

6 MICHELIN PERFORMANCE AND RESPONSIBILITY



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6.1. 2009 EMPLOYEE AND ENVIRONMENTAL INFORMATION PUBLISHED IN COMPLIANCE WITH FRENCH NRE LEGISLATION

Michelin is actively deploying a sustainable development process, known as *Michelin Performance and Responsibility*. Its basic principles are presented in the Michelin Performance and Responsibility Charter, which is available on request or may be downloaded from www.michelin.com. A core component of this process is Michelin's understanding of its social and environmental challenges, which enables it to identify the most effective ways to drive balanced, responsible growth both in its own business and in its industry as a whole, and to support better, more sustainable mobility.

Published in May 2009, the 2007-2008 Michelin Performance and Responsibility Report presents the detailed results from programs underway to meet the Group's growth and financial performance objectives while effectively fulfilling all of its responsibilities. Readers are strongly encouraged to consult the report, which is available upon request from the Investor Relations Department or at www.michelin.com.

The 2009 Annual and Sustainable Development Report – Performance and Responsibility is a combined document presenting the Group's 2009 strategy and results in every aspect of its business, thereby expressing the seamless integration of all of its performance and responsibility objectives.

In this 2009 Registration Document, the employee information in section 6.2. and the environmental information in section 6.3. comply with Article L. 225-102-1 of the French Commercial Code and the related application decrees of February 20 and April 30, 2002, which require a company to

disclose in its Annual Report "information on the way in which it takes into account the social and environmental impact of its business".

Michelin is continuing to formalize and improve the reliability of its indicators, which are used by its 72 production facilities in 19 countries and its sales and marketing operations. The Group is committed to obtaining as accurate an understanding as possible of each site's social and environmental responsibilities and to driving continuous improvement, year after year, in the quality of this information. Unless otherwise specified, the scope of reporting is the entire Group.

For the fourth consecutive year, PricewaterhouseCoopers was commissioned to review the procedures used to prepare the indicators presented in this document. The internal review of the environmental and social data was extended in 2009 to NO_x and SO_x emissions.

The review opinion may be found in section 6.4.

In the following tables, indicators marked with two asterisks were verified during the review.

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6.2. 2009 EMPLOYEE INFORMATION

6.2.1 EMPLOYEES

6.2.1.a) NUMBER OF GROUP EMPLOYEES, BREAKDOWN BY GENDER, EMPLOYEE MOVEMENTS, FIXED-TERM CONTRACTS, OVERTIME AND THIRD-PARTY MANPOWER

Group Employees on payroll at December 31, 2009 (All types of work contracts)

	Europe	North America	South America	Asia-Pacific	Africa & the Middle East	Group Total
Number of employees on payroll **	68,251	21,141	5,454	13,246	1,101	109,193

Full-time equivalent employees at December 31, 2009 (All types of work contracts)

	Europe	North America	South America	Asia-Pacific	Africa & the Middle East	Group Total
Number of full-time equivalent employees **	63,158	20,315	4,892	13,229	1,098	102,692

**Data related to these indicators have been reviewed by PricewaterhouseCoopers.

Employees on payroll by gender (All types of work contracts)

Women as a percentage of employees on payroll at December 31, 2009

	Europe	North America	South America	Asia-Pacific	Africa & the Middle East	Group Total
Production workers	7.6%	12.3%	4.5%	2.8%	0.8%	8.1%
Administrative and technical staff	26.1%	27.6%	27.6%	26.5%	24.1%	26.6%
Managers	16.0%	13.7%	14.9%	17.7%	10.7%	15.8%

Scope of reporting: Group excluding Euromaster and TCI.

Overall, women accounted for 14.0% of total employees on payroll.

Employee movements in 2009 (All types of work contracts)

	Europe	North America	South America	Asia-Pacific	Africa & the Middle East	Group Total
Natural attrition	2,439	1,280	442	1,104	160	5,425
Negotiated redundancies	3,150	1,664	317	368	15	5,514
Early retirement	844	584	0	18	0	1,446
New hires	1,943	1,186	1,222	1,289	65	5,705

Scope of reporting: Group excluding Euromaster.

Fixed-term contracts

In 2009, fixed-term contracts accounted for 1.0% of total Group payroll.

Overtime and third-party manpower

Overtime may be used to offset a lack of available personnel or to respond to customer demand. In 2009, overtime accounted for 2.84% of the total number of hours worked by production workers in the Group, with the rate varying from 0.7% in Europe to 6.1% in Asia.

Overtime pay for all job categories amounted to 1.4% of total payroll for the year.

Third-party manpower working on Group sites (excluding Euromaster and TCI) represented an average 2.2% of full-time equivalent employees in 2009, with the proportion ranging from 0% in Africa and the Middle East, where third-party manpower is not used, to 8.0% in South America.

● 6.2.1.b) REDUNDANCY PLANS, JOB RETENTION INITIATIVES AND RETRAINING, PLACEMENT AND SUPPORT PROGRAMS

Michelin's manufacturing strategy is to increase production capacity in the growth markets of Eastern Europe, Asia and South America while enhancing competitiveness in the developed, mature markets of Western Europe, North America and Japan.

Restructuring and employee support measures in 2009

Designed to drive growth and the Company's long-term sustainability, this strategy involves reorganizing the manufacturing base, which can lead to the elimination of jobs. This was the case in 2009, when slightly more than 5,500 employees were concerned by negotiated redundancy plans or retraining and placement programs in Spain, France (Toul, Montceau-les-Mines, and Noyelles-lès-Seclin), Italy (Turin) and the United States (Opelika, Ala.). In Europe and North America, these organisational shifts are being facilitated by natural attrition, with nearly 30,000 employees expected to retire or leave between 2008 and 2012.

Restructuring programs are systematically accompanied by a wide range of initiatives, generally exceeding the minimum legal requirements, to avoid outright dismissals wherever possible and to support each employee concerned. These include:

- An ongoing process of foreseeing and facilitating opportunities for transfers and outplacement in France and Italy, with job search training provided in resume writing, interview techniques and job market monitoring;
- Individual inplacement opportunities, either in the same unit or in another Group company, including expatriate positions. Primarily used in France, Italy and the United States in 2009, inplacement is the preferred solution and is generally supported with assistance in finding housing and jobs for spouses;
- Early retirement systems, such as the CATS program in France, the *mobilita corta* and *mobilita lunga* agreements in Italy, conventional or *contrato de relevo* early retirement plans in Spain and similar schemes in the United Kingdom. These systems all helped to avoid separations during the year;

- Group-financed outplacement services provided by employment offices and outplacement consultants.

In Europe, Canada and the United States, the Michelin Development program is designed to help create jobs in the Group's host regions (see paragraph 6.2.10 below on the regional impact of targeted job and economic development initiatives). Its projects can facilitate career transitions outside the Group, while maintaining or stimulating local economic growth by creating a large number of new jobs.

