Michelin - Water Security 2021

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Since 1889, Michelin has constantly innovated to facilitate the mobility of people and goods. Today, the Group is setting the standard across every tire and travel-related services market, while leading a global strategy to drive responsible, sustainable and profitable growth. In short, Michelin is making mobility safer, cleaner, more connected and more accessible. Michelin enjoys exceptional geographic coverage and is stepping up its deployment in emerging markets. Currently operating in 26 countries at 117 production facilities and 9 research centers, and 7,600 dealerships and service centers in 30 countries. Michelin employs a total of 124,000 people worldwide. Net sales in 2020 were €20.5 billion. Michelin holds forefront positions in every segment of the tire market. Associated brands and services also include dealerships and service centers (Euromaster,TBC, TyrePlus), online retailing (Allopneus, Blackcircles), wholesalers (Euromaster and Ihle AG), truck driver assistance services (Michelin Euro Assist), fleet tire advice, maintenance and management services (Michelin fleet solutions in Europe and Michelin Business Solutions in North America), Michelin Travel Partner (maps and guides, ViaMichelin mobility assistance services) and Michelin Lifestyle products. In 2018 The Group expands its range of mining solutions and steps up growth in high-tech materials by acquiring Fenner PLC, a specialty manufacturer of conveyor belts and reinforced polymer products. Michelin strengthens its Specialty Businesses with the acquisition of Camso, a global leader in off-the-road mobility (farming, materials handling and construction industries). In 2019 Michelin acquires the leading Indonesian tire manufacturer Multistrada strengthening its presence in the Indonesian market. The Group also acquires Masternaut, stepping up the deployment of its telematics solutions across Europe. Faurecia and Michelin signed a joint venture that leads to the creation of SYMBIO, A FAURECIA MICHELIN HYDROGEN COMPANY, that will develop, produce and market hydrogen fuel cell systems for light vehicles, commercial vehicles, trucks and other applications.

In 2020 Michelin steps up its innovation in sustainable materials research, with a focus on recycling technologies, by investing in strategic partnerships with Enviro, Carbios and Pyrowave.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1 2020	December 31 2020

W0.3

(W0.3) Select the countries/areas for which you will be supplying data.

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

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

EUR

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which financial control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
Tire distribution centers (retail and wholesale)	Calculations show that this source represents less than 3% of the Group total. For this reason, and consistent with legal requirements for reporting Group-wide extra-financial information under French law, this source is not included in the Group's consolidated annual report.
Acquisitions	Recently acquired businesses are gradually integrated into the Group indicator through a process based primarily on aligning and consolidating their data. An action is taking place to integrate recent acquisitions in Group reporting.

