.

This information must be disclosed every year in the Non-Financial Statement, which in France is included in the management report for the year.

Scope

For this second Taxonomy reporting exercise, as for the first, only the economic activities recognized by the European Regulation as substantially contributing to the first two environmental objectives – climate change mitigation and climate change adaptation – had to be disclosed.

As in the first reporting exercise, companies must disclose the proportion of their 2022 sales (turnover), capital expenditure and operating expenses that are associated with economic activities that qualify as "taxonomy-eligible," i.e., classified in the EU Taxonomy system.

Starting this year, they also have to disclose the proportion of their sales, capital expenditure and operating expenses that are "taxonomy-aligned," i.e., that meet the technical screening criteria associated with each of the eligible activities in three ways: they contribute substantially to one or more of the six environmental objectives; they do no significant harm to the remaining objectives; they comply with the Regulation's minimum safeguards.

The sales, capital expenditure and operating expenses reviewed for the purpose of this report concern all of the Michelin Group's worldwide operations, corresponding to the scope of consolidated financial reporting for the year, in accordance with the provisions of the Delegated Act.

Reporting cycle

As with the Non-Financial Statement, the reporting cycle is annual, with the data used for this year's report covering the 12 months from January 1 to December 31, 2022.

Joint ventures and associates

Because disclosures must be aligned with IFRS financial ratios, 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. On the other hand, the Delegated Act provides for the possibility of reporting additional ratios that would include joint ventures and associates.

Partnerships with joint ventures are an integral part of the Group's All Sustainable growth strategy with, around and beyond tires. As such, their relationship with taxonomy-eligible activities is discussed even though their activity is excluded from the disclosed indicators. For example, Symbio, a joint venture owned equally by Michelin and Forvia, is dedicated to designing, manufacturing and marketing hydrogen fuel cell systems for all types of electric vehicles. Its business therefore falls within the scope of activity 3.2 "Manufacture of equipment for the production and use of hydrogen" and contributes to the environmental objective of mitigating climate risk.

Treatment of the tire manufacturing activity – technical screening criteria

To date, 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 regard to the two climate change-related environmental objectives.

However, the tire industry can contribute substantially to meeting the targets for reducing greenhouse gas emissions in the overland transportation industry. This is because tires play an important role in a vehicle's energy efficiency, in as much as they use energy as they roll and thereby release CO_2. Known as rolling resistance, this phenomenon accounts for up to 20% of emissions from an internal combustion passenger car and more than 30% from a truck. Rolling resistance is regulated at the EU level through minimum performance standards and labeling to encourage consumers to choose the most energy efficient tires, i.e., the ones with the lowest rolling resistance.

ROLLING RESISTANCE: EUROPEAN LABELING SCALE REDUCED FROM 6 TO 5 CLASSES IN 2021

Passenger car tires				Light truck tires				Truck tires			
kg/t*	Old	New	kg/t*	kg/t*	Old	New	kg/t*	kg/t*	Old	New	kg/t*
6.5	A	A	6.5	5.5	A	A	5.5	4	A	A	4
7.7	B	B	7.7	6.7	B	B	6.7	5	B	B	5
9	C	C	9	8	C	C	8	6	C	C	6
10.5	E	D	10.5	9.2	E	D	9	7	D	D	7
12	F	E		10.5	F	E		8	E	E	
	G				G				F		

* *Upper limit of the rolling resistance class.*

At the current pace of improvement in the rolling resistance of tires sold in Europe, the reduction in the proportion of CO_2 released by rolling resistance would represent 10% of the targeted 327-million-tonne reduction in greenhouse gas emissions from the European transportation industry by 2030, assuming a reduction in CO_2 emissions from automotive transportation corresponding to the well-below 2 degrees scenario (WB2D). In a more ambitious scenario for tire rolling resistance innovation, this contribution could rise to 15%, if the average tire in the European replacement market moves up to performance class B, or even 20% in the best case, if the average improves to class A. This means that by improving tire rolling resistance, technological innovation in the tire industry can make a substantial contribution to the climate change mitigation objective *(source: Michelin survey).*

A direct link between tire rolling resistance and a vehicle's carbon emissions

For a passenger car releasing 133 g of CO_2 per kilometer, 27 g or 20% are attributable to the rolling resistance of its tires, if they perform in line with the European market average (class D according to the new European labeling system). If it were equipped with class C tires, the vehicle's emissions would decline by 4 g/km, or by 7 g/km with class B tires and by 11 g/km with class A tires.

Pending recognition of this contribution by including it in the Taxonomy's economic activity C2211, the Michelin Group has identified economic activity "*3.6 Manufacture of other low-carbon technologies*," which comprises the "manufacture of technologies aimed at substantial GHG emission reductions in other sectors of the economy. The economic activities in this category could be associated with several NACE codes, in particular from C22 (...) in accordance with the statistical classification of economic activities established by Regulation (EC) No. 1893/2006."

Under activity 3.6, tires may be deemed to contribute substantially to the climate change mitigation objective if they "demonstrate substantial life-cycle GHG emission savings compared to the best performing alternative technology/product/solution available on the market."

Rolling resistance was an obvious choice as a technical screening criterion for tires, in light of:

- its direct link to the potential for reducing the transportation industry's emissions, as detailed above;
- the text of the Delegated Act of the Taxonomy Regulation dedicated to the "climate change mitigation" environmental objective, which mentions tires and rolling resistance in the description of the "do no significant harm" screening criteria for urban transport-related activities 6.3 and 6.5. It stipulates that tires equipping vehicles concerned by these activities must comply with requirements in the two highest populated rolling resistance classes on the market;
- the existence of a European labeling system that sets rolling resistance standards;
- its selectivity, given that choosing rolling resistance as a technical screening criterion effectively excludes from eligibility so-called specialty tires (for farm machinery, mining equipment, aircraft and two-wheelers). For these tires, rolling resistance is not a particularly relevant performance criterion, even though, among other customer benefits, they can help improve fuel efficiency and therefore reduce CO_2 emissions.

Compliance of eligible tires with the "low carbon intensity" concept is based on:

- the direct link between tire rolling resistance and the potential for reducing emissions from the transportation industry, as detailed above;
- Michelin's decades-long track record of steadily reducing the rolling resistance of its tires to improve fuel efficiency and thereby decarbonize the transportation industry, and its commitment to continue improving the energy efficiency of its products (with a targeted 10% improvement over the 2021-2030 decade);
- the exclusion from eligible activities of passenger car, light truck and truck tires with class E rolling resistance, which is the least efficient. The European classes have been translated into minimum rolling resistance standards, expressed in kg/t, so that every tire sold around the world can be compared to a universal criterion.

Michelin has calculated an alignment criterion for the tire business by analogy with the specifications in the Delegated Act of the Taxonomy Regulation mentioned above, while restricting it to the two highest rolling resistance classes on the market. The European classes have been translated into minimum rolling resistance standards, expressed in kg/t, so that every tire sold around the world can be compared to a universal criterion. As a result, only the most energy efficient tires on the market, with rolling resistance within the upper limits defined in the table below, will be considered as aligned.

Tire category	Rolling resistance class	Maximum rolling resistance for aligned tires (kg/t)
Passenger car tires	A and B	<=7.7
Light truck tires	A and B	<=6.7
Truck tires	A and B	<=5.0

This approach reflects the spirit of the alignment criterion in activity 3.6, which requires that the technological solution reduce carbon emissions more substantially than the best performing alternatives on the market. In this way, selecting only tires in higher rolling resistance classes than the market average ensures compliance with the criterion, because the designated rolling resistance ceilings are extremely selective. For example, a document published by the European Tyre & Rubber Manufacturers' Association in February 2021 noted that in 2020:

- class A and B passenger car tires still only represented 5.3% of the European market (2.3% in 2012-2013), with a predominant 48.5% share for class D (the new label replacing the former class E cited in the document);
- class A and B van tires still only represented 3.4% of the European market (2.8% in 2012-2013), with a predominant 53.8% share for class D (the new label replacing the former class E cited in the document);
- class A and B truck tires still represented only 8.5% of the European market (4.4% in 2012-2013), with demand focused on classes C-D (74%).

Table of eligible activities

The following table shows all of the Michelin Group's activities identified as eligible (excluding the activities of joint ventures and associates):

European Taxonomy		Corresponding Michelin Group activity	Substantial contribution to one of the two climate change-related objectives		Reported KPIs		
Economic activity	**Description**	**Michelin activity**	**Mitigation**	**Adaptation**	**Net sales**	**Capex**	**Opex**
3.6 Manufacture of other low-carbon technologies	Manufacture of technologies aimed at substantial GHG emission reductions	Passenger car and Light truck tire manufacturing	X		X	X	X
3.6 Manufacture of other low-carbon technologies	Manufacture of technologies aimed at substantial GHG emission reductions	Truck tire manufacturing	X		X	X	X
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	X

In the 2021 report, we identified activity 7.3 "Installation, maintenance and repair of energy efficiency equipment" to disclose the capital expenditure committed as part of the production plant decarbonization plan. After verification, this activity only applies to projects concerning buildings and real estate. None of the activities listed in the Act allow for the disclosure of either the replacement of legacy coal-fired boilers or the expenditure committed to electrify tire curing presses, even though electrification will cut energy use in this production phase by more than 80% and the entire program will represent sizable capital outlays (see note 2.6 Climate risk in the Financial Report). As a result, such capital expenditure is disclosed as non-aligned CapEx. This reporting issue has been submitted to the European Commission.

2022 Results: Eligible and aligned proportion of 2022 sales, capital expenditure and operating expenses:

The detailed tables of these indicators, which comply with Delegated Act (EU) 2021/2178 rules concerning the content and presentation of Taxonomy-related disclosures, are presented at the end of the methodology section.

- **52% of sales were Taxonomy-eligible, down five points from 2021.**

  Half the decline stemmed from the relatively slower growth in the activity 3.6 sales compared to the gains in other Group businesses.

  The other half reflected the change in the method of rating tire rolling resistance, which has made the process more robust and auditable, in particular by harmonizing methods across the B2B and B2C activities;

- **64% of capital expenditure was Taxonomy-eligible, stable compared to the 66% disclosed for 2021;**
- **13% of sales and 19% of capital expenditure aligned with the substantial contribution criteria, demonstrating the ability of Michelin's products and services (i) to help reduce transportation-related CO_2 emissions more substantially than the best performing alternatives on the market; and (ii) to lead the way to future performance in line with the Group's objective of improving the energy efficiency of its products by 20% between 2010 and 2030.**

  With 13% of its sales derived from tires with class A and B rolling resistance ratings, Michelin outperforms the European market, where these ratings accounted for only 3.4% to 8.5% in 2020, depending on the category (see the European Tyre & Rubber Manufacturers' Association study mentioned above). The outperformance is even more impressive considering that the 13% ratio is based on total Group sales in every tire category and business activity, whereas the European Tyre & Rubber Manufacturers' Association's ratios relate solely to the Passenger car, Light truck and Truck tire markets. When calculated only on the sales of Passenger car, Light truck and Truck tires, Michelin tires with class A and B rolling resistance ratings stood at 21% of the worldwide total.

  The proportion of capital expenditure aligned with the substantial contribution criteria, which at 19% is clearly higher than the similarly aligned sales ratio, illustrates Michelin's commitment to continuously improving the energy efficiency of its products, in line with its strategic objectives.

- **By design, the Taxonomy-eligible and aligned proportions of operating expenses track the proportion of sales** (see Principles used to calculate KPIs by eligible activity, below).
- **Michelin's commitments and outcomes, as well as the improvement momentum built up in recent years, enable it to meet the "do no significant harm" and "minimum safeguards" screening criteria. The only exception is the "pollution" criterion, despite the Group's overarching regulatory compliance and the deployment of a Group-wide Chemical Risk Management policy, due to the lack of a definition of "essential use" for certain chemicals** (see "Analysis of the "do no significant harm" and "minimum safeguards" screening criteria", below).
- **In conclusion, the failure to meet the "Pollution" criterion, for the reasons described above, leads us to report 0% alignment of the Group's 2022 sales, capital expenditure and operating expenses.**

Principles used to calculate KPIs by eligible activity

Note concerning the 2022 calculation of the aligned portion of activity 8.2 (sales, capital expenditure and operating expenses): *Given the priority focus in 2022 on clarifying the alignment of activity 3.6 with the screening criteria of "no significant environmental harm" and "minimum safeguards," calculation of the aligned portion of the activity 8.2 KPIs, based on the technical screening criteria of "substantial contribution" and "no significant environmental harm," has been deferred to a later date. The information presented below therefore concerns the analysis of eligibility in activity 8.2 and of eligibility and alignment in activity 3.6.*

Sales

Sales data concern:

- Sales of Passenger car, Light truck and Truck tires, corresponding to Taxonomy activity 3.6. These data exclude sales of tires with class E rolling resistance and sales of motorsports tires, specialty tires and any other tires that do not meet the definition of the eligible tire activity described above.
- Sales of the fleet management services and solutions, corresponding to Taxonomy activity 8.2 (e.g., the Masternaut, Sascar, NexTraq and Watèa businesses). The fleet management business, which relies heavily on the collection, processing and reporting of requisite data, focuses on lowering customer fuel consumption, for example by offering solutions to optimize routes or driving practices.

Taxonomy-aligned sales:

- Activity 3.6: sales of Passenger car, Light truck and Truck tires with rolling resistance rated A and B.
- Activity 8.2: sales of fleet management solutions meeting the following two conditions:
  - The solution's information and communication technology is used primarily to supply data and analytics enabling a reduction in greenhouse gas emissions.
  - Where an alternative solution or technology is available on the market, the solution demonstrates substantial life-cycle GHG emissions savings compared to the best performing alternative solutions/technology.

These sales are included in the Group's consolidated sales, as reported in the consolidated financial statements, to calculate the percentage of eligible and aligned sales.

Capital expenditure

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 committed to each activity. 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 proportion of 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.

To assess aligned capital expenditure, the following criteria were used:

For activity 3.6:

- capital expenditure committed to introduce technologies designed to improve the rolling resistance of our tire products;
- capital expenditure related to the molds for the new tire lines that reduce rolling resistance compared to the previous generations;
- indirect capital outlays enabling the production of the aligned proportion of sales.

For activity 8.2:

- the amount of aligned capital expenditure is calculated pro rata to the aligned sales. Given the amounts involved to date, a further analysis of capital expenditure would not lead to a significant change in the proportion of aligned capital expenditure at Group level.

  In compliance with the Article 8 Delegated Act, the capital expenditure denominator used to calculate eligible and aligned portions include additions to tangible and intangible assets resulting from business combinations. As a result, it differs from the amount of capital expenditure usually reported by the Group.

Operating expenses

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. These expenses, which constitute the denominator by which the eligible and aligned expenses will be divided to determine the KPI, are recorded in the Group's information systems at the level of the consolidated financial statements. They are not recorded on a more granular level, however, making it impossible to calculate the total amount included in the numerator to determine the proportion of eligible and aligned operating expenses without performing complex estimates, which would in any case be too approximate to be meaningful. Eligible/aligned operating expenses are therefore calculated proportionally to the percentage of eligible/aligned sales.

Analysis of the "do no significant harm" and "minimum safeguards" screening criteria

Climate change adaptation

The Taxonomy Regulation requires us to:

Identify the materiality of a list of chronic and acute climate phenomena with respect to our activities:

After review, retain all the relevant climate phenomena to support diagnostics.

Select the sites for assessment on the basis of their materiality:

- sites with the most employees (based on number of employees);
- sites critical to business continuity;

for a total of 90 sites in priority 1 and 120 in priority 2.

Assess their potential impacts:

Diagnostics were initiated in 2021 and continued in 2022 (28 sites to date). They have now been extended to:

- new facility projects;
- supplier sites during the new supplier approval process;
- sites involved in mergers and acquisitions;

Further diagnostics are planned for 2023 and 2024.

Define adaptation solutions capable of attenuating the most significant impacts

Solutions have already been identified as part of the supply and business continuity risk management process. Examples include:

- Building strategic stocks of finished products or raw materials;
- Creating a storage area at a different facility for a production plant's output; finding a second supplier;
- Process engineering a Group product for back-up production in a different plant;
- Approving another raw material as a substitute;
- …

Additional solutions derived from the diagnostics are expected to be identified in 2024 and 2025.

Define an implementation plan for these solutions:

Solutions have already been implemented as part of the supply and business continuity risk management process (see above).

The implementation plan for the additional solutions derived from the diagnostics will be fully defined by the end of 2025.

Sustainable use and protection of water and marine resources

The Taxonomy Regulation requires us to:

Identify material risks related to preserving water quality or avoiding water stress caused by our activity.

These risks have been identified:

- Materiality of a water stress risk: Nine sites are located in high water stress areas according to the WRI Aqueduct Water Risk Atlas (baseline water stress index) or the WWF Water Risk Filter (water depletion aspect). Two of these sites are in Europe;
- Materiality of a water quality risk: Our manufacturing facilities are classified as installations whose activity may pose a risk or disadvantage to people and the environment (ICPE classification in France or the equivalent in other European countries).

If the risk is material:

Perform environmental impact assessments in line with Directive 2011/92/EU and manage the risks to achieve "good water status" and "good ecological potential".

Impact studies are required under national legislation for every project likely to have a significant impact on the environment.

- Water stress:

  In the past, the Michelin Group has demonstrated the ability to meet its targets for reducing water withdrawals by its facilities, including both use and discharges. In 2019, for example, it had already reduced the volume of water withdrawals by 28% compared to 2010.

  The 2030 objective is to reduce water withdrawals, including both use and discharges, weighted by each plant's water stress coefficient, by 33% compared to 2019.

  The Group is committed to eliminating all of its impact on water availability in local communities by 2050.

- Water quality:

  We operate in full compliance with local legislation in every host country, particularly in Europe where each member state is responsible for transposing the provisions of the Water Framework Directive 2000/60/EU into local law.

  Impact studies are performed in compliance with national legislation for every project likely to have a significant impact on the environment.

  In 2023, we will launch a plan to improve our understanding of the discharges and effluent from our facilities, exceeding the requirements of local legislation, and of the capacity of the receiving environments.

Michelin has responded to the CDP Water Security questionnaire since 2016 and was attributed an **A-** score in 2022.

Transition to a circular economy, waste prevention and recycling

The Taxonomy Regulation requires that the activity assess the availability and, whenever possible, the deployment of techniques that support:

Reusing and using secondary raw materials and recovered components in fabricated products:

Michelin is deeply engaged in making better use of resources and is leveraging its 4R (Reduce, Reuse, Recycle, Renew) circular economy approach to incorporate a growing percentage of sustainable materials [(1)] into its products. To this end, it is fast tracking the development of its All Sustainable innovations and investing in R&D, technologies and materials. It has also forged partnerships with a variety of public and private sector stakeholders. The Group is committed to achieving full circularity in its tires by 2050. Already by 2030, its tires will be 40% made of sustainable materials.

Designing fabricated products for high durability, recyclability, easy disassembly and adaptability:

Michelin is activating a number of levers to reduce the environmental impact of its activities, products and services.

- Eco-design:

  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, while supporting even closer collaboration among people in the Group's different job families.
- Improving a tire's mass efficiency:

  Improving mass efficiency means using less product to travel the same distance, which can be achieved in two main ways:
  - Reducing mass and delivering the same performance: reducing mass by optimizing tire design so that the same distance can be traveled using less raw material.
  - Increasing a tire's service life (in kilometers), using the same mass and delivering the same performance: a tire's service life can be lengthened by optimizing the design or by changing usage patterns.
- End-of-life treatment of sold products.

Managing process waste with a focus on recycling rather than disposal:

Between 2005 and 2020, the quantity of process waste generated per tonne of tire has decreased by around 32%, and the quantity of waste landfilled has fallen by more than 92%.

By 2050, the goal is to reduce the amount of waste produced per tonne of total output by 50% compared to 2020 (in kilograms per tonne of semi-finished and finished product).

A 2030 milestone has been set at a 25% reduction versus 2020 in the quantity of waste produced per tonne of total output (in kilograms per tonne of semi-finished and finished product).

Information and traceability of substances of very high concern (SVHC) throughout a fabricated product's life-cycle:

SVHCs are fully traceable, in compliance with legislation.

Pollution prevention and control:

Appendix C to Annex 1 in Delegated Regulation (EU) 2021/2139 on the climate change mitigation objective defines the criteria for compliance with pollution prevention and control regarding the use and presence of chemicals. To meet the criterion of no significant pollution harm, a company must demonstrate that it does not manufacture, market or use various chemicals regulated by European legislation, including (a) persistent organic pollutants (POPs Regulation); (b) chemicals containing mercury or mercury compounds; (c) ozone depleting substances; (d) hazardous chemical substances in electrical and electronic equipment (unless they comply with article 4 of the WEEE Directive); and (e) substances restricted by Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation (unless they meet the conditions in Annex XVII).

In its tire manufacturing activities, Michelin complies with these European regulations and therefore meets the criteria defined by the European Taxonomy in paragraphs a) to e) of Appendix C hereafter.

In addition to regulatory compliance, Michelin has defined a Chemical Risk Management policy designed to protect human health and the environment from the harmful effects of chemical use. In particular, prioritized action plans are defined and deployed to restrict the use of certain chemicals or replace them whenever technically feasible.

Appendix C also defines as a compliance criterion the absence of use of chemicals on the REACH Candidate List (f) and of any substance that may be included in Annex XIV of the REACH Regulation (g) except where its use has been proven to be essential for society.

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

Many of these substances meet criteria f) and g) and are used in compliance with the European and national regulations intended to safeguard human health and the environment. They include:

- the butadiene monomer used in the production of elastomers, the main component in tire tread compounds;
- the antioxidant and antiozonant 6PPD, a widely used stabilizing additive in tires.

(1) Materials sourced from bio-based, renewable or recycled feedstocks.

Because the objective criteria for assessing whether the use of these products is essential for society have not been defined, Michelin cannot comment on this aspect of the regulation. As a result, in assessing alignment with the European Taxonomy in respect to 2022, compliance with criteria f) and g) cannot be asserted.

Michelin has noted that, in the December 19, 2022 reply to draft FAQ 176, the European Commission affirms that it will define objective criteria for assessing "essential use" in 2023. While continuing to deploy an ambitious environmental policy in line with its All Sustainable strategy, Michelin will reassess Taxonomy alignment on the basis of these criteria.

Protection and restoration of biodiversity and ecosystems:

The Taxonomy Regulation requires:

An Environmental Impact Assessment (EIA) or screening to be completed in accordance with Directive 2011/92/EU. Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment have been implemented.

For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and, based on its conclusions, the necessary mitigation measures have been implemented.

- Each site's environmental risk assessment 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).

  Each new project on a site is also subject to an environmental risk assessment using the process defined in the Environmental and Risk Prevention Management System (SMEP), before being factored into the site's environmental risk assessment during its regular update in compliance with the 14001 standard.
- These assessments are part of the following process:
  - In 2021, Michelin renewed its commitment to easing the pressure on biodiversity from its operations across the value chain, by setting 2030 objectives for research and development, raw materials and the manufacturing facilities as part of its All Sustainable strategy.
  - ISO 14001 certification of the manufacturing facilities and the continuous upgrades in Group standards ensure that the Group's environmental policy is properly applied.

Minimum safeguards:

Taxonomy Regulation 2020 specifies in Article 18 that:

"The minimum safeguards referred to in point (c) of Article 3 shall be procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights."

Michelin upholds the highest international human rights standards in conducting its business and across its value chain. It has been a signatory of the UN Global Compact since 2010. The Group's approach is rooted in recognized international standards, in particular the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights and the fundamental conventions of the International Labour Organization (ILO), in particular as concerns child labor, forced labor, non-discrimination and freedom of association and collective bargaining.

Since 2014, the approach has been coordinated by a multidisciplinary Operational Committee, overseen at the highest level of the Company by a Human Rights Governance Body chaired by the Executive Vice President & Chief Personnel Officer with input from the Executive Vice President, Manufacturing, both of whom are members of the Group Executive Committee.

Every year since 2017, Michelin has published a Duty of Care Plan, which describes the main human rights risks incurred by the Group and its suppliers in their operations, along with the measures in place to prevent them.

In 2017, Michelin became a member of Businesses for Human Rights (EDH), a French association that supports companies in their human rights commitment.

The Michelin Duty of Care Plan and the Master Policy on Human Rights may be found on the Michelin website:

https://www.michelin.com/en/documents/duty-of-care-plan-2021/

https://www.michelin.com/en/documents/michelin-master-policy-on-human-rights/

In addition, Section 4.1.4.1 below describes Michelin's commitment to ethical business practices, including:

- the global ethical framework;
- preventing corruption;
- protecting employee privacy and personal data;
- combating tax evasion;
- upholding competition law.

Detailed presentation of the eligible and aligned proportions of 2022 sales, capital expenditure and operating expenditure in compliance with Delegated Act (EU) 2021/2178 on the content and presentation of Taxonomy-related disclosures.

TABLE 1 – SALES

Proportion of sales from products or services associated with taxonomy-aligned economic activities – disclosure covering 2022.

(in € millions)				Substantial contribution criteria						Does not significantly harm criteria									
ECONOMIC ACTIVITIES	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine ressources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine ressources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of turnover Year 2022	Taxonomy aligned proportion of turnover Year 2021	Category enabling activity	Category transitional activity
		€	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**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)																				
…		0	0%	0%	0%	N/A	N/A	N/A	N/A											
Sales of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	N/A	N/A	N/A	N/A								0%			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Manufacture of other low-carbon technologies	3.6	14,772	52%	13%	N/A	N/A	N/A	N/A	N/A	N/A	YES	YES	YES	NO	YES	YES	0%		E	
Data-driven solutions for GHG emission reductions	8.2	226	1%	0%	N/A	N/A	N/A	N/A	N/A	N/A	YES	N/A	NO	N/A	N/A	YES	0%		E	
Sales of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)		14,998	52%	13%	N/A	N/A	N/A	N/A	N/A											
TOTAL SALES OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1+A.2) (A)		**14,998**	**52%**	**13%**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**								**0%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Sales of Taxonomy-non-eligible activities (B)		**13,593**	**48%**																	
TOTAL (A+B)		**28,590**	**100%**																	

TABLE 2 – CAPITAL EXPENDITURE

Proportion of capital expenditure from products or services associated with taxonomy-aligned economic activities – disclosure covering 2022.

(in € millions)				Substantial contribution criteria						Does not significantly harm criteria										
ECONOMIC ACTIVITIES	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine ressources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine ressources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of CapEx Year 2022	Taxonomy aligned proportion of CapEx Year 2021	Category enabling activity	Category transitional activity
		€	%	%	%	%	%	%	%	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)																				
…		0	0%	0%	0%	N/A	N/A	N/A	N/A											
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0	0	N/A	N/A	N/A	N/A								0%			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Manufacture of other low-carbon technologies	3.6	1,579	60%	19%	N/A	N/A	N/A	N/A	N/A	N/A	YES	YES	YES	NO	YES	YES	0%		E	
Data-driven solutions for GHG emission reductions	8.2	98	4%	0%	N/A	N/A	N/A	N/A	N/A	N/A	YES	N/A	NO	N/A	N/A	YES	0%		E	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)		1,677	64%	19%	N/A	N/A	N/A	N/A	N/A											
TOTAL CAPEX OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1+A.2) (A)		**1,677**	**60%**	**19%**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**								**0%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		**943**	**36%**																	
TOTAL (A+B)		**2,620**	**100%**																	

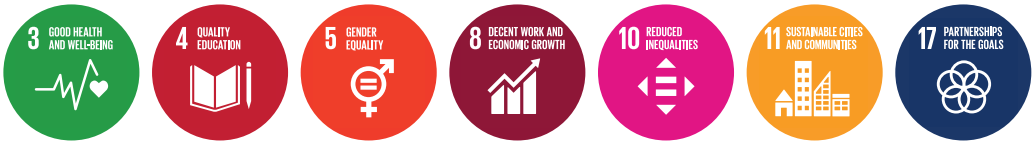
TABLE 3 – OPERATING EXPENSES

Proportion of operating expenses from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2022.

(in € millions)

ECONOMIC ACTIVITIES	Code(s)	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine ressources	Circular economy	Pollution	Biodiversity and ecosystems	Does not significantly harm criteria: Climate change mitigation	Climate change adaptation	Water and marine ressources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of OpEx Year 2022	Taxonomy aligned proportion of OpEx Year 2021	Category enabling activity	Category transitional activity
		€	%	%	%	%	%	%	%	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)																				
…		0	0%	0%	0%	N/A	N/A	N/A	N/A											
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	N/A	N/A	N/A	N/A								0%			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Manufacture of other low-carbon technologies	3.6	(868)	52%	13%	N/A	N/A	N/A	N/A	N/A	N/A	YES	YES	YES	NO	YES	YES	0%		E	
Data-driven solutions for GHG emission reductions	8.2	(13)	1%	0%	N/A	N/A	N/A	N/A	N/A	N/A	YES	N/A	NO	N/A	N/A	YES	0%		E	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)		(881)	52%	13%	N/A	N/A	N/A	N/A	N/A											
TOTAL OPEX OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1+A.2) (A)		**(881)**	**52%**	**13%**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**								**0%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		**(798)**	**48%**																	
TOTAL (A+B)		**(1,679)**	**100%**																	

1.1.2 HUMAN RIGHTS AND EMPLOYEE RELATIONS



1.1.2.1 Ensuring respect for human rights SDG 8.7, 17 and 16

1.1.2.1 a) Employee relations standards and responsibilities

Michelin makes every effort to uphold human rights in all its businesses and in every host community. Its employee relations vision is aligned with the universal principles of human rights and international labor conventions.

A process grounded in international principles

Michelin has signed, pledged to uphold and applies a variety of reference texts around the world:

- the United Nations Global Compact and its ten fundamental principles, since 2010;
- the OECD Guidelines for Multinational Enterprises;
- the UN Guiding Principles on Business and Human Rights;
- the International Labour Organization's fundamental Conventions, particularly in relation to:
  - freedom of association and protection of the right to organize,
  - the elimination of discrimination in employment and occupation,
  - the abolition of forced labor,
  - the effective abolition of child labor, and
  - the right to a safe and healthy work environment.

These principles have also inspired the Group's internal reference documents, including:

- the Code of Ethics;
- the Anti-Corruption Code of Practice;
- the Michelin Purchasing Principles.

In 2022, for the first time, **a Master Policy on Human Rights was issued and distributed across the Group**. Widely promoted among employees worldwide, these documents have been translated into French and English and are available for consultation at any time on each country organization's intranet site.

To enhance its expertise and capitalize on best practices, in 2017, Michelin also joined the EDH association[1], which comprises around 20 French companies engaging with these issues. In addition, the Group is a member of the Global Deal initiative, which promotes social dialogue and decent work around the world, and of the Business 4 Inclusive Growth initiative in cooperation with the OECD. After chairing the Human Rights Club of the Global Compact France in 2021 and 2022, Michelin now sits on the Club's steering committee.