In a follow-up to the closure of the Kléber plant in Toul, France, a new round of *Professional Transition Workshops* was organized for successive groups of employees who had signed up for the Kléber Mobility Program. Every day and in the same location, the workshops offered participants access to resources and methods to help them build a new career, including i) personalized support from resource advisors; ii) role-playing exercises and technical training enabling them to discover other fields such as robotics, masonry, welding and industrial or home electrical contracting; iii) job search coaching; iv) sports, stress management and relaxation workshops; v) spaces for self-expression and discussion; vi) a partnership with the National Employment Office; and vii) a Resource Library. By the end of December 2009, more than 695 employees had found a new profession. In addition, Michelin Development is deploying programs in the Toul region, where the first three projects in the pipeline will create more than 450 new jobs.

Voluntary separation plan in France

In 2009, a voluntary separation plan was presented and implemented to support the announced developments in Michelin's operations in France. By proposing early or pre-retirement arrangements and outplacement support, the plan is freeing up jobs for employees affected by site restructuring. It is being offered to all employees under permanent contracts on the payrolls of MFPM, SEAM and SODG as of October 1, 2009.

Career change support in Italy

Launched in October 2008, the plan to restructure the Italian manufacturing base will run through 2013. To facilitate the transfer or outplacement of affected employees, a career transition office was set up at every site in Italy to offer in and outplacement opportunities, support in creating a business, retraining and placement assistance and early retirement plans. Thanks to all of these services, by the end of 2009, 80% of the people concerned had embarked on a new career path.

Adjusting to lower demand and output

The sudden fall-off in demand that began at the end of 2008 impacted Michelin plants throughout 2009, forcing them to sharply reduce production volumes. A full range of resources were deployed for employees in response to this new environment, with a focus on saving jobs and maintaining compensation to the extent possible with such solutions as training courses, vacation leaves, maintenance shutdowns and employer-enhanced short-time compensation. As soon as markets return to growth, Michelin is ready to ramp production back up to previous levels and reap the full benefit of measures undertaken in recent years.

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6.2.2. WORKING HOURS, PART-TIME WORK AND ABSENTEEISM

6.2.2.a) WORKING HOURS

Working hours in the manufacturing plants and the research, logistics, sales and administrative facilities are strictly organized according to the applicable labor laws of the country concerned. For full-time non-shift employees, annual working time varies from 1,595 hours in Hungary to 2,640 hours in Brazil, and from 213 days in France and Hungary to 262 days in the United States and Mexico.

Working in shifts enables a plant to operate up to seven days a week and 360 days a year, thereby optimizing capacity utilization. In exchange, shift workers enjoy significantly reduced working hours and certain compensation benefits. On a Group-wide basis, more than 63,000 people work in shifts, mostly in three 8-hour shifts, but also in four 8-hour shifts, five 8-hour shifts, two 12-hour shifts and week-end shifts, reflecting different manufacturing requirements, prevailing legislation and local practices.

6.2.2.b) PART-TIME WORK

Used in many host countries, part-time contracts covered 1.8% of the total workforce, across all job categories, in 2009.

Part-time employees by gender and job category as a percentage of total employees at December 31, 2009

	Women	Men	Total
Production workers	3.0%	1.4%	1.6%
Administrative and technical staff	6.1%	0.5%	2.1%
Managers	16.1%	0.7%	3.4%
Total	5.5%	1.2%	1.8%

Scope of reporting: Group excluding Euromaster.

6.2.2.c) PRODUCTION WORKER ABSENTEEISM

In most host countries, absenteeism at Michelin facilities tends to be lower than national rates in similar industries. Group-wide, the number of hours of absence, regardless of the cause, represented 3.9% of the expected number of hours worked.

Sick leave	Lost time due to occupational injury	Long-term leave	Group Total
2.1%	0.1%	1.7%	3.9%

6.2.3. COMPENSATION, PAYROLL TAXES, GENDER EQUALITY, DISCRETIONARY AND NON-DISCRETIONARY PROFIT-SHARING AND EMPLOYEE SAVINGS PLANS

Total employee benefits expense in 2009 (in € millions)

	Production workers	Administrative and technical staff	Managers	Fixed-term contracts	Severance pay and restructuring	Taxes, provisions and advances
4,515	1,770	1,719	613	44	(19)	388

"Taxes, provisions and advances" includes taxes, provisions for post-retirement benefits, stock-option advances and other long-term advances.

6.2.3.a) COMPENSATION, PAYROLL TAXES AND OTHER EMPLOYEE BENEFITS

Employee benefits expense amounted to €4,515 million or 30.5% of net sales, in 2009, of which €914 million in employer payroll taxes.

The total may be analyzed as follows:

(in € millions)

Wages and salaries	3,248	71.9%
Employer payroll taxes	914	20.3%
Benefit contributions, pensions, severance and retraining costs	343	7.6%
Share-based payments	10	0.2%
TOTAL	4,515	100%

Michelin is committed to offering competitive compensation and raises in every host country by seeking the best possible balance between employee fulfilment and the Group's financial performance. This crucial balance is carefully managed, as compensation levels have a direct impact on production costs and, by extension, on the Group's ability to withstand competitive pressure. Compensation policies are designed with a long-term approach, taking into account job responsibility, individual performance in meeting shared objectives, career development, evolving market conditions and local practices. Every employee benefits from performance-based compensation that rewards his or her contribution to the Group's development.

Michelin has set up a variety of profit-sharing and bonus systems, depending on the country and employee category. In particular, dynamic bonus policies have been deployed for managers to reward their achievement of personal objectives, consistent performance over time, ability to work with others and contribution to shared goals. For the sake of consistency, incentive bonuses are governed by similar rules and procedures in every host country.

Because pay scales are pegged to criteria specific to each country, in particular to reflect widely varying local conditions (such as inflation ranging from 0.5% to 13.0%), the average pay raise for the year is not material. However, in France, which has the largest number of employees (25,000 on payroll including Euromaster at December 31, 2009) and where inflation ran at 1.0% for the year, pay rises were as follows in 2009:

Production workers	+2.2%
Administrative and technical staff	+2.5%
Managers	+0.4%

Data for France

The steep decline in 2009 sales made it necessary to limit wage and salary increases during the year. This was particularly true for managers, whose 2009 bonus reflected only their performance in meeting their personal objectives, without any increase in salary or a bonus based the Group's 2008 operating income target, which was not met.

● 6.2.3.b) GENDER EQUALITY

In each country and employee category, the average wage differential between men and women is calculated for the three levels of responsibility at which women are most represented, in order to obtain a meaningful indicator. An average weighted for the number of employees in each country is then calculated for the Group.

Average pay differential between men and women employees, Groupwide

Category	Differential
Production workers	-2.20%
Administrative and technical staff	-2.25%
Managers	-5.91%

The differential stems from the fact that women employees tend to have less seniority than men, and therefore less experience and lower job responsibility. In addition, statistical monitoring is difficult given the number of entry-level hires now underway following the retirement of older employees. Regardless of job category, however, the methods used to manage compensation and assess performance are exactly the same for men and women in every country. Performance appraisals based on anything other than professional criteria, which are clearly listed in exhaustive detail in Michelin's standards manuals, would violate the Group's most fundamental principles of equity.