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	Direct use: Michelin plants use freshwater to cool installations, intermediate products and produce steam and hot water. Sufficient water is necessary to conduct industrial operations, which cannot continue for more than a couple of days if supply is cut off. Water is important for the continuity of operations even though on an intensity-basis, water use is relatively low compared to other industries. In some plants, water is used in the production of metallic cable reinforcements for tires in plating and cleaning processes, so water quality is extremely important. In the future, Michelin sites will be using less freshwater and more recycled water for cooling and heating purposes, driven by availability of supplies in 1) water-stressed regions and 2) localities with high water demand. Indirect use: Water quality and availability are also critical for the manufacturing of intermediate products purchased such as raw materials. Indeed our suppliers also depend on water for their production whether it be to produce steam, cool products or their installations. In the future, we expect that our suppliers will continue to depend on water for their operations so we expect that they will manage their withdrawals responsibly as there is a global increasing pressure on the demand for water. We do not expect a difference in future dependency between direct and indirect use since our supplier processes, and our operational activities are likely to remain broadly the same.
Sufficient amounts of recycled, brackish and/or produced water available for use	Not very important	Neutral	Direct use: Our industrial sites currently draw mainly on freshwater supplies, for historic reasons. Michelin plants use recycled water primarily to cool installations and to produce steam and hot water. Recycled water still accounts for less than 5% of all withdrawals and represents opportunities for diversifying our water sources in the future where appropriate. Indirect use: Some of our suppliers can use recycled/brackish/produced water for their operations since the process does not demand high quality water (e.g., descaling process for steel or water for cooling purposes). There is potential for some suppliers to diversify their water sources in the future where appropriate. However, others cannot use this type of water since water comes into direct contact with the product and must be of a very high quality to not to alter the product (e.g. washing the fibres for textile reinforcements or water entering into the process for chemical products). We do not expect a difference in future dependency between direct and indirect use since our supplier processes, and our operational activities are likely to remain broadly the same.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	100% of manufacturing facilities and research centers are monitored. The data, based on meters and bills, are entered and uploaded by sites on a quarterly basis. They are consolidated and reviewed by the corporate EHS department on a quarterly and annual basis. The procedure is documented in an internal reference document.
Water withdrawals – volumes by source	100%	All sites have the knowledge of their water sources as it is present on their water bill based on metering systems. At corporate level, this information is collected in an annual questionnaire. The information is consolidated and reviewed by the corporate EHS department. 100% of the manufacturing facilities and research centers are monitored by this method.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	In some cases, water and/or steam can be in direct contact with the product. In these situations, the water used must meet strict quality standards. The frequency and the parameters monitored will depend on the water source, availability of pre-treatment at the plant and the criticity of the water usage. Moreover, to ensure proper functioning and preserving the life of our equipment using water (boilers, cooling towers…), our sites monitor frequently ISO standard parameters such as turbidity, conductivity, silica, TDS etc. This concern is directly integrated in the running of operations and if the quality varies significantly in such a way that it doesn't meet the standards, actions are immediately launched to correct the situation . Corporate level monitoring by the EHS department is not focused on data collection, but rather on ensuring that the sites better measure and understand and manage any issues relating to the quality of their water sources.
Water discharges – total volumes	100%	This information is collected in an annual questionnaire, 100% of the manufacturing facilities and research centres are monitored by this method and rely on meters. The information is consolidated and reviewed by the corporate EHS department.
Water discharges – volumes by destination	100%	This information is collected in an annual questionnaire, 100% of the manufacturing facilities and research centres are monitored by this method. The information is consolidated and reviewed by the corporate EHS department.
Water discharges – volumes by treatment method	100%	This information is collected in an annual questionnaire, 100% of the manufacturing facilities and research centres are monitored by this method. The information is consolidated and reviewed by the corporate EHS department.
Water discharge quality – by standard effluent parameters	100%	The plants' discharges are subject to many regulatory requirements that vary in frequency and parameters to be followed (according to destination of the water discharge and the on-site fabrication processes). This information is meticulously followed by each site and reported to the appropriate regulatory agencies as required. Furthermore, - Quarterly, sites are required to enter the concentration of COD, TSD, Zn and residual hydrocarbons of their water discharges. This information is consolidated and reviewed by the corporate EHS department. - The annual questionnaire includes the realization of COD, TSD, Zn and residual hydrocarbons measurement of water discharges.
Water discharge quality – temperature	100%	This information is collected in an annual questionnaire. 100 % of the manufacturing facilities and research centres are monitored by this method. The information is consolidated and reviewed by the corporate EHS department.
Water consumption – total volume	100%	This information is calculated annually based on 1) water withdrawals collected quarterly and 2) total discharges collected from the annual questionnaire. 100% of the production facilities and research centres are monitored. The information is consolidated and reviewed by the corporate EHS department.
Water recycled/reused	51-75	The bracket reported does not take into account cooling towers. This information is collected in an annual questionnaire. 100 % of the manufacturing facilities and research centres are monitored by this method. The information is consolidated and reviewed by the corporate EHS department.
The provision of fully-functioning, safely managed WASH services to all workers	Less than 1%	Michelin has signed the WASH pledge. The self-assessment tool proposed by the WBCSD was used by one pilot site. Subsequently, the tool was simplified for more rapid deployment. Other pilot sites are in the process of being identified.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	23746	Lower	100% of manufacturing facilities and research centres monitor their total withdrawals. The data, based on meters and bills, are entered and uploaded by sites on a quarterly basis. Water withdrawals have decreased by 12% between 2020 and 2019. The main reason is the production reduction linked to the COVID-19 crisis. But also it is linked to water efficiency actions carried out in our sites, in line with Michelin's commitment to reduce its environmental footprint by 50% between 2005 and 2020. Examples of actions are the following: installation of a heating pump upstream of cooling towers to reduce evaporation ; leakage detection and repair ; increased return of condensates to boilers ; reduction of water used at cleaning posts via optimised procedures ; digitalized tracking of water consumption at various posts. Future volumes will continue to decrease on an annual basis in line with Michelin 2030 ambition to decrease withdrawal volumes by 33% as weighed with sites' water stress coefficients, between 2020 and 2030.
Total discharges	19179	Lower	12,2% decrease in 2020 compared to 2019. This is also linked to the COVID-19 production decrease. Future volumes will decrease as withdrawals will decrease.
Total consumption	4457	Higher	The total water consumption is determined by subtracting the total discharges from the total withdrawals. The figure reported accounts for the evaporation, leaks and other losses, but also the rain water volume taken into account in the discharges. 13,3% decrease in 2020 compared to 2019. This is also mainly linked to the COVID-19 crisis context . Water is not incorporated into the tire or its components. Water is used in the manufacturing process for transferring energy (heating and cooling) – hence the losses by evaporation -- and for some limited washing applications or the electroplating process to produce metal cables at a restricted number of sites. Future volumes will most likely be reduced over time in line with our ambitions.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	1-10	Lower	WRI Aqueduct	Our previous evaluation was based on WRI Aqueduct only. Some results were inconsistent with the reality. WRI reminded us that their approach is only based on hydrogeological data and advised us to take the local risk assessment of the water resource into account (water storage, inter-regional actions…). The internal tool has thus been enriched to combine external credible approaches based on physical data (WRI 2019 Aqueduct and WWF Water Risk Filter) and local risk assessment. This tool was used at 100% of Michelin's manufacturing and research sites to determine those in water stressed areas. It led to 10 sites being located in water stressed areas (in comparison to the 20 sites using only the WRI approach as in 2019). The decrease of percentage of water withdrawals coming from stressed areas is linked to the better evaluation of stress areas according to the enriched tool. At a similar 2019 perimeter (10 sites), the % is stable. In these sites we look closely at reuse options of water within the site.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	7244	Lower	Many Michelin sites have access to local surface water supplies for industrial purposes and as a complement to municipal supplies which meet drinking water needs. Surface water supplies have been an inexpensive and reliable source of water to use in heating and cooling, which makes this source highly relevant. 99% comes from rivers and 1% from rainwater. In 2020, the volume has decreased by 16%. Beyond the crisis context, a part of the decrease is linked to the fact that a plant forgot last year to take away the water related to vapor sold to the city. This has a significant impact for the Group value as the site is one of the biggest withdrawers and alone accounts for nearly 7% of withdrawals. Fresh surface water accounts for 30% of the withdrawals. Michelin will analyse in the future the feasibility to switch other groundwater withdrawals to fresh surface water withdrawals explaining that future trends will slightly increase.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	Michelin sites cannot use brackish water due to the corrosive effect this water has on equipment. This condition will not change in the foreseeable future.
Groundwater – renewable	Relevant	6646	Lower	Many Michelin sites have access to site-based renewable groundwater supplies for industrial purposes and as a complement to municipal supplies which meet drinking water needs. Groundwater supplies have been an inexpensive, convenient and reliable source of water of sufficient quality to use in heating and cooling, which makes this source highly relevant. The volume is 8% lower than the last reporting year. This is in link with our water reduction strategy and results. Renewable groundwater supplies account for 28% of water withdrawals. Future trend is to decrease as global withdrawals will decrease.
Groundwater – non-renewable	Relevant	865	Higher	A handful of Michelin sites have access to site-based non-renewable groundwater supplies for industrial purposes, and as a complement to municipal supplies which meet drinking water needs. In 2020 the volume is 26% higher than last year reporting. This is mainly due to our European site which produces synthetic elastomer and which is the 5th biggest water consumer among Michelin plants. Under normal conditions, they buy almost half of the raw water they use to a company contracted by the city to treat fresh surface water. In 2020, this company has not been able to maintain the quality of water necessary for the process. Thus the plant had to use more non-renewable groundwater than usual, in agreement with the local administration. The water treatment company may need to renovate their plant in the near future. Non-renewable groundwater only accounts for 3,6% of the total water withdrawals. Withdrawals will be reduced as pressures mount to conserve non-renewable aquifers.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	Produced water is the result of the extraction, processing, or use of any raw material, this source is therefore not relevant for Michelin as we do not process raw materials that liberate water. This will stay non-relevant in the future.
Third party sources	Relevant	8990	Lower	For historical reasons: 1) the necessity to provide drinking water to employees 2) the convenience and low cost of readily available fresh water, meant that the majority of sites put in place and have maintained a single water connection to the local municipal water system for both industrial and drinking water purposes. Adding a second source to existing sites to meet industrial water needs would involve extremely high costs to install and maintain, with no benefits to manufacturing processes. This is why existing withdrawals from municipal sources are highly relevant. The volume is 14% lower than the last reporting year due to production decrease linked to the COVID crisis and also the situation mentioned in 'Groundwater – non-renewable' part of this question. The future trend will be to continue decreasing overall water intake.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Relevant	13431	About the same	Every year a questionnaire is sent out to 100% of our sites to collect the data regarding water discharges by destination. This data is summed up by our corporate EHS team and compared to the previous year. Slightly less than half of all sites discharge to a surface water body, and for half of these sites it is the sole discharge outlet, making this type of discharge highly relevant. The volume decreased by 13% compared to last year reporting. This is mainly due to production decreases because of the COVID crisis. The future trend is difficult to predict, as sites retain the flexibility to discharge between one or more points.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	No sites discharge to brackish surface water or seawater because they are not located near such water bodies. This situation will not change in the foreseeable future.
Groundwater	Relevant	32	Lower	Every year a questionnaire is sent out to 100% of our sites to collect the data regarding water discharges by destination. This data is summed by our corporate EHS team and compared to the previous year. Only 2 industrial sites discharge to groundwater, making this outlet relevant for these sites only, but not in general. The future trend will remain about the same.
Third-party destinations	Relevant	5716	Lower	Every year a questionnaire is sent out to 100% of our sites to collect the data regarding water discharges by destination. This data is summed by our corporate EHS team and compared to the previous year. For historical reasons, the majority of Michelin sites were designed and built with a connection to the local municipal wastewater collection and treatment system, making this type of discharge highly relevant. The volume decreased by 7% compared to last year reporting. This is mainly due to production decrease because of the COVID crisis. The future trend is expected to be about the same.

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Relevant	3117	This is our first year of measurement	11-20	This is the first year of calculation for this treatment level approach. According to the site process nature and discharge type.
Secondary treatment	Relevant	4660	This is our first year of measurement	21-30	This is the first year of calculation for this treatment level approach. According to the site process nature and discharge type.
Primary treatment only	Relevant	1970	This is our first year of measurement	21-30	This is the first year of calculation for this treatment level approach. According to the site process nature and discharge type.
Discharge to the natural environment without treatment	Relevant	6767	This is our first year of measurement	11-20	This is the first year of calculation for this treatment level approach. In all cases the quality of discharged water is followed and is compliant with the local permits.
Discharge to a third party without treatment	Relevant	2665	This is our first year of measurement	41-50	This is the first year of calculation for this treatment level approach. 1/3 of those plants also have some internal treatment. 98,3 % goes to municipal or other organization treatment. 1,7 % are Wastewater removed via truck.
Other	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

Yes, our customers or other value chain partners

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

1-25

% of total procurement spend

51-75

Rationale for this coverage

Michelin assess the CSR engagement of its suppliers since 2012 using the EcoVadis rating platform. This tool assesses CSR performance, including water stewardship, employee awareness program, use of efficient equipment or technology, reuse/recycling practices, water treatment, training programs. The rationale for this approach is to provide an overview of suppliers representing potentially CSR risks, including on water issues. For those which the score is lower than our expectations we engage them to improve their practices. We assess the suppliers from purchasing categories which are the most relevant in terms of: 1) environmental risk, 2) countries at risk, 3) high spend 4)strategic supplier. The suppliers selected come from raw material, industrial and service categories. 828 suppliers have been scored in 2020 (out of 916 requests), and participation is iterative as progress is made and action plans are implemented. These 828 suppliers represent over 60% of the total spend, over 85% of the natural rubber spend and over 90% of the raw material spend. In 2021 the program will cover around 980 suppliers.

Impact of the engagement and measures of success

In 2013, Michelin set a sustainable development target: By 2020 at least 70% of 400 key suppliers achieving a minimum score of 45 on EcoVadis CSR rating (“confirmed” CSR status). In 2020, 84% of the 828 scored suppliers responding had achieved a score of 45 or above meeting the corporate target ahead of schedule. The average Environmental score of Michelin’s suppliers is well above the average score of all suppliers scored by Ecovadis, confirming that the selection of suppliers by Michelin is at or above industry standards. Suppliers with overall score <45 are requested to set up corrective actions. This is a lever to improve supplier practices. Furthermore, in 2018 the supplier water risk evaluation done in 2013 to identify at-risk regions where suppliers operate (WRI Aqueduct tool) has been updated. Supplier sites at risk have been identified.