1.1.2.1 b) Organization and ambitions

A governance body led by senior management

The Group's human rights policies, objectives and strategy are validated twice a year by the **Human Rights Governance Body**, which is chaired by the Executive Vice President & Chief Personnel Officer (a member of the Executive Committee). Other governance members include: the Executive Vice Presidents of Manufacturing and of Engagement and Brands (both members of the Executive Committee), the Chief Procurement Officer, the General Counsel and the Vice Presidents of Public Affairs, Sustainable Development and Mobility, Internal Control and Safety & the Environment.

Note that health and safety issues are managed by a separate organization, the Employee Health and Safety Governance Body. The Human Rights Governance Body is supported by input from a multidisciplinary **Operational Committee** comprising representatives from the corporate departments in charge of Sustainable Development and Mobility, Purchasing, Personnel, Internal Control, Risk Management, Employee Relations, Public Affairs, Diversities & Inclusion, Legal Affairs/Compliance, and Manufacturing. Meeting ten times a year, it prepares an annual action plan engaging Michelin in a continuous improvement process.

A Master Policy on Human Rights

In 2022, a Master Policy on Human Rights was prepared, distributed across the Group and posted on the corporate website[2]. It expresses Michelin's principles concerning nine issues:

- discrimination;
- harassment;
- health & safety;
- decent wage and social protection;
- freedom of association and collective bargaining;
- privacy and personal data;
- child labor;
- forced labor;
- impact on local communities.

The Master Policy defines the scope of application, supplier compliance guidelines, recommended duty of care procedures in each operating region, and the principles of application in countries where the policies may be contradictory with local legislation or customs. For most issues, this umbrella policy refers back to the more detailed policies already in effect across the organization.

(1) Entreprises pour les droits de l'homme (Businesses for Human Rights).
(2) https://www.michelin.com/en/sustainable-development-mobility/for-people/respecting-human-rights/.

2030 ambitions and their performance indicators

Policy implementation is being supported by the ambitions defined for 2030, with performance tracked by measurable targets and indicators. **The six ambitions are as follows:**[1]

Objective	Indicator	2019	2020	2021	2022	2030 Objective
1 – A company where everyone feels physically safe at work	TCIR	1.43	1.19	1.29	1.07	<0.5
	Well-being indicator			76%	79%	80%
2 – A company offering a decent wage and supportive employee benefits	% of employees receiving a decent wage in each host country	-	-	95%	98.5%	100% in 2025
	% of employees covered by a floor of such benefits as health insurance, life insurance and parental leave for birth/adoption	-	-	New in 2021	-	75% in 2025 and 100% in 2030
3 – A company whose supply chain ensures decent work for every employee	Percentage of suppliers assessed that comply with the Group's human rights standards	85%	86%	89%	89%	≥95%
	Percentage of natural rubber volumes used by the Group covered by human rights assessments of a representative sample of farmers (via the RubberWay® application)	20%	30%	41%	58%	80% from 2025
	Number of village smallholders whose working conditions and/or livelihoods have improved as a result of remediation projects	-	-	New in 2021	467	30,000
4 – A company that allows diversity to flourish in all its forms	IMDI, a composite indicator tracking inclusion and diversity (see section 4.1.2.2 b)	-	60	65	70	80/100 points
5 – A company that listens to the opinions of internal stakeholders	Percentage of *employees who respond positively to the Moving Forward Together survey question*: "I feel like my opinion matters and my ideas are taken into account in my company."	-	-	69%	71%	80%
6 – A company that blends harmoniously into its environment and is beneficial for its local host communities	Percentage of employees involved in local volunteer programs	<10% in the legacy scope of reporting	-	2.5%	8.7%	20%

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

(1) The three ambitions expressed in the 2021 Universal Registration Document – to be (i) a company where employees develop their employability; (ii) a company in which everyone feels like an owner/stakeholder; and (iii) a company where employees are motivated/engaged – have been maintained, but are no longer being led by the Human Rights Governance body.

Human rights risks identified and factored into the Group's risk management process

In 2022, the Risk Management Department defined a human rights risk category that addresses the following policy points:

- harassment and discrimination (see section 4.1.2.2 Instilling an inclusive culture of diversity and preventing discrimination);
- employee health and safety (see section 4.1.3 Employee health and safety);
- decent wage and social protection (see section 4.1.2.3 f) Offering fair compensation and benefits);
- freedom of association (see section 4.1.2.3 Promoting responsible social dialogue);
- product safety (see 4.1.4.3 Guaranteeing the quality of our products and services); protecting employee privacy and personal data (see section 4.1.4.1 Ensuring ethical business practices);
- child labor (see below: decent work-related risks now being assessed);
- forced labor (see below: decent work-related risks now being assessed);
- potentially negative impacts on local communities (see section 4.1.2.5 d) Addressing the risk of potentially negative impacts of our business on local communities).

The management of risks relating to discrimination, harassment, employee relations, health & safety, psychosocial issues, forced labor, child labor and personal data is continuously tracked by the Internal Control department using self-assessments and test audits, whose results are followed up with the implementation of action plans.

A deeper understanding of several issues in 2022

Based on the findings of a 2021 audit, a human rights action plan for the 2022-2025 period was prepared in 2022, supported by 16 task sheets, each assigned to an implementation leader with dedicated objectives and milestones. Scheduled actions include drafting a policy (completed in 2022), implementing programs to address possible shortfalls in the areas of discrimination and forced labor, and strengthening the human rights clauses in acquisition contracts.

The new Master Policy on Human Rights has been rolled out in the Group's nine operating regions, which have defined an organization and appointed implementation leaders. In addition, a process for integrating newly acquired companies was devised, which will ensure that human rights indicators are tracked in their organization within five years.

After launching a fair wage initiative, we were able to verify and guarantee that in 2022, 98.5% of employees were paid at least the equivalent of the living wage benchmark[1]. This commitment will be pursued in 2023 by working with the Fair Wage Network to earn certification of all Group member companies. In 2022, a new milestone was reached with the launch of the **Michelin One Care Program, designed to provide every employee with social protection covering parenthood, death and access to healthcare.**

To fight against harassment, the **Integrity project**, which introduced robust prevention and reports handling procedures, was completed in March 2022, with operational oversight assigned to the Group Ethics Committee and the Human Rights Governance body. To verify that the procedures are being properly applied across the organization, ten internal control audits were performed in each operating region in 2022. A harassment prevention program is currently being defined, based on the initiatives developed during the Integrity project and the various compliance programs already in place across the Group. By year-end, the e-learning module on harassment had been completed by 86,134 Group employees, representing **88% of the consolidated workforce**[2]. These awareness building initiatives prompted people to speak up, causing harassment reports to increase to 26% of all reports to the ethics hotline in 2022.

Decent wage-related risks now being assessed in the contracting chain

The **mapping exercise for supplier human rights risks** was completely overhauled in 2020 and updated in 2022, which enabled purchasing categories to be ranked according to their human rights risks. When cross-referenced with the analysis based on sourcing countries posing human rights risks, this category analysis enabled us to prioritize supplier assessments and deployment of preventive actions (see section 4.1.4.2 b). Suppliers are generally assessed with desktop reviews, which assign them an overall score and separate scores by issue, including a dedicated score in "labor and human rights" performance. More rarely, they may be asked to respond to self-assessment questionnaires (see section 4.1.4.3). In 2021, an indicator was introduced to track supplier human rights compliance, with the 2030 objective that 95% of assessed active suppliers earn the expected score. The Group's whistleblowing system is also open to suppliers.

To address human rights risks in the natural rubber supply chain, the **RubberWay®**[3] **mobile application** deployed by the Group in seven countries since 2017 has gathered **information from 136,778 village smallholders** on such topics as income, working hours, working conditions and child labor. Following a more in-depth analysis by district to identify the highest risk regions, a number of projects to improve farmers' living and working conditions have been launched since 2020 (see section 4.1.4.2.c).

(1) As determined by independent expert Fair Wage Network.
(2) With access to the Intouch human resources management system.
(3) 4.1.4.2 c) A dedicated approach for natural rubber/The RubberWay® application.

1.1.2.2 Instilling an inclusive culture of diversity and preventing discrimination

SDG 4.3, 4.4, 4.5, 5.1, 5.5, 8.5, 8.6, 10.2 and 10.3

Discrimination risks

Every person is unique and contributes to diversity. Respecting individuals in all their uniqueness is the basis of the Group's Diversities & Inclusion Policy. **Diversity comes in many forms**, including gender, age, culture, religion, social background, disability, sexual orientation, union membership, family situation, political opinion and physical appearance.

Michelin's approach to diversity and inclusion is guided by three intentions: (i) **that its teams be representative of all the diversity found in their local host communities**; (ii) **that each person be treated fairly and feel free to express their authentic self and uniqueness**; and (iii) **that diversity be experienced in a spirit of inclusion and tolerance, so that it can also help to drive collective performance**.

Reflecting and supporting these intentions, **Michelin does not tolerate any form of discrimination** anywhere in the Group, with respect to anyone or for any reason whatsoever, including in cases allowed by local practice or custom. Employees have access to recourse in every country.

1.1.2.2 a) A comprehensive, worldwide commitment

Policies and objectives

First deployed in 2005, the Group's diversity process was formally described in an initial policy document in 2018. This was followed in 2021 by a new Diversities & Inclusion Policy that sets out guidelines for the entire Group, as well as an objective for 2030. Progress towards the objective is being measured by the Diversities & Inclusion Management Index (IMDI), a composite indicator comprising 12 sub-indicators in five metrics: gender diversity, identity, multi-national management, disability and equal opportunity in promotions. Each of the five metrics is weighted equally in calculating the Index.

In addition, the Code of Ethics, which was updated in 2021, emphasizes Michelin's commitment to combating all forms of discrimination, specifies a number of sensitive situations (hiring, promotions, training, various employee benefits, etc.), cites 12 discrimination criteria as examples and describes real-world situations demonstrating conduct to be encouraged or avoided.

Governance and organization

Diversity management is built on a multi-level global organization. Led by the Corporate Vice President, Sustainable Development and Mobility, the process is managed by a Steering Committee comprising the Executive Vice President, Personnel and the heads of Training, Hiring, Employee Relations and Sustainable Development. The guiding objectives are approved by the **Human Rights Governance body**.

An international Diversities & Inclusion network bringing together D&I managers from each geographic region was organized in 2022. Meeting every two months, the network is led by the Group so that each region can work on every aspect of diversity and help to drive improvements in the IMDI indicator. In 2022, for example, each operating region defined measurable targets for several diversity issues. The D&I network supplements the existing network that already shares best practices in this area.

Team initiatives around the world

Impelled by the Group, a wide range of programs and initiatives have been undertaken in the country organizations, including:

- local Diversities & Inclusion Councils tasked with organizing and fostering diversity in North America, Brazil and other countries;
- diversity charters signed in the South American countries (2022), Romania, France and Spain (2018);
- company-wide agreements signed in France in 2021;
- diversity-related forums and events in China, Brazil, Mexico, India, France and other countries;
- local networks formed in the United States (11 community-based business resource groups), Europe (WoMen Forward, since 2014), Hungary (Seniors' Club) and Brazil (Women in Sales);
- Diversities & Inclusion pages on country and regional intranets, and video messages from leading regional executives addressing the issue, in France, the United States, Mexico, Brazil and other countries;
- outside partnerships with local associations in the United States, Brazil, India, Poland and other countries.

Training to encourage inclusion and attenuate the risk of discrimination

A variety of training and sensitivity programs are being led to instill a culture of diversity and inclusion and to encourage everyone to treat people solely on the basis of their skills, avoiding any bias based on prejudice or discriminatory stereotypes. In particular, a half-day class-based **bias and stereotype awareness seminar** has been offered for all Group managers since 2020. In 2022, nearly 3,000 new participants were trained, particularly in Europe, South America and Asia, bringing the total number of employees having completed the program to almost 12,000. A new two-hour module was also designed and introduced.

Listening to employee concerns and opinions

By participating in the tenth annual worldwide Moving Forward Together: Your Voice for Action survey (MFT), employees were able to express their opinions about diversity and inclusion issues. In addition, throughout the year, employees around the world are encouraged to submit progress ideas capable of improving diversity and inclusion.

1.1.2.2 b) Targeted initiatives in the five areas of diversity

To track and improve diversity across the organization, Michelin has introduced a composite indicator reflecting five diversity metrics, each with a target for 2030.

2030 IMDI objective	IMDI 2022	IMDI 2021	IMDI 2020
80/100 points	70	65	60

The five IMDI metrics	2022 score	2021 score	2020 score
Gender equality in the workplace	69.2	56.2	48.2
Identity (age, religion, sexual orientation, etc.)	70.7	73	68
Multi-national management	76.2	76.6	69.4
Disability	66.7	56.2	50.8
Equal opportunity	66.6	64.1	64.1

Attesting to the Group's commitment to this objective, of the five metrics in the IMDI diversity and inclusion indicator, three (gender balance, disability, equal opportunity) further improved in 2022, raising the aggregate score to 70/100 from 65. In particular, the proportion of women continued to rise, to 18.8% of senior managers (17.3% in 2021) and to 29.4% of all managers and supervisors (28.9% in 2021). The percentage of employees who started their careers as production operators further increased, to 14.8% from 13.8% in 2021, and disability ambassadors were appointed in 16 of the 17 host countries with more than 1,000 employees. Lastly, two of the sub-indicators of the identity metric also improved, testifying to the growing acceptance of all forms of diversity across the Group.

GENDER EQUALITY IN THE WORKPLACE

Group objective: "Aim to set the gender balance benchmark in our industry" and achieve gender balance among Group senior executives and managers by 2030.

Issue	Indicator	2022	2021	2020	Ambition 2030
Gender equality in the workplace	% of women in positions of responsibility rated N or above	29.4%	28.9%	28.2%	35%
	% of women in positions of responsibility rated G or above	18.7%	17.2%	15.5%	35%
	Compa gap ratio, men/women, categories 1 to 4	2.61%	3.45%	3.62%	<2.2

The percentage of women employees continued to increase in 2022, to 19.6% at year-end, fueled by hiring programs and steadily upgraded workstation ergonomics. Although, much like in the automotive industry as a whole, women accounted for just 13.6% of production operators in 2022 (excluding distribution networks), they were better represented among technical staff (30.1%) and, to a lesser extent, in management and supervisory positions (29.5%). In 2022, more than 38% of new hires were women **in the administrative employees, technicians, supervisors and managers categories**.

WOMEN AS A PERCENTAGE OF EMPLOYEES AT DECEMBER 31, 2022

Percentage of women by employee category and region	Production operators	Administrative employees and technicians	Managers and supervisors[1]	Total	GRI Indicator
North America	15.4%	32.8%	26.2%	19.2%	GRI 102-08
South America	14.2%	25.9%	31.8%	18.8%	
Europe	14.2%	29.5%	30%	20.8%	
Africa/India/Middle East	10.7%	18.9%	27.5%	10.9%	
Asia (excluding India)	14.6%	41%	33%	21.4%	
GROUP TOTAL	**13.6%**	**30.1%**	**29.5%**	**19.6%**	**GRI 102-08**

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

Supported by a multi-year improvement plan, three Executive Committee members are leading the Group's progress in hiring and promoting women in Marketing & Sales, R&D and Manufacturing. Every year, the Regional Presidents set measurable annual targets, backed by action plans.

Making Group jobs more appealing to women

To enhance manufacturing's appeal to women, Michelin is pursuing initiatives in schools and universities around the world to present the diversity of industrial jobs and their appeal to women in the surrounding communities. Plant tours for students and meetings with women employees in a variety of inspiring roles enable girls to see themselves meeting the challenges of today's manufacturing industry. To support this process, women employees can now volunteer to act as ambassadors for their jobs, not only in manufacturing but also in other job families with a low percentage of women, **such as marketing and sales, R&D, IS/IT and digital technology.**

With the same objective of attracting more women to the shopfloor, the production plants are deploying a variety of programs to **improve workstation ergonomics.** In every host country, workshops are being analyzed, workstation by workstation, to identify the ones that are accessible to women and to upgrade facilities as needed so more women can be hired. These studies are supporting the hiring of a growing number of women in the plants, including in operator positions.

Michelin is also committed to facilitating **work-life balance** with a variety of supportive benefits, including flextime arrangements, working from home (see section 4.1.3.4 a), daycare facilities and nursing rooms, financial aid for childcare, service centers, and maternity support in particular.

Increasing the percentage of women in management and on executive bodies

A dedicated action plan is being pursued in every region to increase the number of women in management. The percentage of management and supervisory positions held by women[1] has risen steadily since 2013, from 22.5% to **29.5% in 2022**. To maintain this momentum and break the glass ceiling, the objective is now to reach 35% by 2030, along with a second target of having woman account for 35% of so-called "Group Manager" positions[2] by 2030 versus 18.7% in 2022.

At January 1, 2022, the Executive Committee was made up of nine members, whose role is to assist the Group's two Managers. In 2022, five of the 11 members of the CGEM Supervisory Board and two of the four members on each of the Board Committees (Audit, Compensation and Appointments and CSR) were women[3]. The Supervisory Board and its CSR Committee are both chaired by women.

Ensuring wage equality worldwide

Every year, country Personnel Department managers analyze the compensation of men and women employees and define action plans to close any gaps. For many years, the Group has used the compa ratio gap indicator to measure the difference between men and women's compensation, based on the market rate for a similar position. Because its statistical processing method enables comparisons on a broader scale, in 2022, the Group decided to use the compa ratio to replace the previous indicator based on basic salary data. Using this method, based on market compensation for a given position in a sample of 330,855 employees, the overall gender gap was **-2.61% in 2022, versus -3.45% in 2021**[4]**.** In France, the company-wide agreement negotiated in 2022 renewed the partnership between MFPM and the French National Institute of Demographic Research (INED France). An independent study by INED researchers found that the residual value of the like-for-like gender pay gap was less than 1% in every employee category. Lastly, since early 2019, MFPM has calculated and disclosed its Gender Equality Index, **which again stood at 99/100 in 2022.**

In 2022, Michelin was nominated for the Humpact Emploi France award, which honors the most employment-friendly company in France, regardless of industry, based on its job creation track record and virtuous labor policies.

(1) Employees with a level of individual responsibility of A to N, according to the Hay method used by the Group.
(2) Employees with a level of individual responsibility of A to G, according to the Hay method used by the Group.
(3) See also section 3.1.3.3 Diverse profiles and experiences represented on the Board – gender balance on management bodies (categories 1 to 4).
(4) Categories 1 to 4.

IDENTITY (THE SUM OF AN INDIVIDUAL'S PERSONAL CHARACTERISTICS, SUCH AS AGE, SEXUAL ORIENTATION, ETHNICITY OR RELIGION):

Group objective: "Enable every person to be who they really are and to bring their authentic selves to work."

	2022	2021	2020	Ambition 2030
MFT question[1]: "In my workplace, I am treated with respect, regardless of who I am or what my position is."	85%	84%	83%	>80%
MFT question: "In my workplace, I believe that people are treated fairly (for job assignments, promotions, etc.) regardless of their background, personal characteristics or other differences."	67%	65%	62%	>80%
Difference between the highest score in an age category and the lowest score in an age category on the MFT survey question: "I can fulfill my career objectives at Michelin."	4 points	3 points		No difference among the age categories

Michelin seeks to encourage people to express their differences so that they can feel at ease in the corporate community. To enhance everyone's ability to embrace a multitude of differences, the Group organizes bias and stereotype sensitivity training (see section 4.1.2.2 a).

In 2022, a project was undertaken to ensure that the Group's communication to employees and outside stakeholders speaks to everyone, regardless of their **gender identity**. The resulting document, which describes practices that can be used depending on local customs and conditions, has been distributed to ethics committees and chief communications officers in every region.

In North, South and Central America, LGBTQ employee networks organized events and information campaigns to heighten their acceptability.

In Brazil, the hiring department focused in 2022 on addressing several forms of diversity, with an emphasis on race, disability, gender, LGBTQIA+ people and people over 50. Employees were also encouraged to indicate their race in internal systems, with a quarter responding positively.

In Canada, an anonymous self-identification questionnaire was sent to all employees during the year to get a quantified view of diversity and workplace equity in the company. The findings helped to determine the percentage of employees who were members of a visible minority, indigenous persons or persons with disabilities, as well as a breakdown by gender, with the goal of deploying corrective action plans if the results fail to align with Canadian labor market data.

MULTI-NATIONAL MANAGEMENT:

Group objective: "All of the Group's host country nationalities and cultures are represented in all the corporate functions in the operating regions and at headquarters, in line with the geographical footprint of each business. In each country and region, more than 80% of management positions are held by locals".

	2022	2021	2020	Ambition 2030
% of employees with a level of responsibility from A to I working in a growth region who signed their first employment contract in that growth region	85.8%	83.2%	78.8%	80%
% of non-French nationals among the Group's 100 most senior executives	33.3%	35%	30%	50%

Michelin is committed to nurturing the emergence of a highly skilled global team of local managers. Particular attention is paid to fostering the emergence of local managers in the growth regions of South America, Southeast Asia, China, India and the Middle East. **In 2022, 85.8% of managers in the growth regions were locals.** With the new IMDI index, Michelin is taking its objective to the next level by aiming for half of its 100 most senior executives to be non-French nationals by 2030 In 2022, the percentage was 33.3%.

(1) Moving Forward Together survey.

DISABILITY:

Group objective: "Michelin offers career paths to people of all abilities, in accordance with its talent development policy".

	2022	2021	2020	2030 Objective
Percentage of country organizations with more than 1,000 employees with at least 2% of the workforce recognized as disabled	35.7%	38.5%	46.7%	100%
Percentage of country organizations that have appointed an Ambassador with expertise in workplace disability issues	97.6%	88%	60%	100%

Michelin has long pursued a commitment to hiring people with disabilities and retaining employees who become disabled at some point in their careers. Disabled employees made up 6.89% of the French workforce in 2022, once again exceeding the legally mandated quota of 6%. In Poland, one autistic and ten hearing-impaired employees were hired for the first time.

During the year, the network of Diversities & Inclusion managers was also asked to recommend pathways to progress in this area and to exchange best practices. This inspired two new country organizations, in Thailand and Mexico, to plot a course to meeting the Group's minimum target of disabled employees accounting for 2% of the workforce. Discussions were also initiated with Handicap International to be able to count people with disabilities even in countries where these data are confidential.

EQUAL OPPORTUNITY

Group objective: "Every employee can develop their talents in the company, regardless of where they started at Michelin. As a manufacturing company, Michelin pays particular attention to promoting production operators (category 5)".

	2022	2021	2020	2030 target
Percentage of category 1 to 4 employees who began their careers as category 5 (production operators)	14.8%	13.8%	13.4%	20%
Percentage of managers (NRI A to N) promoted from within	69.8%	72.7%	73.9%	80%

Promoting from within is one of the Group's core values. This is why the new IMDI indicator includes targets for the career development of people hired as production operators and for the percentage of managers promoted from within.

Michelin also strives to support the social inclusion of disadvantaged people in its host neighborhoods.

In France, MFPM has been deploying a program since 2019 in 1,514 disadvantaged neighborhoods in French cities, leading such results-oriented initiatives as hiring refugees for maintenance positions under the Hope program (14 hires under permanent contracts since 2019), mentoring young people from disadvantaged urban neighborhoods and helping to hire people alienated from the workforce through Humando, Simplon and other programs. Partnerships were also formed with associations to hire refugees in several other European countries in 2022.

1.1.2.3 Dialogue with stakeholders SDG 8.5, 8.8, 10.4

By "stakeholders", Michelin means the people or groups of people who are impacted by its business or who may impact it in return, so that corporate strategy reflects their needs and expectations.

Building trust-based relationships with stakeholders is an opportunity for the Group to improve its ability to foresee and purposefully challenge its social responsibility commitments.

Michelin has long nurtured continuous dialogue with all its stakeholders, including *customers, investors, employee representatives, suppliers, public authorities, local communities, international organizations and NGOs*. For example, the associated Group departments organize specific meetings every year with each category of stakeholders, led by one or several engagement managers.

Within the Group, the Sales, Marketing, Investor Relations, Purchasing, NGO Relations, Public Affairs, Employee Relations and Personnel Management departments, as well as plant communication managers, are responsible for taking into account and responding constructively to the expectations of their stakeholders. To this end, the departments regularly contact and meet with Group stakeholders throughout the year, at both the corporate and local levels.

1.1.2.3 a) A corporate committee

The Corporate Stakeholder Committee is made up of independent members from outside the Group who are representative of the Group's key stakeholders. They are selected by a Steering Committee, which is also tasked with organizing meetings and events. Its members include one of the two Managers of the Group, the Executive Vice Presidents of Engagement and Brands and Urban and Long-Distance Transportation and the Presidents of the European Regions, all of whom are members of the Group Executive Committee.

Members of the Corporate Stakeholder Committee are chosen for their ability to represent the Group's various stakeholders, as well as for their expertise, geographic origin and interest in sustainable development issues. They are appointed for three-year terms, renewable once.

The Committee offers advice and support in assessing the alignment of Michelin's sustainable development strategy with outside needs and expectations. It meets with the Group Executive Committee once a year.

In 2022, the Committee comprised 12 standing members from Europe, Asia, North America, Africa and other regions who were all representative of the Group's key stakeholders, i.e., a supplier, two customers, a trade union, two NGOs, an investor, an international organization, a philosopher, a leading urban mobility transformation researcher, a representative of the new economy and a young person.

Held in person at the Ladoux, France center on September 1 and 2, 2022, the Committee's seventh annual meeting with members of the Group Executive Committee focused on two main themes: Michelin's **circular economy strategy** and **2030 objectives, and the initiatives to increase the appeal of the Group's manufacturing jobs**. The recommendations report was shared with the teams for further discussion and input into action plans.

1.1.2.3 b) Dialogue with civil society organizations

Michelin nurtures ongoing dialogue with civil society organizations involved in both environmental and social responsibility issues.

A corporate Relations with Civil Society Organizations unit, in place since 2014, is supported by a network of 28 correspondents around the world. Trained both internally and externally, the correspondents can draw upon both a handbook (A Practical Guide to NGO Relations) and a methodology. They are subject to an internal quality control audit every two years on average. Tasked with initiating dialogue with NGOs on targeted issues and understanding their expectations.

They regularly engage with such social and human rights NGOs as Amnesty International, Global Witness, the International Federation for Human Rights (FIDH), Human Rights Watch and Reporters Without Borders. In 2020 and 2021, for example, Michelin addressed a controversy concerning a Belarusian supplier (with which it has since suspended all business relations) by working closely with the Belarus Helsinki Committee, the Danish Institute for Human Rights, the FIDH, Free our Belarus, the International Center for Civil Initiative – Our House (ICCI), and the Business and Human Rights Resource Center (BHR, Kiev), as well as with the Professional Union of Belarusians in Britain (PUBB), the IndustriALL Global Union and the International Labour Organization.

In line with Michelin's 2015 pledge to consult all its external stakeholders every two years on the issue of sustainable natural rubber, meetings were held in 2016, 2018, 2020, and, most recently, in November 2022, when around twenty social and environmental NGOs, as well as representatives of producers, manufacturers and academics, were invited to take part in a two-day seminar at the Group's headquarters in Clermont-Ferrand.

The Group reviewed its progress over the past two years and presented its action objectives and performance metrics for the next five years. Discussions focused on two issues in particular: initiatives to support local communities involved in rubber farming and improvements in traceability in rubber farming.

1.1.2.3 c) Fostering closer relations with environmental protection associations

Whenever appropriate, Michelin nurtures close ties with environmental protection associations and organizations. These initiatives concern not only the production facilities or the Technology Center, but also office facilities. Partnerships have also been formed with local, national and international associations, in particular to support biodiversity[(1)].

In 2022, Michelin pursued the cooperation agreement with the World Wildlife Fund (WWF) signed in 2015 and renewed in 2018 to promote sustainable natural rubber around the world. The Group is a founding member and active supporter of the Global Platform for Sustainable Natural Rubber (GPSNR), a multi-stakeholder platform that encourages best practices across the natural rubber value chain. In addition to the WWF, several other NGOs are actively participating in the platform's activities, including Birdlife International, the International Federation of Human Rights Leagues, the Forest Stewardship Council, Global Witness, Mighty Earth, the Rainforest Alliance and EarthWorm. Lastly, the Group nurtures attentive dialogue with a wide variety of national and local NGOs to help protect the environment and encourage the development of good practices.

1.1.2.3 d) Dialogue with investors

In 2022, the corporate Investor Relations team, accompanied by the Managing Chairman and/or the General Manager and Chief Financial Officer, engaged with institutional shareholders in a variety of ways, including leading in-person and digital roadshows, participating in automotive, ESG and general-interest conferences and organizing various shareholder events.

In early October, a roadshow dedicated to governance issues was organized by the Investor Relations team and the Group's General Counsel, accompanied by the Chair of the Supervisory Board.

During the year, the Investor Relations team responded to questionnaires from rating agencies, credit rating agencies and proxy voting agencies.

In 2022, the Group posted its first ESG data report for 2021 online in a single spreadsheet to facilitate stakeholder access[(2)].

(1) See section 4.1.1.3 Supporting biodiversity.
(2) Available at www.michelin.com and updated in 2022.

1.1.2.3 e) An assertive social dialogue process

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 Duty of Care Plan and the risk mapping exercise cover the quality of social dialogue as an issue, with the risks to the Group primarily concerning employer attractiveness, skills and employee engagement (see section 4.1.2.4 Supporting employee growth and development).

In 2015, Michelin **issued a policy that recognizes the positive contribution of freedom of association, collective bargaining and staff representation independent of management,** which are a source of proposals and ensures that employees' fundamental needs are taken into account in every host community. Its application around the world is overseen by a Group Director of Social Development, who is also tasked with improving social dialogue where it falls short of Group standards. This initiative is helping to drive steady progress, especially for production operators. In addition, managers receive training in the legal aspects of labor relations.

Compliance with Policy commitments is also verified by an internal control process.

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.

It was in this same spirit that in late 2019, Michelin announced it was setting up a Global Works Council. Through such an economic, social and environmental observatory, the Group hopes to encourage a social dialogue process commensurate with its image and capable of driving its overall performance. The Global Works Council was created in early 2020 with 39 employee representatives from all the Group's operating regions.

At its second meeting, held in person on October 19 and 20, 2022, the participants, including three Group Executive Committee members, reviewed in detail Michelin's 3P strategy (People, Profit, Planet) in the production plants and the new growth territories. Employee relations issues were also addressed, in particular through the deployment of a guaranteed living wage and skills development opportunities for everyone.

Demonstrating the intentions of the new policy

The notion of social dialogue, which implies, in particular, sharing key issues more broadly and deeply so as to encourage the entire workforce to participate in defining strategy, is gradually informing all of the Group's management practices. The Group provides all the information stakeholders need to form an objective, reasoned opinion and express it with confidence as part of the social dialogue process. The structure and content of this information are negotiated with employee representatives and comply with legal obligations in each country.

Restructuring is a fact of business life, an exceptional, yet in certain circumstances unavoidable, event that must be undertaken to maintain the Company's viability. It therefore has to be managed responsibly, aligned with the three pillars of the Group's All Sustainable vision. Michelin is also a member of Business for Inclusive Growth (B4IG). In this regard, should restructuring be necessary, the Group takes care to ensure that all of the affected employees are reassigned or outplaced, while easing the impact on local communities with, in particular, revitalization initiatives.

In addition, Group policy specifies that the project must be announced as soon as possible and carried out in accordance with the procedures negotiated with employee representatives.