● 6.2.3.c) DISCRETIONARY AND NON-DISCRETIONARY PROFIT-SHARING AND EMPLOYEE SAVINGS PLANS

In addition to salary and performance-based bonuses (for meeting either personal or corporate targets), overtime pay and compensation directly related to the nature of work performed, Michelin offers employees supplementary compensation in forms that vary widely depending on local legislation. These include discretionary profit-shares, non-discretionary profit-shares, agreements, contributions to supplementary health insurance, retirement savings plans and employee savings plans with matching employer contributions of up to 50%. Seventeen country organizations provide such programs, benefiting nearly 72,000 employees. The amounts awarded under these supplementary programs vary considerably from one country to another and can account for up to 30% of an individual's compensation.

At *Manufacture Française des Pneumatiques Michelin*, the 2008-2010 discretionary profit-sharing agreement signed with the trade unions uses multiple indicators to calculate profit-shares, as follows: i) the number and success rate of Progress Ideas; ii) the reduction in the Group's environmental footprint, as measured by the decline in waste generated and waste landfilled, CO₂ and volatile organic compounds (VOC) emitted, and energy and water consumed, all per metric ton of tires produced; iii) the frequency of workplace accidents; and iv) the achievement of production targets. The amount of the profit-share, which is paid in the first quarter of the following year, can account for up to 5% of total compensation. The amount paid in 2009 in respect of 2008 profit-shares came to approximately €14 million, representing an average 2.0% of gross compensation.

6.2.4. EMPLOYEE RELATIONS AND COLLECTIVE BARGAINING AGREEMENTS

One or more collective agreements are being applied in the following countries: Algeria, Brazil, Colombia, France, Germany, Hungary, Italy, Japan, Mexico, the Netherlands, Poland, Romania, Serbia, Spain, Sweden, Thailand, the United Kingdom and the United States. In all, these agreements cover more than 57,000 employees.

In 2009, a total of 2,049 official meetings were scheduled with employee representatives in 22 countries, compared with 1,969 meetings in 22 countries in 2008. In addition to providing a forum for formal and informal dialogue, the meetings led to the signature of a wide range of agreements.

In 2009, for example, 49 collective agreements were signed with employee representatives in 15 countries, concerning nearly 51,000 employees. In several countries, collective agreements signed in previous years remained in effect in 2009.

6.2.4.a) EXAMPLES OF AGREEMENTS SIGNED IN 2009 INCLUDE:

Europe

- Spain: an innovative agreement introducing exceptional measures in response to the fall-off in business in a crisis economy; an agreement to set or change production conditions, linked to production worker compensation;
- France: at MFPM, agreements concerning non-discretionary profit-sharing, the PERCO retirement savings plan, 2008-2010 discretionary profit-sharing and terms of the 2009 employer contribution; at Pneu Laurent, a human resources planning and development agreement; an agreement on hiring and retaining employees over 50; agreements on the Mandatory Annual Salary Negotiations (NAO), discretionary and discretionary profit-sharing, death and disability insurance coverage and employee savings plans, an amendment to the 35-hour workweek agreement and a human resources planning and development agreement; an agreement concerning Works Council information; a geographic mobility agreement; at Kléber, a unit wide agreement on the new allocation of discretionary profit-shares;
- Poland: an agreement concerning salary increases and internal procedures;
- United Kingdom: the 2009-2011 Pay and Conditions Agreement for production workers;
- Serbia: a general agreement on new hires, employee guarantees, staffing and overstaffing, working and rest hours, vacation, compensation and separations.

North America

- Mexico: a collective agreement on salaries, working hours and working conditions;
- United States: an agreement regarding benefits, salaries and working conditions at the Tuscaloosa and Fort Wayne facilities; an agreement concerning employee support resources following discontinuation of operations at the Opelika plant, together with regular meetings with officials of the United Steelworkers of America union to share information about Michelin's operations, address current issues and exchange views on common concerns;

South America

- Brazil: the annual collective agreement setting general working conditions and pay increases for 2009 with Rio de Janeiro's Rubber Workers Union; an agreement on working hours and non-discretionary profit-sharing at the Campo Grande plant;
- Colombia: an agreement on a voluntary profit-sharing plan open to unionized and non-unionized production workers; implementation of a temporary six-month collective agreement (without union approval) in August 2009.

Asia

- Thailand: agreement on the terms and conditions of employee bonuses.

6.2.4.b) A WIDE VARIETY OF INFORMATION AND CONSULTATION PROCESSES

Michelin is deeply committed to fostering effective communication with employees, both directly and through their representatives. Group facilities have deployed a broad array of processes to share information and exchange views with employees. These processes and the scope of their implementation in each country are reviewed every year.

These reviews have found that around 20 separate communication channels and a dozen different consultation processes are in general use across the Group. On average, each country uses 12 of them, including the Intranet, e-mail, Family Day events, site, country and unit magazines, specialized pamphlets, daily, weekly and monthly team meetings, newscasts such as the Group's *Forward* weekly news program, meetings with employee representatives, Intranet surveys and polls, roundtables, forums, bulletin boards and information display stands.

6.2.5. WORKPLACE HEALTH AND SAFETY

6.2.5.a) MANAGING OCCUPATIONAL HEALTH AND HYGIENE RISKS

Supported by the network of Group Health Correspondents, Technology Center materials experts and occupational physicians, the corporate occupational health and hygiene team leads a program to manage risks in two main areas, workstation chemical risks and asbestos-related risks. It also prepares guidelines for analyzing risks and tracking exposure.

To manage asbestos-related risk, an annually updated survey in every plant clearly identifies all of the materials containing encapsulated asbestos (i.e. not likely to release fibers to the air) still present in buildings or equipment. These vestiges date back to the 1960s and 1970s, when, like many companies, Michelin used asbestos as thermal insulation for pipes and curing presses, as well as in brake linings.

A risk analysis application, developed with the accredited Bureau Veritas inspection firm based on Group surveys, is used to classify the risks presented by each situation and to schedule the removal of materials containing encapsulated asbestos, which is carried out in stages each year. To prevent any damage to employee health or the environment, asbestos removal is supervised by a Group-level manager.

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Another ongoing priority is to manage exposure to workstation chemicals, an area where programs led by the corporate occupational health team continued in 2009. As with asbestos, a workstation risk analysis application was developed with the assistance of Bureau Veritas. Its deployment in 2009 will provide an accurate view of chemical risk exposure, enabling the team to schedule the necessary remedial procedures.

The Group is continuing to roll out its centralized occupational health and hygiene expert information system. Based on Group best practices, the system enables the generation of standardized safety documents for all products, including semi-finished, used by the Group worldwide. These documents, which comply with both local legislation and Group standards, include safety data sheets and instructions for the safe use of products at the workstation.

● 6.2.5.b) MONITORING EMPLOYEE HEALTH

Employee health is monitored via check-ups conducted by Michelin medical teams or by outside healthcare providers coordinated by a Group physician. The organization, priorities and action plans for medical services in each region are defined in a regularly updated corporate *Guide to Health Service Activities*, which is based on best practices from inside and outside the organization.

Below are some examples of initiatives being tracked at Group level and implemented by the country organizations:

Preparing for a possible Influenza A pandemic

To protect employees and prevent business interruptions in the event of an Influenza A pandemic, a wide range of measures have been devised to minimize the disease's spread in the workplace. These protective measures, which take into account World Health Organization alert levels and the different types of workplace activities, can be deployed across the organization in accordance with each country's local legislation.