Comment

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement
Onboarding & compliance

Details of engagement
Requirement to adhere to our code of conduct regarding water stewardship and management

% of suppliers by number
Less than 1%

% of total procurement spend
1-25

Rationale for the coverage of your engagement
Engagements targeting the natural rubber sector: Water stewardship figures as one of the topics that covered in Michelin's Sustainable Natural Rubber (SNR) Policy (published in 2016, updated in 2021) through which it ensures that its operations related to natural rubber cultivation, harvesting and processing do not have any adverse effects on surface or ground water resources. This policy is deployed to all natural rubber suppliers. A specific clause has been included in all contracts requiring compliance with the SNR Policy. This policy specifically addresses preserving surface water and groundwater. To follow-up with suppliers and ensure adherence, Michelin developed an app-based CSR survey Rubberway®, including questions specifically about water, to reach suppliers, the majority of whom are individual small-holders farming from several up to 45 hectares. Questionnaires are adapted to the supplier profile (factory, estate, intermediary, smallholder). Each questionnaire has at least one question related to water. To give a sense of the scale, Michelin's natural rubber value chain is comprised of 6 million households involved in farming hevea (rubber); 85% of these farms are less than 4 hectares. In 2018 Michelin has expanded its on-site supplier quality audits, which assess all supplier natural rubber processing factories every year (or every two years for factories in West Africa) to include environment and social aspects, such as wastewater treatment performance benchmarked against national or regional standards. Time-bound corrective action plans are required when underperformance is found.

Impact of the engagement and measures of success
In 2017 Michelin began using an app-based questionnaire called Rubberway®, to "map" its natural rubber supply chain against the SNR Policy. Rubberway® contains questions related to complaints around water usage and quality. The goal is to obtain replies for 80% of natural rubber volumes. At end 2020, 55% had been mapped via more than 42,000 respondents (smallholders, intermediaries, plantations and processing plants). Success is measured by a complete reply to the water questions in the app. Given the number of questionnaires completed and the coverage of natural rubber volumes, the engagement method is so far successful and has provided useful information. For example, regarding processing plants, in 2020, 11% have received a complaint from within the local community about water used for rubber production. Among intermediaries, plantations, or smallholders the average rate of water complaints is 4%. Furthermore, 92% of processing plants provided training to their workers on water, energy and/or waste management. The on-site audits have been able to identify areas for improvement for specific natural rubber suppliers regarding their management of water and to propose follow-up actions. In the period of 2018 – 2020, we focused on three priority suppliers regarding their water management performance; they are currently implementing improvement plans and showing marked progress. All three have undertaken infrastructure investments as part of the improvement process and one has completed all required actions as of 2020.

Comment
The Group's Sustainable Natural Rubber Policy is available at the following website: https://purchasing.michelin.com/en/sustainable-natural-rubber-policy/

Type of engagement
Onboarding & compliance

Details of engagement
Other, please specify (Requirement to adhere to Michelin Purchasing Principles (supplier Code of conduct))

% of suppliers by number
76-100

% of total procurement spend
76-100

Rationale for the coverage of your engagement
End of 2021 Michelin updated its Michelin Purchasing Principles, which are applicable to all suppliers, and included in Michelin contracts. These principles now define more precisely what is a requirement and what is an expectation, to ease enforcement. Within the section named "Fundamental Principles", a sub-section addresses specifically the Protection of the Environment. Suppliers are required to send upon request any information that may be required to determine the CSR impact of any product or service it provides to Michelin. This document also encourages all suppliers to conserve water and preserve natural resources, protect ecosystems and strive to maintain biodiversity. It also expresses that suppliers shall carry out the CSR assessments which may be requested.

Impact of the engagement and measures of success
Commitments are embedded into contractual terms, which facilitates the onboarding of suppliers in CSR assessments and sharing key data about water usage and pollution and lifecycle analysis calculations.

Comment

W1.4c

(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

Michelin prioritizes its engagements on 2 levels that are equally important and require different approaches: operations and customer relations. 1) Operations: water issues concern Michelin's production sites and those of raw material suppliers. Own sites: The water resource assessment and management system set up between 2014 and 2016 includes engagement with a) local water services providers/technicians to identify good practices for reducing water intake and improving the quality of water effluents; b) other international manufacturers via the "Water Industry Club" – founded by the Michelin in 2016 and comprising 8 major companies – to share good practices. Supplier sites: water management is being introduced as a topic in supplier relations; the first study of water risks at supplier sites done in 2013 was updated in 2017-2018, using the WRI Aqueduct method. Sites at high risk for water stress or flooding have been integrated into the business continuity management. Direct exchanges with these suppliers are done via relationship management reviews or during on-site visits to ensure awareness and discuss potential risk reduction measures. 2) Customer relations: Michelin views all customer requests on water issues as an opportunity to understand customers' issues and needs and to inform Michelin policy and action on water. As examples of such engagement, Michelin has replied to all customer requests for a reply to the CDP Supply Chain questionnaire on water as well as to all individual requests including several original equipment customers who have their own engagement programs on water.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

Yes, fines, enforcement orders or other penalties but none that are considered as significant

W2.2a

(W2.2a) Provide the total number and financial value of all water-related fines.

Row 1

Total number of fines

2

Total value of fines

41500

% of total facilities/operations associated

2.6

Number of fines compared to previous reporting year

About the same

Comment

In 2020 there was only two fines out of 76 sites. They were in Spain and in Romania. Incident: Effluent limit exceedances. These exceedances are not considered significant as the impact to the environment was limited both in % of exceedance and frequency above the limit. The sites carried out root cause analysis and launched actions to prevent any other occurrence.

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage
Full

Risk assessment procedure
Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment
Annually

How far into the future are risks considered?
More than 6 years

Type of tools and methods used
Tools on the market
Enterprise Risk Management
International methodologies
Databases
Other

Tools and methods used
GEMI Local Water Tool
WRI Aqueduct
WWF Water Risk Filter
Life Cycle Assessment
Internal company methods
Other, please specify (WULCA AWARE, ISO 14001/12044/14046)

Comment
For all of its direct operations Michelin has developed two water risk assessment methodologies. The first one which uses WRI Aqueduct, WWF Water Risk Filter and a local risk assessment focusing on water availability enables to determine the level of water stress at each site. Indicators such as baseline water stress, aridity, water depletion and drought probability frequency are analysed per site combined with questions concerning water risks linked to availability. This risk assessment is mandatory for all sites and the data from WRI Aqueduct and WWF Water Risk Filter a re-examined every year . Furthermore, Michelin has also developed an internal methodology (based on public tools such as GEMI local water tool, LCA) to assess water stakes, risks and opportunities more globally than water stress. This methodology has been deployed at 30% of Michelin's sites. This methodology consists in analyzing a site's local context in order to determine potential risks: availability of water, origin of water withdrawal, knowledge of surrounding ecosystems, understanding of the impact of the activity on the quality of water (measurement of parameters), knowledge of stakeholders concerns and interests, analysis of current consumption and identification of areas of progress to reduce consumption etc.

Supply chain

Coverage
Partial

Risk assessment procedure
Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment
Annually

How far into the future are risks considered?
More than 6 years

Type of tools and methods used
Tools on the market
Databases

Tools and methods used
WRI Aqueduct
FAO/AQUASTAT

Comment
Michelin began engagement with its suppliers in 2012 using the EcoVadis rating platform, a high-level tool for assessing CSR performance, including on water issues: formalized environmental policy including water, type of actions in place for water management, employee awareness program, use of efficient equipment or technology, reuse/recycling practices, water treatment, training programs. The goal was to include the highest number of suppliers from the relevant purchasing categories in terms of risks: 1) purchasing categories more at risk, 2) countries at risk, 3) high spend, 4)strategic supplier. The suppliers selected for this engagement come from raw material, industrial and service categories. The rationale for this approach was to provide an overview of suppliers representing potentially more CSR risks, including on water issues. 828 suppliers have been scored in 2020, and participation is iterative as progress is made and action plans are implemented. A full coverage of supply chain is almost impossible to achieve considering the thousands of suppliers Michelin has. Therefore, a focus has been made on our key suppliers which cover 90% of raw materials spend and over 60% of total spend.