In every country, meetings are periodically organized to share, in line with standard French practices, detailed financial and social information among local executives, line managers and employee representatives. Transparently explaining the issues so that they are understood by all parties creates conditions conducive to much more responsible dialogue during negotiations.

In France, talks initiated in 2019 concerning the industrial diagnostic reviews performed in the country's 15 production facilities (see the 2019 Universal Registration Document) enabled each one to roll out a genuine co-construction process in early 2021. Employees, their representatives and local management came together to submit informed proposals to improve plant competitiveness with the full support of every stakeholder, as part of the France 2021-2023 simplification and competitiveness project.

In this same spirit of co-construction, a very broad spectrum of office and administrative employees remained actively involved in performing diagnostic reviews and defining simplification drivers, to help determine the conditions for implementing the various projects in the Simply program.

In parallel, negotiations with employee representatives in France resulted in a framework agreement on (i) the terms and conditions of the annual Collective Settlement Agreements (RCCs) and (ii) measures to support employees in their career development and retraining. Implementation of the latter has been generally appreciated by the beneficiaries and acknowledged by the employee representatives. The framework agreement specified the co-construction methodology for working with employee representatives and unions during the three-year project (2021-2023). It has now been extended by the broader "People and their Working Environment, 2023-2027" agreement, which incorporates the notion of collective intelligence.

An increasingly mature social dialogue process and workplace environment in every Region

In Western Europe, conditions in the Passenger car and Truck tire markets have forced the Group to reconfigure its manufacturing footprint, in particular by terminating production operations at the plants in La Roche-sur-Yon in France and Bamberg in Germany announced in 2019. Nevertheless, responsible social dialogue has been constantly maintained with employee representatives, so that everyone can work together to jointly define the most effective procedures for implementing the restructuring process (see section 4.1.2.3 c) and supporting people.

To date, all the 858 impacted Bamberg employees have found a solution through retirement, transfer to another Group facility, outplacement and/or a career change after in-house retraining. At the La Roche-sur-Yon plant, only 20 of the 619 impacted employees are still in the transition phase.

The quality of social dialogue generally improved around the world, and particularly in Europe, as seen in the findings of the 2022 engagement survey.

Moreover, the health crisis and the geopolitical instability that impacted every region of the world revealed a very deep social cohesion across all our geographies, by strengthening ties between local management and employee representatives.

Listening to employees via the annual engagement survey

Employee engagement is an important driver of operational excellence and the ability to meet the Group's performance objectives. Michelin has set the particularly ambitious objective of becoming a **world-class leader** in this area by reaching and maintaining an 85% employee engagement rate. The annual Moving Forward Together: Your Voice for Action survey measures the engagement rate and employee feelings about their work, in light of the seven aspects of the Group's employee value proposition. It was conducted across the Group[1] for the tenth year in a row in 2022, with, for the first time, more than 100,000 employees participating. This represented **an 89% response rate**, a two-point increase on the prior year. Employee confidence in the survey illustrates how managers are increasingly using it to support dialogue in their teams and drive continuous improvement. Such a high response rate also ensures the credibility of the findings.

In 2022, the overall employee engagement rate rose by three points, to 83%, with similar gains among production operators, administrative employees and managers. The improvement was very noticeable in a highly tense environment, roiled by inflation and supply chain disruptions.

The engagement rate highlights the very good employee perception of the way the **crises we are facing are being managed**. The survey also showed that the priority issues are (i) preparing employees to meet our new challenges; (ii) simplification; and (iii) well-being in the workplace.

Encouraging employees to submit Progress Ideas

First introduced in 1927, Michelin's pioneering participatory innovation process, known as Progress Ideas, offers every employee the opportunity, spontaneously and at any time, to act as an agent of continuous improvement across the Group by suggesting solutions to improve a situation or solve a problem, thereby contributing to the innovation dynamic.

Managers are expected to encourage their team members to submit these ideas and make them a reality.

The results attest to the success of the Progress Idea system in the Group, with more than 21,900 employees submitting at least one idea in 2022, or 30% of the workforce that had access to the process.

Of the total **44,789 ideas** received in 2022, more than 16,350 were implemented during the year, delivering improvements in areas of special interest to the Group, such as safety, quality, working conditions, cost savings, diversity and the environment.

Encouraging intrapreneurship

In 2014, **the Michelin Innovation Lab (MIL) intrapreneur program** was launched to offer every employee an opportunity to explore new business territories and monetize innovations, with the goal of helping to drive the Group's growth. Currently present in Europe, North America and China, the MIL operates in three of our four strategic non-tire growth paths: Experience, Services and Solutions, and High Tech Materials.

In 2022, it **supported more than 100 ideas submitted from across the organization**. During the year, around a dozen reached the incubation stage, with defined objectives and budget, with a view to becoming new business activities.

The MIL also supports employee skills development through coaching programs that encourage personal empowerment, risk-taking (and therefore the possibility of failure), innovative thinking and unlimited curiosity.

Dream big and embrace the Group

The Group recently completed an unprecedented collective intelligence initiative, which invited every employee to join in co-building the Corporate Dream.

This gave everyone the opportunity to express their views on the major challenges facing humanity that Michelin and its unrivaled capabilities could help meet by 2050. More than 13,600 employees participated, through nearly 8,000 contributions and 80,000 votes on an easily accessible application.

In this way, the Group is dreaming of breaking boundaries in the areas of social progress, climate change, health and natural resources. "Having a dream is necessary to harness our energies and fulfill our Purpose," noted Managing Chairman Florent Menegaux. "Dreaming means projecting beyond ourselves and thinking of future generations. We have to dream big because Michelin has so much to offer."

This is the start of a long-term process for the Group's employees to embrace this collective dream and make it their own, in a pioneering spirit of optimism and innovation.

1.1.2.3 f) Offering fair compensation and benefits

Compensation, payroll taxes and other employee benefits

Employee benefits expense amounted to €6,950 million in 2022.

	Total employee benefits expense in 2022 *(in € millions)*	**Production operators**	**Administrative employees and technicians**	**Management staff**	**Provisions and provision reversals for pension obligations**	**Taxes and provisions**
Group	6,950	2,471	2,670	1,334	16	458

For the entire Group, the allocation of employee benefit costs by function (wages and salaries, payroll taxes, etc.) is presented in Note 7 "Employee benefit costs" in section 5.2 Consolidated financial statements for the year ended December 31, 2022.

(1) One Michelin scope of reporting.

Ensuring that compensation reflects each employee's performance and level of responsibility

Michelin is committed to offering every employee compensation that is personalized, fair and market-competitive, and that reflects their 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 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.

The Group's variable compensation policy is designed to:

- enhance its ability to attract and retain talented employees in every host country;
- empower and incentivize everyone to meet our growth challenges;
- encourage collaborative working methods;
- give everyone a stake in the Group's earnings and share created value more equitably.

The new system will be founded on the following basic principles:

- a similar system for everyone, regardless of job position or business, level of responsibility or country;
- bonuses comprising the following components:
  - a Group Bonus for every employee, depending on how well the Group meets its objectives,
  - a Team Bonus, depending on how well shared objectives are met, thereby encouraging people to work more collaboratively;
- the bonuses will be indexed to the Group's results and if the objectives are exceeded, over-performance will be rewarded;
- bonus amounts will be defined for each level of responsibility and aligned with job market practices in each country.

Integrating CSR performance criteria into executive compensation

Tasked with helping to define Group strategy and its execution, the Strategic Operations Group (GOS) comprises the Group's 100 most senior executives, including the Managers, the members of the Group Executive Committee (CEG) and the members of the Group Management Committee (CDG).

These members receive a significant portion of their annual compensation in the form of performance share rights, whose number depends on the member's:

- level of responsibility;
- country of posting (or of origin in the case of expatriates);
- performance against objectives, including managerial performance (ICARE model[1]).

The performance condition is based on three closely related criteria reflecting different aspects of Michelin's People, Profit and Planet strategy, which are presented in detail in Chapter 6 Investor relations (see section 6.5.4 Share grants and performance shares).

If all of the performance criteria are fully met, the granted rights would represent no less than 20% of the fixed compensation of these employees.

Guaranteeing a living wage for all employees

In 2020, Michelin worked with independent expert Fair Wage Network to develop a methodology to analyze employee compensation in its member companies. Since 2021, it has been committed to verifying and guaranteeing that all employees are paid a living wage, i.e., compensation that is high enough to support a decent standard of living by enabling them and their families to pay for food, housing, education, healthcare and other basic needs.

In 2022, a review of Group compensation[2] found that **98.5% of employees are paid at least the equivalent of the living wage benchmarks** defined by the Fair Wage Network.

This commitment will be pursued in 2023 by working with the Fair Wage Network to earn certification of all Group member companies.

Offering a variety of supplementary compensation

Depending on the country and local labor market practices, employees may be offered various forms of supplementary compensation. In France, for example, the 2020-2022 discretionary profit-sharing agreement renegotiated with the trade unions is structured in two tiers:

- the first defines the profit-sharing framework applicable by each company;
- the second defines specific profit-sharing criteria for each plant or office, such as the achievement of production targets, the reduction in material waste and the digital certification rate. These profit-shares, which are paid in the first quarter of the following year, can amount to up to 8% of an employee's salary.

Employee benefit policies reflecting Michelin's social responsibility

Employee benefit policies cover healthcare coverage, insurance and post-retirement benefits, but also mobility, the family and education. National benefit systems are supplemented to ensure that employees enjoy competitive benefits in most host countries. Benefit policies are regularly updated in response to changes in the economic and legal environment and in social needs.

In addition, in 2021, Michelin defined the Michelin One Care Program, a set of basic **social protection** benefits to which every employee is entitled. The Program embodies **the Group's commitment to supporting every employee at key stages in their lives, covering parenthood, death and access to healthcare. Roll-out began in 2022, for scheduled completion in 2025.**

In 2022, the Michelin One Care Program was honored with the "Universal Social Protection" award by the Compensation and Employee Benefits Observatory (ORAS, a member of the RH&M Group).

(1) ICARE: Inspiring, Create trust, Awareness, Results, Empowerment.

(2) The 2022 campaign covered 97% of Group companies, representing 96% of the consolidated workforce. The companies that were not reviewed had only been acquired during the year or were in the process of being sold.

Protecting employees from the financial consequences of an accident or illness

Michelin is continuing to deploy and upgrade systems to safeguard employees, as well as their spouses and children, against the potentially significant financial consequences of an illness or an accident. In most countries, healthcare plans cover medical expenses and insurance coverage guarantees an income in the case of disability leave or death.

A wide range of proactive workplace health and safety initiatives are being assertively deployed (see section 4.1.3.2 a) Systematically monitoring employee health, to prevent and manage occupational illnesses) and public health campaigns on such topics as nutrition and vaccinations are regularly conducted on-site.

Supplementing national pension systems

With life expectancy on the rise, a growing number of countries have national pension systems that may not be sufficient to meet employees' expectations. In response, in certain countries, Michelin has implemented systems that provide employees with additional post-retirement income, in accordance with their length of service.

For more details concerning Michelin pension plans, please refer to Note 27 "Employee benefit obligations" in section 5.2 Consolidated financial statements for the year ended December 31, 2022.

Enabling every employee to become a shareholder on preferential terms

Employee share ownership is a strong indicator of employee confidence in the Group's future and strategy. By becoming shareholders, employees enjoy the special position of both contributing to and sharing in the value their Company creates. This is a real-world illustration of the "I am Michelin" transformation program, one of whose goals is to enhance employee buy-in and sense of co-destiny with their Company.

The year 2022 was a turning point for Michelin's employee share ownership process, with a number of developments designed to incentivize employees and improve access:

- annualization of the global BIB'Action employee share ownership plan;
- a shareholder-approved four-for-one stock split, which made the investment more affordable;
- a redesigned offer with preferential terms, including a 20% discount on the reference price and a graduated matching contribution in free shares.

Despite the uncertain economic environment, the results were very positive, with 47 country organizations participating and more than half of all employees taking up the offer, with a higher average investment than in previous plans

As of year-end, around 77,500 active employees worldwide were Michelin shareholders, owning an aggregate 2.2% of the Group's issued capital[(1)] and representing nearly **60% of the workforce.**

1.1.2.3 g) Transparency: information concerning redundancy plans, job retention initiatives and retraining, placement and support programs during the year

France

1. **The La Roche-sur-Yon plant**

On October 10, 2019, MFPM announced its plan to close the La Roche-sur-Yon plant in France before the end of 2020, which would also have a direct impact on the semi-finished products workshop at the Cholet plant.

An agreement on job retention initiatives was signed with a majority of trade union representatives on January 23, 2020 and implemented on April 1, 2020. At that time, 613 jobs were eliminated at the La Roche-sur-Yon plant and 68 in the semi-finished products workshop at the Cholet plant.

As of December 31, 2022, 94 employees had opted for early retirement, 126 had accepted a transfer within the Group and 480 had been outplaced. Of the employees who took retraining leave with the support of an outplacement firm, 69% have found a job or started their own business and 7% are still being assisted by the firm in finding a job or starting their own business.

A three-year revitalization agreement signed with the French government on June 30, 2020 will help to create 613 new jobs. By year-end 2022, authorities had approved applications to support 540 jobs, of which 281 had been created.

Separately, Michelin began working with leading public-sector stakeholders in the region to devise a project to transform the site into a multi-purpose center of excellence, combining manufacturing, research and training activities focused on sustainable energy, innovative mobility solutions and other future-facing technologies. The project is underpinned by the same principles as applied in the revitalization of the Dundee and Bamberg sites.

2. **Three-year project to transition the manufacturing and corporate and administrative operations**

On January 6, 2021, Michelin announced a strategic project to transition its operations in France over the 2021-2023 period, specifying that it would not entail any layoffs.

To implement the project, Michelin and the unions signed the ADAPT France 21-23 framework agreement on April 27, 2021, defining the support measures for all impacted employees, whether they wish to remain with the Group or prefer to pursue their careers elsewhere.

Under its terms, the parties will negotiate mutually agreed annual severance packages (RCCs), which will be used to support the changes in the workforce and jobs resulting from the project over the next three years.

For employees who volunteer to leave the Group, support measures include early retirement opportunities open to all eligible employees and an outplacement program.

(1) See the consolidated financial statements and Chapter 6, Michelin investor relations – Capital and ownership structure.

Under the 2021 and 2022 RCC agreements, 846 employees had requested early retirement and 255 had opted for outplacement.

The 2023 RCC agreement, signed on January 11, 2023, provides for up to 319 voluntary early retirements and up to 210 voluntary outplacements at Manufacture Française des Pneumatiques Michelin (MFPM), Pneu Laurent (PLA) and Simorep & Cie (CSM).

Italy

In Italy, as part of the Group-wide initiatives being pursued over the 2021-2023 period, the following measures were taken:

- termination in late 2021 of inner tube production at the Cuneo plant, with all the people concerned finding a solution suited to their needs;
- organizational changes in the offices and plants were supported by company-wide early retirement agreements, which concerned 136 people in 2022.

Germany: Bamberg/Hallstadt plant

The gradual closure of the Bamberg plant was announced on September 25, 2019, when the facility had 858 people on payroll. A redundancy plan was negotiated and signed in March 2020.

Tire production operations were terminated on December 17, 2020.

As of December 31, 2022, all the employees had left Michelin and most of them, despite the Covid-19 situation, had found employment elsewhere or opted for early retirement. As of January 1, 2023, 40 people still working in the residual operations were being supported in their job search by a transitional employment transfer agency.

A project to revitalize the site is now underway with the goal of creating new jobs, stimulating the local economy in the Bamberg area, and supporting the transition to a low-carbon economy.

On December 17, 2021, one year after the last tire rolled off the line, a new company, Cleantech Innovation Park GmbH (CTIP), was formed in cooperation with the city of Hallstadt and the district of Bamberg to serve as a home for sustainable technology companies, R&D institutions and universities. The State of Bavaria has also announced it will provide funding for the revitalization project. Ten former Bamberg plant employees have been hired at CTIP.

United Kingdom: Marfleet/Hull plant

On December 13, 2022, Fenner Dunlop Engineered Conveyor Solutions announced the closure of its Marfleet/Hull plant in 2023, which will affect 70 jobs.

Russia accounted for a significant proportion of the plant's sales, which have since been halted by the war in Ukraine. An employee support plan, including financial packages and access to outside retraining and recruitment services, was negotiated and accepted by the employees. Production operations will cease in late 2023.

1.1.2.4 Supporting employee growth and development SDG 4.3, 4.4 and 4.5

As part of our All Sustainable strategy, we need to attract and retain new talent to secure our independence and continue to innovate.

With this in mind:

- the Personnel function's vision is to foster an environment in which employee growth and development is at the heart of the Michelin saga;
- the Corporate Personnel Department is tasked with ensuring that:
  - the requisite skills and talents are available to the Company in the right place at the right time,
  - employees have access to a full range of resources to grow professionally (a skills management system, development solutions, etc.) and boost their employability,
  - the employee development process is focused on acquiring leadership and behavioral skills,
  - social dialogue is consistently high-quality.

The Personnel Department upholds the values of respect, diversity and inclusion and the equal treatment of all employees, in particular by ensuring compliance with the seven personnel policies: Hiring, Employee Development, Employee and Team Compensation, Diversities & Inclusion, Employee Relations, Health, Safety and Quality of Worklife, and Anti-Harassment.

Every unit has a Development Partner reporting to the Corporate Personnel Department and supported by the unit's line managers and Competency Managers. Employee support and development processes are based on the Group-wide Workday HR information system.

Workforce overview

The workforce increased by 6% in 2022, to **132,213 people**(1) at December 31, 2022 from 124,767 a year earlier, lifted by the integration of recently acquired companies into our systems.

The weighting of the respective operating regions remained relatively unchanged. France accounted for 14% of the workforce, with more than 18,100 employees on payroll nationwide.

(1) Including the dealership networks and recently acquired companies.

NUMBER OF EMPLOYEES AT DECEMBER 31, 2022[1]

	Africa, India, Middle East	North America	South America	Asia (excluding India)	Europe	Group total
EMPLOYEES ON PAYROLL, consolidated companies, under any form of work contract, excluding temp agency workers						
2022	**8,258**	**24,870**	**8,290**	**23,550**	**67,245**	**132,213**
2021	7,750	23,538	8,490	19,108	65,881	124,767
FULL-TIME EQUIVALENT EMPLOYEES of consolidated companies, excluding interns, work-study trainees, apprentices and temp agency workers						
2022	**8,216**	**23,797**	**7,474**	**22,656**	**62,774**	**124,918**
2021	7,735	22,386	7,753	19,062	61,478	118,414

Employees by gender at December 31[1]	2021	2022
Men	80.2%	80.1%
Women	19.8%	19.9%

(1) In the consolidated companies, under any form of work contract, excluding interns, work-study trainees, apprentices and temp agency workers

Employees by category at December 31[1]	2021	2022
Production operators	61.5%	61.8%
Administrative and technical staff and supervisors	28.9%	28.9%
Management staff	9.6%	9.3%

(1) In the consolidated companies, under any form of work contract, excluding interns, work-study trainees, apprentices and temp agency workers

1.1.2.4 a) Human resources planning and development

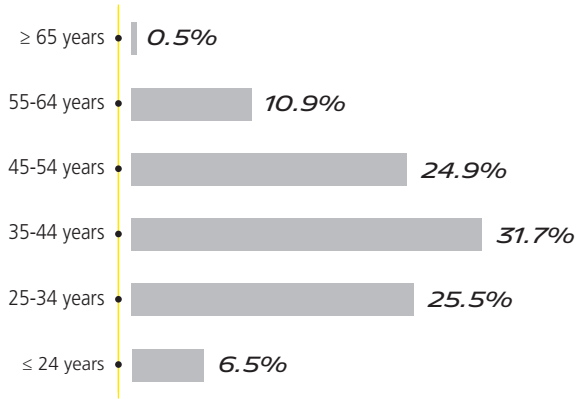
For the new skills development process to work, units and employees should be informed and advised about the talents and skills needed both immediately and over the next three to five years. This means being able to accurately foresee the emergence of new professions, jobs and skill-sets, and how they will inevitably evolve in response to the ever-faster transformation of our ecosystem.

The ultimate goal of the Strategic Workforce Planning (SWP) process is to have the right number of skills in the right place at the right time and at the right cost, so that Michelin can realize its ambitions in current and future markets.

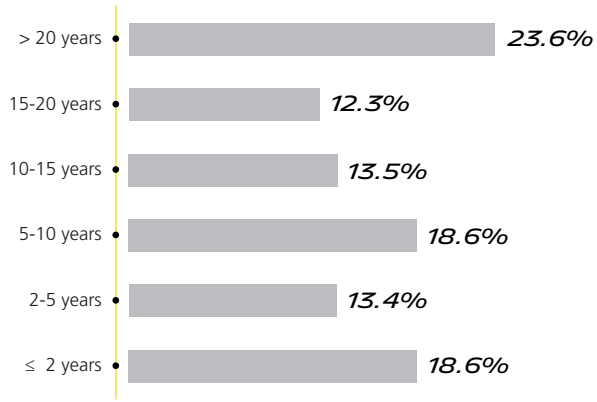
Aware of these challenges, in 2021, Michelin redefined its SWP process, which consists of identifying the Group's skills and workforce needs over the coming five-year period and recommending action plans to address them with hiring, reskilling and upskilling solutions.

Led by the Competency Managers, the process is carried out in the form of a project in response to a specific problem posed, for example, by a new organization, significant changes in a job family or skill needs, or a strategic issue raised by the Group Executive Committee.

AGE PYRAMID[2]



SENIORITY[2]



(1) The sum of the figures rounded up or down to the nearest whole number generates a one-FTE difference.
(2) Concerns all employees except Group managers and senior managers, InTouch classification.

Contract employees

In 2022, **contract employees represented 3.9% of full-time equivalent employees,** compared with 4.1% in 2021.

Temp agency workers

In 2022, **temp agency workers represented 1.71% of employees on payroll**.

1.1.2.4 b) Employer appeal, promoting from within, team succession plans

The new hiring policy introduced in 2018 reaffirmed the following vision: "The MICHELIN Employer Brand is a factor of differentiation in hiring the people the Group needs, in addition to promotions and transfers from within the organization".

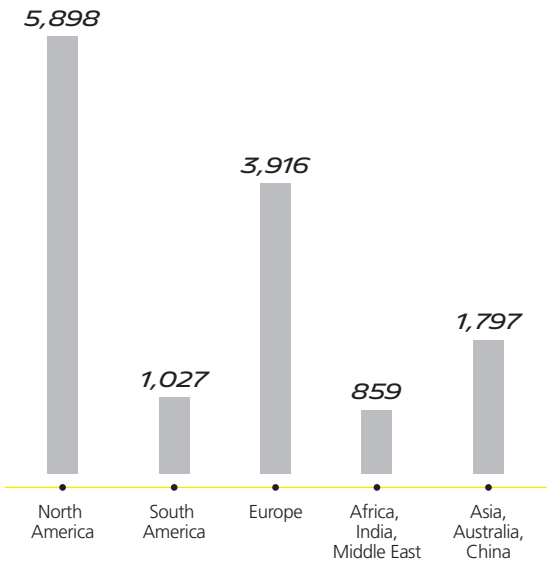
In 2022, each of the **nearly 13,500 people hired under permanent contracts** during the year attended an induction program that guided them through their first days on the job and gave them *first-hand insights* into Michelin's culture and history. The program is also designed to deepen their knowledge of the Group's values and their understanding of its strategy, organization and operating procedures. Experienced through seminars tailored to each employee category, the induction process encourages the development of communities and the ability to work collaboratively.

Michelin consistently prefers to promote from within. As of 2022, 69.8% of people in management had come up through the ranks after being promoted one or more times after their induction period. In addition, potential reviews serve as a basis for effectively managing the people most likely to progress within the organization.

Employee movements as of December 31, 2022

NEW HIRES

New hires under permanent work contracts.



The number of new hires continued to increase in 2022, to **13,497** from 10,241 in 2021, Of the new hires, **more than 27% were women**.

SEPARATIONS BY REASON

Separations in 2022	Resignation	Dismissal/ termination by mutual agreement	Retirement	Death	Total
Group	7,167	2,435	1,829	131	11,562

Scope: Employees under permanent work contracts, excluding the dealership networks and recently acquired companies.

The three main reasons for separation are resignations, dismissals and terminations, and retirement.

In all, the Group's **attrition rate stood at 12.2%** for the year.

1.1.2.4 c) Employee growth and development

A core component of the employee development policy, job mobility is now defined as a "*differentiating factor needed to fulfill the Group's strategic vision. It is an indispensable lever for developing people, enriching their experience and improving their ability to take on broader responsibilities, for their own benefit and for the benefit of the Group.*" Offers of job mobility are based on potential reviews that assess behavior, results and skills.

The system deployed since 2018 ensures that employees are fully and transparently informed of the performance standards, development aspects and mobility opportunities for a given posting or job, *in alignment with the needs of the Group's organizations and business lines and their own personal aspirations*.

Team succession plans are now being managed by the team leader, and "underwritten" by the Personnel Department in a support role. As a result, keeping everyone aware of job vacancies is the cornerstone of the Job Posting process, which is now being deployed across the Group as part of the Workday human resource information system.

In addition, a continuous skills development process has been introduced with three objectives:

- ensure that the person has the critical skills required for the job, thanks to certification by their manager;
- enable the person to improve their job performance, so as to increase their contribution to the performance of their team or unit;
- guide the person in their career development and offer them opportunities to move to a new posting, job or job family.

Employee growth and development is at the very heart of Michelin's Purpose and we strongly believe that successfully adapting to changes in the workplace depends on our ability to prepare employees for the jobs of tomorrow. This means that we have to continuously reassess our jobs and skills needs, while enhancing people's employability to sustain our performance.

This process is structured by **regular performance reviews[1] for more than 90% of employees**, while a career development system based on People Reviews concerns more than 74%.

In response to today's volatile, uncertain, complex and ambiguous world, Michelin set up a talent campus to support employees in their career development or retraining. Known as the **Manufacture des Talents**, it enables people to cultivate their lifelong-learning mindset, while helping to enhance the attractiveness of our host communities and improve talent retention. The Manufacture des Talents: "We're here to help, but the journey is yours."

Manufacture des Talents centers will be set up in a number of regions around France. In 2022, for example, a 2,500 sq.m facility opened its doors in Clermont-Ferrand (France) for Michelin employees. Participants are offered a unique learning experience focused on innovation, excellence and inclusion, built around both training courses (job skills and practices) and services (career guidance, etc.).

1.1.2.4 d) A division of roles to support the process

Michelin is committed to "*enabling every employee to take an active role in managing their career and professional development, with the support of line managers*".

Each team has been assigned a Local Development Partner and a network of Local Competency Managers, who all work together with team managers to cover the risk of a skills gap:

- **the Development Partner**, each team's initial contact person, whose primary mission is to support managers in leading the personal and professional development of their team members. In terms of risk management, they ensure that Group policies are effectively applied on-site, at the front line. Depending on the circumstances, they are qualified to examine any Personnel-related appeals or requests;
- **the Competency Manager**, who is an expert both in skills management and in their job family. They support the development partners in ensuring that the new skills management system is being properly deployed and used by managers and employees.

1.1.2.4 e) Enhancing skills through training

Investment in employee growth and development in 2022 remained close to that of the prior year. Group employees completed **4.46 million hours of training during the year.**

The percentage of training hours per total hours worked came to an estimated 2.4%, compared with 2.6% in 2021. The number of hours delivered online continued to rise, by more than 30% over the year. To deliver this average investment of **41 hours of training per person** on payroll, the Learning & Development function comprises **1,012 full-time professionals**, of whom nearly half are dedicated to training production operators.

The "InTouch Learn" learning management system lets employees directly access both global and local training courses and content. Managers are automatically informed when one of their employees signs up for a course. Everyone is therefore free to choose the courses they need, in compliance with local rules.

(1) Frequent feedback interviews for categories 1 to 4, InTouch classification.

1.1.2.5 Encouraging employee and corporate engagement in local communities

SDG 8.3, 10.2 and 11.4

Michelin believes that the relationships with all its stakeholders, especially the communities near its facilities, are of paramount importance. As part of this holistic vision, the Group is involving all of its suppliers in the community engagement process, requiring them to meet its own high standards and supporting them through outreach.

The Group is also deeply involved in developing and promoting its host communities, by respecting and addressing their expectations and interests. This commitment is manifested in job creation initiatives, training programs, a significant proportion of local sourcing, the payment of local income and other taxes, support for the preservation of each community's natural and cultural heritage, and financial support for projects led by NGOs, associations and other players.

These actions significantly enhance Michelin's impact in all its locations, thereby contributing to initiatives undertaken to prevent the risk of diminished attractiveness as an employer.

To coordinate these objectives more effectively, the Group has organized four major worldwide action programs: Michelin Volunteers (formerly Local Community Engagement), Michelin Development, skills-sharing and the Michelin Foundation.

1.1.2.5 a) Supporting local jobs and businesses with Michelin Development

MORE THAN 41,000

jobs created with the support of Michelin Development, of which

30,000 IN FRANCE SINCE 1990

Supporting local companies with expertise and funding

Michelin is actively involved in creating jobs through its Michelin Development business. The only organization of its kind with a uniquely flexible approach, **Michelin Development** provides local companies with expertise and technical support in a wide variety of areas, including industrial organization, workplace safety, energy efficiency, information technology, the supply chain and more.

This support can be backed by funding in the form of subsidies or five-year, low-interest, collateral-free loans, designed to create leverage with individual or institutional investors, thereby kick-starting a dynamic process of local job creation.

The start-ups supported in 2022 covered a very diverse array of businesses. Projects in any industry are eligible for support as long as they are sound and their champion is competent and motivated.

Over the past 30 years, Michelin Development has helped to create more than 41,000 jobs in France, Spain, Italy, the United Kingdom, Canada and the United States.

A sustained, active presence in local labor markets in France

Since it was formed in 1990, Michelin Development has helped to create more than **30,000 jobs in France.**

Most of its activities involve spontaneous support for local jobs. In 2022, 122 agreements were signed engaging Michelin to support the creation of **1,087 jobs** in local companies, backed by around €3.7 million in loans and subsidies granted.

In 2022, a little under half of its financial commitments were dedicated to production plants being reorganized that were covered by a revitalization agreement. One such agreement, signed in the Clermont-Ferrand region following the elimination of 970 jobs at Group headquarters, was completed at end-2021 after meeting its target. Similarly, closure of the La Roche-sur-Yon plant in late 2019 was supported by a revitalization agreement to create 613 jobs, of which 350 had been filled by the end of 2022.