A prevention alert threshold called P6+ has been defined and can be activated by a local unit, with the agreement of the country unit, whenever a major risk of contagion is identified or several clustered cases are reported in a given work area. The protective measures would apply to everyone entering a Michelin site, including customers, service providers, suppliers, etc.

Preventing stress-related risks

The major difficulty in preventing stress lies in the diversity of people's reactions, with some handling stress well (sometimes by transferring it to those around them) and others suffering far more intensely. In recent years, Michelin has offered employees a number of stress management training courses, which had been attended by more than 2,700 people as of December 31, 2009. In early 2010, the Group began talks with employee representatives concerning psychosocial risks.

Conducting public health campaigns

In every host country around the world, public health campaigns aligned with local needs and practices have been conducted for Michelin employees and their families. Initiatives deployed as part of these campaigns include i) training in lifting heavy loads, preventing back and joint pain, and avoiding the risks associated with a sedentary lifestyle; ii) advice on healthy eating and wellness; iii) anti-smoking and anti-alcoholism courses; and iv) exercise programs.

In the United States, the *Choose Well-Live Well* program's health care correspondents advise employees on the right choices for physical exercise and healthy living, while in France, the *Oxygène* program, launched in September 2009 at corporate headquarters in Clermont-Ferrand, offers employees the opportunity to practice a variety of physical activities in the workplace.

Liaising with local public health care facilities

Whenever the quality of local public health care facilities is deemed inadequate, particularly at isolated locations in emerging countries, Michelin takes the necessary steps to improve them. In China, for example, the Group is working with hospitals in Shanghai and Shenyang to organize better care for local employees and expatriates, with a particular emphasis on preventing health care-associated infections.

Preventing HIV/AIDS

Michelin continued to deploy HIV/AIDS prevention programs in 2009, focusing on the worst hit countries. The Group also conducts a large number of HIV/AIDS awareness campaigns for its employees and host communities in areas where such awareness is lacking or denied.

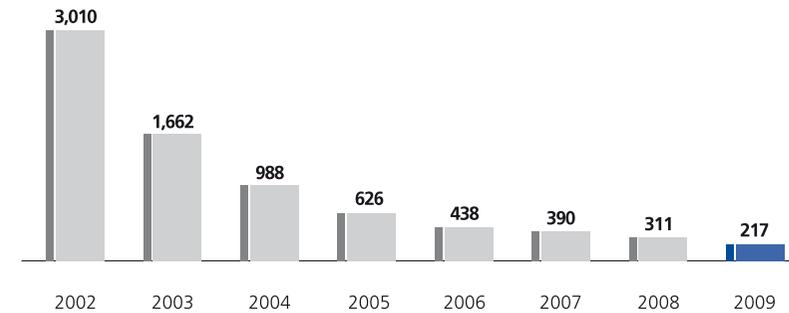
Improving workplace safety

The Group-wide lost-time injury frequency rate (LTIFR) continued to trend downward from 2.0 in 2009, while the lost-time injury severity rate (LTISR) fell below 0.20 for the year.

	2004	2005	2006	2007	2008	2009
LTIFR **	5.73	3.61	2.55	2.39	1.85	1.41
LTISR **	0.32	0.25	0.21	0.21	0.21	0.18

**Data related to these indicators have been reviewed by PricewaterhouseCoopers (see section 6.4.).

Number of lost-time injuries, Group-wide



The number of accidents has been divided by more than 13 in seven years.

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The lost-time injury frequency rate (LTIFR) corresponds to the number of injuries resulting in more than one day's lost time per million hours worked. The lost-time injury severity rate (LTISR) corresponds to the number of working days (more than 1 day) lost to accidents per thousand hours worked.

In 2009, 32 plants worldwide and all of the Group's warehouses in France reported no lost-time injuries for the year. The LTIFR was halved in South America and saw significant improvement in a number of European countries, including Germany, Spain, France, Italy and the United Kingdom. On the other hand, it was stable to slightly higher in other countries in the region, particularly in Eastern Europe, although most rates were lower than the Group average.

In the sales and marketing operations, the LTIFR was halved in 2009, a significant improvement that was driven by a dedicated road safety program and by the work carried out by technicians assigned to trucking companies.

2009 saw sustained improvement in the Group's safety performance:

- Employee involvement in the safety commitment continued to increase, with more than half of employees taking part in a safety initiative each month;
- On every Group site, programs have been deployed to eliminate 4 specific risks related to in-plant traffic, working at heights, power distribution and lockout procedures during maintenance work. On-site visits to assist plants in implementing these programs more effectively were initiated in North America and extended to Europe in the last quarter. Best practices observed on the sites are steadily integrated into the programs;
- Following on from the *Managing Safety in My Shop* course attended by all of the Group's workshop managers, a new *Managing Safety in My Self-Managed Team* course has been launched for front-line supervisors. By the end of 2009, a total of 1,200 people, or two-thirds of all supervisors, had already been trained. The course helps to define the roles and responsibilities of each level of management, while training participants in the shop-floor safety systems and procedures developed for all of the Group's plants;
- There has been a significant increase in the number of people working with a workstation accident prevention file and applying the Preventive Safety Observations;
- In addition to the LTIFR and LTISR, new accident prevention indicators are gradually being introduced. A study was initiated in 2008 to identify key success factors (notably the employee participation rate), which will be integrated into a prevention indicator to be deployed across the Group in coming years;
- By transposing product quality best practices, closed loop applications have been defined to systematically check compliance with safety rules and guidelines. They will gradually be rolled out to every plant;
- Group safety policies have been restructured and enhanced to identify the responsibilities, deliverables and resources associated with each level of management in the production facilities. Training for the 80,000 plant employees concerned is scheduled for 2010 and 2011. The new policies are now being adapted to marketing and sales operations;
- The decline in production output offered an opportunity to increase training hours in France, Germany and South America.

Improving workstation ergonomics

Despite the challenging economic environment, the ergonomics expert network continued to improve the working conditions of production workers in 2009, focusing on reducing or eliminating physical stressors and environmental hazards such as poor lighting, noise at production workstations, etc.

A second program, which is also directly affecting production workers, is helping to design ergonomics into shopfloor equipment used in strategic Group projects. It has already developed ergonomic rubber compound feeders, pallet risers and other kits for use as standard equipment on future installations.

The Group's commitment to ergonomics has also led to a number of cross product-unit projects to resolve challenging working conditions. These projects have resulted in the development of ergonomic production prototypes, such as extrusion lines and mold-room mold maintenance stations. The development of cross-unit ergonomic solutions will continue in 2010, backed by a dedicated budget.

Working with temporary employment agencies

The workplace health and safety programs initiated with temporary employment agencies were pursued in 2009 with the sustained deployment of the action plan based on:

- A workplace safety charter signed by Michelin and each temporary employment agency;
- Self-assessments and action plans carried out in partnership with the local agencies on every site;
- Best practices identified during on-site safety audits conducted in partnership with the local agencies;
- Annual meetings between the Michelin manager and the managing directors of the temporary employment agencies, to track and supervise the process.

Results have been encouraging, with the lost-time injury frequency rate declining by two-thirds over the past four years. However, the cutback in production volumes has sharply reduced the number of temporary employees, so that the program will now focus on maintaining the virtuous dynamic once business recovers.