Other stages of the value chain

Coverage
Partial

Risk assessment procedure
Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment
Not defined

How far into the future are risks considered?
More than 6 years

Type of tools and methods used
Other

Tools and methods used
Other, please specify (Surveys of external stakeholders and Michelin employees)

Comment
To define and manage its main social responsibility issues, the Group has prepared a materiality matrix, which serves as a frame of reference in identifying the main CSR risks. The materiality matrix is based on the findings of surveys of external stakeholders and Michelin employees in seven countries (Brazil, Canada, China, the United States, France, India and Poland) that are representative of the Group's business base. Based on our materiality matrix there is increasing customer pressure to produce sustainably, to reduce our environmental impacts (including water) and to have a focus on the eco-design of our products and service (which can concern the consumption of water per ton of tyre produced).

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	Michelin is fully aware of the importance of water availability and the need to make sparing use of water especially in zones at high water stress. For this reason, Michelin's water strategy includes a 30% reduction in water withdrawals per tyre from 2010 to 2020 and a clear ambition for post 2020 , with a strong emphasis on sites facing issues regarding balance between their need to withdraw water and hydric stress in the region. These sites were identified using our internal tool (used on 100% of our sites) based on WRI aqueduct, WWF Water Risk Filter and local risk assessment. Even during a global pandemic, plants continue their efforts to reduce water withdrawals. For example, the site of Shenyang 2, China, which faces high water stress, installed a heat pump upstream from the cooling towers, thus reducing the amount of water lost to evaporation (expected water gain 12,000 cubic meters a year, or 1.9% of the site's water withdrawals). The plant of Chenai, India, won the CCI NATIONAL AWARDS FOR EXCELLENCE IN WATER MANAGEMENT 2020. Indeed the plant installed a rainwater harvesting system which caters more than 45% of the plant water demand. Other projects to reduce water withdrawals will deliver their results in the years to come. For example: - the site Montceau, France, which faces high water stress, is conducting a study to recycle effluent from its water treatment plant, which could cover about 50% of its water needs. - in the plant of Troyes, France, a study is under way to replace the current open loop equipment cooling system (gain estimation around 60% of the plant's water withdrawals) Several plants have launched water efficiency studies and Digitatization studies. For example Valladolid and Aranda plants in Spain, Cholet and Bassens plants in France. Though the studies are not yet finished, some reduction has already been achieved. For Aranda, water withdrawal ratio has been reduced by 8% between a2019 and 2020 (19% reduction for water withdrawal volume). In order to continuously monitor water issues, Michelin's cross functional water team meets every two months to review present and future water challenges including water availability, quality, stakeholder conflicts regarding water resources, regulatory watch and best practices to reduce water usage. Furthermore, Michelin's water assessment method developed in 2016 includes the Water Impact Index (WIIX) tool which takes into account quality and quantity parameters.
Water quality at a basin/catchment level	Relevant, always included	For existing sites, evaluating water quality risks via monitoring of water quality at withdrawal point or discharge point is directly integrated into daily operations. Water quality in withdrawals: In all facilities, quality of withdrawn water is monitored frequently (at least weekly) as it then determines the necessity or not to install a water treatment device and the technology required. Indeed, water must meet specific quality criteria as it will be used in boilers, cooling towers and in some cases, water and/or steam can be in direct contact with the product. The tools used are ISO standard methods for parameters such as turbidity, conductivity, silica, TDS etc. This concern is directly integrated in the running of operations and if the quality varies significantly in such a way that it doesn't meet the standards, actions are immediately launched to correct the situation. Water quality of discharges: we assess risks from our discharges by requiring mandatory parameters to be followed and reported to corporate EHS team (COD, TSD, hydrocarbons and Zinc) on a quarterly basis. On top of this, discharged water follows local requirements. A change of discharged water quality requirements are identified via the site's ISO 14001 standard.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	Water is a shared resource and Michelin strives to ensure that enough water is available to all stakeholders in the community, especially in areas where water is scarce. As part of Michelin's water stakes assessment method, the GEMI Local Water Tool is used and includes stakeholder parameters. The ISO 14001:2015 standards that are being validated at all sites are reinforcing the evaluation of stakeholder considerations. At the site level, methods, training modules and tools are defined and shared. The case of Chennai, India illustrates the efforts of the Group to proactively engage with local communities to livelihood improvements and prevent water-related conflicts from arising. Indeed, as part of a project to build a new manufacturing facility in the Indian state of Tamil Nadu, Michelin India worked with an NGO to assess socioeconomic needs in the communities around the new plant in Chennai. A major need identified was better access to water supply. Since then, Michelin has been providing extensive assistance towards meeting local communities' water needs. This engagement pursues a triple objective: ensure sustainability of agriculture and animal husbandry, health improvements, and create public awareness on the importance of water availability and quality.
Implications of water on your key commodities/raw materials	Relevant, always included	Sufficient water resources are essential for some raw materials. For example, natural rubber is a key raw material that needs sufficient water for its production. Therefore this issue is relevant and our water related risk assessment considers our suppliers of raw materials. The WRI cartography analysis of supplier completed in 2018 included several parameters such as baseline water stress, flood occurrence and drought severity. All supplier sites studied were evaluated on a scale of 1 to 5 for each parameter. The EcoVadis questionnaire includes water issues: formalized environmental policy including water, type of actions in place for water management, employee awareness program, use of efficient equipment or technology, reuse/recycling practices, water treatment, training programs. A high water activation weight triggers a longer list of water-related questions to be answered.
Water-related regulatory frameworks	Relevant, always included	Compliance to regulations is one of the main priorities of the Group. Regulations can be local, national or international and are regularly analysed and reviewed at Plant, Country or Group level. For example, in our site in Chennai, India, zero liquid discharge is required by regulation and present in the site's permit. Anticipation of future regulations is also key for our activities. Every two months a cross functional water team meets to review present and future water challenges. These meetings include a regulatory watch. For example, in our Chinese sites we anticipate future regulations that will affect the maximum quantity of water withdrawn.
Status of ecosystems and habitats	Relevant, always included	Michelin relies on the benefits provided by natural ecosystems and biodiversity, such as plant-based raw materials, water provisioning and climate regulation. A wide variety of studies have shown that ecosystems are in danger and would be even more threatened were it not for the initiatives already undertaken to preserve them. Michelin is engaged in producing sustainably, therefore has formalized its commitment to protecting biodiversity and the natural environment in 2018 via the act4nature initiative, designing products that are more ecosystem-friendly, protecting the local ecosystems near each of its plants or offices and encouraging the use of sustainable practices in rubber farming. Michelin comitments have been completed at the end of 2020, with 2030 targets. In 2013 all facilities carried out an inventory of protected sites in a 5km radius. This inventory is carried out every 5 years and the result is integrated in the site's environmental risk analysis as criteria of evaluation of the sensitivity of the local environment. These inventories were updated in 2018 by all production sites. Furthermore, the Group's internal environmental site assessment method (required by ISO 14001) evaluates the conditions of ecosystems. In the environmental stakes' section, evaluated sites must report key stakes related to the quality of the surrounding ecosystem (upstream and downstream situations, protected or fragile areas, etc). Follow-up and action plans are drawn after the evaluation. By 2030, 100% of productions sites will implement a biodiversity management plan adapted to local issues and will respect the "zero phytosanitary products" commitment, replacing the use of pesticides and fertilizers with mechanical methods, combined with other alternative solutions for the maintenance of green spaces.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, not included	Risks related WASH services are managed separately from those associated with water intake and water effluents at Michelin facilities and implications for raw materials supplies. WASH services for Michelin employees, interim employees and site contractors are addressed in the Group-wide policy "Health, Safety and the Quality of Working Life" which requires each site to have a steering committee tasked with taking concrete action in the areas of work/life balance and work environment and staff facilities.
Other contextual issues, please specify	Not considered	Not considered