During the year, the supported SOHOs and SMEs created jobs in a very wide variety of sectors, including:

- in the Indre et Loire department, 104 jobs have been created over the past five years by Loire Valley Invest, a regional investment fund in which Michelin Development was a seed investor. This public-private fund, which invests exclusively in innovative small businesses in the region, offers Michelin Development a fresh lever for creating sustainable jobs, in addition to its own support programs;
- in the Loire region, a small, family-owned chocolate manufacturer is being supported in its expansion by (i) a skills-sharing arrangement with the Michelin plant in Roanne, which provides expertise in organization, industrial performance management and safety; and (ii) a low-interest loan for the created jobs. The company is engaged in a proactive CSR commitment, with participatory governance, green energy and responsible procurement contracts with smallholder cocoa cooperatives in Africa and South America;
- in Muzillac (Morbihan, Brittany), Michelin Development helped a reskilled employee with seasoned experience in plastics processing to set up Alterplast, a plastics processing, thermo-forming and plastic boilermaking company. The support was provided in collaboration with the Initiative Vannes network, with Michelin offering regular mentoring to enable the company to successfully get off the ground;
- as part of the local economic revitalization agreement in the Puy-de-Dôme department, the CoCoShaker social entrepreneur incubator was supported for the Auvergne Terre d'Emergence des Coopérations program. Funding was provided to enable an employee to complete a doctoral dissertation on the impact of multi-stakeholder collaborative innovation on social entrepreneurship in rural communities.

Applying a similar approach in many countries

Since 2002, similar organizations have been set up in other countries.

In Spain, Michelin Development's operations are managed by Fundación Michelin España Portugal, which supported the creation of **147 jobs** in 18 companies in 2022. Since 2004, Michelin Development has committed more than €8.6 million in Spain, enabling the creation of 4,500 jobs in more than 700 companies based in labor markets around the Group's four Spanish plants.

In Italy, the Fondazione Michelin Sviluppo helped to create **22 jobs** in start-ups and innovative SMEs in 2022. In addition, €42,000 in funding was granted directly to companies during the year, and another €21,000 was contributed to social initiatives promoting regional growth and land-use development. The latter funds were allocated to four start-ups whose business models are based on circular economy projects.

In all, around 2,500 jobs have been created since 2005 and some €2.4 million in direct funding has been granted to 334 approved applicants.

In the United Kingdom, following the announcement in November 2018 that it was phasing out tire production at its Dundee plant, Michelin approached local public authorities with a plan to co-construct an ambitious project to transform the site. In December 2018, a memorandum of understanding was signed between Michelin, Dundee City Council and Scottish Enterprise, Scotland's national economic development agency. In June 2019, the three parties became equal shareholders in a new company, Michelin Scotland Innovation Parc (MSIP), which acquired the Dundee site's 32 hectares of land and buildings on January 1, 2021 with funding provided equally by the Scottish public authorities and Michelin.

Since then, **13 companies have moved to the site and 153 local jobs have been created. In addition, 1,400 young people visited the site in 2022.**

The Skills Academy is ready to welcome its first students.

1.1.2.5 b) Participating harmoniously in local community life through our employees

Michelin has a long tradition of social engagement, with a wide range of philanthropic and community outreach initiatives conducted locally and regionally by the plants, the country organizations, the Regions and, since 2014, the Michelin Foundation.

In place since late 2013, the policy encouraging employees to get involved in their local communities was revised in 2021 and new guidelines were drafted and distributed. Now known as **Michelin Volunteers**, the new policy defines eligible initiatives more precisely than before, to distinguish them more clearly from the Group's business activities. It also heightens the emphasis on employee participation in such initiatives, with a **Group-wide target of 20% of employees involved in 2030**. This goal reflects the Group's active support for volunteer initiatives that benefit local communities, which serve as a vector of engagement and pride, while also helping employees to stretch their capabilities in areas different from their daily jobs. Parallel to launching the updated policy, Michelin introduced a **new reporting process for the initiatives**, based on an internal web platform whose easy access from any Michelin facility enables the acquisition of a large amount of data, which in turn facilitates data consolidation at Group level.

Reported numbers declined in 2020 and 2021, reflecting both the revised approach, which tightened eligibility and eliminated certain types of initiatives, and the global pandemic, which curtailed opportunities for volunteering. **Participation climbed sharply in 2022, however, with close to 10,900 employees or 8.7% of the global workforce engaging in initiatives in every region of the world**. Compared with the nearly 5,000 participants in 2021, the strong upturn attests to employees' enthusiastic embrace of the revised policy. During the year, the main initiatives concerned education (30% of projects), followed by health and community outreach (25%), environmental protection (12%), diversity and inclusion (8%) and sports (8%).

In all, Michelin employees donated around **4,300 days** to projects that benefited some 80,000 people in local communities around the world. Examples include:

- a zero waste campaign in **China**, with recycling workshops, second-hand markets and recyclable waste collection helping to raise funds to plant trees and purchase children's school supplies;
- initiatives in **Brazil** to promote beach access for people with disabilities by offering para-sports activities on Rio de Janeiro beaches;
- an educational support program in the **United States**, with employees volunteering as mentors, tutors and lunch buddies for children in a number of communities;
- a campaign in **Thailand** to encourage walking and running, which involved more than 1,000 employees and resulted in the planting of more than 10,000 trees, based on one tree planted for every 10,000 steps;
- collection drives for the Auvergne Food Bank organized in supermarkets in Clermont-Ferrand, **France**.

In addition, €2.1 million was donated to local communities during the year, of which one third was allocated to health and outreach projects.

1.1.2.5 c) The Michelin Foundation: demonstrating our corporate culture and values

€12 MILLION
allocated in 2022 by the Michelin Foundation to
80 PROJECTS

The Michelin Foundation supports outstanding, innovative projects aligned with the Group's humanist culture and values of respect. It is led by a General Delegate who reports to the Board of Directors, chaired by Florent Menegaux.

Since its creation in 2014, the Foundation has supported more than 500 projects in its five areas of focus: sustainable mobility, the environment, education and outreach, sports and health, culture and heritage.

Its activities in 2022 were seriously impacted by the unstable international environment (war, economic crisis, pandemic) and by climate change emergencies. Supported projects included a number of notable cases focused on community outreach, education and the environment.

Responding to an array of crises with an international commitment:

- in May, an unprecedented economic crisis in Sri Lanka required an emergency medical response to deliver essential life-saving medicine to the country, in partnership with on-site teams from the **United Nations Development Programme (UNDP)**;
- In Clermont-Ferrand, a project to support the Ukrainian people financed the housing and training of around twenty Ukrainian women doctors at the **International Center for Endoscopic Surgery (CICE)**, enabling them to pursue their careers and continue working, despite the conflict.

Paying special attention to **school drop out rates**, a trend aggravated by the crises:

- **C'Possible** – in France, there are currently one million young people aged 16 to 25 who have no diploma, no training and no job. ***The Foundation's objective:*** *to increase the number of volunteers from the business and academic communities nationwide to guide 16,000 young people to success every year through 2025;*
- **Enfants d'Asie** – a French association that advocates for children's rights and supports disadvantaged children in the Philippines, the Southeast Asian country most impacted by the pandemic and by child abuse and other socio-economic problems. ***The Foundation's objective:*** *to raise awareness among 10,000 students in nine schools, and support 200 children identified as being at risk of dropping out.*

The Michelin Foundation is also pursuing its **commitment to the environmental transition** by supporting awareness-building and training projects for young people.

- The **Campus de la Transition** works in French higher education to train teachers in the climate emergency and environmentally responsible behavior. ***The Foundation's objective***: *to expand train-the-trainer capabilities with four courses trialed in four universities in Montpellier and Greater Paris, with the goal of cascading down awareness to more than 3,000 students a year.*
- **Biodiv'Educ** is raising awareness of biodiversity and environmental stewardship among young people aged 6 to 18 through innovative workshops using digital technology and video games. ***The Foundation's objective***: *to reach 210,000 young people in the four departments of the Auvergne region.*

These projects are described on the Foundation's website, fondation.michelin.com/en/

1.1.2.5 d) Addressing the risk of potentially negative impacts of our business on local communities

While its plants and other facilities deliver benefits to local communities, the Group is aware that they can also have potentially negative impacts.

In 2019, action principles designed to prevent any risk of a negative impact on local communities were defined based on four situations: when a new production plant is being built, when it is being operated, when it is closed down and when rubber plantations are bought and managed. Key principles included identifying possible negative impact risks, deploying remedial action plans, maintaining dialogue with neighboring stakeholders, introducing a complaints mechanism, focusing on hiring locally and training people in the local community. The WWF was consulted on the draft project.

One result is that new plant construction projects now include local community impact studies, covering such areas as access to land and respect for the community's cultural heritage. Independent studies of this type have been performed in India, Indonesia and Mexico, resulting in recommendations that were followed by the Group. In Mexico, for example, before construction began on a new tire plant, the study found a risk concerning land rights in the local community. The Group then determined that it had the legal right to acquire the land and made sure that the project was beneficial to local economic development. In particular, it helped to finance the renovation of local public infrastructure and the creation of a vocational school.

1.1.2.5 e) Making a public commitment to supporting sustainable mobility

Transitioning to a low-carbon economy with low-carbon mobility for people and goods requires systemic change at every level of society. Recognizing that the challenges are collective in nature and involve international institutions, national and local public decision-makers, civil society and the private sector, Michelin has long been committed to bringing together a wide range of stakeholders around such sustainable mobility issues as minimizing its environmental footprint (GHG emissions, noise and air pollution), optimizing its efficiency, protecting people's health and safety and ensuring universal access[1].

In 2022, Michelin maintained its active commitment to various major global institutional partnerships, and is now **internationally recognized as one of the leading champions of sustainable mobility, even in areas outside its core tire business**.

For example, the Group is proud to be the only private-sector representative on the steering committee of the **Sustainable Mobility for All (SuM4All) consortium**, a major initiative to support countries in the Global South, led by the World Bank and involving a number of UN agencies and multilateral development banks. In 2022, Michelin continued to actively contribute to two new SuM4All projects, one on safe mobility, co-led by the International Road Federation (IRF) with funding from the Michelin Foundation, and the other on gender issues in the transportation industry.

During the year, the Group also expanded its role in the Transport Decarbonisation Alliance (TDA), a coalition of the "3 Cs" (Countries, Cities/Regions and Companies) currently chaired by the state of California, which is advocating for real-world collective solutions for a net-zero emissions transportation industry by 2050. Michelin also pursued its active support for the Sustainable Low Carbon Transport (SLOCAT) platform, which is seeking to federate non-state transportation stakeholders as the industry's focal point for the UNFCCC[2], tasked with organizing their participation in successive COPs. Over the years, SLOCAT has become one of the Group's leading partners in the international arena.

Lastly, through its Foundation, Michelin is continuing to support the initiatives undertaken by the **Climate Chance Association**, made up of French and African non-state actors active in the mobility sector and committed to the climate. In particular, it is backing the project to build national transport roadmaps in a number of emerging economies and countries in the Global South, such as Morocco, Côte d'Ivoire and, in 2022, Senegal.

In 2022, Michelin further raised its global profile on sustainable mobility issues, with invitations to speak at a number of headline international events during the year, including the annual Transforming Transportation Summit organized by the World Bank and the World Resources Institute in February and the 2022 International Transport Forum in May (including participation in a ministers' round-table on supply chain issues). At the COP 27 in Egypt in November, the Group was represented through its partners SLOCAT, SuM4All and TDA, and was asked to participate remotely in a parallel event organized in Sharm-el-Sheikh by Climate Compatible Growth on the challenges of the just transition in Africa.

In 2017, Michelin created the Movin'On ecosystem, which it leads through more than 30 Communities of Interest bringing together more than 300 mobility stakeholders from 60 countries.

Since 2022, the Movin'On Summit has stepped up its commitment to taking sustainable mobility from ambition to action. Created and inspired by Michelin, Movin'On is the world's leading **strategic foresight** and co-innovation ecosystem focused on sustainable mobility. Movin'On emerged from a common vision, shared by all its members, that **mobility is at the very heart of human development but it has to be sustainable.** Based on the principle that no single stakeholder can meet current or future challenges alone, Movin'On gathers a wide range of public organizations, companies, associations and individuals around its vision and gives them the resources they need to innovate together to develop new sustainable mobility solutions. Today, the Movin'On ecosystem brings together more than 300 organizations and, since 2021, its governance has been shared among several leading global corporations.

In 2022, Movin'On represented:

- the introduction of a sustained shared governance structure, in a commitment to stepping up and broadening the impact of Movin'On initiatives around the world. **Thirteen chief executives of leading global corporations** have agreed to join Movin'On's governance team alongside Florent Menegaux;
- the "Movin'On Inside" talk show dedicated to sustainable mobility, whose four episodes were watched by more than 45,000 people;
- the release of eight new episodes of Mobility Stories, the sustainable mobility podcast channel, bringing the total to 21.

Movin'On LAB

Movin'On LAB is a "think and do tank" that enables organizations to **plan, co-innovate and influence** the mobility of the future. **They are helping to foster a continuous process of innovation and international collaboration within Communities of Interest, where they can forge and validate a shared vision, develop their strategies and propose innovative sustainable mobility solutions.**

More than 300 organizations are working with Movin'On LAB Communities of Interest. **A total of 20 Communities of Interest were active in 2022.**

To find out more, please visit the Movin'On Connect website at https://www.movinonconnect.com/

(1) Initiated in 2017 by the World Bank-led Sustainable Mobility for All (SuM4All) consortium, this definition of sustainable mobility based on four policy goals (universal access/efficiency/safety/green) is now a global benchmark.
(2) The United Nations Framework Convention on Climate Change, which is responsible for implementing the Paris Agreement on Climate Change adopted in 2015 at COP 21.

1.1.3 EMPLOYEE HEALTH AND SAFETY

Risks related to the health and safety of employees and contractors

Michelin directly employs more than 132,200 people worldwide and also uses temporary employment agencies and subcontractors. These people work in a very wide variety of environments, primarily in industrial facilities – where they use machines and equipment ranging from manual to fully automated, depending on the type of product manufactured and the model of the machines – but also in logistics and services operations and dealerships.

Given the nature of our business, Group employees and temporary agency workers face a very diverse array of risks and obligations, depending on whether they work in a production plant or an office, on the road or behind a desk. For example, shopfloor employees are exposed to risks related to:

- site equipment and organization (mechanical and electrical risks, installation ergonomics risks);
- the general working environment (heat, working at heights, psychosocial risks, and exposure to country-specific risks such as political instability, terrorism or kidnappings);
- exposure to chemicals;
- industrial accidents and natural disasters;
- handling tires.

Office-based, itinerant and sales personnel are exposed to:

- business travel risks (accidents and health risks);
- psychosocial risks.

These risks can have an impact on the health, well-being, and even the physical integrity of Michelin employees and other people who work in Group facilities. They are addressed by applying dedicated preventive and mitigation measures.

Employee health and safety governance

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

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

1.1.3.1 Engaging in health, safety and quality of worklife policies

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

- the 2011 **Health and Safety Declaration**;
- the 2018 **Health, Safety and Quality of Worklife Policy,** the updated version of the Health Policy;
- **the 2022 Environment, Prevention and Security Guidance Letter.**

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

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

The Health, Safety and Quality of Worklife Policy defines the Group's fundamentals and vision, in alignment with its transformation objectives for 2030 and 2050.

The Environment, Prevention and Security Guidance Letter specifies the short- and medium-term targets for fulfilling that vision, while setting the guidelines that every unit must follow. The scope of reporting does not include newly acquired companies being integrated into the system, where Group procedures are being deployed through a dedicated process.

The Group's risk management procedures are also being applied to employee health, safety and well-being, as part of a disciplined continuous improvement process.

The policies are set out and implemented through the Environment and Prevention Management System, which is based on the international ISO 14001 and ISO 45001 standards. Its application by every employee on every site across the Group (with the exception of companies not yet fully integrated into the system) is delivering consistent outcomes and continuous improvement in performance. The various risks and opportunities have been identified and their impacts assessed. Prevention, protection and response procedures have been defined and implemented and are periodically assessed to manage their impacts.

Every Michelin facility is staffed with risk prevention professionals, such as OSH experts, ergonomists and hygienists, and health care providers, like doctors and nurses.

These professionals share best practices and leverage acquired experience at a regional, national and Group-wide level, as part of a continuous improvement process.

In the production operations, the Environment and Prevention Management System is an integral part of the operational excellence fundamentals of the Michelin Manufacturing Way (MMW) management system, which identifies and promotes good manufacturing practices.

In this way, a full array of improvement drivers are being activated across the organization. **Mandatory training courses and programs are helping to instill a culture of vigilance, engagement and alertness in every employee, both for themselves and for others. The emphasis is on encouraging employees to embrace and demonstrate this culture of safety in the workplace** (see section 4.1.3.2).

Improvements are guided by specific indicators. To manage risks, effective working methods, rule procedures and practices have been defined and are verified by an internal control process.

In recent years, a prioritized risk map has been created, based on data from standardized risk assessments conducted for every workstation.

Priorities in the annual or multi-year action plans are set based on field data and the Group's objectives and targets. The plans are supported by programs to drive continuous improvement both in existing equipment and processes and in the design of new equipment and processes.

1.1.3.2 Safeguarding employee health

According to the World Health Organization, "health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity. The enjoyment of the highest attainable standard of health is one of the fundamental rights of every human being."

Deployment of the Group Health, Safety and Quality of Worklife Policy is improving the performance of individual and general prevention programs, in particular by instilling a common vision and aligning practices among them.

The Covid-19 health protocol issued in 2020 was extended as needed in 2022, based on local conditions. It was left to the best judgment of local managers to apply any or all of the measures, depending on the state of the outbreak around their facility, the type of business operations and the national recommendations in effect.

During the year, a crisis unit remained in operation for facilities in China.

1.1.3.2 a) Systematically monitoring employee health, to prevent and manage occupational illnesses

Since 2010, **the Medical Advisory Committee**, comprising eight outside experts, has helped to foresee and prevent health risks, based on the latest advances in science. Its independent opinions assist Group management in addressing the health risks specific to tire manufacturing. Because conditions have not warranted a new opinion, the Committee has not been consulted since 2021.

A majority of employees are under the care of an occupational physician, in accordance with local legislation. **Medical check-ups** are offered to employees in the few countries, in Africa and the Middle East, that do not require companies to monitor employee health and lack the appropriate medical resources.

In the regions and large European countries where the number of Group employees and national legislation warrant a local approach, health coordination committees are helping to align care systems and the roll-out of the Health, Safety and Quality of Worklife recommendations.

Initiatives to prevent and detect occupational illnesses primarily concern the risks related to lifting, repetitive stress, physical exertion, noise exposure and chemicals.

Occupational illnesses are reported every year to help guide remedial action plans. The Group's definition of occupational illness depends on each host country's legislation.

The majority of the recognized occupational illnesses occurring Group-wide are associated with job-related physical activity. The program to **improve workstation ergonomics** is helping in particular to reduce the occurrence of musculoskeletal disorders. To supplement the general protection measures, employees systematically wear personal protective equipment at workstations deemed at risk[(1)].

(1) See section 4.1.3.2 d) Improving production workstation ergonomics.

1.1.3.2 b) Safeguarding health and ability to work

To further protect employees from impairments in health or the inability to work, the programs to attenuate occupational risks are also supplemented with **local health education initiatives and public health campaigns.**

These programs are designed to instill healthy behavior in employees, both on and off the job. Examples include:

- introducing medical check-ups in 2018 for all expatriate employees and their families, regardless of their home or host country, before and during expatriation, to prevent at-risk situations. During the Covid-19 response, these check-ups proved especially useful in the management of vulnerable people;
- **encouraging employees to engage in physical activities and sports** by installing fitness and athletic equipment and paying a portion of the registration fees for sports activities;
- offering awareness-building and prevention training concerning addictive behavior, nutrition, cardiovascular disease, cancer and other issues that may be defined in connection with local priorities. In some countries, these programs are organized as part of quality-of-life initiatives, such as "Balance", in Germany, "De Bem Com a Vida" in Brazil, "Oxygène" in France, and "Choose Well Live Well" in the United States. These measures, which have been in place for a number of years now, are fully aligned with the workplace health reforms supported by the French Ministry of Labor and other organizations[1];
- focusing special attention on the organization of work-from-home arrangements, which are becoming increasingly prevalent, whether requested by employees or made mandatory in response to the pandemic.

1.1.3.2 c) Managing industrial hygiene risks to protect employee health

Michelin's industrial hygiene policy is designed to protect people's health from the harmful effects inherent in the use of chemicals or chemical compounds or from exposure to certain process fumes or asbestos.

The following five core principles are being followed, by order of priority:

1. **Plan for emerging risks and avoid introducing risks from new chemicals or processes.** Before any new product can be used, its possible risks are managed through a dedicated assessment procedure performed prior to issuing an authorization for use. The procedure gauges the substance's potential impact on human health and, if it is deemed hazardous, defines the conditions designed for safe use. In some cases, its use may be prohibited.
2. **Recognize and assess the existing health risks of chemicals.** The production plants are using a standardized chemical risk assessment method to define degrees of risk and respond with effective management practices.
3. **Manage risks by implementing and maintaining effective practices, by order of priority:**
   - replace substances of very high concern, if technically feasible. Monitoring committees meet periodically to prioritize substances to be replaced and phased out;
   - install and use collective protective equipment and facilities, (containment processes, hoods, extractors). Such collective protective systems are designed into new processes and/or new materials. If existing collective protective equipment is deemed inadequate, they are upgraded and improved whenever technically feasible;
   - use personal protective equipment as the final bulwark for employee protection.
4. **Confirm the application and effectiveness of risk management practices**. The effective application of risk management practices is confirmed through a variety of periodically scheduled maintenance, verification and audit plans. Employee exposure levels are measured in accordance with prevailing regulatory standards and identified risks. The health of employees assigned to exposed workstations is monitored, with regular medical checkups.
5. **Inform and train employees in risk awareness**. Employees are informed of chemical risks and trained to respond to them. Safety data sheets (SDS) for chemicals compliant with REACH legislation in Europe, and with the Global Harmonized System (GHS) everywhere else, are available in the host country language. In some plants, the same information is presented on a product data sheet attached to the workstation.

Risks that may arise from a chemical's reasonably foreseeable conditions of use are addressed across the product life-cycle.

1.1.3.2 d) Improving production workstation ergonomics

Musculoskeletal (MSK) disorders account for the majority of occupational illnesses and, depending on the business, 25% to 35% of health-related impairments are caused by faulty ergonomics. Since 2002,, MSK impairments have been a major focus of the Group's health and safety policies.

Their prevention is taken into account at the design stage of every industrial project, so as to attenuate any potentially negative impact on working conditions over the medium and long term.

The production facilities and logistics hubs draft and regularly update their workstation maps to identify action priorities and put in place tailored solutions.

Ergonomic issues are addressed across the business base every year with a dedicated capital budget, which was increased sharply for the second year in a row in 2022, by 97% to **€28.4 million** after a substantial 50% increase in 2021.

Projects to improve ergonomics are implemented by ergonomist-led multidisciplinary teams comprised of managers, operators, prevention specialists and physicians. Except in units not yet fully integrated into the system, each plant is deploying a five-year improvement plan.

In addition to protecting employee health, reducing ergonomic hardship is also making the workstations more accessible and appealing to a wider range of people. In turn, this is supporting diversity, making workstations a more attractive job option, and enhancing people's well-being and motivation.

(1) Act 2022-296 of March 2, 2022 aimed at democratizing sport in France.

1.1.3.3 Assessing and preventing workplace safety and security risks SDG 8.8

In its **Health and Safety Declaration**, Michelin states that "above all else, Michelin's wish is to ensure safe and healthy conditions for everyone working in the Group". To embed a culture of safety and prevention in every aspect of the Group's business, three essential principles are being instilled across the organization:

- correct behavior begins with compliance with safety guidelines;
- through their active commitment, employees are responsible for everyone's health and safety, both their own and that of others;
- personal engagement drives continuous improvement.

This process emphasizes risk prevention, compliance, employee empowerment and management involvement, so that the Declaration is effectively demonstrated in daily work practices.

In recent years, a comprehensive, prioritized risk map has been created, based on data from standardized risk assessments conducted for every workstation. These data are also being used to set priorities in the annual or multi-year action plans. In France, they are consolidated into the comprehensive risk assessment review (*Document Unique d'Evaluation des Risques Professionnels*), which addresses all the possible risk factors.

1.1.3.3 a) Managing workplace safety

Michelin encourages every employee to embrace a culture of accident prevention based on anticipating, analyzing, managing and mitigating health and safety risks.

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

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

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

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

Before conducting any on-site operations in the production plants or offices[1], outside contractors must work with Michelin to prepare a dedicated risk prevention plan addressing all the tasks to be performed under the contract.

An indirect metric attests to the importance of safety for Michelin employees and the outstanding example set by managers. In 2022: 88% of employees[2] felt that "we never compromise our own safety to meet other targets" (costs, deadlines, etc.). **This was two points higher** than in the 2021 survey.

1.1.3.3 b) Protecting employees in the midst of never-ending international crises

International mobility as the pandemic becomes endemic

While the international mobility of Michelin employees was once again shaped by Covid-19 in 2022, the pandemic's impact gradually faded as hospitalization and ICU numbers steadily dwindled despite the periodic resurgence of new waves of contagion.

As a result, countries began to ease their health restrictions, with border reopenings, in particular, enabling a resumption in international business travel. On March 10, the Corporate Safety & Environment Department issued a memo specifying the latest travel procedures: "Between countries/regions where the omicron [variant] appears...to be under control, business travel is reauthorized without prior Regional Security Officer (RRSE) approval. However, travelers and their business units will have to abide by new rules."

When booking, for example, travelers were urged to consult the Group travel provider's online application, which describes the health situation in the destination country, as well as local procedures (new tests on arrival, mandatory quarantine or hospitalization in the event of a positive test, etc.).

The memo also recommended downloading the provider's app[3] for medical assistance abroad, which provided more details on local health risks and contacts in case of problems. The Corporate Safety & Environment Department also advised travelers undergoing medical treatment to take enough medication to last the entire trip, including any possible quarantine time in the event of contamination. Lastly, it reviewed Michelin's Covid-19 travel health and safety recommendations (available on the Intranet). A second memo, issued on March 31, reviewed the importance of precautionary measures.

For travel to countries where omicron risk remained high, the rules in force during the pandemic continued to be applied, with authorizations issued only for trips deemed "critical" to the Group.

Throughout the crisis, the Security Department held weekly situation updates with the regional security officers to assess the epidemic's impact on the Group and to adjust security rules and protocols. On September 1, these updates stopped focusing solely on virus-related issues, whose impact had receded.

(1) Except in units not yet fully integrated into the system.
(2) Who responded to the "Moving Forward Together" survey.
(3) Carlson Wagonlit Travel.

Business travelers

The corporate Security Department maintains and distributes (in particular, via the Travel Managers and other Intranet portals) a continuously updated risk map with countries plotted according to four levels of risk. In 2022, the map also indicated the severity of the pandemic.

Health and safety aspects

Regardless of the country of destination, all travelers were strongly recommended to get fully vaccinated against Covid-19. To counter potential security risks, the constant surveillance of the international situation was strengthened over the year.

In addition to the easing of Covid-19-related health restrictions, 2022 was particularly impacted by Russia's invasion of Ukraine on February 24. With an intensity and scale not seen since the Second World War, the European conflict had major international repercussions throughout the year. Since the conflict broke out, the Corporate Safety & Environment Department has been working to protect employees and support decision-making across the Group.

Expatriates

The same precautionary principles were applied to the safety of expatriates and their families, who all had to be fully vaccinated before departure under the supervision of the health department.

Group events

During the Covid-19 epidemic, the Corporate Safety & Environment Department assisted organizers of authorized major events in mitigating risks from the spread of the virus.

1.1.3.3 c) Measuring and tracking occupational accidents

In 2022, a review of the consolidated incident data, **covering more than 90% of the Group's workforce for the year**, enabled management, the ergonomist and the occupational medicine team to prepare effective health and safety improvement plans. Information, awareness-building and training programs continued to be conducted with the designated health and safety experts in every region and time zone.

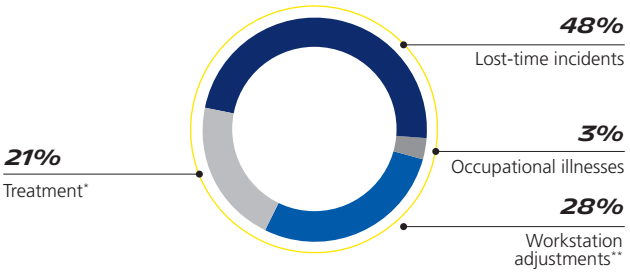
In 2022, the scope of reporting workplace accidents was extended to temporary agency workers in the manufacturing operations and to employees of recently acquired companies (including Camso in 2022 and Multistrada since 2021). The Fenner companies and temporary workers in the dealership networks will be included in 2023.

Occupational accidents are tracked using a set of indicators built around the TCIR, which measures the number of accidents and cases of occupational illness recorded per 200,000 hours worked

In 2022, consolidated TCIR(1) improved to 1.07 from 1.29 the year before. All the preventive programs deployed in the manufacturing operations delivered improved outcomes over the year.

After a challenging 2021 in an unfavorable environment, safety indicators regained their steady progress in line with Group objectives in 2022, with Distribution in particular enjoying a significant improvement of around 20%.

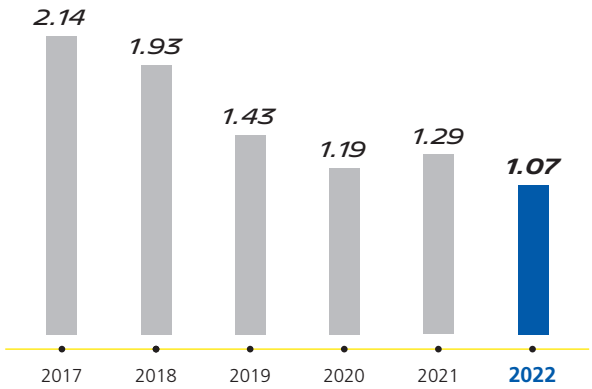
ANALYSIS OF 2022 CONSOLIDATED TCIR



* *Treatment represents more intensive medical care than first aid, which involves stabilizing victims by cleaning their wounds or keeping them cool or warm. The various types of first aid have been identified in a list. Chart data also include accidents without lost time involving temporary-agency workers. The lost-time incident category applies to the frequency rate scope of reporting (i.e. only Michelin employees).*

** *The workstation adjustments category includes lost time incidents involving temp agency workers*

IMPROVEMENT IN CONSOLIDATED TCIR



The Group's objective is to achieve TCIR of below 0.75 in 2025 and below 0.5 in 2030 (including temp agency workers).

Since 2018, the TA+ indicator has tracked the incident rate, with or without lost time, of a list of accidents that the Group has prioritized. It supports a more granular approach to these accidents, while helping to improve the consistency of multi-country data. The number of TA+ accidents is recorded by a dedicated committee chaired by the Group Safety Manager, which meets once a month with ergonomics experts from the Safety Department and the Group physician after monthly indicator data have been reported. The TA+ indicator has **steadily improved** over the years, **to stand at 0.61** in 2022.

Every month, a TA+ accident case study is presented to the Managers and the Group Executive Committee, with an analysis of the causes and the deployment of an action plan to reduce the risk of the same type of accident occurring in the future.

The Group was saddened by a fatal accident in Canada in 2022.

(1) Total Case Incident Rate: the number of accidents and cases of occupational illness recorded per 200,000 hours worked.