Leveraging internal communication to improve workplace safety

Internal communication plays a critical role in deploying the Group's workplace safety policies. Several campaigns were undertaken across every plant in 2009, with an emphasis on the Group Safety Programs, fire prevention and the four main causes of fire, and the cross-fertilization of best practices.

The effectiveness of these initiatives is being heightened by the synergies among the internal communication systems, which include on-site CCTV networks, bulletin boards, team meeting presentations, the managerial intranet and dedicated collaterals.

The new *Michelin Safety Award* is helping to promote excellent practices to achieve 100% safety, by showcasing the winning sites' best practices in articles, video reports and other internal communication media.

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Improving occupational road safety

In addition to its general initiatives to promote safer, more sustainable mobility, Michelin pursued its occupational road safety program in 2009, working alongside public and private partners in national and international programs aimed at curbing road accidents.

In 2009, the risks of accidents while commuting or driving on business were addressed with internal campaigns promoting safer driving practices and more efficient travel management.

During the year, a half-day road safety training course was also added to the orientation program for new marketing and sales employees.

Information tools deployed during the year included a road safety awareness kit offered to employees in countries where Michelin has manufacturing operations, contests, safe driving campaigns, and reports on national road-safety campaigns in the *Forward* weekly news program before the summer vacation period and in early winter. In France and Germany, road safety documentation was also sent to employees' homes.

All of these initiatives embody Michelin's long-term commitments, expressed in particular in the Road Safety Charters signed with national and European bodies.

6.2.6. TRAINING

In conjunction with active career management, Michelin is committed to offering employees all the training they need to do their jobs efficiently, while preparing them for an array of new career opportunities. Initial training for incoming employees is a top priority.

This constant focus on training is reflected in the percentage of training hours per total hours worked, which was 3.9% in 2009 and 4.2% in 2008. Total training hours amounted to 6.0 million in 2009 (6.9 million in 2008), for an average of 66 hours per employee (69 in 2008) and 72 hours per trainee (87 in 2008).

Training hours by employee category

	Production workers	Administrative and technical staff	Managers	Total
Number of training hours	4,217,404	1,507,044	231,761	5,956,209
Percentage of total	71%	25%	4%	100%

Job-specific courses accounted for the bulk of the training program in 2009, in line with the Group's commitment to helping develop people's skills and employability.

These statistics were calculated using monthly employment figures averaged over the year and a quota per employee of 1,700 hours worked per year.

6.2.7. DIVERSITY

In recent years, Michelin's diversity process has been organized around five key areas: cultures and nationalities, gender equality, ethnic origin, age and physical abilities. It is supported by a network, comprising around 20 people and led by a manager at Group level, that actively organizes the sharing among the country organizations of best practices in all five areas.

6.2.7.a) A 2009 DIVERSITY TROPHY FOR MICHELIN

Every year, a group of French organizations specialized in diversity issues presents Diversity Awards to companies excelling in a given area of diversity. In 2009, Michelin received the Award for companies with the most innovative way of promoting diversity, in recognition of its employee training and awareness-building initiatives.

6.2.7.b) SENSITIVITY TRAINING FOR EVERYONE

Sensitivity campaigns and special training programs have been introduced to promote equal opportunity and competency-based hiring and promotion practices, with the goal of instilling an effective diversity culture throughout the organization. Between 2007 and 2009, diversity training courses were attended by executive committee members, managers, Personnel teams and production workers.

In France, some 2,000 managers, 120 Personnel officers and 400 production workers have been trained. The goal is to extend the program to the Group's 23,000 employees in France by 2012.

Combining theory, practice, individual assignments and role-playing, the training programs are organized around small groups of approximately ten people. They help employees to recognize discriminatory situations and behavior, avoid stereotyping, become familiar with laws and regulations, and work as members of diverse teams. They also encourage participants to undertake meaningful initiatives that promote diversity.

6.2.7.c) GENDER EQUALITY

Michelin is actively promoting gender equality at all levels of responsibility. In particular, the Group is committed to making the tire industry more appealing to women, who are under-represented in the schools that provide training in Michelin professions. On the shopfloor, for example, the progress made in workstation ergonomics means that women can now hold more production jobs than ever before, although they still accounted for just 8.1% of production workers at end-2009. Women are more represented among the administrative and technical staff (26.6%) and management (15.8%). Rates in these categories are rising thanks to pro-active career management policies (including expatriation wherever possible) and the support of a mentoring and experience-sharing network. All of these processes are being driven by the Personnel Department.

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● **6.2.7.d) ETHNIC ORIGINS**

Diversity issues related to ethnic origins are addressed by programs underway in North America, but also in Europe, particularly with regards to hiring and orientation procedures. Such programs are also deployed locally, for example in Nova Scotia, Canada, where an agreement has been signed with the local Afro-Canadian community and the provincial government to facilitate the hiring and retention of people of African origin in the Group.

● **6.2.7.e) CULTURES AND NATIONALITIES**

Management is becoming increasingly international as non-French and non-European employees acquire experience and move up the career ladder. This is the case in Asia, for example, where Michelin's operational presence is more recent.

● **6.2.7.f) EMPLOYMENT OF DISABLED PEOPLE**

Of the five areas of diversity, the employment of disabled people is perhaps the most complex, as Michelin is a manufacturer and therefore a significant number of its jobs involve physical activities. Formally defined in 2006, Group policies clearly express a commitment to non-discrimination and to hiring and retaining the disabled. Significant progress has been made in this area in a number of countries, such as Brazil and France.

From a legal standpoint, the issue of hiring the disabled is particularly complex, since each country has its own legislation. Fourteen host countries require employers to hire a certain percentage of disabled people – ranging from 0.5% in Thailand to 7% in Italy – while others, including Canada, the United States, Russia and Serbia, have no such requirement. The Netherlands and Colombia, on the other hand, have incentive-based policies. Several countries levy a financial penalty if the required percentage is not respected. In addition, laws generally protect the disabled with regard to both confidentiality about their disability and the right to continued employment. This is the case in the United Kingdom, Canada and the United States, for example.

Disabilities are recognized based on a declaration by the person concerned, which, in certain countries, such as Brazil and Russia, must be validated by a medical commission. In some countries, like the United States, the declaration is necessary for a person to be included in the Company's disabled employee statistics. Given that some people prefer not to declare a disability for cultural or personal reasons, the statistics should be interpreted cautiously. They probably underestimate reality, but it is impossible to determine to what extent.

Taking into account these reservations concerning the reliability of disabled employment statistics, Michelin believes that 2.5% of the 90,597 employees in the global scope of reporting may be qualified as disabled. Statistics vary widely among regions, ranging from 3.8% in Europe, to 0.6% in North America, 2.8% in South America, 0.3% in Asia and 0% in Africa/Middle East. There are also significant differences between countries, with qualified disabled employees representing 0% of the workforce in several countries, 7.5% in France, 0.3% in Thailand, 0.5% in Hungary, 0.7% in China, 1.3% in Japan, 1.4% in Poland, 1.5% in Spain and Italy, 3.6% in Brazil and Canada and 4.2% in Germany.