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	Some of our OEM (original equipment) customers require that we respond to the CDP's supply chain water security questionnaire thus demonstrating the importance of this subject to them and encouraging us to make progress on our water stewardship. Based on our materiality matrix there is increasing customer pressure to produce sustainably. We have identified via life cycle analysis that our production phase can have an influence on the water resource which has led to continuously reducing our water withdrawals per tyre produced. In this way we offer our clients tyres that minimise their environmental footprint. Our direct customers are given information on our water actions, ambitions and results via our annual sutainable development and mobility report.
Employees	Relevant, always included	Employees are included in the risk assessment as it is necessary to ensure that employees have satisfactory access to water in compliance with international standards. They are informed of the importance of water quantity and quality through the environmental department of each site and through the EHS team at corporate level. Communications regarding our water actions take place at least yearly on World Water day. Employees are informed of the actions carried out regarding water stewardship and are asked to participate to identify actions to reduce water usage and improve water quality via the Group's "Progress Ideas" programme. Each site also has a target of water withdrawal per ton of finish product to follow and reduce. Frequent communications regarding this indicator exist on-site and all employees are asked to contribute to its reduction.
Investors	Relevant, always included	Michelin recognizes that investors are concerned by the company's stewardship on water-related issues. This topic has been raised a few times during the regular meetings held with investors and we also receive targeted questions from investors enquiring on our water stewardship. The response to the CDP questionnaire is another example of water-related issues communicated to investors. An example of a potential risk would be to lose investors in case we do not meet their expectations on sustainability issues. This could lead to increased capital costs.
Local communities	Relevant, always included	As water is a shared resource, it is important to include local communities in our risk assessment in order to avoid potential local supply conflicts. For examples sites in water-stressed regions incorporate an evaluation of overall water usage in that region that integrates local communities to define actions. The actions carried out in Chennai, India are an example of actions developed in parallel to the plant operations. Indeed, as part of a project to build a new manufacturing facility in the Indian state of Tamil Nadu, Michelin India worked with an NGO to assess socioeconomic needs in the communities around the new plant in Chennai. A major need identified was better access to water supply. Since then, Michelin has been providing extensive assistance towards meeting local communities' water needs. Indeed the Chennai site has a full time CSR team who meet regularly with local communities to identify subjects of concern. This engagement pursues a triple objective: ensure sustainability of agriculture and animal husbandry, health improvements, and create public awareness on the importance of water availability and quality.
NGOs	Relevant, always included	NGOs have an important influence on the understanding of water stakes and are also a link with local communities. Therefore they are included in our risk assessment. The GEMI Local Water tool included in Group site evaluation method covers the topic of NGOs. The ISO14001:2015 environmental management standards being rolled out to all sites also ask to identify key local stakeholders and their expectations. Relevant NGOs would be identified through that process.
Other water users at a basin/catchment level	Relevant, always included	As for local communities, other users at a basin also share the water resource therefore it is important to incorporate them in our risk analysis. The ISO14001:2015 environmental management standards being rolled out to all sites also ask to identify key local stakeholders and their expectations. Relevant local water users are identified through that process. Local competing withdrawals must also be identified in the stakeholders' assessment method. Engagement with other water users can also be done via water supplier meetings.
Regulators	Relevant, always included	Regulatory compliance is a top priority for the Group. Non-compliance could cause harm to the environment and cause threat to our brand image. The group assessment method also accounts for potential regulatory changes with a focus on water quality. A worldwide regulatory review is carried out every 2 months during a periodic meeting with the environmental experts of all geographical zones. A Europe-specific working group has also been setup with the country representatives, the water management, the public affairs and the norms and regulations departments. Public affairs and norms and regulations departments interact directly with regulators.
River basin management authorities	Relevant, always included	It is important to collaborate with river basin management authorities as they have key role in water distribution. A water assessment method, which accounts for regional water authorities, has been developed and is available for deployment. Engagement with local water management authorities is done on a case by case basis.
Statutory special interest groups at a local level	Relevant, always included	Similarly to river basin management authorities, we collaborate with statutory interest groups to get a better understanding of key issues related to water as they can have an impact on regulatory decisions. This is done on a case per case basis depending on site projects which could have an impact locally or local projects which require help from the site. Such a collaboration was the case and managed by Michelin in Hat Yai, Thailand on the issue of water treatment and business continuity.
Suppliers	Relevant, always included	Raw materials suppliers are the most relevant suppliers, as they are the ones that can have the most significant impact on water issues, regarding the volumes purchased by the Group (vs other suppliers). A high-level study was performed in 2018 on 223 raw material supplier sites. Michelin's Purchasing department also includes natural disasters including water-related topics in the raw material risk analysis, and business continuity management. Michelin has been increasingly working the EcoVadis corporate social responsibility (CSR) evaluation tool to assess the CSR performance level of its critical suppliers, which include all major raw material suppliers (>90% of the spend is assessed). Questions about water may address: water withdrawals, management actions and pollution control measures. Suppliers with low evaluation scores are identified and, for these, action plans are requested (with follow-up and KPIs).
Water utilities at a local level	Relevant, always included	Michelin withdraws 40% of its water supply from municipal sources. Local utilities are therefore important stakeholders that are accounted for in the site's water assessment method. The method developed in 2015 is recommended for all sites. Engagement with water utilities is done in a case by case manner according to the risks and opportunities assessed both ways (by the plants and by the water utilities). The engagement can happen via regular meetings that are planned out.
Other stakeholder, please specify	Please select	

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

Corporate level: Risk management framework: Michelin's enterprise risk management framework is based on a thorough review of risks that could have a material adverse effect on operations, financial position, reputation or impact on people or the environment, and compliant with the Committee of Sponsoring Organizations of the Treadway Commission standards. The risk map is comprised of 14 risk families which are the basis for reassessing risks, identifying emerging risks and steering risk reduction actions. It is reviewed annually in a process steered by the Corporate Risk Department that involves: a/ bottom-up risk assessment, b/ external risk watch and c/ internal audit, culminating in a status report to the Group Executive Committee (GMC).

Responsibility: Overseen by the Corporate Risk Department in terms of methodology and internal control, each operational and business entity establishes and updates its risk portfolio and sets its action plans. Results are reviewed and approved by the designated risk governance committees covering the 14 risk families.

Water risks related to operations are reviewed by the Environment Governance which meets up to three times per year. The role of this governance is to prioritize these risks, arbitrate and follow up actions to remediate them. The Group Management Committee (GMC) oversees the risk management process. Risks with a substantive financial or strategic net impact are regularly reviewed by the GMC. The Supervisory Board Audit Committee checks the effectiveness of the management process.

Site level: For its manufacturing, R&D, supply chain and service activities, Michelin has developed an Environmental Management System (EMS) that enables 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. The EMS complies with ISO 14001-2015. Since 2018, all of the production plants subject to certification have been certified to these standards. Taking a holistic approach, the SMEP not only identifies environmental risks but also recommends mitigation processes for each one.

Sites evaluate their risks via the ISO14001 methodology and their environmental analysis tool. Each site determines its level of water stress by using data from WRI Aqueduct, WWF Water Risk Filter and a local risk assessment focusing on water availability.

Asset level: business units integrate corporate and activity-specific risks into their 5-year business plans & annual risk management action plans..

Asset level: business units integrate corporate and activity-specific risks into their 5-year business plans & annual risk management action plans.

Water-related risks: The Group risk map includes 1) water intake and water pollution at Michelin sites; 2) water availability to suppliers of raw materials insofar as this could cause a discontinuity of supply and have consequences for manufacturing operations.

Risk management of water intake and pollution: The industrial operations' departments deploy a Group-wide method for understanding, assessing and responding to water-related risks. This method integrates both the GEMI Local Water Tool and WRI Aqueduct, along with WULCA Aware, (a Life Cycle Assesment approach), and is based on ISO 14001/12044/14046. This method is a thorough evaluation, generating long-term action plans that can exceed 5 years. A reassessment every 5 years is required. For example, WRI Aqueduct and WULCA Aware have been deployed at 100% of our plants. The knowledge of facilities in water stressed areas has enabled us to prioritize water reduction actions at those facilities.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, only in our value chain beyond our direct operations

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

For Michelin, a risk corresponds to the possibility of an event occurring whose consequences could affect its objectives, particularly as concerns its financial position, reputation or impact on people or the environment. A substantive financial or strategic impact on business is defined by the Group Management Committee (GMC) as a risk that has an adverse effect on annual operating income (low risk = less than 150 M €, medium risk = between 150 M and 400 M€, high risk = more than 400 M€).

While risks may exist at the site level (Michelin site or supplier site), they will not be considered substantive for the Group if their potential financial impact does not exceed the threshold defined above. Nevertheless, site-level water risks if sufficiently high are accounted for in business continuity plans.

Water-related risks are included in the Group risk map, which may be substantive, include for example : 1) water intake and water pollution at Michelin sites; and indirectly 2) water availability to suppliers of raw materials insofar as this could cause a discontinuity of supply and therefore have potential consequences for manufacturing operations. This definition applies to direct operations and supply chain.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	0	Less than 1%	Risks are assessed at site, entity, region and Group level. While some water risks exist and have been identified, they are not considered substantive for the Group as their potential final impact does not exceed the threshold defined in question W4.1.a (adverse effect on annual operating income : low risk = less than 150 M €, medium risk = between 150 M and 400 M€, high risk = more than 400 M€)

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

India	Other, please specify (Our value chain is global. Country selection is for illustrative purposes only.)