1.1.3.4 Ensuring well-being in the workplace: improving work-life balance

Michelin wishes to create working conditions that foster a sense of balance and personal well-being. Initiatives are being deployed to improve the workplace environment and organization. In addition, the country organizations and plants have been empowered to make headway on local priorities, in accordance with the needs expressed by their employees.

Year after year, the results of the Moving Forward Together survey[1] express employee aspirations for a better work-life balance.

1.1.3.4 a) Adjusting working hours

Flexible working hours study

In 2022, the Michelin European Works Council commissioned the Plein Sens consultancy to conduct a study of **how Group employees in Europe perceive workplace flexibility**, i.e. using flextime to respond to fluctuations in demand or developing flexible skills to perform different tasks or work at different stations.

As part of the study, around 200 production operators, office employees and managers were given the opportunity to express their views in group or individual interviews at four plants and five offices in Europe, while a questionnaire was sent to 2,000 people.

The answers of the 800 respondents (40%) were analyzed and summary findings were presented to Works Council members at the October 2022 plenary meeting.

This study has been shared with Employee Relations managers in the Group's European country organizations, and a presentation of the findings to European Manufacturing managers is scheduled for first-quarter 2023.

Adjusting office work schedules

Local initiatives to encourage telecommuting are still being promoted. People working from home feel that one of the main benefits is the significant reduction in their weekly commute, particularly in Brazil, Romania, the United States and other countries where traffic congestion is on the rise. Operations in Germany, Canada, Spain, France and the Nordic countries have introduced work-at-home options in response to the need expressed by employees for a better work-life balance.

In France, as part of its commitment to diversity, special attention is paid to requests from disabled employees, pre- and post-maternity leave employees, seniors and people working part-time after sick leave (see section 4.1.2.2 b).

Initiatives for production operator work schedules

While more challenging to implement for operators working in a variety of shifts to keep production plants running around the clock (3x8 hours, 4x8 hours, 5x8 hours, 2x12 hours), a number of shopfloor work-life balance initiatives have been deployed, in particular as part of the empowerment process. Any adjustments to production schedules are announced as far in advance as possible.

Offering more flexible part-time options

Michelin encourages part-time working, which plays an important role in improving quality of life and work-life balance, while opening up job opportunities for people from diverse backgrounds. Procedures for implementing these arrangements vary by country, depending on local legislation, expectations and practices. To the extent possible, they also reflect input from employee representatives.

2.5% of employees opted to work part-time in 2022.

PART-TIME EMPLOYEES BY GENDER

	Women		Men		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Production operators	4.8%	5.2%	2.2%	2.3%	2.5%	2.7%
Administrative and technical staff and supervisors	5.8%	6.7%	1.2%	1.4%	2.6%	3.0%
Management staff	5.0%	5.4%	0.9%	0.8%	2.0%	2.0%
GROUP TOTAL	**5.3%**	**5.9%**	**1.8%**	**2.0%**	**2.5%**	**2.8%**

(1) See section 4.1.2.3 e) An assertive social dialogue process/Listening to employees via the annual engagement survey.

1.1.3.4 b) Quality of work-life: listening to needs and measuring performance

Improvement plans to address employee needs

In a large majority of plants and offices worldwide, initiatives to improve the quality of worklife (QWL) are underway with the active participation of employees and, whenever possible, their representatives.

These and other programs to enhance the quality of worklife are being incorporated, with employee input, into each facility's improvement action plans by on-site Health, Safety and Quality of Worklife Steering Committees.

Positive quality-of-worklife scores in the engagement survey

The percentage of employees who are satisfied with their quality of worklife rose by two points to **79%** in 2022.

- Work-life balance: 71% (up 3 points)
- Personal job fulfillment: 76% (up 2 points)
- Feel appreciated: 74% (up 4 points)
- Feel safe: 88% (up 2 points)

This overall result reflects how employees feel about their work-life balance and personal job fulfillment, their workplace environment and workstation safety issues. Work-life balance remains a priority for employees.

1.1.3.4 c) Psychosocial risks: adapting preventive measures to local cultures

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

- **primary prevention,** through reviews, sensitivity training and initiatives to improve the quality of management. These measures, which help employees to protect themselves and improve managers' ability to detect and respond to at-risk situations, have been rolled out in most of the Group's host countries (United States and Canada, France, Hungary, Poland, Romania, Serbia, Spain and the United Kingdom);
- **secondary prevention,** through training and organizational improvement initiatives, particularly in at-risk segments/jobs. Programs to prevent stress with new workplace organization practices have been introduced in Germany, North America, South America, China, Spain, France, Hungary, Poland, Romania and the United Kingdom;
- **tertiary prevention**, through coaching, relaxation therapy, support groups and individual counseling. Since 2018, some of the Group's psychosocial risk prevention programs have been audited by the Internal Control Department, to determine how well the corresponding resources have been deployed. During the current period of streamlining corporate operating procedures.

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

1.1.4 ETHICS AND COMPLIANCE

Michelin is formally committed to respecting ethical standards and fighting corruption.

The Group has set up a dedicated organization to address ethical and compliance issues.

Organization

Chaired by the General Manager, the **Group Ethics Committee** includes eight other standing members representing the Corporate Customer Experience Department, the Sustainable Development and Mobility Department, the Corporate Internal Audit, Risk Management, Internal Control and Quality Department, the Purchasing Operational Department, the Corporate Legal Department (with two representatives, the Group General Counsel and the *Chief Compliance Officer*), the Corporate Information Systems Security, Safety & Security and Environment Department, and the Corporate Personnel Department.

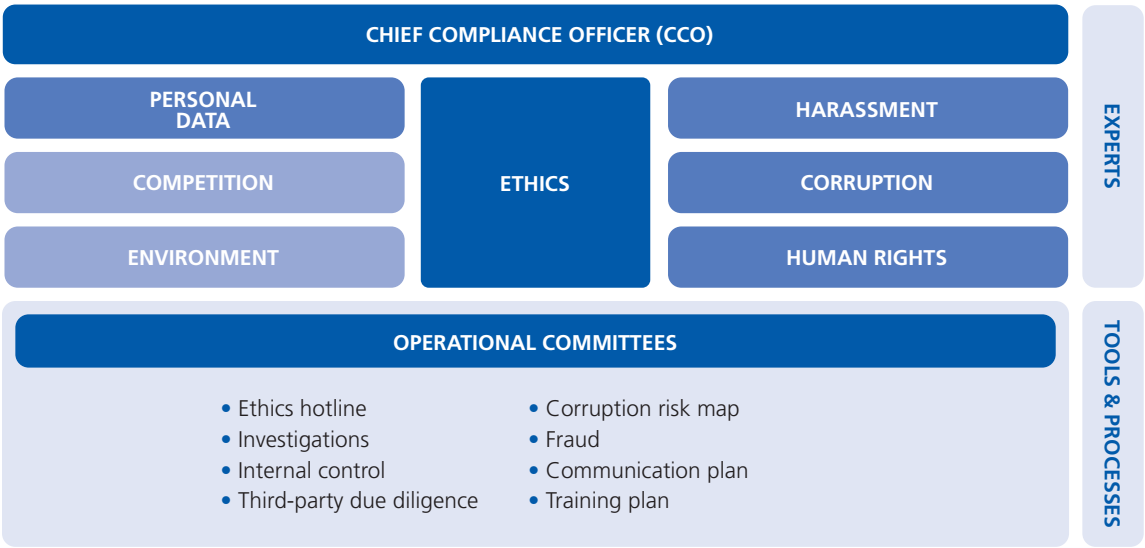
The Ethics Committee meets at least four times a year, with the remit to:

- promote a culture of ethics and compliance throughout the Group and in its relations with third parties;
- define the Group's ethics and compliance strategy and its effective, consistent deployment in the regional organizations and every Group member company;
- approve the Group's anti-corruption and other compliance programs, the resulting key corporate procedures and the initiatives required to drive continuous improvement across all these programs.

The corporate organization is supported by a local organization structured around Ethics Committees in each Region, chaired by the Regional Presidents and responsible for managing ethical risks in their remit, and by a compliance network of local Ethics Correspondents and Compliance Officers. The Compliance network is tasked with instilling the values and principles of the Code of Ethics, deploying training initiatives and ensuring the proper application of the procedures. Meetings are regularly organized with local Ethics Correspondents and Compliance Officers to support effective deployment of the compliance programs in the regional organizations.

In 2021, a **Chief Compliance Officer (CCO)** was appointed to prevent and manage risks of non-compliance in such areas as corruption and influence peddling, competition rules, privacy and personal data, the environment, ethics, harassment and fraud.

The CCO leads a multidisciplinary Compliance Support Group (CSG) made up of experts in various ethics and compliance issues and a number of operations compliance officers. The latter are in charge of (i) managing the digital applications in place across the Group to address ethical issues (whistleblowing system, third party due diligence); (ii) leading certain dedicated projects (corruption and fraud risk mapping exercises, third-party corruption due diligence); and (iii) coordinating ethics investigations, internal legal, ethics and compliance audits, and the training and communication plan concerning issues within the Compliance Support Group's remit.



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. It works in close collaboration with the Compliance network and other corporate departments (personnel, audit, internal control, communication, sustainable development and mobility, purchasing, etc.).

In January 2023, **Michelin won the "Best Overall Transparency" award at the 2022 Ethics & Compliance Transparency Awards**, organized by Labrador Ethics & Compliance. The award was based on an analysis of 75 objective criteria covering the accessibility, accuracy and comparability of the media made public by listed companies in the SBF 120 index to address ethics and compliance issues, including the Universal Registration Document, the Code of Ethics, the Anti-Corruption Code of Conduct, the Duty of Care plan, ethics and compliance policies and procedures, and the website).

1.1.4.1 Ensuring ethical business practices SDG 16.5

Risk of ethics and compliance violations

The Group pays particular attention to the risk of ethics violations or failures to comply with laws and regulations. and 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. Any conduct that runs counter to these values could expose Michelin to the risk of infringing an ethical standard or an applicable law or regulation.

Note that the Ethics risk family includes a risk factor specifically addressing the social responsibility of Group suppliers (see section 4.1.4.2).

1.1.4.1 a) Establishing a global ethical framework

Code of Ethics

The Group's ethical standards are expressed in **the Michelin Code of Ethics**, which applies to all Group employees without exception, as well as to people working on Group sites or on behalf of a Group entity**.** Initially published in 2010 and updated in 2014 and 2020, 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 the Code easier to read.

Specifically, the new Code of Ethics:

- reiterates the Group's values and fundamental guiding principles;
- tells employees how to respond to the most frequently encountered situations;
- clearly expresses the behaviors to adopt in line with Group values and procedures ("*Dos/Don'ts*" section);
- deals with more complex situations and explains the course of action to be taken ("*Practical Cases*" section);
- provides a list of experts to consult in case of doubts ("*Whom to contact*" section);
- proposes a list of additional documents to explore issues in more depth ("*References*" section).

The principles of the Code of Ethics are described in four categories: "*At Work*", "*Doing Business*", "*External Interactions*" and "*My Work and the Environment*". They cover 25 issues, some of which are addressed by specific procedures presented elsewhere. Personal data protection, for example, is covered by more detailed guidelines in the Group Personal Data Protection Directive and its supporting documents.

Now subtitled ***"Acting Ethically Every Day,"*** the Code of Ethics is 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*." Translated into 21 languages, the Code can be downloaded from the Group's intranet sites and a dedicated website (https://ethics.michelin.com). An easier to read digital format is also available in **21 languages**, with versions in the other Group languages being finalized.

Deployment of the revised 2021 Code of Ethics was supported by dedicated e-learning modules, videos and events organized both by the Group and by the regional organizations in their member countries.

Compliance control

Compliance with the rules of conduct in the Code of Ethics is ensured through the application of internal procedures and verified during internal control and audit assignments. Internal control procedures specifically focused on ethics and compliance issues have been substantially strengthened, with 55% more audits performed in 2022 than in 2021.

Alert mechanisms and procedures

The Group takes care to conduct all its business activities in an ethical fashion and wants employees and external stakeholders to speak up and report suspected violations of the Michelin Code of Ethics.

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 traditional channels, such as the Personnel Department, the Safety & Security Department, the Legal Department, a manager, the occupational physician or a regional Ethics Correspondent. All of the reports are consolidated in the Group's alert hotline and regularly presented to the Corporate Ethics Committee.

ALERT MECHANISM STAKEHOLDERS

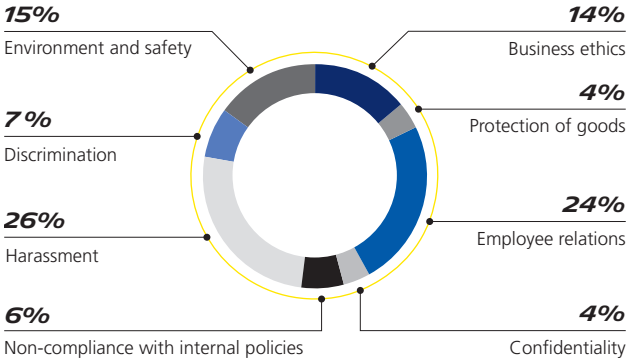
Reported alerts are analyzed according to the Group-wide procedures defined by the Compliance Support Group and the Corporate Information Systems Security, Safety & Security and Environment Department. Based on the reported information, these teams decide whether to conduct internal investigations, which may subsequently, if the alleged violations are substantiated, lead to action plans with remedial measures and/or disciplinary sanctions up to and including dismissal. The regional Ethics Committees apply the internal procedures in their geographical scope of operations.

In 2022, a total of 1,740 suspected cases of non-compliance[(1)] were reported across the Group, but not all of them were substantiated as violations of the Code of Ethics.

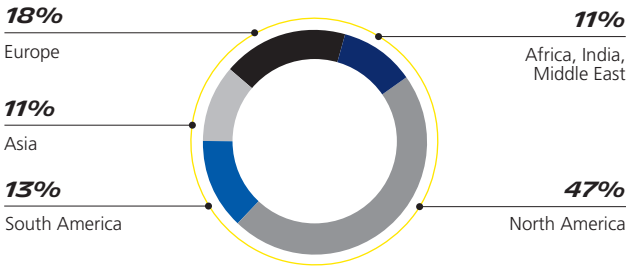
Of the 1,269 processed reports, 37% turned out to be unfounded, 10% lacked sufficient information for an investigation to be launched and 41% resulted in remedial and disciplinary measures including **dismissals.**

Of the total, 3% were duplicates. Among the cases resulting in remedial and disciplinary action, some concerned situations where non-compliance was not substantiated, but which were still addressed with measures to improve control procedures or internal processes.

CASES BY ISSUE



CASES BY REGION



1.1.4.1 b) Taking a firm stand against corruption

Attesting to the Group's commitment to deploying a policy of zero tolerance for any form of corruption, a clear, practical Anti-Corruption Code of Practice was issued to all employees and outside partners in 2015 and updated in 2020.

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.

The 2021 Code of Ethics reaffirms the principles that should govern the decisions of any employee confronted with a situation that could be construed as corruption.

Since 2021, Michelin has continued to improve **its anti-corruption compliance program** by:

- reiterating the commitment of senior management in the 2021 Code of Ethics;
- updating the dedicated Group-level corruption risk map;
- reinforcing the third-party due diligence process (including specific anti-corruption due diligence prior to any merger or acquisition);
- continuing and expanding the training curriculum with a mandatory online anti-corruption course and dedicated classroom courses for people in the most exposed positions;
- regularly updating the internal ethics and compliance procedures, covering in particular details of the anti-corruption compliance program, gifts and invitations, and conflicts of interest;
- strengthening existing internal controls;
- conducting internal audits.

(1) Total consolidated number of reports received directly on the ethics hotline or through traditional reporting channels.

As part of the anti-corruption compliance program, the Michelin Group has also introduced a key performance indicator tracking **the percentage of employees who have undergone anti-corruption training**. Deployed since fourth-quarter 2021, the e-learning program, which reviews the fundamental principles of the fight against corruption, is designed for all managers and employees worldwide. The tracking target is ≥ 98%.

As of December 31, 2022, more than 35,000 employees had completed the course, **representing 92%** of the target[1].

1.1.4.1 c) Competition law

Michelin has long adhered to the highest standards of competition law compliance. Since 2004, a **dedicated antitrust compliance program (ACP)** has been in place, based on a risk map[2] and comprising:

- competition law procedures and guidelines, some general and others specific to certain issues;
- awareness-building and training for the most exposed employees;
- specific internal control procedures;
- internal audits.

The program is led by the Competition Officer and deployed in the operating regions by a network of experts in the local legal affairs departments.

1.1.4.1 d) Protecting employee privacy and personal data

Michelin pays special attention to protecting the personal data of customers, employees, job applicants, shareholders and suppliers.

As part of this commitment, it has deployed a governance system based on a Global Personal Data Protection Committee, a Group Data Protection Officer (DPO), a corporate Privacy team in the Compliance Support Group, and a network of local privacy managers/DPOs, Privacy Operation Partners and Privacy Champions. This system tracks compliance with applicable legislation, including the European Union's General Data Protection Regulation (EU) 2016/679 (GDPR), China's Personal Information Protection Law (PIPL), the US Foreign Corrupt Practices Act (FCPA), and Brazil's General Data Protection Law (LGPD), as well as the Group's own internal privacy policies.

The Group is now encouraging every subsidiary, regardless of location, to apply these same personal data protection principles. In addition, it has issued binding corporate rules concerning the transfer of personal data outside the European Union.

Michelin takes special care to properly manage customer and user requests and complaints. In each country concerned, data protection teams are tasked with responding appropriately to each requester in a timely manner. Similarly, in the event of a personal data breach, the Privacy teams are systematically called in, in particular to identify cases where the incident presents a high risk for customers or users whose data have been compromised, and who must be notified with full details so that they can take appropriate measures.

Lastly, personal data protection is an integral part of the Group's internal control process and is periodically audited internally.

1.1.4.1 e) 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 we will transparently share any major events likely to have a tax impact.

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.

(1) The 2022 target was set on December 31, 2021, based on companies with Intouch capabilities at that date, i.e. for categories 1 to 4 employees, 38,160 people. It will be updated in 2023 based on the progress in Intouch deployment and the Intouch categorization of people in the 2022 workforce.

(2) Plotted with the support of an outside provider.

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[1].

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.

In addition, to ensure the consistent deployment of key tax policy measures, the Group created the **position of Executive Vice President, Tax Governance** in 2022. His or her main duties are structured around:

- managing compliance with best tax practices across the Group and ensuring their consistent application;
- verifying compliance with the golden rules of the Group's tax policy;
- defining the notion of "trust-based relationships with the tax authorities;
- training internal stakeholders in the challenges of "sustainable" international taxation in an ever-changing environment.

Tax risk management policies are based on:

- a transfer pricing policy deployed in accordance with the latest OECD guidelines, with compensation of Group units determined on an arm's length basis, with fair compensation for key functions;
- application of the transfer pricing policy across the entire Group, with understandable, transparent information systematically provided as requested by the local tax authorities;
- protection of shareholder value by implementing a full range of procedures to mitigate the risk of double taxation of profits, involving the use of all forms of recourse, as necessary, including internal recourse, governing authorities and arbitration;
- the assurance that all of the tax positions taken are consistent with the Group's core values, including respect for facts, the environment and people;
- a preference for solutions that avoid unnecessarily complex tax analyses, to reduce the risk of divergent interpretations that may lead to tax disputes, while improving transparency.

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.

1.1.4.2 Demonstrating our CSR commitments through responsible procurement policies SGD 2.3, 2.4, 8.4, 10.1, 12.6, 12.8, 15.2 and 15.5

The primary conduit for expressing Michelin's social responsibility commitments to suppliers is the Purchasing Department. Its mission is to guarantee the availability of products and services the Group needs by selecting suppliers that meet not only our quality, cost, deadline and reliability standards, **but also our expectations concerning social and environmental issues.** The teams are guided by the Group's Code of Ethics, while making sure that the duty of care is properly exercised.

The Purchasing Department is structured around four procurement categories: raw materials, natural rubber, industrial goods and services. At around €17 billion in 2022, purchases represented close to 60% of consolidated sales for the year.

Risk factors

Among other objectives, the Responsible Purchasing policy is designed to mitigate the impact of the following risks:

- supplier failure to respect human rights;
- climate change impact of our suppliers[2];
- impact of our raw materials on the environment;
- non-compliance with the Supplier Relations Code of Conduct.

(1) See note 5.2 to the consolidated financial statements.
(2) See section 4.1.1 The Environment.

1.1.4.2 a) Governance and organization

Clearly defined policies

In April 2021, Michelin published its Sustainable Purchasing Policy, which defines the Group's main responsible sourcing guidelines and commitments. It covers such issues as the environment, human rights and ethics. It may be downloaded from https://purchasing.michelin.com/en/sustainable-purchasing/.

The Policy is built on three of the Michelin Purchasing Department's fundamental reference documents:

- **the Michelin Purchasing Principles**, which were first published in 2012 and thoroughly revamped in late 2020. These Principles are grounded in Michelin's values and international commitments through the fundamental conventions of the International Labour Organization, the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. They express, in particular, the environmental, social and ethical standards and performance expected of Michelin suppliers, which is why they are included in all of the Group's procurement contracts and in its general terms and conditions of purchase;
- **the Supplier Relations Code of Conduct**, which was issued in early 2021 to Group employees involved in supplier relations. It is an integral part of the Group's Code of Ethics;
- **sustainable natural rubber policy** (see section 4.1.4.2 c).

A global organization

The Group has around 45,000 suppliers located on every continent, while the Purchasing Department has some 770 employees based around the world. It is seamlessly integrated into the Group's CSR Governance mechanisms. The Chief Procurement Officer is a member of the Environment and the Human Rights Governance bodies and the Ethics Committee. Reporting directly to this position is a Sustainable Development Manager, who participates in the Group's operational committees dealing with the circular economy, greenhouse gas emissions, biodiversity, human rights and ethics. The responsible purchasing process is coordinated at the corporate level and managed in each purchasing category and each Region, with the support of a global Responsible Purchasing network. The Chief Procurement Officer is also a member of the Group Management Committee.

A continuous, award-winning process

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

A signatory of France's **Responsible Supplier Relationships Charter** since October 2012, Michelin was awarded the label of the same name in June 2014. In 2019 and again in July 2022, Michelin was awarded the French government's **Responsible Supplier Relations and Procurement** label, which highlights French companies that have demonstrated the ability to foster balanced, sustainable relations with their suppliers.

In 2019 and again in 2022, Michelin's purchasing practices were **certified as mature** with regard to the new **international ISO 20400 "Sustainable Procurement" standard.** Issued by an approved third-party organization, the certificate attests to the demonstrated effectiveness of the Group's responsible procurement practices.

Lastly, following its CSR audit by EcoVadis, in August 2022, Michelin was awarded **a score of 80/100 in Responsible Purchasing, ranking the Group among the top 1% of suppliers rated in the "Manufacture of Rubber Products" category.**

The score also recognized the dedicated commitment to responsible procurement practices of all of the Group's purchasing teams and their internal partners.

For the third year in a row, in 2022, the CDP recognized the Michelin Group's ability to engage its suppliers in reducing carbon emissions with a CDP Supplier Engagement Leader award.

1.1.4.2 b) Identifying categories and countries at risk and assessing suppliers

Identifying categories and countries at risk

To supplement the Group's risk map, the Purchasing Department has mapped its social responsibility risks in the supply chain. This map ranks purchasing categories according to their CSR risks in four areas:

- The Environment,
- Human Rights,
- Health & Safety,
- Business Ethics.

Aggravating factors, such as the complexity of the supply chain, have also been taken into account. This exercise also identified the sourcing countries with high **environmental and human rights risks,** based on third-party databases.

The map was thoroughly revamped in 2020 and updated in 2022. The mapping exercise helps to prioritize the scheduling of CSR performance reviews and the deployment of preventive measures aligned with each purchasing category's characteristics and environment(1).

Of all the purchasing categories, **natural rubber** warrants the most attention to both its environmental and its societal impacts. This is because 90% of world's production comes from Asia, and 85% of the volumes are sourced from smallholders, usually on farms of less than four hectares. The supply chain is particularly complex and fragmented. As a result, **a dedicated approach has been devised for natural rubber,** which is described in detail at the end of this section.

Supplier assessments

Since 2012, Michelin has assessed its key suppliers' CSR performance in a variety of ways, depending on the issues involved.

Desktop reviews

Michelin has commissioned CSR rating company EcoVadis to conduct desktop reviews of how its leading suppliers stand in 21 CSR indicators tracking their performance in the environment, labor relations & human rights, business ethics and responsible procurement.

DEPLOYMENT % OF PURCHASE SPEND COVERED BY ECOVADIS SUPPLIER REVIEWS

By purchase category
• 66% of Group procurement
• 92% of natural rubber procurement
• 93% of other raw materials procurement

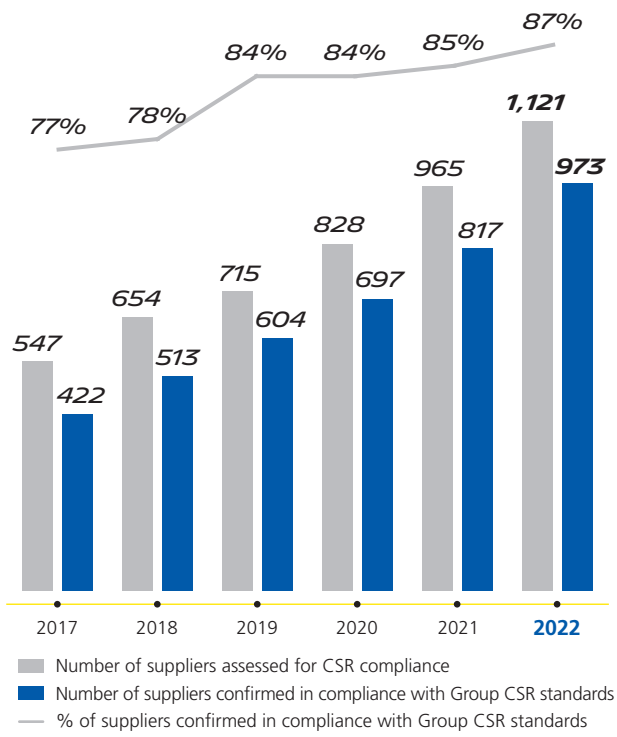
By high-risk country (for raw materials)(2)
• 95% of sourcing in countries that pose a risk with regards to environmental protection
• 95% of sourcing in countries that pose a risk with regards to human rights abuses

In 2021, **Camso**, which has been consolidated since January 1, 2019, started to perform CSR assessments of its most at-risk suppliers. The process was extended to **Multistrada** suppliers in 2022.

Every year, desktop reviews are being performed in additional risk categories, with a focus on those identified during the mapping phase as being insufficiently covered.

(1) For more information, see the Duty of Care Plan.
(2) Excluding Fenner.

SUPPLIER CSR ASSESSMENTS



Along with the deployed corrective actions, the careful attention paid to the assessments by both the Group's purchasing teams and its suppliers is helping to drive steady progress. By year-end 2022, for example, of the 887 suppliers with an assessment track record, 66% had improved and 19% had maintained their score. Lastly, of the suppliers whose low scores in previous assessments had prevented them from being "confirmed"(1) as compliant with Michelin standards, 61% had delivered the expected performance over the year.

Particular attention is paid to the scores on the topic of "social and human rights," which has its own target. See the box below on "Supplier failure to respect human rights."

Tracking and follow-up

Suppliers who fall short of confirmed compliance must implement a CSR performance improvement plan, whose progress is tracked by the purchasing teams. To manage the deployment of these remedial action plans more effectively, an indicator measures the percentage of suppliers who were requested to implement a plan and who actually created such a plan or implemented remedial actions.

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

Self-assessment questionnaires

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

On-site audits

To support supplier compliance with its Quality standards and Purchasing Principles, Michelin has introduced a **"supplier quality system audit procedure" (ESQF),** which is performed on-site. Aside from quality issues, it also addresses the application of the health, safety, environmental and human rights standards stipulated in or derived from the Michelin Purchasing Principles.

Several questions on the ESQF evaluation form are intended to give a fuller picture of the supplier's environmental and employee relations performance.

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

Note: a dedicated CSR assessment and risk mapping exercise has been deployed for natural rubber suppliers *(see section 4.1.4.2 c)*.

Levers for action deployed and dedicated CSR risk procedures

Cross-functional levers for action deployed

Enhancing the professionalism of employees and stakeholders

Considerable resources have been deployed to enhance the professional skills of the procurement teams and to make purchasing processes more efficient. In particular, the procurement team training program comprises a series of **online training courses focused on responsible purchasing practices**, to ensure that high-quality training is available at any time for teams around the world. By the end of 2022, the sustainable procurement curriculum included 15 modules, some of which are mandatory for all buyers and others that may be more appropriate for certain categories or countries. As of year-end, the mandatory modules had been attended by more than 350 people worldwide.

(1) "Confirmed" status corresponds to an overall EcoVadis score of at least 45.

Supplier training

In 2022, **a dedicated supplier training module was developed,** covering CSR fundamentals and desktop review practices. It supplements the training already available to suppliers on the EcoVadis platform (EcoVadis Academy) and on the CDP platform. 137 suppliers have completed at least one EcoVadis Academy module.

Addressing CSR issues in appropriate purchasing processes

CSR issues are fully integrated into the Group's procurement strategy, in particular in the case of certain high-risk categories. This can result in purchases being consolidated and sourced from a limited number of specifically approved suppliers.

Buyers are increasingly encouraged to factor CSR criteria into their calls for tender. These criteria, which may concern the CSR performance of both the potential vendors and their products, services or solutions, address three critical issues:

- climate change and CO_2 emissions;
- the circular economy and natural resources;
- ethics and people.

To support buyers in this process, a guidebook and an e-learning module were created in 2021.

Supplier transparency concerning CSR issues and their CSR performance are also taken into consideration:

- in the Supplier Relationship Management (SRM) process, in particular when suppliers are segmented and during the regular meetings that drive the process forward;
- when defining purchasing strategies.

Diversifying the supplier base

Michelin operates globally, but it consistently strives to source locally, as well as from sheltered work centers and social enterprises, in addition to the major international suppliers who meet its exacting requirements and embrace the principles of sustainable development.

Since 2021, procurement from **sheltered work centers and social enterprises has been particularly encouraged in France**: creation of a dedicated intranet page, training module, directory and videos shared over several communication channels.

Critical materials [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 for all types of raw materials[1], which deploys a dedicated risk management response for any material identified in the mapping exercise as posing a particular risk. These responses include signing multi-year contracts, seeking new suppliers, maintaining strategic buffer inventory, finding substitute products, and, in the case of conflict minerals, maintaining duty of care procedures (see paragraph below).

Climate change impact of our suppliers

The Group has taken a proactive approach to identifying the purchasing categories and suppliers that represent the largest sources of GHG emissions. These suppliers are actively encouraged to initiate, step up or accelerate their commitment to reducing their GHG emissions. *(see section 4.1.1.1 a) Transition plan: decarbonizing our operations/Scope 3: reducing emissions from our transportation operations).*

Impact of our raw materials on the environment

Circular economy

To support the Group's commitment to using sustainable materials, the main raw materials suppliers have been requested to submit a roadmap for developing materials made from renewable or recycled sources. *(see section 4.1.1.2 Enhancing the circularity of our products/Increment the use of sustainable materials).*

In the other purchasing categories, a wide variety of initiatives are underway to support the circular economy. Examples include purchasing refurbished replacement parts for automated machinery, using more eco-friendly marketing materials and replacing laptops less frequently. Other initiatives are addressing raw materials packaging, for example by testing reusable pallets.