● **6.2.7.g) AGE**

Managing older employees is becoming an increasingly important issue for Michelin, as one third of its workforce – mostly production workers – are now over 50, and their numbers will continue to rise in coming years. Measures taken to address this issue include improving workstation ergonomics, offering new job opportunities or international assignments lasting several months to leverage the employee's acquired experience, and setting up a mentoring system for new hires. The mentoring program clearly demonstrates that Michelin values the skills and abilities of its older employees and recognizes the educational needs of its new hires, in line with its core value of respecting people. In the United States, Michelin was included in the American Association of Retired Persons' list of the Best Employers for Workers Over 50 for the fourth time in 2009.

6.2.8. EMPLOYEE BENEFITS

In every host country, Michelin financially contributes to a wide range of activities, services and other benefits for its employees and their families. Some of these benefits are mandated and defined by local legislation, while others are provided on a voluntary basis. They include supplementary health insurance, foodservices, transportation, cultural activities, sports activities and health campaigns organized by works councils or similar organizations. Michelin contributes several tens of millions of euros to financing these benefits every year.

6.2.9. SUBCONTRACTING

In 2009, subcontractor fees for work unrelated to production operations amounted to the equivalent of 14.5% of payroll, versus 16.3% in 2008. These services included the cleaning of buildings, machinery and workwear, security services, handling and storage, waste disposal, information technology projects, telecommunications and administrative services.

6.2.10. CREATING JOBS AND SUPPORTING LOCAL ECONOMIC DEVELOPMENT IN NORTH AMERICA AND EUROPE VIA MICHELIN DEVELOPMENT

With the assistance of its subsidiaries dedicated to promoting economic development and employment in the communities near Michelin plants (such as SIDE in France), Michelin Development continued to support small and medium-sized businesses in 2009 by providing unsecured low-interest loans and technical expertise, with a focus on innovative projects capable of offering sustainable employment opportunities. As part of this process, Michelin Development was involved in the creation of several business clusters (a geographic concentration of interconnected businesses, specialized suppliers and service providers in a particular field or industry, which share



common skills and work in synergy), by enabling innovative companies to gain access to research centers and universities.

In Europe, Michelin Development's 20-person team carried out nearly 127 technical consulting assignments in 2009, of which 45 in France. It also helped to create 2,200 jobs by validating and financing business development projects, mainly in Germany, Spain, France (1,116 jobs), Italy and the United Kingdom, but also in Hungary, Poland and Romania. In Canada, Michelin Development loans helped to create 859 jobs near the Kitchener plant, while in the United States, the unit has supported the creation of 85 jobs in Opelika and 141 jobs in South Carolina, where Michelin has been present for 40 years.

Since its foundation in 1990, Michelin Development has carried out more than 1,100 technical consulting assignments, of which 545 in France, and helped to create 21,000 jobs, of which 15,200 in France.

6.2.11. RELATIONSHIPS WITH COMMUNITIES, SCHOOLS AND NON-PROFIT ASSOCIATIONS

6.2.11.a) REACHING OUT TO LOCAL COMMUNITIES

Wherever it operates, Michelin takes an active part in community life by nurturing friendly, constructive contacts with public authorities, schools, associations and other local organizations. When appropriate, Michelin participates in their activities, by sharing its expertise or providing financial support. In particular, the Group takes a long-term interest in projects concerning the mobility of people and goods, education-related projects and a wide range of cultural, sports and charity activities.

In 2009, Group employees devoted more than 14,200 days to these outreach activities, and the Group donated more than €9 million to outside organizations. In each region, the number of participating employees was generally proportional to the number of local employees.

Educational projects accounted for 35% or almost 5,000 of the days of service directly contributed by Michelin employees, mobility projects for 10% and miscellaneous causes for the remaining 55%.

Most of the financing was channeled into teaching and education (52%), with another 40% going towards health-related, social and charity causes as well as sports and cultural programs and 6% towards road safety and other mobility initiatives.

Community service programs are an extremely popular form of outreach, with more than 2,000 underway Groupwide. While their diversity makes an exhaustive overview very difficult, significant examples include:

- **North America:** a more than \$2 million donation to a renowned US charity, including substantial employee contributions to the fundraising drive; donations to local food banks and

fire departments; donations to and partnerships with several universities in South Carolina and schools in the vicinity of each site (including Querétaro, Mexico); numerous in-school initiatives to mentor struggling students or share employee experience in the business world; funding for volunteer organizations working to help the sick, disabled, elderly or needy as well as for sports clubs, environmental non-profit organizations and museums; support for meal delivery programs like *Meals on Wheels of Greenville*, blood drives, Red Cross donations and tire donations or funding for emergency vehicles...

- **South America:** Food bank donations; a program supporting family farming in Bahia, funding for biodiversity research in Bahia, monthly financial contributions to local youth educational programs, campaigns against alcohol and drug abuse; donation of 600 shirts in honor of Disability Awareness Day; sponsorship of a DVD produced to commemorate National Day for the Hearing Impaired; donation of fire extinguishers to the Resende fire department; a third consecutive year of funding for the educational *Na Pista No Melhor Caminho* road safety game in partnership with the Rio de Janeiro Urban Traffic Department (DETRAN) for use in the city's schools; in Colombia, contribution to maintaining the buildings and equipment of a girls' boarding school, support for all-day health initiatives providing free parasite removal, vaccination and dental care services and a program for struggling public school students.

- **Europe:** support for sports clubs and sporting events; *Training Night* in Germany; funding for offices for non-profit organizations; road safety classes for schoolchildren, the *Vado a Piedi e Uso la Testa* (Go on Foot and Use Your Head) road safety event for primary school children in Italy; support for the *Pedibus* walking school bus program; sponsorship of road safety campaigns in cooperation with local automobile clubs, support of *Ta Route ... Ta Sécurité* road safety day, anti-drunk driving campaigns and the revamping of homes for the disabled; organization of sporting events, donations to non-profit sports programs for the disabled, donation of information technology equipment, donations to local Red Cross organizations, blood drives, job-search training for the long-term unemployed, Michelin choir concerts for charities, donations to the *Ligue Contre la Violence Routière* organization against road rage and to the *Prévention Routière* road safety organization; in Spain, sponsoring of organizations for the disabled; furniture donations to a pediatric hospital, tire donations to emergency, charity or health services, funding for medical equipment such as defibrillators or for hospital vehicles; supporting schools by teaching classes, serving on examination boards and monitoring struggling students; renovation of the playing field and playgrounds of a school in Hungary, student career awareness outreach; participation in a *Girls' Day* campaign to encourage young women to pursue vocational training; funding for local library books; prizes for contests, raffles, charity events; and advertising in local non-profit magazines.

In Clermont Ferrand, Michelin has been highly involved in the *Association Sportive Montferrandaise* (ASM) since the multi-sports club was founded by Marcel Michelin in 1911, both through funding and the hands-on contributions of Group managers. ASM offers its 3,000 members access to three practice facilities and 15 sports programs led by 400 coaches and organizers, with a special emphasis on training young people and monitoring athlete health.