Number of facilities exposed to water risk
0

% company-wide facilities this represents
Less than 1%

Production value for the metals & mining activities associated with these facilities
<Not Applicable>

% company's annual electricity generation that could be affected by these facilities
<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities
<Not Applicable>

% company's total global revenue that could be affected
Less than 1%

Comment
Risks are assessed at site, entity, region and Group level. While some water risks exist and have been identified, they are not considered substantive for the Group as their potential final impact does not exceed the threshold defined in question W4.1.a (adverse effect on annual operating income : low risk = less than 150 M €, medium risk = between 150 M and 400 M€, high risk = more than 400 M€)

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

India	Other, please specify (All river basins)

Stage of value chain
Supply chain

Type of risk & Primary risk driver

Physical	Increased water stress

Primary potential impact
Supply chain disruption

Company-specific description
Besides the suppliers located in India, other suppliers located in the different river basins around the world are concerned by this type of risk. Risks have been identified using WRI Aqueduct tool on 223 raw material supplier sites throughout the world. One criterion to be considered at risk was to have a "high" rated local baseline water stress. Increased water stress could reduce or disrupt supply to Michelin's sites and thus impact the Group's output if disruption is sustained.

Timeframe
More than 6 years

Magnitude of potential impact
Medium-low

Likelihood
About as likely as not

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
200000000

Potential financial impact figure - minimum (currency)
<Not Applicable>

Potential financial impact figure - maximum (currency)
<Not Applicable>

Explanation of financial impact
This risk could affect around 4% of total volumes purchased of raw materials for 2019. This number is an estimation that contains many very strong hypotheses, such as

the same price for all raw materials, the same proportion of each raw material in the 4% and that all 4% would experience a risk at the same time. This number is based on the 2019 total raw material purchases that are communicated in Michelin's 2019 Registration Document. 2019 figure has been kept as the year 2020 volumes were not typical of our operations due to the covid crisis.

Primary response to risk

Upstream	Other, please specify (Include in Business Continuity Plan)

Description of response

The raw material risk screening tool used by Michelin takes into account multiple risks which could lead to business continuity issues. Among those risks is natural disaster at supplier sites, which includes water related risks. These risks are taken into account in the Business Continuity Plans.

Cost of response

0

Explanation of cost of response

Including water-related risk assessment into Business Continuity Plans should not cost the Group anything as the main risk is supply rupture, which is already considered in Business continuity plans as it can be caused by multiple other factors such as for example other natural disasters, geopolitical issues, supplier failure, etc.

Country/Area & River basin

Thailand	Other, please specify (All river basins)

Stage of value chain

Supply chain

Type of risk & Primary risk driver

Physical	Flooding

Primary potential impact

Supply chain disruption

Company-specific description

Besides the suppliers located in Thailand, other suppliers located in the different river basins around the world are concerned by this type of risk. Risks have been identified using WRI Aqueduct tool on 223 raw material supplier sites throughout the world. One criterion to be considered at risk was to have a "high" rated local flooding occurrence. Increased flooding occurrence could reduce or disrupt supply to Michelin's sites and thus impact the Group's output if disruption is sustained.

Timeframe

More than 6 years

Magnitude of potential impact

Medium-low

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

200000000

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

This risk could affect around 4% of total volumes purchased of raw materials for 2019. This number is an estimation that contains many very strong hypotheses, such as the same price for all raw materials, the same proportion of each raw material in the 4% and that all 4% would experience a risk at the same time. This number is based on the 2019 total raw material purchases that are communicated in Michelin's 2019 Registration Document. 2019 figure has been kept as the year 2020 volumes were not typical of our operations due to the covid crisis.

Primary response to risk

Upstream	Other, please specify (Include in Business Continuity Plan)

Description of response

The raw material risk screening tool used by Michelin takes into account multiple risks which could lead to business continuity issues. Among those risks is natural disaster at supplier sites, which includes water related risks. These risks are taken into account in the Business Continuity Plans.

Cost of response

0

Explanation of cost of response

Including water-related risk assessment into Business Continuity Plans should not cost the Group anything as the main risk is supply rupture , which is already considered in Business continuity plans as it can be caused by multiple other factors such as for example other natural disasters, geopolitical issues, supplier failure, etc.

Country/Area & River basin

China	Yongding He

Stage of value chain
Supply chain

Type of risk & Primary risk driver

Physical	Drought

Primary potential impact
Supply chain disruption

Company-specific description
Risk identified using WRI Aqueduct tool used during a supplier site water risk assessment on 223 raw material supplier sites throughout the world. One criterion to be considered at risk was to have a “high” rated drought severity. Increased drought duration could reduce or disrupt supply to Michelin’s sites and thus impact the Group’s output if disruption is sustained.

Timeframe
Unknown

Magnitude of potential impact
Unknown

Likelihood
About as likely as not

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure - minimum (currency)
<Not Applicable>

Potential financial impact figure - maximum (currency)
<Not Applicable>

Explanation of financial impact
Impact not quantified financially. The financial impact related to a drought in the Yongding He river basin is currently unknown. The potential risk has been identified, but the related financial impact has not been calculated.

Primary response to risk

Upstream	Other, please specify (Include in Business Continuity Plan)

Description of response
The raw material risk screening tool used by Michelin takes into account multiple risks which could lead to business continuity issues. Among those risks is natural disaster at supplier sites, which includes water related risks. These risks are taken into account in the Business Continuity Plans.

Cost of response
0

Explanation of cost of response
Including water-related risk assessment into Business Continuity Plans should not cost the Group anything as the main risk is supply rupture , which is already considered in Business continuity plans as it can be caused by multiple other factors such as for example other natural disasters, geopolitical issues, supplier failure, etc.

W4.2b

(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	Risks are assessed at site, entity, region and Group level. While some water risks exist and have been identified, they are not considered substantive for the Group as their potential final impact does not exceed the threshold defined in question W4.1.a (adverse effect on annual operating income : low risk = less than 150 M €, medium risk = between 150 M and 400 M€, high risk = more than 400 M€).

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity
Products and services

Primary water-related opportunity
Increased sales of existing products/services

Company-specific description & strategy to realize opportunity
Michelin is applying its R&D expertise to create new tires to meet changing customer demand to be able to handle new or unusual weather conditions. The unpredictable weather patterns that might result from climate change mean that tires must cope with a wide range of road conditions, driven by extremes in temperature and precipitation. Since our products are designed to deliver excellent performance in a wide range of conditions, this approach is part of our strategy to increase sales. In the US, Michelin is already responding to customers demand for all-season tires to avoid having to switch from winter tires to summer tires and vice versa. The introduction of Michelin's CrossClimate range in Europe in 2015, that combines excellent performance in winter with excellent performance in summer, has been a first major extension of this approach, followed by the launch of Cross Climate SUV range in 2017, and Agilis Cross Climate for Vans in 2019. Since 2015, All Season market has grown in Europe by 26% per year (vs market average growth around 1%, excluding All Season). In 2020 the Group remained the leader in the all-season segment, with its MICHELIN Cross Climate line in the regions where it is sold.

Estimated timeframe for realization
1 to 3 years

Magnitude of potential financial impact
High

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
1000000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact
The global tire market was estimated at US$ 167 billion in 2019, with light-vehicle tires accounting for 60% for a total market segment worth US$100 billion. Michelin’s market share was 15% in 2019; an increase in market share of just 1% could represent an increase in earnings of US$ 1 billion. This is without considering increased demand for tires. Over the medium term, it is estimated that demand for tires by volume will grow by 0% to 2% per year in mature markets and by 2% to 4% in emerging markets (IHS Markit). Note: these financial estimates have been officially published in US$ in the 2020 annual report. Converting them here to euros would not provide a meaningful value given the exchange rate fluctuations. Note: these financial estimates have been officially published in US$ in the 2020 annual report. Converting them here to euros would not provide a meaningful value given the exchange rate fluctuations.