Biodiversity

Purchasing is also a stakeholder in the Group's biodiversity initiatives, for example by getting natural rubber and raw materials suppliers involved in the Science-Based Targets Network (SBTN[2]) survey in 2021-2022 or by engaging landscaping service providers in the programs to reduce the use of pesticides and herbicides *(see section 4.1.1.3 Supporting **biodiversity**).*

(1) See chapter 2.1

(2) SBTN: Building on the momentum of the SBTi, the SBTN is working to enable companies and cities to set targets for climate and nature.

Supplier failure to respect human rights

Supplier assessments

In 2021, a dedicated indicator was introduced in supplier CSR assessments to track their labor relations and human rights performance. The 2030 objective is that 95% of assessed suppliers are confirmed as compliant with Michelin's labor relations and human rights standards, compared with **89%** at year-end 2022.

Conflict minerals

Michelin diligently tracks the origin of certain minerals used in its products, even though the quantities are very small. Commonly referred to as "conflict minerals," they include gold, tin, tantalum and tungsten. Since 2019, Michelin has also included cobalt in this approach. The Group exercises its duty of care by applying the related OECD recommendations and using the applications developed by the Responsible Minerals Initiative (RMI). The materials and components used in Group products that contain these minerals or their derivatives have been identified and their suppliers are periodically requested to submit the RMI reporting template. These forms and inventories are then verified for compliance with the RMI lists. For all these minerals, this process enables Michelin to verify that the reporting supplier works with RMI-approved smelters.

Chemicals

The Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation, which the European Union introduced to mitigate the adverse impact of chemical substances on human health and the environment, stipulates that manufacturers and importers of more than one tonne of a given chemical per year must register the substance with the European Chemicals Agency (ECHA). Producers must identify and manage the risks associated with the chemicals they make and market in the EU, demonstrating to the ECHA how the substance can be safely used and informing users of the proper risk management procedures.

Michelin complies with this registration requirement as a manufacturer or importer of chemicals or articles containing chemicals and verifies that the chemicals or articles it uses have been registered by the suppliers.

Non-compliance with the Supplier Relations Code of Conduct

The Supplier Relations Code of Conduct and dedicated training module

The Supplier Relations Code of Conduct drafted in early 2021 is an integral part of the Group's Code of Ethics and applies not only to buyers, but also to any Group employee involved in supplier relations.

To ensure compliance with ethical guidelines, a dedicated online training module has been rolled out across the Purchasing organization and among internal partners in contact with suppliers. It reviews current legislation and expected behavior, in line with the Michelin Purchasing Principles, and offers certain recommendations. It is expected that 90% of the Purchasing organization will be trained by the end of 2023, **compared to 84% as of end-2022**[(1)]. Additional training may be offered in the various regional organizations.

On-time payment of supplier invoices

Michelin pays careful attention to the timely payment of supplier invoices and offers a variety of effective invoicing solutions, including electronic invoicing in PDF or EDI file formats. A new unified global invoice processing platform deployed in 2021 offers new paperless solutions. Blocked invoices are tracked weekly, as are open invoices with a close due date or whose receipt has not been inputted into the information system. A payment schedule dashboard displays a number of indicators, including the percentage of invoices paid on time (91.5% worldwide in 2022), as well as related sub-indicators to give advance warning of potential problems. Following a review, appropriate actions are taken with the purchasing department, internal partners or the suppliers. Suppliers who submit late invoices are contacted to raise their awareness of the issue and avoid settlement delays.

MFPM was included in the list of socially responsible companies published in April 2020 by the French Ministry for the Economy and Finance's crisis committee on payment terms, which recognizes companies that pay particular attention to settling supplier invoices.

Mediation with suppliers

Since 2012, suppliers can use the Purchasing Department website to contact the customer-supplier relations mediator with respect to any alleged or observed violation of the Michelin Purchasing Principles. The mediator intervenes only when suppliers have failed to resolve the issue with their usual contacts in the Group. Over the 2017-2022 period, suppliers have requested mediation at most twice per year. These cases generally concerned invoice payment problems or disputes, which were quickly resolved by the mediator.

(1) Percentage of Purchasing employees in contact with suppliers and with more than three months on the job.

1.1.4.2 c) A dedicated approach for natural rubber

Paying special attention to natural rubber suppliers

As one of the world's leading purchasers of natural rubber, a critical raw material in tire manufacturing, Michelin is especially attentive to its rubber-tree farming upstream, and is committed to responsible, sustainable management of natural rubber production.

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

In 2022, Michelin was ranked No. 1 by SPOTT, a natural rubber ESG disclosure platform, with a score of nearly 82% demonstrating that the Group **leads the global rubber industry in sustainability disclosure and performance**.

Partnering with the WWF and nurturing dialogue with civil society

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

At the same time, Michelin is continuing to consult regularly with both stakeholders and the leading civil society organizations involved in these issues. Every two years, for example, the Group brings together civil society organizations to report on the progress made across the natural rubber value chain and to discuss possible pathways to further improvement. The last information and consultation meeting was held in Clermont-Ferrand in November 2022. In addition to these biennial forums, Michelin regularly works with NGOs, researchers, academics and government agencies on natural rubber sustainability issues.

In addition, the Group is involved in several think tanks exploring ways to prevent imported deforestation. In France, it is actively engaged in the talks being led by the French Ministry for the Ecological and Inclusive Transition to define a strategy to counter imported deforestation (see also section 4.1.1.3 c).

Sustainable natural rubber policy

In 2016, Michelin was the first tire manufacturer to publish a commitment to sustainable, responsible natural rubber production and procurement. The **Sustainable Natural Rubber Policy was updated in 2021 and has been approved by the GPSNR platform**[(1)].

Drafted with input from environmental and human rights NGOs and other stakeholders, the Sustainable Natural Rubber Policy is now a contractual reference document for Group suppliers.

Downloadable from the Michelin purchasing website[(2)], the policy precisely defines the conditions for farming natural rubber, both in terms of the environment (zero deforestation, protection and preservation of peatlands, High Conservation Value areas and High Carbon Stock areas), and in terms of social responsibility and human rights (working conditions, free, prior and informed consent of the local communities, etc.). Michelin expects every stakeholder across the supply chain to embrace responsible social, environmental and governance practices, so as to maintain rubber tree farming in a virtuous cycle of progress.

The Sustainable Natural Rubber Policy is based on five core commitments:

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

Since 2016, the policy has been included in every Michelin supply contract. In addition, Michelin encourages its suppliers to implement policies aligned with GPSNR recommendations.

Assessing stakeholders across the supply chain

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

- for our direct suppliers, desktop reviews are submitted to EcoVadis and on-site audits are performed;
- for our direct suppliers' production facilities and upstream supply chain, risks are mapped using the RubberWay® application and deforestation risks are analyzed.

EcoVadis desktop reviews

The Group's natural rubber suppliers have been participating in EcoVadis reviews of their social responsibility and environmental performance since 2013. If their results fall short of compliance, remedial action plans are deployed. In 2022, reviews covered the vast majority of our natural rubber suppliers and the CSR maturity of suppliers representing 90% of total spend was confirmed as compliant with Michelin standards[(3)].

(1) The Global Platform for Sustainable Natural Rubber.
(2) https://purchasing.michelin.com/en/sustainable-natural-rubber-policy/.
(3) This corresponds to 98% of the spending covered by the reviews (see section 4.1.4.2 b).

On-site audits

A dedicated team performs on-site audits of every facility supplying natural rubber to the Group. These audits primarily focus on quality performance, but also cover CSR issues, such as the environment (water treatment, etc.) and employee health and safety. Each facility is audited annually or every other year. Follow-up audits are systematically conducted, with remedial action plans mandated in the event of shortcomings.

Supply chain risk assessments

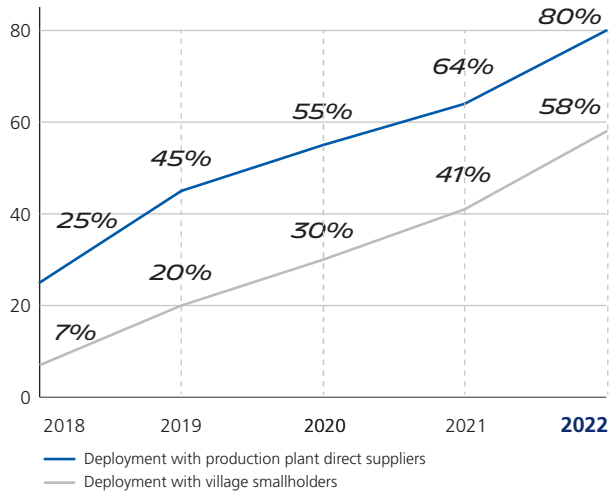
To understand and mitigate deforestation, human rights and other risks in its natural rubber supply chain, Michelin is systematically deploying a variety of risk assessment tools and systems.

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

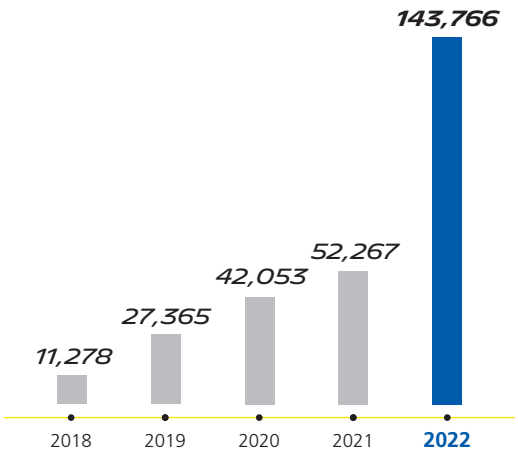
The inputted data are then analyzed and summarized on an online platform to create a map highlighting the areas of potential social and environmental risk. The results are shared with direct Michelin suppliers and can be used to prepare improvement plans or deploy mutually designed risk mitigation projects.

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

SOURCED RUBBER VOLUMES COVERED BY THE RUBBERWAY® APPLICATION



NUMBER OF COMPLETED RUBBERWAY® QUESTIONNAIRES (CUMULATIVE)



The app is currently deployed in Indonesia, Thailand, Côte d'Ivoire, Ghana, Nigeria, Liberia and Brazil. A total of 143,766 questionnaires had been completed by the end of 2022.

After requesting that suppliers initially deploy the RubberWay® app in their production facilities and with their own direct suppliers, in 2022 Michelin met its goal of **mapping 80% of the natural rubber volumes sourced from these channels**(1).

However, the application is most impactful at the farmer level. Given their vast numbers (around six million worldwide), Michelin wants enough of them to participate in the RubberWay® mapping exercise to ensure that it is representative of their farming practices. By the end of 2022, this minimum representativeness had been reached for 58%(1) of Michelin's sourced volumes, out of a targeted 80% by 2025.

Progress in deploying the RubberWay app and a summary of the risk findings are transparently reported on the Michelin Purchasing website(2).

Aware of the specific risks of deforestation, Michelin is working with the WWF to assess such risks in its smallholder supply sheds with a **deforestation risk assessment tool**. In 2021, a preliminary analysis was conducted, covering all major sourcing countries. Initially, the tool analyzes the environmentally sensitive areas around each natural rubber processing plant, based on a uniform radius. The selected factories are then prioritized, based on the risk found, for a detailed mapping of the supply chain. Further analysis is then performed to identify higher risk supply sheds where risk mitigation needs to be performed. In 2022, this second analysis phase was piloted in eight plants and action plans were identified based on the results.

(1) The rate is calculated based on the volume of natural rubber sourced in the prior year.
(2) https://purchasing.michelin.com/en/sustainable-natural-rubber-policy/.

Frontline initiatives

Deployment of the RubberWay® app is enabling Michelin to identify, analyze and prioritize risks specifically by supplier and geography. In the case of deforestation, the Group is engaging with suppliers, while also seeking opportunities to address the risks directly in the field in priority geographies.

The Committed Actions for Smallholder CApacity DEvelopment (CASCADE) project in Sumatra, Indonesia, is improving working conditions and living standards for 1,000 village planters and their families, while upgrading their environmental and social practices. Developed using RubberWay® data and scheduled for completion in 2024, the four-year project combines in-person instruction with a digital training solution to improve accessibility and the ability to measure impacts. Agricultural training is helping the farmers become more economically resilient by increasing their rubber yields and diversifying their income streams. The project is also highly focused on social and environmental training, including courses in human and workers' rights and workshops in environmentally friendly farming practices. The latter include reducing the use of agrochemical inputs, intercropping or agroforestry practices, and environmental training. This is the first natural rubber project in the world to encompass the entire supply chain, from village smallholders to a natural rubber processor, a tire manufacturer (Michelin) and a carmaker. This holistic, risk-based training model, which addresses both farmer livelihoods and environmental and social challenges, is steady being expanded:

- by 2025, the RIVER project will develop the skills of 6,000 village farmers and their families in Sri Lanka, where rubber tree farming plays an important role in local livelihoods;
- in East Kalimantan, Indonesia, a project was launched in late 2022 to train 2,000 village farmers and their families by 2025, with in-field activities scheduled to begin in 2023;
- in southern Thailand, the GPSNR Agroforestry Project will enable 1,000 village smallholders to develop rubber agroforestry systems by 2025. Led by the GPSNR and funded by Michelin and a car manufacturer, the project is being directly managed by Michelin, which is also contributing technical expertise;
- in the Brazilian Amazon, where local communities extract natural rubber from wild rubber trees in an environment unique on Earth, the Michelin Foundation is supporting a project, in collaboration with WWF Brazil, that will benefit 3,800 families by 2023. It is aimed at preserving the existing ecosystem by improving the way natural rubber is extracted and commercialized by traditional communities. Better organizing the process and making it more viable will sustain employment for local people, mitigate the negative impacts of the health crisis and help promote forest conservation.

In all, by **year-end 2022**, the projects described above had trained **780 village smallholders** and local community extractors.

Michelin's global natural rubber network, which includes processing plants, a plantation in Indonesia, a producing region focused on research and development in Brazil and joint ventures in Africa and Asia, gives it unrivaled expertise that it can leverage to deploy projects and initiatives in support of responsible natural rubber farming.

- In Salvador de Bahia, Brazil, the Group's teams of agronomists and experimental research farm are making a significant contribution to the take-up of best farming practices and the development of new pest- and disease-resistant rubber tree species. The 3,900-hectare Michelin Ecological Reserve (REM) has become one of the best-protected areas of the South American Atlantic Forest and a compelling example of rubber-tree landscape restoration, as well as a haven for biodiversity (see section 4.1.1.3 Supporting biodiversity);
- in 2015, Michelin formed the RLU joint venture[(1)] to develop new rubber plantations, protect tropical forests and restore ecosystems on Sumatra (71,000 hectares) and in East Kalimantan (18,000 hectares). Undertaken in partnership with the WWF, this project has led to the creation of more than 4,000 jobs and protected thousands of hectares of high environmental value forest and local wildlife, such as Sumatran elephants and tigers and the Bornean orangutan[(2)]. In June 2022, Barito Pacific sold all its shares to Michelin, which is now RLU's sole shareholder. RLU's strategy is unchanged and its social and environmental objectives remain in place, with the same high standards and transparent reporting requirements. RLU's sustainability report is available on the RLU website, www.rlu.co.id/;
- in West Africa, the SIPH joint venture is deeply engaged with village smallholders and local communities, leading a variety of programs to prevent malaria, AIDS and other diseases and to improve access to medical care, education and housing. SIPH also trains local farmers in best farming practices and supplies them with high-quality planting material by producing and marketing rubber seedlings.

Including the joint ventures, this worldwide natural rubber network trains around **90,000 farmers** a year and maintains more than 34,000 hectares of conservation or reserve areas.

The Global Platform for Sustainable Natural Rubber (GPSNR)

To drive faster progress toward a more sustainable natural rubber supply chain, Michelin worked with a diverse group of stakeholders to create the **Global Platform for Sustainable Natural Rubber (GPSNR).**

A multi-stakeholder platform that is leading improvements in the socio-economic and environmental 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.

Michelin chaired the GPSNR Executive Committee until the end of 2021 and remains one of the organization's most active members. In 2022, the Group participated in the six GPSNR working groups: Policy Toolbox – Transparent Reporting Task Force, Strategy and Objectives, Smallholder Representation, Capacity Building, Shared Responsibility, and Traceability and Transparency.

For more information, please visit www.gpsnr.org.

(1) Royal Lestari Utama.
(2) Royal Lestari Utama, Sustainability Report 2021-2: https://www.rlu.co.id/sustainability.

To find out more:

More extensive information about our natural rubber commitments may be found on the dedicated Michelin Purchasing website[1], which presents the following documents, generally organized around four themes: people, the environment, farmers and stakeholders.

- the latest version of the Sustainable Natural Rubber Policy;
- the Sustainable Natural Rubber Roadmap 2020-2025;
- annual reports on Michelin Natural Rubber Operations and Supply Chain;
- a set of comprehensive, regularly updated indicators that track progress on the sustainable natural rubber policy.

1.1.4.3 Guaranteeing the quality of our products and services SDG 3.6 and 11.2

Offering our customers the finest quality products and services in each market segment we decide to serve.

Safety risks associated with tire products

Tires are still Michelin's core business, in which it holds robust leadership positions around the world and across every operating segment: automotive, road transportation (bus and subway tires) and specialty markets (two-wheel, aircraft, earthmover, agriculture, construction and materials handling tires).

Like all tiremakers, if defects were to appear in its products during their use or if they failed to comply with applicable regulations, Michelin could be faced with liability claims or be required to recall the products.

Specific nature of the risk

Michelin's focus on customer needs and the quality of its products and services has built confidence in the MICHELIN brand and contributed to the Group's performance.

Although there have been no material events in recent years, should a safety failure occur, this would have a serious adverse effect on the reputation of the MICHELIN brand[2].

Michelin Quality

Since its founding, Michelin has always nurtured a powerful quality culture. Enhancing the mobility of 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 trained and engaged in delivering Michelin Quality to his or her customers.

The product and service quality governance system comprises:

- a Corporate Internal Audit, Risk Management, Internal Control and Quality Department, which reports to the Group's management bodies;
- a Quality Network at the operations level, comprising the Quality Departments in the business lines, operating units and regional organizations.

The governance system defines the Group's quality policies, including quality guidelines and standards underpinning its ability to sustainably deliver high value-added products and services to its customers and nurture their trust, as well as the trust of all of its other stakeholders.

In each of the major areas of quality control – raw material and component procurement, product and service design and product manufacturing – the quality teams are empowered to perform their role and mission independently, including when deciding to bring a new product to market or to recall a product that does not comply with Group quality standards.

Product/Service Safety Training

Every employee in operations that could potentially have an impact on safety is trained in Product/Service Safety practices. In the design offices, the training curriculum for design engineers is informed by a culture of risk management. The validation and certification earned after completing the courses attest that they have acquired the requisite knowledge and expertise, which are then regularly monitored by management and specialized experts in each discipline. Internal control campaigns assess the training's compliance with risk management guidelines and safety and regulatory standards.

In the production workshops, safety protocols are the building blocks of the "Cardinal Rules of Quality" that are applied across the Michelin manufacturing base. During induction training, the Rules are taught to all newly hired production operators, who are tested prior to taking up their positions to ensure that they have understood each one and how it is implemented. Regular refresher courses are also offered. Employees pay careful attention to the Cardinal Rules of Quality, which are continuously assessed by management, especially during on-site visits. Any form of non-compliance triggers an appropriate management response. Retraining is periodically offered and regular information keeps everyone alert and aware. For the most sensitive positions, certification is awarded only after independent validation by the Quality Department, thereby ensuring that the employee has acquired the requisite skills. Dedicated control plans are in place to ensure that these capabilities are tracked and maintained over the long term. Training in the Cardinal Rules of Quality and Quality Culture are audited by an internal control process.

Quality managers act as customer risk management experts. In particular, the Design Quality Assurers and the Manufacturing Operations Quality Managers are trained in Product Safety and Compliance in accordance with prevailing standards.

(1) https://purchasing.michelin.com/en/sustainable-natural-rubber-policy/.
(2) See section 2.1 Risk factors specific to Michelin, description and related management systems/Risk 12: Tire product safety.

Supplier quality assurance

With regard to suppliers, Product/Service Safety standards are factored into raw materials specifications. Suppliers agree to ensure that these standards are properly understood and applied by their employees, with compliance verified during supplier audits.

Revised in 2020 and integrated into the Michelin Purchasing Principles, the Supplier Quality Assurance process specifies how Michelin intends to apply its quality policies in its supplier relations and in managing the quality of purchased products and services. The process of selecting suppliers, and then monitoring their performance, involves more than 200 supplier quality system audit (ESQF) procedures and on-site technical inspections performed by experienced Michelin quality auditors and/or technical experts in each field[(1)]. The audit framework is based on Michelin standards that reflect the ISO 9001: 2015 and IATF 16949: 2016 quality standards and the specifications of OEM customers. Following each audit, Michelin auditors assign a score to the supplier, who must agree to take any corrective action required in response to the audit findings. If necessary, a follow-up audit or technical inspection is scheduled.

The annual audit plan is validated and tracked by a governance body comprising representatives from the Purchasing, Quality, Technical and Manufacturing departments.

Quality management system

In the case of product design and manufacturing, the Michelin Quality Approach is defined and instilled into every aspect of these processes by a quality organization supported by a quality management system. This approach is designed to manage and continuously improve how the Group operates to guarantee quality throughout the design and production of its products and services and, more generally, fulfill its customer promises. It defines the fundamental practices that are integrated into employee training so that they are understood and applied by everyone in their respective areas of responsibility.

The Michelin Group's quality standards are based on the industry's highest international standards and strictest legislation covering consumer health & safety and environmental protection.

To verify the compliance of its quality management system, Michelin regularly seeks certification from independent organizations. As such, all of its tire manufacturing plants and support processes have been certified to ISO 9001:2015.

In response to automaker customers, the plants that manufacture and deliver original equipment tires have been certified to IATF 16949: 2016, which specifically describe the development and production processes for auto parts.

Safety trials and tests

Products designed and manufactured by the Group are extensively tested and assessed to ensure that they meet all the safety standards defined by Michelin in addition to regulatory standards.

In the case of regulations, the Group performs the tests defined in applicable legislation[(2)] to earn initial approval of its products and ensure their long-term conformity of production (CoP). In 2021, for example, the Group performed several thousand regulatory tests, representing a run-time of more than 255,000 hours[(3)];

Annual CoP control plans addressing all the regulations in force in the markets served by the Group[(4)] are prepared for each production unit[(5)]. Implementation of these plans and their outcomes are tracked internally by the Quality Department and, if necessary, externally by government-mandated bodies at their request.

Drawing upon its technical expertise and market intelligence, the Michelin Group has also defined its own safety standards for each type of product and each usage category. These standards are approved and reviewed quarterly by dedicated steering committees, made up of the technical and quality managers concerned. All of them are expressed in internal standards manuals that refer to the corresponding tests approved for CoP control. To offer customers products that meet Michelin's highest safety standards, more than 1,400,000[(6)] hours of safety testing are conducted every year[(7)] on the Group's tracks or in its laboratories.

Most of these regular tests are performed by the Group. For this purpose, Michelin has a network of material measurement laboratories and tire testing centers in Europe, Asia and the United States, which are all certified to the NF EN ISO/CEI 17025 standard.

Customer training and support

Another significant focus of the Group's quality standards is to ensure that Michelin-delivered products and services are aligned with customer usage conditions. The marketing and sales teams constantly strive to understand customer needs and the potential risks arising from unusual or extreme conditions of use in the geographies where the products and services are sold. Their feedback is noted in the specification sheets and addressed by the research and development teams. Advice and support in the proper use of products and services is provided through technical brochures and training, including an ongoing, Michelin-led program of customer training courses.

(1) See section 4.1.4.2 Demonstrating our CSR commitments through responsible procurement policies.

(2) Such as the various UNECE regulatory standards (R30, R54, R75, R106, R109, R117, R2017/2400, etc.) applied in China, India, Indonesia, Thailand, the United States, Brazil and the Gulf States.

(3) Test run-time hours actually completed in 2021. The prior-year figure is used because the number of test hours for the reporting year had not yet been consolidated at the time of the independent third-party review.

(4) See comment in footnote 3.

(5) Because it depends on the number of products in production, the number of products tested and tests performed can vary from one year to the next.

(6) Estimated hours of testing based on 2021 data.

(7) Including safety tests requested by our OEM customers.

Monitoring markets and responding to quality events

Michelin has also 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. This 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 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 Michelin 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 to ensure customer safety. Such voluntary recalls are consistently carried out in compliance with legislation applicable at the date of the decision.

In 2022, across the entire Group, all its brands and all its tire products, three voluntary recalls were issued, concerning 21,339 products of the total 200 million or so manufactured every year by the Group [SASB TR-AP-250a.1].

These recalls applied to:

- 144 passenger car tires sold in North America, which were recalled in April due to the absence of "DOT" letters on the sidewall markings. The recall was managed with the authorities concerned[1], in accordance with prevailing legislation;
- 4,212 city bus tires, which were recalled in August in Australia and New Zealand due to a possible decline in performance that, under certain sustained and prolonged conditions of use, could potentially result in a loss of pressure;
- 16,983 tires fitted on vintage and antique sports cars in North America, which were recalled in December due to the absence of "DOT" letters on the sidewall markings. The recall was managed with the authority concerned[2], in accordance with prevailing legislation.

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.

Customer Promise Guarantee

The Quality Approach has been enhanced by the Customer Promise Guarantee, which is designed to deliver total customer satisfaction. Applied to 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;
- clearly communicates its Promises to customers;
- detects shortfalls and responds quickly;
- measures customer satisfaction.

These six steps could not be implemented without the foundation underpinning the Customer Promise Guarantee: management's unflagging commitment, employee capabilities, demanding standards, reliable data and trustworthy indicators.

Since 2016, the Group has used the Net Promoter Score® (NPS®) as an indicator to measure customer satisfaction and, if needed, to take corrective action to improve it.

Because Michelin serves a very diverse customer base – consumers, businesses, truck fleets, vehicle rental companies, mining companies, airlines, carmakers, tire dealers, auto accessory dealers, wholesalers and high-tech materials customers – it was decided to create two new composite indicators:

- the "End Customer" NPS, a weighted average of the consumer and business customer macro-clusters, comprising the end-users of our products and services;
- The "Partners" NPS, a weighted average of the OEMs and dealers macro-clusters.

(1) The National Highway Traffic Safety Administration (NHTSA) and Transport Canada.
(2) National Highway Traffic Safety Administration (NHTSA).

OUR OBJECTIVE:

The Group is committed to increasing the Partner NPS by ten points and the End Customer NPS by five points by 2030 compared to 2020.

The Partner NPS stood at 41.6 in 2022, versus 39.7 in 2021 and 40.9 in 2020[1], with a sharp improvement in the dealer score. The quality of MICHELIN products and brand identity are clearly appreciated. On the downside, some customers commented negatively on our inflation-induced price increases, or expect improvements in our supply and delivery chains. With our dealer customers, the most notable improvements were in the ease of working with us and the relationships with our sales teams.

A method for collecting and calculating a consistent End-Customer NPS was validated, but technical issues and a probable impact from the lack of full-year data would have prevented meaningful measurement. The End Customer NPS indicator will be available in 2023.

In addition, in 2022, customers and independent rating agencies continued to recognize the commitment of the Group and all its employees to improving the customer experience. We received a wide array of awards and distinctions.

The J.D. Power US Original Equipment Tire Customer Satisfaction Study℠ once again ranked Michelin at the top in the Luxury and Truck/Utility segments in North America. Since the study was launched in 1989, Michelin has won 99 J.D. Power awards – more than any other tire manufacturer.

Our OEM customers also recognized our excellent relations with a number of awards, including Supplier Excellence Recognition from Caterpillar, Key Supplier from John Deere, Supplier Award from Honda, 4 Star + grade from Kia, Supplier Quality Excellence Award from General Motors South America and Best Supplier Awards from CAOA-Chery, Shanghai General Motors, Guangzhou Auto and Dongfeng Peugeot Citroen Automotive.

For the third year running, our Customer Call Centers were named Best Customer Service of the Year in the tire manufacturer category in our three European host countries (France, Germany and Spain).

1.1.4.4 Playing an active role in ensuring consumers' safety on the road and safeguarding the environment

Minimum performance standards

European legislators have introduced minimum tire-performance standards, as specified in Regulation (EC) No. 661/2009 and United Nations' ECE Regulation 117. The Michelin Group supported the introduction of these regulations, offering data and other input to help define the minimum performance levels. These standards cover:

- rolling resistance;
- noise;
- wet grip.

They are designed to limit a tire's environmental impact and improve road safety. Introduced in 2012 for all new products, the legislation has been gradually extended, in precisely defined phases, to products already on the market. Compliance of new Passenger car, Light truck and Truck tires is verified by government technical services when the product is certified. Stricter rolling resistance thresholds derived from Regulation No. 117 have been applied in the European Union since November 2016. Standards setting an even higher level of balanced performance in the above three factors have been proposed by the tire industry to the European Union for application in 2024-2026.

The setting of regulated performance levels, which was originally a European initiative, is now being extended via UNECE Regulation No. 117, in legislation passed by countries that signed the UN's 1958 agreement concerning uniform technical prescriptions for wheeled vehicles. Since then, many countries, such as Turkey, Israel, Brazil and Russia, have introduced similar legislation and Japan is planning to do so by 2024.

Among the countries that did not sign the 1958 agreement, the United States and India have decided to introduce at some future date the same type of standards to protect the environment and improve consumer safety. Other countries, like China, South Africa, Morocco, Thailand and the Gulf States, are also discussing such measures. In each of these countries, Michelin has been supportive of the application of these standards and when requested, is helping to define the minimum requirements.

Tire labeling

The new version of the EU tire labeling regulation (2020/740) has pushed the labeling beyond rolling resistance, wet grip and noise performance, in particular by improving consumer information with the "3PMSF snow" and "ice" logos displayed on the label and technical information now registered in the publicly accessible EPREL database. This labeling regulation was published in second-quarter 2020 and came into effect on May 1, 2021. Label information will be extended in the future to other performance parameters, such as the rolling resistance of retreaded tires or tire abrasion, as soon as suitable testing methods are available.

Other countries have introduced similar regulations for certain tire categories. In each one, the Michelin Group, when requested, helped to define the terms (e.g.: India, Morocco in progress).

In 2022, the Group did not incur any fines or penalties for non-compliance with regulations and/or voluntary codes concerning product and service information and labeling [GRI 417-2].

(1) To yield faster results, the calculation method was changed in 2022, with prior-year sales used as the weighting key rather than reporting year sales. 2021 and 2020 results have been recalculated accordingly. Partner NPSs reported in the 2021 Universal Registration Document were 38.9 for 2021 and 40.3 for 2020. The 2030 target remains unchanged at 50.