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- **Africa:** tire pressure awareness campaigns; Safety Week in cooperation with outside organizations such as the Algerian highway safety agency and the Red Crescent; funding for a disabled people's association.
- **Asia-Pacific:** in China, weather disaster and Sichuan earthquake relief; donation to an orphanage, funding to build school sports facilities, support for a national campaign to encourage helmet-wearing in cooperation with the Asia Injury Prevention Foundation in Vietnam, funding for AIDS patients, financial support for school buildings, scholarships, information technology equipment and libraries; donations to a local charity and the local Red Cross, gifts to traditional local community events, sponsorship of a local *Don't drink and drive campaign*; educational campaign on climate change, funding for playgrounds and green spaces for children; tire donations for emergency service vehicles.

● 6.2.11.b) HELPING TO IMPROVE ROAD SAFETY

In line with the Michelin Performance and Responsibility commitments, Michelin is helping to improve road safety by communicating directly with road users through awareness-building, educational and training campaigns to discourage accident-prone behavior. The *Road Safety* project was extended across Europe in 2009, before deployment in all of the host regions in 2010. Also in 2009, Michelin renewed its support for the European Road Safety Charter, thereby reaffirming its long-term commitment to safer road mobility.

In cooperation with other global organizations

Large-scale programs are being organized by leveraging a wide range of public-private and national-international alliances like the Global Road Safety Partnership (GRSP), which brings together international organizations, multi-national companies and non-governmental organizations. The GRSP focuses its actions on countries where road safety issues are most acute (Thailand, Vietnam, China, Kuwait, South Africa, Poland, Romania, Hungary and Brazil), offering their governments technical support, legislative advice and prevention expertise to urge them to address these issues.

In 2009, the World Health Organization founded *Youth for Road Safety* (YOURS), the first global youth non-governmental organization (NGO) specifically focused on road safety. With Michelin's support, the organization provides young people with the resources they need to take an active role in their own safety. Over the next ten years, YOURS is committed to developing an international network of young road safety activists to share best practices and encourage mutual support. The network already comprises 400 youths in 100 countries who will partner with government authorities, other NGOs and the media to organize awareness-building campaigns.

The emergence of broad-based, worldwide concern for road safety was illustrated in November 2009, when the first UN Ministerial Conference on global road safety was held in Moscow. Michelin, represented by its Managing General Partner Michel Rollier, was the only worldclass private sector company to attend. During the roundtable discussions, several strategies for driving a general improvement in road safety were identified. The Conference also called for a new *Decade of Action* to reduce by five million the projected increase in global road deaths between 2010 and 2020.

To meet that target, all of the participating countries must adopt an institutional model, so that the commitment to improving road safety can be backed by the necessary resources:

- The highest level of government must take a stand and make road safety a priority. The cost of road accidents represents 1 to 3% of GDP, depending on the country. Road safety is closely correlated with economic growth and development, and calls for action must be capable of effectively addressing the major issues involved. At the same time, road safety activism must not hinder economic growth or the development of new mobility solutions. It is therefore crucial that governments get involved;
- An inter-ministerial delegation, based on the French model, should address this challenge by cross-functionally coordinating the programs implemented by participating institutions.

Independently through driver awareness campaigns and host community outreach programs

Michelin has identified the most accident-prone behavior associated with tires, its core business. In 2009, *Fill Up With Air* awareness campaigns were rolled out in seven European countries, giving motorists an opportunity to learn about proper tire inflation pressure. In all, the tire pressure on some 12,000 cars was checked, with more than 60% identified as having at least one under-inflated tire.

To make it easier to maintain proper tire pressure, 89 Michelin Man air pumps have already been installed in highway service areas or public-access Michelin parking lots in 12 countries, enabling motorists to check their pressure and top up their tires. Of these, 62 are in France, where they are available around the clock in Michelin parking lots (28) and, thanks to partnerships, in rest areas on motorways operated by ASF (29) and Cofiroute (5). The others are installed in Germany, Austria, China, the United States, Hungary, Italy, Romania, the United Kingdom, Thailand, Serbia and Poland.

Lastly, Michelin is promoting road safety by protecting segments of the population that are most vulnerable to accidents, such as young people, cyclists and pedestrians.

For schoolchildren, the *Safest Way* educational program has been deployed in several countries, such as Brazil, where it is known as *Na pista do melhor Caminho*, and Italy, in partnership with the local authorities in Fossano. *All-day Junior Bike* events have been organized in Alessandria, Cuneo and Fossano in Italy, where more than 187,000 children have participated in such events since 1998. *Venezuela's first Junior Bike* event was organized in September 2009.

For teenagers, campaigns are regularly organized, particularly in emerging markets, to raise awareness of the importance of wearing a helmet while riding a motorbike. For the past six years, the *Achtung Auto* program for 14-15 year olds has been deployed in partnership with Germany's ADAC automobile club, reaching some one million teenagers in all.

For young adults learning to drive, Michelin distributes educational materials on tire safety in driving schools.

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6.2.12. SUPPLIER RELATIONSHIPS

Michelin believes that it has a responsibility to practice its sustainable development principles in dealings with outside suppliers, particularly in light of its extensive purchases, which represent 59% of revenue. By nurturing meaningful dialogue, Michelin can select its suppliers not only on the basis of their product or service's value for money, but also according to their overall performance in terms of social, environmental and ethical criteria.

The principles applied by the Purchasing Department in its relationships with suppliers are entirely consistent with the Group's values, as expressed in the Michelin Performance and Responsibility process. In particular, the Group is committed to developing sustainable relationships with suppliers and to preventing the risks associated with environmentally harmful practices or labor law violations.

These principles are presented in the Michelin Purchasing Code, a document published five years ago that requires suppliers to comply with a set of labor-related and environmental principles, such as International Labour Organization conventions and the ability to assess and manage their environmental impact.

In 2009, the Purchasing Department continued to integrate the provisions of the Michelin Purchasing Code into its own documents and guidelines. Supplier evaluation questionnaires, internal and external audit guidelines, local contracts and framework agreements, indicators for evaluating suppliers and performance reviews all include specific criteria aligned with the values of the Michelin Performance and Responsibility process.

A maturity scale originally developed for raw material purchases is now being gradually rolled out for equipment suppliers. Initially, it is being applied to the largest suppliers, with meetings scheduled to review results and exchange views.

The results show that, in the case of raw materials, 58% of supplier sites, accounting for 80% of purchasing volume, are ISO 14001-certified.

In addition, every year Michelin teams conduct 30 to 40 detailed supplier audits, during which they systematically discuss the Group's workplace safety or ergonomics practices. This approach meets the needs of suppliers, who appreciate Michelin's positive attitude and unrivaled support in helping them to make progress in these areas.

The audit process is stricter for suppliers in emerging markets, who account for an increasing percentage of total procurement. They are carefully monitored and regularly audited, with particular attention paid to the issue of child labor. Any breach of child labor laws is cause for the immediate termination of the supplier relationship.

In 2009, Michelin also extensively reviewed European REACH legislation with suppliers, both to help suppliers register and obtain authorization for their chemicals and to manage its own risks if certain substances are replaced.

Alongside these external programs, the Purchasing Department has set up an Internal Control unit tasked with identifying and eliminating risks of fraud while ensuring compliance with the Group's Purchasing Ethics guidelines. This process is supported by the systematic risk identification procedures deployed by the Internal Audit Department. The Purchasing Ethics guidelines have been rolled out to the Purchasing teams and to key managers through an internal communication campaign, and are now displayed in all the rooms in which meetings are held with suppliers.