Type of opportunity
Efficiency

Primary water-related opportunity
Improved water efficiency in operations

Company-specific description & strategy to realize opportunity
Respect of the environment is one of our core values. Michelin committed to reduce by half the environmental impact of its industrial sites between 2005 and 2020. Michelin has integrated in its site's environmental indicator the reduction of water withdrawals since 2005. Numerous actions have been put in place to reduce water consumption leading to a 42,2% reduction in absolute value in 2019 compared to 2005 , and a 51,7% reduction in 2020 compared to 2005 (part of 2020 progress is linked to production decrease because of COVID crisis) Furthermore, the water risk/opportunity and impact assessment method validated in 2016 includes a review of local stakeholders and user relations within the watershed in order to identify opportunities to improve our stewardship, particularly in regions subject to water stress. It is recommended to apply it across all facilities worldwide. Even during a global pandemic, the following examples illustrate how these levers are being activated to support the Group's strategy to reduce its water withdrawals • Spartanburg SC, United States: completed in late 2020, a project to recycle boiler and cooling tower purge water using reverse osmosis will reduce the plant’s water withdrawals by 6% a year; • Rayong, Thailand: after observing its water use points, the plant launched several water-saving initiatives, such as installing a valve to automatically cut off the water supply during machine shutdowns, adjusting flow rates according to product specifications and installing level meters to prevent overflows. These initiatives have reduced the plant’s annual water withdrawals by more than 20%; • Olsztyn, Poland: digitalization and real-time meter tracking enabled the plant to continue analyzing its water use. In turn, this helped to identify a number of leaks, resulting in around a 10% reduction in water use in the plant area under study • Cholet, France: by improving the management of back-up cooling water in response to fluctuating process needs, a changeover to new control valve technology will reduce the plant’s water consumption by around 3.8% over the year ;

Estimated timeframe for realization
1 to 3 years

Magnitude of potential financial impact
Low-medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
50000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact
It is estimated that from 2005 to 2020, 50M€ were saved as a result of measures identified during the implementation of the Group's environmental indicator with a focus on water reduction, the site-based water risk/opportunity and impact assessments. This figure is based on 1) actual operating and capital expenses reported for sustainably managing water resources, and 2) a hypothesis of an average cost of 2 €/m3, taking a “total cost of ownership” approach. Michelin initiated an exercise to place a monetary value on its environmental impacts, starting with the ones addressed by commitments to the planet, thus including WATER impacts. 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. This first evaluation has not yet been used for the potential financial impact above mentioned. We will reassess this approach for subsequent reporting periods.

Type of opportunity
Markets

Primary water-related opportunity
Improved community relations

Company-specific description & strategy to realize opportunity
This is strategic, as improving community relations increases external stakeholder confidence in Michelin, which influences that status of the Michelin brand. As part of a project to build a new manufacturing facility in the Indian state of Tamil Nadu, Michelin India worked with an NGO to assess socioeconomic needs in the communities around the new plant in Chennai. A major need identified was better access to water supply. Since then, Michelin has been providing extensive assistance towards meeting local communities' water needs. This engagement pursues a triple strategic objective: ensure sustainability of agriculture and animal husbandry, health improvements, and create public awareness on the importance of water availability and quality. These actions directly helped the local communities, and improved relationships.

Estimated timeframe for realization
1 to 3 years

Magnitude of potential financial impact
Low-medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
72000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact
These actions directly help the local communities and increase external stakeholder confidence in Michelin which influences that status of the Michelin brand. In 2019, the Group's brand was valued at US$7.2 billion. A 1% increase could add 72 M€ to the brand value.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?
Yes, we have a documented water policy, but it is not publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Description of water-related standards for procurement Reference to international standards and widely-recognized water initiatives Company water targets and goals Commitments beyond regulatory compliance Commitment to stakeholder awareness and education Acknowledgement of the human right to water and sanitation Recognition of environmental linkages, for example, due to climate change	Respect for the environment is one of Michelin's five core values, as expressed in 2002 in the Michelin Performance and Responsibility Charter and reaffirmed in 2012. In 2013, Michelin defined its 2020 environmental objective: reduce the Michelin Environmental Footprint (MEF) by 50% by 2020 (2005 baseline year). This composite indicator includes water withdrawal intensity, and performance levers have been defined for each type of manufacturing process for internal benchmarking purposes. In 2020 Michelin's environmental policy has been updated. It aims at controlling pollution risks and reducing the Group's environmental footprint towards impact neutrality. The environmental issues are considered over the whole life cycle of products. Objectives and action plans are prioritized in proportion to the issues at stake. The prioritization is based on our ambitions, our commitments and our perception of our stakeholders' expectation, as well as on the mid-term action feasibility. It is subject to validation by the Environmental Governance. The policy is detailed in different chapters, in a life-cycle-based approach. Every chapter is an integral part of the « Group Environmental Policy ». A complementary document has been formalized to detail the 'Production facilities and other sites' chapter of the Group's Environmental Policy, by spelling out the principles, ambitions and obligations applicable to the Group's facilities. The aim is to reduce the impact of our activities in absolute value, so as to progressively move toward our 2050+, polar star, ambition: "100% of the substances taken from, and emitted to, the environment during the full life cycle of our products can be assimilated by nature and are neutral for human health and biodiversity". Our water objectives aim at reducing water withdrawals (-33% in 2030 compared to 2020), thus helping to limit the impact of non-availability for the environment. They are aligned with SDG #6 "clean water and sanitation". Our ambition is that in 2050, Michelin has zero impact on water availability for local communities.

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Board-level committee	The Group Management Committee (GMC) and the Supervisory Board CSR Committee are the 2 board-level committees responsible for water-related issues. The GMC is comprised of the 11-member Group Executive Committee (GEC) – the managing chairman, general manager and nine executive vice presidents – and the heads of Strategy, Purchasing, Corporate Business Services, Finance, Legal Affairs, Quality, Audit, Internal Control and Risk Management, Supply Chain, Information Systems, and the China and North America Regions. The CSR Committee is comprised of 4 members, including the committee chair, of the Supervisory Board. The GEC focuses on strategic issues and decisions, such as corporate transformations, the business model, acquisitions, performance, brand strategy, sustainable growth and risk management. As such it oversees water-related risks and opportunities through the annual strategic planning process for business units and operations. The GMC cross-functionally manages transformation, competitiveness, integration of acquisitions and the internal control, quality and risk management processes. It consults with a panel of business units and regions to ensure that its decisions are widely embraced across the organization. It oversees water-related risks and tracks water-related progress in operations supported by the Environment Governance (EG)body. The Environment Governance body oversees all water-related issues impacting operations. An example of a water-related decision made by this committee is the establishment of our 2050 water ambition which is to have zero impact on water availability for local communities. The role of Supervisory Board is to exercise permanent oversight of the Group's management and to assess its quality for the benefit of the shareholders. Its CSR Committee examines the Group's strategy, objectives, policies and commitments regardingenvironmental impacts, and makes recommendations in this regard.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

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

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)
Chief Operating Officer (COO)

Responsibility
Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues
Half-yearly

Please explain
Water related issues are overseen by the Environment Governance (EG) body that is chaired by 2 members of the GEC: the Chief Manufacturing Officer (lead chair), and the executive vice president of R&D. They represent the full GEC so they are vested with decision-making power. The governance body also includes the chief procurement officer, chief risk officer, EHS manager, sustainability manager, and chief legal officer. All major decisions on water-related risks, opportunities and investments impacting operations that are not made by the GEC (board level) are made at this governance level. The nature of the report includes reviewing of progress against the 2020 objective, monitoring of emerging issues, risks and opportunities, the building of the 10 year plus roadmap, the main levers to be put in place, their level of gain and the associated capex and opex. The Environmental Governance meets three times a year to discuss such topics.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Chief Executive Officer (CEO) Chief Operating Officer (COO)	Reduction of water withdrawals	A portion (15%) of the CEO's long-term incentive bonus is indexed on Michelin's Environmental Footprint (MEF) composite indicator. This composite indicator, that includes water withdrawal intensity, was chosen because it reflects the environmental performance of the Group's industrial sites. The 3-year average of this composite indicator must be below a defined threshold for the monetary reward to be triggered.
Non-monetary reward	No one is entitled to these incentives	<Not Applicable>	

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

No

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

No, but we plan to do so in the next two years

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	11-15	In 2016, the Group Executive Committee (GEC) reviewed water-related issues as a part of a corporate program to reduce the environmental footprint across all manufacturing facilities. As a result of this review, water scarcity, while not considered as strategically significant, was added as a factor to long-term industrial performance. Furthermore, the GEC set down a principle of “zero impact on availability for local communities” by 2050 of manufacturing operations in zones characterized by water stress. This decision triggered work by the EHS department to incorporate this goal into water assessment and management at the site level and to formalize objectives in Michelin’s post-2020 environmental performance targets. The 2020 Environmental policy states a 33% water withdrawal reduction objective between 2020 and 2030 for all Group facilities.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	11-15	The strategy for achieving reduction in water footprint and zero impact goals is focused on developing new industrial processes that consume significantly less water. Example: replace steam curing presses with electric presses. Because the curing phase of the production process is highly dependent on water, this transformation will significantly reduce the water footprint at site level and ensure business continuity for sites located in zones of increasing water stress. Specifically for electric curing presses, the strategy is to 1) install them at all new greenfield sites -- this is the case for the new production site in Léon, Mexico, and 2) prioritize future replacements at existing sites located where water poses business continuity risks.
Financial planning	Yes, water-related issues are integrated	5-10	The GEC requests from the EHS team the building of 10 year roadmaps in line with our 2030 commitments and 2050 ambitions. Such a roadmap exists for water. It describes all the levers, gains and associated CAPEX and OPEX to reach our water goals. These capex and opex represent the financial planning of our strategy and are broken down by business line which then include these budgets in their portfolio to deploy the corresponding levers.