The impact of tires on vehicular CO_2 emissions

The rolling resistance of Passenger car, Light truck or Truck tires accounts for 15% to 30% of an internal combustion vehicle's fuel consumption and therefore its CO_2 emissions, depending on the vehicle, its use and how it is driven. This is why Michelin is encouraging the use of vehicular carbon emission assessment methods that are precise enough to accurately ascertain the contribution of the various factors, including tire rolling resistance. For example, Michelin helped to promote the inclusion, in the R154 and WLTP regulations, of a metric measuring actual emissions with very low rolling resistance tires, which was accepted in the latest UNECE regulation on October 8, 2022. This approach encourages greater transparency by suppliers and more technical competition to reduce rolling resistance and, with it, CO_2 emissions.

Moreover, in Europe, the Vehicle Energy Consumption Calculation Tool (VECTO) developed for the European Commission serves as the basis for Regulation (EU) No. 2017/2400 on the determination of CO_2 emissions and fuel consumption of heavy-duty vehicles. The regulation, which has been in effect since January 1, 2019 and was extended to buses, coaches and heavy vans in 2022, takes into account the energy performance of a vehicle's different components, including tire rolling resistance.

In the United States, the Environmental Protection Agency (EPA) and the National Highway Traffic Safety Administration (NHTSA) have issued Phase 2 of their greenhouse gas emissions and fuel efficiency standards for medium and heavy-duty engines. The standards, which have been in effect since the 2018 model year, are becoming stricter every year. On November 12, 2021, however, the regulation's scope of application was changed when the U.S. Court of Appeals, D.C. Circuit ruled that the EPA and the NHTSA did not have the authority to regulate trailers pulled by hauling trucks. As a result, the regulation no longer applies to trailers. However, all other types of motor vehicles listed in the regulation must continue to comply with the law.

These standards stipulate that, before certification, a new vehicle must be tested for compliance using the Greenhouse Gas Emissions Model (GEM) simulation tool, two of whose variables are tire rolling resistance and vehicle weight.

The impact of tires on vehicular particle emissions[1]

Since April 2022, Michelin has been an active member of a UN working group helping to develop Euro 7 standards, which is defining a suitable method of measuring abrasion performance in passenger tires and setting acceptable abrasion limits.

Snow performance of winter tires

Many countries, particularly in Europe, now require drivers to fit winter tires on their vehicles, either for a given period or when demanded by weather conditions, or else in particular regions or at particular times. However, while these rules generally stipulate that only manufacturer-marked Mud and Snow (M+S, M.S. or M&S) tires may be mounted, such markings do not correspond to the tire's demonstrated performance in snowy conditions. Michelin is urging that national highway codes be amended with an obligation to fit only winter tires marked with the Three-Peak Mountain Snow Flake (3PMSF) symbol, which means that they have demonstrated minimum required snow grip. Germany introduced this rule in March 2017, Sweden in 2019, and France in 2021 through its "Mountain Law".

Worn tire performance

The existing minimum standards for rolling resistance, noise and wet grip concern the measured performance of new tires. However, newness is fleeting and a tire's performance evolves as it wears. In the case of rolling resistance and noise, for example, performance remains the same and sometimes actually improves with wear, 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 EU approved the introduction of a regulation governing the wet-grip performance of worn tires. Michelin participated in the United Nations working group that is developing 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.

Compliance with materials standards

A multidisciplinary team of experts continuously tracks changes in regulations governing chemicals, the environment and health, enabling the Group to factor them into its strategic planning and product design processes.

(1) See section 4.1.1.2 d) The Michelin 4R circular economy process/ Reduce/Reducing harmful pollution from the use of our products: tire and road wear particles (TRWPs).

Michelin supports the standardized use of RFID chips to track tires

Embedding a unique RFID tag into every tire will ultimately enable the entire industry to track its products across their life cycles, from manufacture to recycling, thereby improving the management of their environmental impact and the safety risks due to manufacturing defects, for example. The technology can also transmit a variety of tire data that could play a critical role in developing new sustainable mobility solutions based on connected tires. For all these reasons, Michelin is actively encouraging the ISO standardization of RFID-based tire identification systems, so as to facilitate widespread take-up of the technology. In addition, it is offering other tiremakers its intellectual property through an attractively priced licensing program. It is also supporting the introduction of standardized access to digital tire data, in order to promote the development of new services that will help to make mobility more sustainable.

An active private-sector stakeholder in safe mobility partnerships

Michelin's initiatives are aligned with the general thrust of the second Decade of Action for the Road Safety 2021-2030, a worldwide United Nations program aimed at preventing at least 50% of road traffic deaths and injuries by 2030. Currently around 1.3 million people die on the road every year. To meet this goal, Michelin is engaging both its own financial resources and funds from the Corporate Foundation.

In line with its tradition of forming partnerships, in 2022, the Group pursued its commitments to global organizations acting under the aegis of the United Nations. These included (i) the United Nations Road Safety Collaboration (UNRSC), through the UN Road Safety Fund, where Michelin sits on the Steering Committee as a private sector representative; and (ii) the World Bank-led SuM4All initiative,[1] through co-leadership, with the International Road Federation (IRF) of a working group tasked with developing actionable policy guidelines to shape national-level road safety regulations in the Global South. The Group has also set up a new partnership with UNICEF focused on road safety education in China and the Philippines.

In addition to these multilateral institutional partnerships, Michelin stepped up its joint initiatives with NGOs in 2022, maintaining its support for Youth for Road Safety (YOURS) and partnering, for the first time, with the Global Alliance of NGOs for Road Safety in Latin America.

Lastly, the Group's road safety strategy is also geared toward coalitions that include other major private-sector stakeholders, such as (i) the Global Road Safety Partnership (GRSP), with the VIA road safety education program developed and financed by the Michelin Foundation and Total Energies, which had been deployed in 44 countries by September 2022; (ii) the FIA Action for Road Safety campaign with the International Automobile Federation and its local automobile clubs; and (iii) the "Action for Good Vision on the Road. Together for Safer Roads" initiative, a joint project with EssilorLuxottica supported by the United Nations.

(1) Sustainable Mobility for All: a consortium of 55 global organizations pursuing a shared commitment to sustainable mobility in the Global South, under the auspices of the World Bank.

1.2 NON-FINANCIAL STATEMENT

Non-Financial Statement disclosures, as stipulated in Articles L. 225-102-1[1] and R. 225-105 of the French Commercial Code, may be found in the sections listed in the table of concordance below (4.2.2).

The business and value creation model is presented in section 1. It is illustrated by a summary diagram entitled "Our Growth and Value Creation Model" and its components are described throughout the section.

All of the other Statement disclosures have been included in the Sustainable Development and Mobility Report (4.1).

1.2.1 IDENTIFICATION OF THE MAIN RISKS

As part of its social responsibility commitment, the Group has plotted a materiality matrix. This exercise has helped to strengthen the robustness and relevance of the main identified issues and to enhance the Group's overall risk management process (section 4.1 Sustainable Development and Mobility Report/Introduction – Michelin Sustainable Development and Mobility/Materiality Matrix).

The concerns identified in the new matrix represent not only opportunities for Michelin to grow and develop its businesses, but also issues that could involve risks. For this reason, the materiality matrix is closely aligned with the risk map, according to the table of concordance below, with updates to one resulting in changes in the other. As such, the materiality matrix serves as the frame of reference in identifying the "main risks" that structure this Non-Financial Statement, even though these issues are not expressed negatively as risks. For example, the matrix speaks of "diversity" whereas the risk map is concerned with "discrimination." Moreover, unlike the risk map, the materiality matrix also incorporates the perception of Michelin stakeholders.

The method of identifying risks and the systems for managing them are described in Chapter 2, Risk Management. The main CSR risk families and the guidelines for managing them are indicated in the introduction to each section of the Sustainable Development and Mobility Report, according to the methodology for plotting the materiality matrix and the definitions of the Group's risk factors. They have also been post-audited by the Internal Control Department. The risks mentioned in chapter 4 are "operational" risks. Policies and due diligence procedures are presented in extensive detail following these introductions, in particular to express the Group's sustainable development strategy quantitatively, qualitatively, transparently and in a manner comparable with reports from prior years.

The performance indicators for each of the main risks are mostly derived from the six strategic objectives for 2030. Means indicators have also been defined for the main opportunities. For each of the main risks, an essential indicator has been both highlighted in the Non-Financial Statement table of concordance and presented in the summary table of key CSR performance indicators[2]. In the interests of transparency and materiality, however, other indicators have been presented alongside the deployed policies, depending on the issues addressed.

(1) Information on (i) the impact that the Company's business operations and the use of its products and services may have on climate change; (ii) the Company's social commitments to supporting sustainable development and the circular economy, reducing food waste and combating food insecurity, respecting animal welfare and responsible, fair, sustainable food systems; (iii) the collective agreements signed in the Company and their impact on business performance and working conditions; (iv) initiatives to prevent discrimination and promote diversity; (v) measures taken in favor of the disabled; and (vi) the impact of the Company's business on respect for human rights and the fight against corruption and tax evasion.

(2) 4.1 Sustainable Development and Mobility Report/Introduction.

1.2.2 TABLE OF CONCORDANCE – NON-FINANCIAL STATEMENT

Business and Value Creation Model		
Our purpose: "Offering everyone a better way forward."		Chapter 1
Scope, organization and main resources	Profile/A global footprint	Chapter 1
	Our All Sustainable strategy for 2030	Chapter 1
	Governance	Chapter 3
	Michelin investor relations	Chapter 5
	Risk management	Chapter 2
Business and value creation model (diagram)	Our business model	Chapter 1
Core businesses, operational excellence and outcomes	Growing With tires, Around tires, Beyond tires	Chapter 1
Challenges, strategy and outlook	Message from the Managing Chairman	Chapter 1
	Into the future	Chapter 1

Managing the social and environmental impact of our business operations

4.1 Sustainable Development and Mobility Report

No.	Materiality matrix issue	Main risk identified in the CSR map	Policies, due diligence and outcomes	Key Performance Indicators and Objectives/Key outcomes
1	**Employee health and safety**	9 – Employee and contractor health and safety	4.1.3 Employee health and safety	• Achieve a total case incident rate (TCIR) of less than 2 • Achieve and maintain an 85% employee engagement rate • Workplace well-being indicator, with a target of 80% by 2030
2	**Quality and safety of products and services**	8 – Tire product safety	4.1.4.3 Guaranteeing the quality of our products and services	• Improve the Partner NPS by ten points and the End Customer NPS by five points by 2030
3	**Direct contribution to climate change (Scopes 1 & 2)**	6 – Climate change impact of our Scope 1 & 2 operations	4.1.1.1 a) Transition plan: decarbonizing our operations/Scopes 1 & 2: reaching net zero emissions in the manufacturing operations by 2050	• Scopes 1 & 2: reaching net zero emissions in the manufacturing operations by 2050 • Composite i-MEP indicator, with a target of a one-third reduction by 2030 versus 2019
4	**Environmental impact of raw materials**	4 – Non-climate change-related impact of our raw materials on the environment	4.1.1.2 Enhancing the circularity of our products	• Use only sustainable materials by 2050 Commitment to using 40% sustainable materials by 2030 • Natural rubber volumes used by the Group complying with the environmental criteria in the Sustainable Natural Rubber Policy, with a target of 80% in 2030

5	**Indirect contribution to climate change (Scope 3)**	3 – Climate change impact of our suppliers (Scope 3)	4.1.1.1 a) Transition plan: decarbonizing our operations Scope 3: reducing emissions from our transportation operations Scope 3: reducing emissions from purchased raw materials and components	• Suppliers representing 70% of GHG emissions from purchased goods and services (Scope 3, category 1) are expected to set science-based reduction targets by 2024. • Reduce CO_2 emissions in transport activities by 15% in 2030 compared with 2018
		1 – Climate change impacts from the use of our products (Scope 3)	4.1.1.1 b) Transition plan: company strategy/ Opportunities and risks/Designing ultra-energy efficient products	• Improve the energy efficiency of tires by 10% in 2030 compared to 2020
6	**Respect for human rights in the supply chain**	2 – Supplier failure to respect human rights	4.1.4.2 Demonstrating our CSR commitments through responsible procurement policies	• Percentage of suppliers confirmed as compliant with Michelin's human rights standards, with a target of at least 95% in 2030 • Percentage of natural rubber volumes used by the Group covered by human rights assessments and compliant with Group standards, with a target of 80% in 2025 • More than 95% of purchasing employees trained in ethical risks in supplier relations
7	**Sustainable sourcing and responsible supplier relations**	5b – Non-compliance with our Supplier Relations Code of Conduct		
8	**Development of products and services beyond tires**	Chapter 1: Our Michelin in Motion 2030 strategic plan is designed to grow our business with, around and beyond tires. We are seeking targeted growth in tires and investing in growth territories around and beyond tires, with the goal of generating 20% to 30% of our revenue from these new businesses. Strategic risk addressed in section 2: M&A and image		
9	**Diversity and equal opportunity**	7 – Discrimination	4.1.2.2 Instilling an inclusive culture of diversity and preventing discrimination	• **IMDI:** Composite indicator tracking diversity and inclusion – target of 80/100 in 2030 • Percentage of women in management and among senior executives, with a target of 35% in 2030 • Percentage of employees receiving a decent wage, with a target of 100% in 2025
10	**Business ethics**	5a – Ethical violations	4.1.4.1 Ensuring ethical business practices	• 98% of employees trained in anti-corruption practices in 2030 • Number of alerts to the ethics hotline

Impact of the Group's business operations	
• on respect for human rights	4.1.2.1 Ensuring respect for human rights 4.1.4.2 Demonstrating our CSR commitments through responsible procurement policies
• on the fight against corruption	4.1.4.1 b) Taking a firm stand against corruption
• on the fight against tax evasion	4.1.4.1 e) Combating tax evasion

Impacts on climate change	
• of the Company's business operations	4.1.1.1 Implementing a climate strategy 4.1.1.1 a) Transition plan: decarbonizing our operations/Scopes 1 & 2: reaching net zero emissions in the manufacturing operations by 2050 4.1.1.4 c) Reducing energy use and greenhouse gas emissions 4.1.1.1 a) Transition plan: decarbonizing our operations/Scope 3: reducing emissions from our transportation operations 4.1.1.1 a) Scope 3: reducing emissions from purchased raw materials and components.
• of the use of the Company's products and services	4.1.1.1 b) Transition plan: company strategy/Opportunities and risks/Designing ultra-energy efficient products
Social commitments to supporting	
• sustainable development	4.1.1.3 Supporting biodiversity 4.1.2.5 Encouraging employee and corporate engagement in local communities
• the circular economy	4.1.1.2 Enhancing the circularity of our products
• initiatives to reduce food waste	Given the nature of the Michelin Group's manufacturing operations, this information does not correspond to a major risk. However, related initiatives are being undertaken by the Group's food service providers at the local level. In addition, as part of its Maps & Guides business, Michelin has created the Sustainable Gastronomy distinction, which was awarded for the first time in 2019. The **MICHELIN Green Star** award enables users and readers to find restaurants in the various selections that are leading the way in environmentally responsible fine dining. In this way, the MICHELIN Guide hopes to raise awareness and encourage action in the restaurant industry and among consumers. Lastly, by showcasing the restaurants through all its interfaces and communication channels, the MICHELIN Guide is expressing its commitment to bringing together gastronomic transition stakeholders and encouraging positive emulation across the sustainable fine dining and food community.
• initiatives to combat food insecurity	Given the nature of the Michelin Group's manufacturing operations, this information does not correspond to a major risk.
• responsible, fair, sustainable food choices	Given the nature of the Michelin Group's manufacturing operations, this information does not correspond to a major risk.
• animal rights and welfare	Given the nature of the Michelin Group's manufacturing operations, this information does not correspond to a major risk.
Information on collective bargaining agreements signed in the Company and their impact on business performance and employee working conditions	
	Since these issues do not represent a major risk, they are not discussed in this report.
Initiatives to prevent discrimination and promote diversity, and measures taken in favor of the disabled	
	4.1.2.2 Instilling an inclusive culture of diversity and preventing discrimination

1.2.3 TABLE OF CONCORDANCE – OTHER CSR ISSUES

Managing the social and environmental impact of our business operations				
		4.1 Sustainable Development and Mobility Report		
No.	**Materiality matrix**	**Other identified risks and issues**	**Description**	**Policies, due diligence and outcomes**
	HUMAN RIGHTS			
17	**Local community development**		4.1.2.5 Encouraging employee and corporate engagement in local communities	4.1.2.5 a) Creating local jobs and businesses with Michelin Development 4.1.2.5 b) Participating harmoniously in local community life through our employees 4.1.2.5 c) The Michelin Foundation: demonstrating our corporate culture and values 4.1.2.5 d) Addressing the risk of potentially negative impacts of our business on local communities
19	**Attracting and retaining talent**	Lack of attractiveness	4.1.2.4 Supporting employee growth and development	4.1.2.4 b) Employer appeal, promoting from within, team succession plans 4.1.2.4 c) Employee growth and development 4.1.2.4 d) A division of roles supporting the process 4.1.2.4 e) Enhancing skills through training 2.1 Risk factors specific to Michelin/Risk 10: Lack of employer attractiveness/employee retention
20	**Developing employee skills**	Managing social cohesion, people and human rights/ Employee skills mismatch	4.1.2.4 Supporting employee growth and development/ Managing social cohesion, people and human rights	4.1.2.4 a) Human resources planning and development 4.1.2.4 c) Employee growth and development 4.1.2.4 d) A division of roles supporting the process 4.1.2.4 e) Enhancing skills through training
22	**Employee volunteer service**		4.1.2.5.b) Participating harmoniously in local community life through our employees/ Michelin Volunteers guidelines	
	EMPLOYEE HEALTH AND SAFETY			
21	**Fostering workplace well-being**		4.1.3.4 Ensuring well-being in the workplace: improving work-life balance	
	ENVIRONMENT AND CLIMATE CHANGE			
14	**Air quality**	Air and water pollution	4.1.1.4 c) Reducing energy use and greenhouse gas emissions 4.1.1.4 d) Reducing harmful air emissions	
15	**Eco-design of our products and services**	Environmental risks from raw materials and end-of-life tires	4.1.1.2 b) Deploying eco-design practices	
16	**End-of-life products**	Environmental risks from raw materials and end-of-life tires	4.1.1.2 d) The Michelin 4R circular economy process	

24	**Responding to environmental damage**	Risks related to the physical impacts of climate change	Addressed in Chapter 2 Risk Management Section 2.1 Risk factors specific to Michelin, descriptions and related management systems/Risk 4 – Physical impacts of climate change.	
25	**Protecting soil quality and biodiversity**	Damage to biodiversity	**4.1.1.3 Supporting biodiversity**	4.1.1.3 a) Supporting biodiversity 4.1.1.3 c) Preserving biodiversity and ecosystems in rubber tree farming 4.1.1.3 d) Preserving biodiversity around Group manufacturing and research facilities
26	**Waste management**	Risks arising from the tire manufacturing process and end-of-life tires	4.1.1.4 e) Reducing and managing waste 4.1.1.2 d) The Michelin 4R circular economy process	
27	**Responsible water management**	Air and water pollution	4.1.1.4 f) Reducing water withdrawals and effluent discharge	
OTHER MATERIALITY MATRIX ISSUES				
12	**Data protection**		4.1.4.1 d) Protecting employee privacy and personal data	
13	**Responsible governance**		4.1 Sustainable Development and Mobility Report/Introduction – Michelin Sustainable Development and Mobility/Governance	
18	**Transparency and access to information**		4.1 Sustainable Development and Mobility Report/Introduction – Michelin Sustainable Development and Mobility/Non-Financial Statement: Michelin, a recognized All Sustainable approach 4.1.2.3 g) Transparency: information concerning redundancy plans, job retention initiatives and retraining, placement and support programs during the year	

1.2.4 REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE VERIFICATION OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

(Year ended December 31, 2022)

This is a free English translation of the report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Cie Générale des Ets Michelin CGEM

23 Place des Carmes-Déchaux

63000 Clermont Ferrand

In our capacity as Statutory Auditor of the company Cie Générale des Ets Michelin CGEM (hereinafter the "Entity")], appointed as independent third party ("third party") and accredited by the French Accreditation Committee (Cofrac), (Cofrac Inspection Accreditation, n°3-1862,scope available at www.cofrac.fr)), we have undertaken a limited assurance engagement on the historical information (observed or extrapolated) in the consolidated non-financial statement, prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2022 (hereinafter the "Information" and the "Statement", respectively), presented in the group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (code de commerce).

Conclusion

Based on the procedures we have performed as described under the "Nature and scope of procedures" and the evidence we have obtained, nothing has come to our attention that cause us to believe that the consolidated non-financial statement is not prepared in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Preparation of the non-financial performance statement

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, the significant elements of which are available on request at the company's headquarters.

Inherent Limitations in preparing the Information

As stated in the Statement, the Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

Responsibility of the Entity

Management is responsible for:

- selecting or establishing suitable criteria for preparing the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators and the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- preparing the Statement by applying the Entity's "Guidelines" as referred above; and
- implementing internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by the Head of Michelin Group.

Responsibility of the Statutory Auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to report on:

- the Entity's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), the French duty of care law and against corruption and tax evasion);
- the fairness of information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy)
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with Articles A. 225-1 *et seq.* of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to such engagement, in particular the professional guidance issued by the Compagnie Nationale des Commissaires aux Comptes, *Intervention du commissaire aux comptes – Intervention de l'OTI – déclaration de performance extra-financière*, and acting as the verification programme and with the international standard ISAE 3000 (revised) - *Assurance engagements other than audits or reviews of historical financial information*.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and French Code of Ethics for Statutory Auditors (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement.

Means and resources

Our work engaged the skills of 8 people between September 2022 and February 2023 and took a total of 22 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted 25 interviews with people responsible for preparing the Statement, representing in particular CSR direction, administration and finance, risk management, compliance, human resources, health and safety, environmental.

Nature and scope of procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Information is likely to arise.

The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Information, we:

- obtained an understanding of all the consolidated entities' activities and the description of the main risks associated;
- assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, best practices within the sector.
- verified that the Statement includes each category of social and environmental information set out in Article L. 225-102-1 III as well as information regarding compliance with human rights and anti corruption and tax avoidance legislation;
- verified that the Statement provides the information required under Article R.225-105 II of the French Commercial Code where relevant with respect to the main risks, and includes, where applicable, an explanation for the absence of the information required under Article L.225-102-1 III, paragraph 2 of the French Commercial Code;
- verified that the Statement presents the business model and a description of the main risks associated with of all the consolidated entities' activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the main risks;

- referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the main risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the main risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; For some risks, fight against corruption, fight against tax evasion, safety of tire products, non-respect of human rights by suppliers, impact of product use (scope 3) on climate change, impact of suppliers (scope 3) on climate change, non-compliance with the supplier relations code of conduct, development of products and services beyond tires, our work was carried out on the consolidating entity; for other risks, our work was carried out on the consolidating entity and on a selection of sites: Vannes, Golbey, Ladoux (France), Anderson, Lexington, Dothan (United-States), Bridgewater (Canada), Mezquite (Mexico), Grumari, Manaus (Brazil), Alessandria, Cuneo (Italy), Victoria (Romania), Laem Chabang (Thailand), Shenyang (China), Chennai (India), Euromaster Germany, Euromaster Finland;
- verified that the Statement covers the consolidated scope, i.e. all the entities within the consolidation scope in accordance with Article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- obtained an understanding of internal control and risk management procedures the Entity has implemented and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of definitions and procedures and reconcile the data with supporting documents. This work was carried out on a selection of contributing sites : Vannes, Golbey, Ladoux (France), Anderson, Lexington, Dothan (United-States), Bridgewater (Canada), Mezquite (Mexico), Grumari, Manaus (Brazil), Alessandria, Cuneo (Italy), Victoria (Romania), Laem Chabang (Thailand), Shenyang (China), Chennai (India), Euromaster Germany, Euromaster Finland, and covers between 19% and 34% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- assessed the overall consistency of the Statement in relation to our knowledge of all the consolidated entities

The procedures performed in a limited assurance review are less in extent than for a reasonable assurance opinion in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

Neuilly-sur-Seine, February 16th, 2023

One of the Statutory Auditors,

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou	Sylvain Lambert
Partner	Sustainable Development Partner

1.2.4.1 Appendix : List of information we considered most important

Key performance indicators and other quantitative results:

- Total Case Incident Rate and Serious Accident Frequency Rate;
- iMEP and its components (energy, water, volatile organic compounds, CO_2 (scope 1 and 2), waste);
- Scope 3 categories of the carbon footprint updated annually: upstream and downstream logistics activities, purchases of raw materials and components, and upstream energy;
- Improvement of the energy efficiency of pneumatic products compared to the 2020 baseline;
- Percentage of sustainable materials (renewable biosourced or from recycled materials) used in the manufacture of tyres;
- Percentage of sites certified ISO 14001;
- Share of suppliers assessed by EcoVadis reaching the "confirmed" level;
- Proportion of suppliers at the "confirmed" level (according to Ecovadis) on the "social and human rights" theme;
- Share (in CO_2 emissions) of suppliers of goods and services with a "science-based" target;
- Natural rubber purchase volumes assessed by documentary audits (Ecovadis) and purchase volumes assessed at the "confirmed" level;
- Volume of natural rubber used by the Group compliant with the environmental criteria of the responsible natural rubber policy;
- Percentage of the volume of natural rubber used by the Group evaluated on the basis of criteria relating to human rights (Rubberway);
- Share of natural rubber volumes purchased by the Group mapped with Rubberway;
- Diversity of inclusion management index and its components (diversity, identity, multi-nationality of management, disability, equal opportunity);
- Rate of access to training;
- Share of management positions held by employees from internal mobility;
- Rate of engagement of Group staff, as resulting from the annual "Moving Forward Together" study, other indicators linked to the annual study, and participation rate;
- share of employee shareholders;
- Percentage of employees receiving a living wage in the countries in which the Group operates;
- Number and nature of referrals to the ethics alert line;
- Percentage of employees trained in anti-corruption;
- Proportion of purchasers trained in ethical risk in supplier relations;
- Share of targeted customers at the level of the Net Promoter Score targeted by the Group.

Qualitative information (actions and results):

- Energy transition and decarbonization (supply chain initiatives, Carbon Livelihoods Fund, investment in SYMBIO);
- Environmental footprint of industrial operations (renewable energy initiatives, biodiversity and VOC initiatives in Shenyang, water initiatives and the Lean Water approach, environmental externalities);
- Natural rubber (deployment and participation of growers in the Rubberway program, fight against deforestation, training of growers, study in collaboration with ETRMA, SPOTT classification);
- Human rights and responsible purchasing (human rights framework policy, responsible purchasing training program);
- Diversity and inclusion (feminization, initiatives on disability, initiatives on the integration of refugees, Michelin Development France program, investments by the Michelin Corporate Foundation);
- Workforce (age pyramid, seniority, part-time, use of temporary workers, hiring);
- Safety at work (Quality of Life program, investments dedicated to ergonomics);
- Safety and quality of Michelin products and services (JD Power award, ISO 9001 certifications, voluntary recall actions).

1.3 DUTY OF CARE PLAN

1.3.1 METHODOLOGY

For the sixth year in a row, Michelin has prepared a Duty of Care Plan in compliance with French Act No. 2017-399 of March 27, 2017. It describes all of the risks incurred by the Group and its main subcontractors as regards the environment, health & safety and human rights, along with the measures taken to prevent and mitigate them. For Michelin, the plan is a means to consolidate and strengthen its proactive approach to deploying risk prevention and management processes in these three areas, as well as an opportunity to deepen 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, values and its commitment to conducting its business responsibly with regard to all its stakeholders, who are discussed in a dedicated section. Michelin's corporate governance system includes a Sustainable Development and Mobility Management Committee, comprising every member of the Group Executive Committee as well as the Heads of the Legal, Purchasing, and Sustainable Development and Mobility departments. It coordinates three governance bodies – Environment, Human Rights, and Employee Health and Safety – as well as the Ethics Committee.

The plan expands on the information and initiatives already embedded in the Group's policies, which underpin its sustainable development commitment. These include the Code of Ethics, the Purchasing Principles, the Supplier Relations Code of Conduct, the Health Policy, the Environment and Prevention General Policy Note, the Employee Relations Policy and the Diversity, the Workplace Equality Policy and the Human Rights Policy. It presents the relevant information disclosed by the Group in its Universal Registration Document, including its Non-Financial Statement and other annual reports. The Group has defined standards of compliance that meet and often exceed prevailing standards and legislation in its host countries. Even when local legislation is not as strict as its own, Michelin continues to require compliance with its highly demanding environmental, health & safety and human rights standards. With respect to international environmental and human rights standards, the Group has pledged to support the UN Global Compact and upholds the UN Guiding Principles on Business and Human Rights, the fundamental conventions of the International Labour Organization and the OECD Guidelines for Multinational Enterprises. These international standards also inform the Duty of Care Plan.

The plan is tracked and updated through a dedicated process, which was coordinated in 2022 by a Sustainable Development and Mobility Department working group comprising representatives from the Internal Control, Risk Management, Environment and Prevention, Purchasing, Legal and Employee Relations Departments. Each one provided input to expand and update the plan with the support of the Sustainable Development and Mobility Department.

The Duty of Care Plan is published in the Universal Registration Document in the form of a concordance table referring more broadly back to the issues addressed in the Sustainable Development and Mobility Report to avoid repetitions and redundancies and to facilitate comprehension. **A comprehensive, fully written, stand-alone Duty of Care Plan may be found on the Group's corporate website,** www.michelin.com.

1.3.2 TABLE OF CONCORDANCE

Risk family	Risks	Risk definition and prevention[1]	Indicators	Implementation trackers
Environmental risks	**Presentation of risks related to environmental and climate change** **Presentation of risk factors related to the environmental impact of products** **Presentation of environmental risk factors related to production and supply chain operations**			
	Climate change impact of our Scope 1 & 2 operations	4.1.1.1 a) Transition plan: decarbonizing our operations/Scopes 1 and 2: reaching net zero emissions in manufacturing operations by 2050	CO_2 emissions from manufacturing operations	Deployment and outcomes of carbon footprint targets for 2030 and preparation of a pathway to reaching net zero emissions in manufacturing operations by 2050 Deployment and outcomes of the reduction in carbon emissions Deployment and outcomes of the use of renewable energy sources in 2022
	Climate change impacts from the use of our products (Scope 3)	4.1.1.1 a) Transition plan: decarbonizing our operations	Tire energy efficiency	Inventory of Scope 3 carbon emissions Tracking tire energy efficiency Reducing the rolling resistance of passenger car, light truck and heavy truck tires
	Climate change impact of our suppliers (Scope 3)	4.1.1.1 a) Transition plan: decarbonizing our operations/Scope 3: reducing emissions from our transportation operations	Percentage of raw material suppliers responding to the CDP Percentage of emissions from purchased goods and services sourced from suppliers with science-based targets	tracking these indicators to reach net zero emissions in the supply chain with raw materials and components vendors
	Other impacts in the value chain	4.1.1.1 a) Transition plan: Decarbonizing our operations/upstream energy 4.1.1.1 a) Transition plan: decarbonizing our activities/ End-of-life treatment of sold products	Percentage reduction in CO_2 emissions CO_2 emissions from the end-of-life treatment of sold tires	• Deployment and outcomes of the reduction in carbon emissions • Deployment and outcomes of the use of renewable energy sources in 2022 Implementation of several projects: • Construction of a tire recycling plant in a joint venture with Enviro • Participation in the BlackCycle project
	Air and water pollution	4.1.1.4 c) Reducing energy use and greenhouse gas emissions 4.1.1.4 d) Reducing harmful air emissions 4.1.1.4 f) Reducing water withdrawals and effluent discharge	*Michelin Environmental Performance* (i-MEP)	Improvement in i-MEP performance, 2019-2022 Deployment and outcomes of the reduction in VOC emissions Tracking water withdrawals, weighted for water stress Deployment and outcomes of the reduction in SO_x and NO_x emissions

(1) Chapter where the information is present.

Risk family	Risks	Risk definition and prevention[1]	Indicators	Implementation trackers
	Non-climate change-related impact of our raw materials on the environment	**4.1.1.2 Enhancing the circularity of our products** 4.1.1.2 a) Increment the use of sustainable materials 4.1.1.2 b) Deploying eco-design practices	Sustainable materials rate (SMR)	Deployment and outcomes of the increase in the percentage of recyclable materials in 2022 Deployment and outcomes of the Michelin 4R strategy in 2022 Deployment and outcomes of waste reduction in 2022
	Risk of harming biodiversity	4.1.1.3 Supporting biodiversity	• Percentage of sourced rubber volumes covered by the RubberWay® application • Number of completed RubberWay® questionnaires	• Analysis of the 2022 results from the RubberWay® application and implementation of on-site action projects as needed • Tracking the commitments with act4nature international
	Physical risks of climate change	4.1.1.1 c) Adaptation plan: responding to the physical risks of climate change		
Health and safety risks	**Presentation of risk factors related to the health and safety of employees and others in the workplace**			
	Occupational accidents	4.1.3.3 c) Measuring and tracking occupational accidents	Total Case Incident Rate *(TCIR)*	Measures introduced to prevent occupational accidents
	Exposure to chemicals	4.1.3.2 c) Managing industrial hygiene risks to protect employee health	Product data sheets in the local language	▶ Deployment and outcomes of the measures taken to manage chemical risks in 2022 ▶ Production facilities are entirely asbestos-free
	Ergonomics	4.1.3.2 d) Improving production workstation ergonomics	Capital expenditure dedicated to ergonomic projects	Deployment and outcomes of the measures taken to prevent ergonomic risks in Michelin production plants in 2022 Change in capital expenditure dedicated to ergonomic projects in 2022
	Malaise at work	4.1.3.2 Safeguarding employee health 4.1.3.4 Ensuring well-being in the workplace: improving work-life balance 4.1.3.4 b) Quality of work-life: listening to needs and measuring performance 4.1.3.4 c) Psychosocial risks: adapting preventive measures to local cultures	The Group-wide employee engagement rate as measured by the annual *"Moving Forward Together: Your Voice for Action"* survey Employee response rate QWL satisfaction rate [2]	Tracking the "*Moving Forward Together*" survey on this issue in 2022 Deployment and outcomes of the measures to prevent psychosocial risks in 2022
	Risk to employee safety	4.1.3.3 a) Managing workplace safety	Country risk map	Deployment and outcomes of the measures taken to prevent workplace safety risks

(1) Chapter where the information is present.
(2) QWL: Quality of Work Life.

Risk family	Risks	Risk definition and prevention[1]	Indicators	Implementation trackers
Human rights risks	**Presentation of human rights risks**			
	Supplier failure to respect human rights	**4.1.4.2 Demonstrating our CSR commitments through responsible procurement policies**	• Percentage of purchase spend covered by EcoVadis supplier reviews • Number of suppliers assessed for CSR compliance • Number of suppliers confirmed in compliance with Group CSR standards	Supplier training at the EcoVadis Academy in 2022
	Discrimination	**4.1.2.2 Instilling an inclusive culture of diversity and preventing discrimination** 4.1.2.2 a) A comprehensive, worldwide commitment 4.1.2.2 b) Targeted initiatives in the five areas of diversity	IMDI: a composite indicator tracking the management of diversity and inclusion in five areas: • gender equality in the workplace • identity (age, religion, sexual orientation, etc.) • multi-national management • disability • equal opportunity	Deployment and outcomes of the measures taken to drive improvement in the five IMDI metrics
	Harassment	4.1.2.1 b) Organization and ambitions	• Number of alerts reported • Number of employees who took the e-learning course	• Alert mechanisms and procedures • E-learning training
	Freedom of association	**4.1.2.3 Dialogue with stakeholders** 4.1.2.3 e) An assertive social dialogue process 4.1.2.3 g) Transparency: information concerning redundancy plans, job retention initiatives and retraining, placement and support programs during the year **4.1.2.4 Supporting employee growth and development**	The Group-wide employee engagement rate as measured by the annual "*Moving Forward Together: Your Voice for Action*" survey	Deployment and outcomes of Michelin's Labor Relations Policy Deployment and outcomes of the annual "*Moving Forward Together*" survey and employee engagement rate in 2022
	Non-compliance with personal data protection legislation	4.1.4.1 d) Protecting employee privacy and personal data	Application of personal data protection principles in every subsidiary	

(1) Chapter where the information is present.

Risk family	Risks	Risk definition and prevention[1]	Indicators	Implementation trackers
	Compensation and social protection	4.1.2.3 f) Offering fair compensation and benefits 4.1.2.1 b) Organization and ambitions/Decent wage-related risks now being assessed in the contracting chain 4.1.2.1 b) Organization and ambitions/A deeper understanding of several issues in 2022	Percentage of employees paid a decent wage Percentage of employees with a social protection floor	Implementation of the **decent wage** policy Feasibility study for the creation of a **social protection floor**
	Local communities	4.1.2.5 Encouraging employee and corporate engagement in local communities 4.1.2.5 c) The Michelin Foundation: demonstrating our corporate culture and values 4.1.2.5 d) Addressing the risk of potentially negative impacts of our business on local communities	Percentage of employees engaged in Michelin Volunteers initiatives	• Drafting of guidelines for preventing risks to local communities • Deployment and outcomes of the Michelin Volunteers program in 2022
	Product and service safety	4.1.4.3 Guaranteeing the quality of our products and services	**NPS: Net Promoter Score**	Implementation and tracking
Risks associated with suppliers' CSR practices	**Demonstrating our CSR commitments through responsible procurement policies**			
	CSR risks based on nature and purchasing category	**4.1.4.2 Demonstrating our CSR commitments through responsible procurement policies** 4.1.4.2 a) Governance and organization 4.1.4.2 b) Identifying categories and countries at risk and assessing suppliers	Number of suppliers assessed by EcoVadis Spending covered by EcoVadis assessments (based on procurement categories and countries at risk) Percentage of suppliers assessed by EcoVadis that are confirmed as compliant	Compliance with the Michelin Purchasing Principles, the Supplier Relations Code of Conduct and the Sustainable Natural Rubber Policy
	Climate change impact of our suppliers	4.1.1.1 a) Transition plan: decarbonizing our operations/Scope 3: reducing emissions from our transportation operations	CO_2 emissions from transportation operations	Tracking these indicators to reach net zero emissions in the supply chain with raw materials and components vendors
		4.1.4.2 b) Identifying categories and countries at risk and assessing suppliers/ Climate change impact of our suppliers	• Percentage of raw material suppliers responding to the CDP • Percentage of emissions from purchased goods and services sourced from suppliers with science-based targets	

(1) Chapter where the information is present.

Risk family	Risks	Risk definition and prevention[1]	Indicators	Implementation trackers
	Impact of raw materials on the environment	4.1.1.2 Enhancing the circularity of our products 4.1.1.2 a) Increment the use of sustainable materials 4.1.1.2 b) Deploying eco-design practices	Average Sustainable Materials Rate (ASMR)	Deployment and outcomes of the increase in the percentage of recyclable materials in 2022 Deployment and outcomes of the Michelin 4R strategy in 2022
	Supplier failure to respect human rights	4.1.4.2 Demonstrating our CSR commitments through responsible procurement policies	• Percentage of purchase spend covered by EcoVadis supplier reviews • Number of suppliers assessed for CSR compliance • Number of suppliers confirmed in compliance with Group CSR standards	Supplier training at the EcoVadis Academy in 2022
	Non-compliance with the Supplier Relations Code of Conduct	4.1.4.2 b) Identifying categories and countries at risk and assessing suppliers/Non-compliance with the Supplier Relations Code of Conduct	Number of purchasing employees trained in ethical risks in supplier relations	Deployment of the training module on ethical risks in supplier relations
	Specific risks of natural rubber	4.1.4.2 c) A dedicated approach for natural rubber	• Sourced volumes covered by the RubberWay® application • Number of RubberWay® questionnaires	• Deployment and outcomes of the various natural rubber partnerships in 2022 (WWF and GPSNR) • Analysis of the 2022 results from the RubberWay® application and implementation of on-site action projects as needed
Other issues				
Dialogue with stakeholders	4.1.2.3 Dialogue with stakeholders			
Controlling CSR risks in newly acquired companies	2.1 Risk factors specific to Michelin, descriptions and related management systems/Risk 6: Mergers, acquisitions and major projects			
Whistleblowing systems				
4.1.4.1 a) Establishing a global ethical framework (ethics hotline open to both employees and third parties) 4.1.4.2 b) Identifying categories and countries at risk and assessing suppliers/Non-compliance with the Supplier Relations Code of Conduct/ Mediation with suppliers				

(1) Chapter where the information is present.

1.4 OTHER TABLES OF CONCORDANCE

1.4.1 GRI INDICATORS

This report has been prepared in compliance with GRI (Global Reporting Initiative) standards specified in GRI 1: Foundation. The following table cross-references sections in the report that are aligned with GRI indicators, according to the standards updated on December 31, 2022.

Statement of Use	Compagnie Générale des Établissements Michelin has disclosed the information in this GRI content index for the twelve months from January 1, 2022 to December 31, 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	The GRI Sector Standards do not apply to Michelin

Disclosures that are not applicable are shaded in gray. These concern only the reasons for omission and the reference number of the corresponding GRI sector standard.

Minimum GRI compliance disclosures.

Disclosure	Description	Section	Cross-reference (or reason for omission)
UNIVERSAL STANDARDS			
GRI 2 – GENERAL DISCLOSURES			
1. THE ORGANIZATION AND ITS REPORTING PRACTICES			
2-1	Organization details	1	The Michelin partnership limited by shares
		Note 36	List of consolidated companies
		6.1	Information about the Company
2-2	Entities included in the organization's sustainability reporting	4	Methodology
		Note 36	List of consolidated companies
2-3	Reporting period, frequency and contact point	4	Methodology
		Contents	AMF disclaimer
		back cover	
2-4	Restatements of information	4	Methodology
2-5	External assurance	4.2.4	Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated non-financial statement
2. ACTIVITIES AND WORKERS			
2-6	Activities, value chain and other business relationships	1	Our businesses
		1	Our business model
		4.1.4.2	Demonstrating our CSR commitments through responsible procurement policies
		4.1.2.3 c)	Transparency: information concerning redundancy plans, job retention initiatives and retraining, placement and support programs during the year
		5.1.11	Significant change in financial or trading position
2-7	Employees	4.1.2.4	Supporting employee growth and development
		2022 ESG data	
		Incomplete information. The human resources management system does not list temporary workers by gender or region.	
2-8	Workers who are not employees	Information not available. The human resources management system does not list workers who are not employees.	

Disclosure	Description	Section	Cross-reference (or reason for omission)
3, GOVERNANCE			
2-9	Governance structure and composition	1	Governance
		3.1	Administrative, management and supervisory bodies
		3.2.11	Corporate Social Responsibility Committee (CRSC)
		4.1	Sustainable Development and Mobility Report/Governance
2-10	Nomination and selection of the highest governance body	3.1	Administrative, management and supervisory bodies
2-11	Chair of the highest governance body	3.1	Administrative, management and supervisory bodies
2-12	Role of highest governance body in overseeing the management of impacts	3.1.1	An experienced, stable and responsible management team
		3.1.1.2	Role and responsibilities
		3.2.11	Corporate Social Responsibility Committee (CRSC)
		4.1	Sustainable Development and Mobility Report/Governance
		4.1.1	The Environment/Environmental Governance.
		4.1.2.1 b)	Human rights and employee relations/ Organization and ambitions
		4.1.3.	Employee health and safety governance
		4.1.4	Ethics and compliance/Organization
2-13	Delegation of responsibility for managing impacts	3.2.11	Corporate Social Responsibility Committee (CRSC)
		4.1	Sustainable Development and Mobility Report – Governance
		4.1.1	The Environment/Environmental Governance.
		4.1.2.1 b)	Human rights and employee relations/ Organization and ambitions
		4.1.2.2	Instilling an inclusive culture of diversity and preventing discrimination/Governance and organization
		4.1.3	Employee health and safety governance
		4.1.4	Ethics and compliance/Organization
		4.1.4.2	Demonstrating our CSR commitments through responsible procurement policies
2-14	Role of the highest governance body in sustainability reporting	3.2.11	Corporate Social Responsibility Committee (CRSC)
		4.1	Sustainable Development and Mobility Report/Introduction
2-15	Conflicts of interest	3.2.6	Review of Supervisory Board members' independence and any conflicts of interest
2-16	Communication of critical concerns	4.1.4.1 a)	Establishing a global ethical framework
2-17	Collective knowledge of the highest governance body	3.2.3	Training for Supervisory Board members
2-18	Evaluation of the performance of the highest governance body	3.2	Supervisory Board practices – Activities in 2022
		3.7	Assessment of the Supervisory Board's practices
2-19	Remuneration policies	3.3	Management and Supervisory Board compensation policies for 2022
		4.1.2.3 f)	Offering fair compensation and benefits
2-20	Process for determining remuneration	3.3	Management and Supervisory Board compensation policies for 2022
		3.5	Individual compensation paid or awarded to the Managers and the Chair(man) of the Supervisory Board for 2022
2-21	Annual total compensation ratio	3.4.6	Compensation ratios of the Managers and the Chair(man) of the Supervisory Board

Disclosure	Description	Section	Cross-reference (or reason for omission)
4, STRATEGY, POLICIES AND PRACTICES			
2-22	Statement on sustainable development strategy	1	Message from the Managing Chairman
2-23	Policy commitments	1	Our All Sustainable strategy for 2030
		4.1.2.1 a)	Employee relations standards and responsibilities
		4.1.2.2 a)	A comprehensive, worldwide commitment
		4.1.3.1	Health, Safety and Quality of Worklife Policy
		4.1.4.1 a)	Establishing a global ethical framework
		4.1.4.2 a)	Governance and organization/Clearly defined policies
		4.3	Duty of Care Plan
2-24	Embedding policy commitments	4.1.2.1 b)	Human rights and employee relations/ Organization and ambitions
		4.1.3.2	Safeguarding employee health
		4.1.4.1	Ensuring ethical business practices
		4.1.4.2 b)	Identifying categories and countries at risk and assessing suppliers
		4.1.4.2 c)	A dedicated approach for natural rubber
		4.3	Duty of Care Plan
2-25	Processes to remediate negative impacts	4.1.2.2 a)	A comprehensive, worldwide commitment
		4.1.2.3	Dialogue with stakeholders
		4.1.2.5 d)	Addressing the risk of potentially negative impacts of our business on local communities
		4.1.4.2	Demonstrating our CSR commitments through responsible procurement policies
2-26	Mechanisms for seeking advice and raising concerns	4.1.2.3	Dialogue with stakeholders
		4.1.4.2 b)	Non-compliance with the Supplier Relations Code of Conduct
2-27	Compliance with laws and regulations	4.1.4.1 b)	Taking a firm stand against corruption
		4.1.4.1 e)	Combating tax evasion
		4.1.4.1 c)	Competition law
2-28	Membership of associations	4.1.1.3	Supporting biodiversity
		4.1.2.3	Dialogue with stakeholders
		4.1.2.3 c)	Fostering closer relations with environmental protection associations
		4.1.2.5 e)	Making a public commitment to supporting sustainable mobility
		4.1.4.2 c)	A dedicated approach for natural rubber
5, STAKEHOLDER ENGAGEMENT			
2-29	Approach to stakeholder engagement	4.1.2.3	Dialogue with stakeholders
2-30	Collective bargaining agreements		Information not available. We do not have an indicator for the percentage of employees covered by collective bargaining agreements.
GRI 3 – MATERIAL TOPICS			
3-1	Process to determine material topics	4.1	Sustainable Development and Mobility Report/Challenges and performance
3-2	List of material topics	4.1	Sustainable Development and Mobility Report/Materiality matrix
3-3	Management of material topics	4.1	Sustainable Development and Mobility Report/Materiality matrix

Disclosure	Description	Section	Cross-reference (or reason for omission)
1. Climate change impacts from the use of our products (Scope 3)		4.1.1.1 b)	Transition plan: company strategy/Opportunities and risks/ Designing ultra-energy efficient products
2. - Supplier failure to respect human rights		4.1.4.2 b)	Identifying categories and countries at risk and assessing suppliers/ Supplier failure to respect human rights
			See also GRI 414 – Supplier social assessment
3. Climate change impact of our suppliers (Scope 3)		4.1.1.1 a)	Transition plan: decarbonizing our operations/Scope 3: reducing emissions from purchased raw materials and components
			See also GRI 308 – Supplier environmental assessment
4. - Non-climate change-related impacts of our raw materials on the environment		4.1.1.2	Enhancing the circularity of our products
5. Ethics violations		4.1.4.1	Ensuring ethical business practices
			See also GRI 205 - Anti-Corruption and GRI 206 - Anti-Competitive Behavior
6. Non-compliance with our Supplier Relations Code of Conduct		4.1.4.2 b)	Identifying categories and countries at risk and assessing suppliers/ Non-compliance with the Supplier Relations Code of Conduct
7. - Climate change impact of our Scope 1 and 2 operations		4.1.1.1 a)	Transition plan: decarbonizing our operations/Scopes 1 and 2: reaching net zero emissions in manufacturing operations by 2050
			See also GRI 302 – Energy and GRI 305 – Emissions
8. Discrimination			*See GRI 405 – Diversity and Equal Opportunity and GRI 406 – Non-discrimination*
9. Tire product safety		4.1.4.3	Guaranteeing the quality of our products and services
10. Employee and contractor health and safety			*See GRI 403 – Occupational health and safety*
GRI 200: ECONOMIC			
GRI 201 – ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed	1	The Michelin share
		5.1.3	Consolidated income statement review
		5.2	Consolidated financial statements for the year ended December 31, 2022
201-2	Financial implications and other risks and opportunities due to climate change	2.1	Risk 4 – Physical impacts of climate change.
		5.2	Note 2.6: Climate risk
GRI 202 – MARKET PRESENCE			
202-2	Proportion of senior management hired from the local community	4.1.2.2 b)	Targeted initiative in the five areas of diversity
GRI 203 – INDIRECT ECONOMIC IMPACTS			
203-1	Infrastructure investments and services supported	4.1.2.5 a)	Supporting local jobs and businesses with Michelin Development
		4.1.2.5 b)	Participating harmoniously in local community life through our employees
		4.1.2.5 c)	The Michelin Foundation: demonstrating our corporate culture and values
GRI 204 – PROCUREMENT PRACTICES			
204-1	Proportion of spending on local suppliers	4.1.4.2 b)	Identifying categories and countries at risk and assessing suppliers – Diversifying the supplier base
Reason for omission of the figure: not applicable – Group procurement is managed globally. While operating globally and purchasing from major international suppliers who meet its exacting standards and embrace the principles of sustainable development, Michelin, in line with its Purchasing Principles, also strives to source locally, as well as from sheltered work centers and social enterprises. These local purchases are not tracked by a Group-wide KPI.			

Disclosure	Description	Section	Cross-reference (or reason for omission)
GRI 205 – ANTI-CORRUPTION			
205-1	Operations assessed for risks related to corruption	Reason for omission of certain data: lack of information/confidentiality issues – All of the Group's host regions have been reviewed and assessed for corruption risks. The findings are not available at the site or facility level. For confidentiality reasons, Michelin does not publicly disclose the material risks of corruption identified during the assessments.	
205-2	Communication and training about anti-corruption policies and procedures	4.1.4.1 a)	Establishing a global ethical framework
		4.1.4.1 b)	Taking a firm stand against corruption
205-3	Confirmed incidents of corruption and actions taken	4.1.4.1 a)	Establishing a global ethical framework/Alert mechanisms and procedures
GRI 206 – ANTI-COMPETITIVE BEHAVIOR			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	4.1.4.1 c)	Competition law Reason for omission: Confidentiality issues – the requested information is highly sensitive and its disclosure could be detrimental to trade secrets.
GRI 300: ENVIRONMENTAL DISCLOSURES			
GRI 301 – MATERIALS			
301-2	Recycled input materials used	4.1.1.2 a)	Increment the use of sustainable materials
GRI 302 – ENERGY			
302-1	Energy consumption within the organization	4.1.1.4 b)	Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
302-3	Energy intensity	4.1.1.1 a)	Transition plan: decarbonizing our operations/Energy efficiency of production plants
302-4	Reduction of energy consumption	4.1.1.4 b)	Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
GRI 303 – Water			
303-3	Water withdrawals	4.1.1.4 b)	Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
GRI 304 – BIODIVERSITY			
304-1	Operational sites owned, leased or managed in or adjacent to protected areas or areas of high biodiversity value outside protected areas	4.1.1.4 b)	Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
		4.1.1.3 d)	Preserving biodiversity around Group manufacturing and research facilities
304-3	Habitats protected or restored	4.1.1.3 d)	Preserving biodiversity around Group manufacturing and research facilities
GRI 305 – EMISSIONS			
305-1	Direct (Scope 1) GHG emissions	4.1.1.1 a)	Transition plan: decarbonizing our operations/The Group's carbon footprint
		4.1.1.4 b)	Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
305-2	Indirect (Scope 2) GHG emissions	4.1.1.1 a)	Transition plan: decarbonizing our operations/The Group's carbon footprint
		4.1.1.4 b)	Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
305-3	Other indirect (Scope 3) GHG emissions.	4.1.1.1 a)	Transition plan: decarbonizing our operations/The Group's carbon footprint
305-5	Reduction of GHG emissions	4.1.1.4 b)	Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
		4.1.1.4 c)	Reducing energy use and greenhouse gas emissions
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.1.1.4 b)	Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
		4.1.1.4 d)	Reducing harmful air emissions

Disclosure	Description	Section	Cross-reference (or reason for omission)
GRI 306 – WASTE			
306-2	Management of significant waste-related impacts	4.1.1.2 d)	The Michelin 4R circular economy process
		4.1.1.4 e)	Reducing and managing waste
306-3	Waste generated	4.1.1.4 b)	Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
GRI 308 – SUPPLIER ENVIRONMENTAL ASSESSMENT			
308-2	Negative environmental impacts in the supply chain and actions taken	4.1.4.2	Demonstrating our CSR commitments through responsible procurement policies
GRI 400: SOCIAL			
GRI 401 – EMPLOYMENT			
401-1	New employee hires and employee turnover	4.1.2.4 b)	Employer appeal, promoting from within, team succession plans
GRI 402 – LABOR/MANAGEMENT RELATIONS			
402-1	Minimum notice periods regarding operational changes	4.1.2.3 e)	An assertive social dialogue process
GRI 403 – OCCUPATIONAL HEALTH AND SAFETY			
403-1	Occupational health and safety management system	4.1.3.1	Health, Safety and Quality of Worklife Policy
403-2	Hazard identification, risk assessment, and incident investigation	4.1.3.2 c)	Managing industrial hygiene risks to protect employee health
		4.1.3.3	Assessing and preventing workplace safety and security risks
403-3	Occupational health services	4.1.3.2	Safeguarding employee health
403-9	Occupational accidents	4.1.3.3 c)	Measuring and tracking occupational accidents
403-10	Occupational illnesses	4.1.3.3 c)	Measuring and tracking occupational accidents
GRI 404 – TRAINING AND EDUCATION			
404-1	Average hours of training per year per employee	4.1.2.4 e)	Enhancing skills through training
404-2	Programs for upgrading employee skills and transition assistance programs	4.1.2.4 c)	Employee growth and development
404-3	Percentage of employees receiving regular performance and career development reviews	4.1.2.4 c)	Employee growth and development
GRI 405 – DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governance bodies and employees	4.1.2.2 b)	Targeted initiatives in the five areas of diversity
405-2	Ratio of basic salary and remuneration of women to men	4.1.2.2 b)	Targeted initiatives in the five areas of diversity/Ensuring wage equality worldwide
GRI 406 – NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken	4.1.2.2 a)	Training to encourage inclusion and attenuate the risk of discrimination
		4.1.4.1 a)	Establishing a global ethical framework
GRI 407 – FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.1.4.2	Demonstrating our CSR commitments through responsible procurement policies
GRI 408 – CHILD LABOR			
408-1	Operations and suppliers at significant risk for incidents of child labor	4.1.2.1 b)	Organization and ambitions/

Disclosure	Description	Section	Cross-reference (or reason for omission)
GRI 409 – FORCED OR COMPULSORY LABOR			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.1.2.1 b)	Organization and ambitions/
GRI 410 – SECURITY PRACTICES			
410-1	Security personnel trained in human rights policies or procedures	4.1.2.1 b)	Organization and ambitions//A deeper understanding of several issues in 2022
GRI 413 – LOCAL COMMUNITIES			
413-1	Operations with local community engagement, impact assessments, and development programs	4.1.2.5 c)	Participating harmoniously in local community life through our employees
GRI 414 – SUPPLIER SOCIAL ASSESSMENT			
414-1	New suppliers that were screened using social criteria	4.1.4.2	Demonstrating our CSR commitments through responsible procurement policies
414-2	Negative social impacts in the supply chain and actions taken	4.1.4.2 b)	Identifying categories and countries at risk and assessing suppliers
GRI 415 – PUBLIC POLICY			
415-1	Political contributions	Code of Ethics	"Michelin does not make political contributions. The Group considers that it may legitimately express its point of view, with integrity, in explaining to public decision-makers its positions on matters of interest to the Group. The exchanges are made in accordance with the principles of honesty and in the interest of our stakeholders, such as shareholders, customers, partners, employees and the relevant jurisdiction (country, province, state, municipality, etc.)."
GRI 416 – CUSTOMER HEALTH AND SAFETY			
416-1	Assessment of the health and safety impacts of product and service categories	4.1.4.3	Guaranteeing the quality of our products and services
GRI 417 – MARKETING AND LABELING			
417-1	Requirements for product and service information and labeling	4.1.4.4	Playing an active role in ensuring consumers' safety on the road and safeguarding the environment/Tire labeling
GRI 418 – Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.1.4.1 d)	"Michelin takes special care to properly manage customer and user requests and complaints. In each country concerned, data protection teams are tasked with responding appropriately to each requester in a timely manner. Similarly, in the event of a personal data breach, the Privacy teams are systematically called in, in particular to identify cases where the incident presents a high risk for customers or users whose data have been compromised, and who must be notified with full details so that they can take appropriate measures."

1.4.2 TABLE OF CONCORDANCE FOR THE SASB (SUSTAINABILITY ACCOUNTING STANDARD BOARD)

The following table cross-references sections in the report that are aligned with Sustainability Accounting Standard Board - Transportation Standard Index - Autoparts, according to the standards updated on December 31, 2022.

Topic	Accounting metric	Section
Energy management TR-AP-130a.1	Total energy consumed	4.1.1.4 b) Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
	Percentage renewable	4.1.1.4 c) Reducing energy use and greenhouse gas emissions/Driving the Group's energy transition
Waste management TR-AP-150a.1	Total amount of waste from manufacturing	4.1.1.4 b) Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
	Percentage hazardous	4.1.1.4 e) Reducing and managing waste
	Percentage recycled	4.1.1.4 e) Reducing and managing waste
Product safety TR-AP-250a.1	Number of recalls issued, total units recalled	4.1.4.3 Guaranteeing the quality of our products and services/Michelin Quality
Design for fuel efficiency TR-AP-410a.1	Revenue from products designed to increase fuel efficiency and/or reduce emissions	4.1.1.1 d) Engagement and transparency 4.1.1.7 2022 report on the Michelin Group's activities in respect of the European Taxonomy Regulation
Materials sourcing TR-AP-440a.1	Description of the management of risks associated with the use of critical materials	4.1.4.2 b) Identifying categories and countries at risk and assessing suppliers/Critical materials
Materials efficiency TR-AP-440b.1	Percentage of products sold that are recyclable	This information was not available at the date of publication of the report.
Materials efficiency TR-AP-440b.2	Percentage of input materials from recycled or remanufactured content	4.1.1.2 a) Increment the use of sustainable materials
Competitive behavior TR-AP-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	4.1.4.1 c) Competition law During the period, the Group did not incur monetary losses as a result of legal proceedings pursuant to regulations on anti-competitive behavior[1].

Activity metric	Code	Section
Number of parts produced	TR-AP-000.A	4.1.4.3 Guaranteeing the quality of our products and services/Michelin Quality
Weight of parts produced	TR-AP-000.B	3,289,207 tonnes (scope: i-MEP)
Area of manufacturing plants	TR-AP-000.C	3,649 hectares[1]

(1) This information was added after the review by the independent third-party and was therefore not subject to its review procedures.

1.4.3 SUSTAINABLE DEVELOPMENT GOALS

	Customers	Employee well-being and development	Financial performance	Product performance	Responsible industry	Local communities
1 NO POVERTY						4.1.2.5 b, c, d
2 ZERO HUNGER				*see Michelin.com*		4.1.2.5
3 GOOD HEALTH AND WELL-BEING	4.1.4.3	4.1.3		4.1.4.3	4.1.1.4	4.1.2.5 c, d
4 QUALITY EDUCATION		4.1.2.4				4.1.2.5 c, d
5 GENDER EQUALITY		4.1.2.2 a, b				4.1.2.5 c, d
6 CLEAN WATER AND SANITATION					4.1.1.4 f	
7 AFFORDABLE AND CLEAN ENERGY					4.1.1.4 c	
8 DECENT WORK AND ECONOMIC GROWTH		4.1.2.1 4.1.2.2 b	*Chapter 5*	4.1.1.2	4.1.1.3	4.1.2.5 b
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE				4.1.1.2	4.1.1.4	4.1.2.5
10 REDUCED INEQUALITIES		4.1.2.2				4.1.2.5 c, d
11 SUSTAINABLE CITIES AND COMMUNITIES				4.1.4.4		4.1.2.5 d
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	4.1.1.2 d			4.1.4.2 c	4.1.4.4 e	
13 CLIMATE ACTION				4.1.1.1 b	4.1.1.4 c 4.1.1.1.a	
14 LIFE BELOW WATER					4.1.1.4 f	
15 LIFE ON LAND					4.1.4.2 c 4.1.1.3 4.1.1.4	4.1.2.5 c, d, e, f
16 PEACE, JUSTICE AND STRONG INSTITUTIONS					4.1.4.1.b	
17 PARTNERSHIPS FOR THE GOALS		4.1.2.1 a			4.1.2.5 g	

Contribution to the objective: Low Moderate High

https://www.michelin.com/documents/les-objectifs-de-developpement-durable-la-demarche-de-michelin/

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