W7.2

(W7.2) What is the trend in your organization’s water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

-36

Anticipated forward trend for CAPEX (+/- % change)

10

Water-related OPEX (+/- % change)

122

Anticipated forward trend for OPEX (+/- % change)

0

Please explain

Routine operating expenses for water management are not consolidated at Group level. The figures reported represent costs of implementing NEW means (e.g., equipment, processes, infrastructure, etc.) for achieving improved performance in preventing surface water pollution and in sustainably using water resources, consolidated in two categories: capital expenditures and operating expenses. As such, the amounts can vary from year to year, as is the repartition between CAPEX and OPEX according to local regulation applied to projects. This last aspect is particularly true for 2020/2019 evolution: similar overall CAPEX + OPEX amount (+1,6%) but very different repartition between CAPEX and OPEX. Despite the COVID19 situation, a significative part of 2020 water-related expenditures (37%) concerned “creation / modification of a wastewater treatment plant or other treatment equipment” projects.

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	Yes	Climate-related scenario analysis was used during an update to a supplier site water risk study to provide a qualitative description of how the water stress and water demand could change in the future for the priority supplier sites (all suppliers of raw materials) that were included in the study. This study enabled the corporate purchasing department to be informed of supplier sites that potentially require monitoring for water risks and which ones could be problematic in the years to come due to water shortages. Since the inclusion of physical risks of climate change in the Group risk map in 2020, forward-looking climate scenario analysis has begun and will inform a revision of estimations of potential financial impact.

W7.3a

(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?

Yes

W7.3b

(W7.3b) What water-related outcomes were identified from the use of climate-related scenario analysis, and what was your organization's response?

	Climate-related scenarios and models applied	Description of possible water-related outcomes	Company response to possible water-related outcomes
Row 1	Other, please specify (IPCC SSP2 RCP4.5/ RCP8.5 and SSP3 RCP8.5)	The results of the supplier site water risk study showed that certain suppliers are located in areas of higher water stress and/or higher competition among users. Depending on the scenario, roughly 50% of supplier sites are located in areas not projected to undergo any significant change compared to the baseline year, and the other 50% are located in areas projected to undergo slight increases in water stress and competition. Only a few sites are located in areas projected to show a significant increase in the two parameters. The main outcome of this scenario analysis was the understanding that supply disruptions could very well occur, but at a small number of supplier sites, given the current diversification of raw material supplies.	The conclusions of this study lead to a decision with the corporate purchasing department to include water-related issues in the business continuity management process, beginning with questioning suppliers about their own internal water policy. This was put in place in 2019. It was also decided to include an analysis of water intensities of each raw material category in a future update to the supplier water risk study within the next few years.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

We do not have a formalized internal price on water similar to the internal pricing that exists for carbon, but we now have a better vision of water-related costs. As part of Michelin's ongoing development of its water program, water valuation is now being practiced in 2 ways: 1) for new water-related projects the price of water is included in return on investment calculations; 2) the price of water in relation to business continuity management, total cost of ownership and utilities viability are taken into account in the "value stream mapping" of industrial sites, a process which evaluates optimization of manufacturing operations 3 years into the future. Moreover, 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, thus including WATER impacts. The valuation method used is based on OECD definition of valuing avoidance costs, with input from ISO 14007 and ISO 14008 (see W4.3a).

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Site/facility specific targets and/or goals	Targets are monitored at the corporate level	Goals are set by the Group Executive Committee (GEC) via its Environment Governance. The GEC established in 2005 the Michelin Environmental Footprint (MEF), a composite indicator which is monitored by the Environment Governance and which includes water intake. The MEF is a Group level indicator that is followed down to site level. The Group's 2020 ambition to reduce the MEF by 50% compared with 2005 has been reached and a new composite indicator has been defined for 2021 onward. Michelin's water strategy included a 30% reduction in water use per tyre from 2010 to 2020. This has also been reached (-36%). The new target is to reduce water withdrawal by 33% between 2020 and 2030 taking into account stress coefficients. On behalf of the GEC, the Environment Governance body conducts a biannual review of the composite indicator to ensure progress is being made or to act on lack of progress. Annual targets are set at site-level and are consolidated at year-end by the corporate EHS department, who also ensures quarterly monitoring, manages the annual verification process and publish the results in the annual report.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number
Target 1

Category of target
Product water intensity

Level
Company-wide

Primary motivation
Water stewardship

Description of target
Reduce the volume of water withdrawn in cubic meters per metric ton of tire produced (finished product). This target is part of the Group's composite environmental indicator Michelin Environmental Footprint (MEF). The overarching objective is to reduce the impact of Michelin's manufacturing operations on human health and ecosystems. Freshwater being vital for other industries and human activities, decreasing water withdrawals 1) enables risk of potential conflicts to be reduced, 2) reinforces Michelin's reputation for strong corporate responsibility, 3) achieves cost-savings by reducing the energy required for using water in production systems and, finally, 4) reduces the amount of chemicals required for wastewater treatment. The target was therefore adopted to drive progress on multiple fronts at once based on environmental, economic and reputation considerations.

Quantitative metric
% reduction per unit of production

Baseline year
2010

Start year
2010

Target year
2020

% of target achieved
100

Please explain
Michelin's water strategy includes a 30% reduction in water use per tyre from 2010 to 2020. At the end of 2020, Michelin had achieved product water intensity reduction since 2010 reached 36%.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?
Yes

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Water withdrawals: total volume of all Michelin plants	ISAE 3000	22% of site-level data and 100% of corporate-level data have been verified by a third-party chartered accountant providing limited assurance according to the ISAE3000 standard for purposes of complying with French law for transparent reporting on CSR information (Code de Commerce, article L. 225-102-1). The methodology followed is stipulated by the French law (Code de Commerce, article L. 822-11-3).
W8 Targets	Percentage of manufacturing sites having implemented the standardized water assessment method.	ISAE 3000	100% of the information have been verified by a third-party chartered accountant providing limited assurance according to the ISAE3000 standard for purposes of complying with French law for transparent reporting on CSR information (Code de Commerce, article L. 225-102-1). The methodology followed is stipulated by the French law (Code de Commerce, article L. 822-11-3).
W1 Current state	Water discharge quality – by standard effluent parameters – for all sites with an industrial activity that discharge directly into the natural environment	ISAE 3000	22% of site-level data and 100% of corporate-level data have been verified by a third-party chartered accountant providing limited assurance according to the ISAE3000 standard for purposes of complying with French law for transparent reporting on CSR information (Code de Commerce, article L. 225-102-1). The methodology followed is stipulated by the French law (Code de Commerce, article L. 822-11-3).

W10. Sign off

W-FI

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

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Chief Manufacturing Officer, Member of the Group Executive Committee, Member of the Groupe Management Committee and lead chair of the Environment Governance body.	Director on board

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

No

SW. Supply chain module

SW0.1

(SW0.1) What is your organization's annual revenue for the reporting period?

	Annual revenue
Row 1	20469000

SW0.2

(SW0.2) Do you have an ISIN for your organization that you are willing to share with CDP?

Yes

SW0.2a

(SW0.2a) Please share your ISIN in the table below.

	ISIN country code	ISIN numeric identifier (including single check digit)
Row 1	FR	0000121261

SW1.1

(SW1.1) Could any of your facilities reported in W5.1 have an impact on a requesting CDP supply chain member?

No facilities were reported in W5.1

SW1.2

(SW1.2) Are you able to provide geolocation data for your facilities?

	Are you able to provide geolocation data for your facilities?	Comment
Row 1	No, this is confidential data	

SW2.1

(SW2.1) Please propose any mutually beneficial water-related projects you could collaborate on with specific CDP supply chain members.

SW2.2

(SW2.2) Have any water projects been implemented due to CDP supply chain member engagement?

No

SW3.1

(SW3.1) Provide any available water intensity values for your organization's products or services.

Product name

Passenger car and light truck tires

Water intensity value

8.2

Numerator: Water aspect

Water withdrawn

Denominator

metric tons of finished product

Comment

The figure represents the average value of water intensity for production plants worldwide that manufacture primarily passenger car and light truck tires.

Product name

Truck, bus and other heavy-duty on-road tires

Water intensity value

4.2

Numerator: Water aspect

Water withdrawn

Denominator

metric tons of finished product

Comment

The figure represents the average value of water intensity for production plants worldwide that manufacture primarily truck, bus and other heavy-duty on-road tires.

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission	Are you ready to submit the additional Supply Chain questions?
I am submitting my response	Investors Customers	Public	Yes, I will submit the Supply Chain questions now

Please confirm below

I have read and accept the applicable Terms