Lastly, the publication of the new *Raw Material Supplier Quality Assurance Manual* was a further opportunity to emphasize the importance of purchasing ethics, with explanatory letters systematically sent to all the suppliers concerned.

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6.3. 2009 ENVIRONMENTAL INFORMATION

6.3.1. MICHELIN'S ENVIRONMENTAL MANAGEMENT PROCESS

Michelin's environmental management process has been built on the findings of impact studies of its business operations. In particular, life-cycle assessments have shown that most of a tire's environmental impact occurs during use, with the manufacturing phase and end-of-life recovery and reuse having comparatively a much weaker impact. These assessments also take into account health indicators.

To drive improvement in environmental performance, Michelin is focusing on both its products and its production facilities.

6.3.1.a) MANAGING THE IMPACT OF MICHELIN PRODUCTS

Life cycle assessments have shown that, based on a standard 40,000 kilometers travelled, more than 92% of a Passenger car tire's health and environmental impact occurs during use, primarily as a result of its rolling resistance. This proportion rises to nearly 95% for a Truck tire, based on a standard tread-life of 600,000 kilometers. In normal conditions of use, tires account for a significant proportion of a vehicle's fuel consumption, which is currently estimated at 20% for Passenger cars and more than 30% for trucks.

For many years now, Michelin has been steadily focusing on increasing the energy efficiency of its tires while simultaneously improving other performance factors, especially safety and tread-life. Reducing a tire's rolling resistance improves its fuel efficiency, which in turn reduces CO₂ and other emissions during use. Extending tread-life enables more efficient use of raw materials and energy required during the manufacturing process.

Invented in 1992 and now on their fourth generation, Michelin's highly energy-efficient MICHELIN Energy™ Saver car tires offer up to 25% less rolling resistance than competing tires and, compared to the preceding generation, improve fuel consumption in an average European vehicle by 0.2 liters/100 km, for an average 4 g/km reduction in carbon emissions.

In Truck tires, a set of technological innovations collectively known as Michelin Durable Technologies is driving a sustained improvement in fuel efficiency and therefore CO₂ emissions. Over its four tread-lives, for example, the Michelin X Energy™ SaverGreen tire avoids the emission of approximately six metric tons of CO₂. These technologies also increase not only Truck tire load capacity but also tread-life, which has doubled since 1980.

In sixteen years, the more than 600 million highly energy-efficient Michelin tires sold worldwide have already saved an estimated 12 billion-plus liters of fuel and avoided the emission of 30 million metric tons of CO₂ – the equivalent of what could be captured by more than one billion trees in a year.⁽¹⁾

(1) According to a calculation method certified by France's Technical Authority for Automobiles, Motorcycles and Cycles (UTAC).

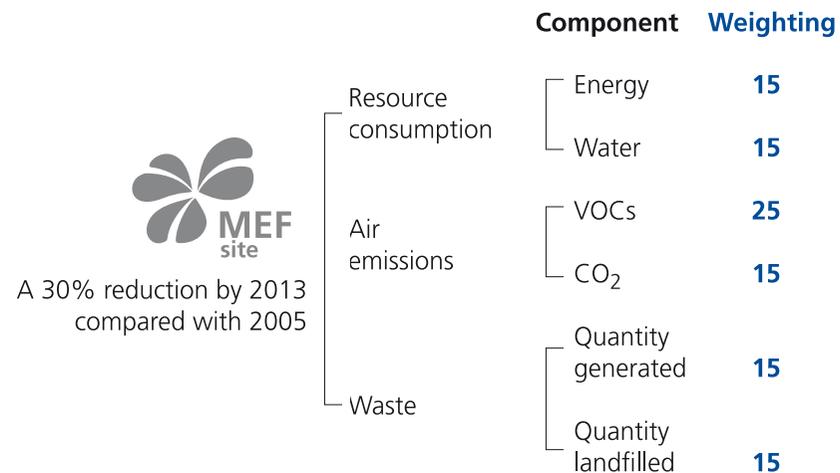
Further reducing rolling resistance, while improving or at least maintaining at their peak the other tire performance factors, remains the primary objective of the Group's research and development process.

Lastly, Michelin is actively involved in deploying and operating effective end-of-life tire recovery and reuse solutions, based on either recovering materials for reuse in such areas as synthetic surfaces, draining sub-layers, molded objects and backfill, or recovering energy by burning scrap tires as fuel in cement plants or steel mills. For more details, please refer to the 2009 Annual and Sustainable Development Report.

6.3.1.b) IMPROVING THE ENVIRONMENTAL PERFORMANCE OF MICHELIN FACILITIES

To drive continuous improvement, the environmental performance of Group facilities has to be measured holistically. That's why in 2005, the Michelin sites Environmental Footprint (MEF) indicator was defined to measure the six environmental performance criteria deemed to be the most important for meeting the Group's medium-term challenges, namely water and energy consumption, carbon dioxide (CO₂) and volatile organic compound (VOC) emissions, total weight of waste produced and total weight of waste landfilled. Each criterion is weighted according to its impact (see diagram below) and calculated per metric ton of tires produced.

COMPONENTS AND WEIGHTING OF THE MICHELIN SITES ENVIRONMENTAL FOOTPRINT (MEF) INDICATOR



Since 2005, the Group has steadily reduced the environmental impact of its facilities by tracking MEF performance. After the initial target of a 20% reduction by 2011 compared with 2005 was met in 2008, a new target of a 30% reduction by 2013, still compared with 2005, was defined. The MEF is included in the Group's management indicators, with data reported quarterly.

In 2009, the business environment forced the Group to sharply reduce production volumes, to bring them in line with demand. This had the effect of masking progress in the MEF, whose components are expressed per metric ton of tires produced. As a result, even the indicator's slight 0.5-point improvement over the year demonstrated the commitment of employees to managing their facility's environmental footprint, with, in particular, gains in waste management and VOC emissions.

The following table shows the performance of the six MEF components since 2005.

PERFORMANCE OF THE MICHELIN SITE ENVIRONMENTAL FOOTPRINT (MEF) INDICATOR, 2005 TO 2009

	2013 target compared with 2005	2005	2006	2007	2008	2009	% change 2005-2009
MEF	-30%	100	92.9	83.6	78.6	78.1	-21.9%

Component	Unit	2005	2006	2007	2008	2009	% change 2005-2009
Energy consumption **	Gj/t PP	17.4	17.2	15.6	15.3	16.1	-7.5%
Water consumption **	m ³ /t PP	15.0	14.9	13.3	12.8	13.3	-11.3%
VOC emissions **	kg/t PP	4.27	3.97	3.48	3.13	3.04	-28.8%
CO ₂ emissions **	t/t PP	1.53	1.48	1.37	1.35	1.43	-6.5%
Waste generated **	kg/t PP	140	130	128	127.5	121.2	-13.5%
Waste landfilled **	kg/t PP	33	26	20	16.2	13.3	-59.7%

t PP = metric ton of tires produced.

** Data related to these indicators have been reviewed by PricewaterhouseCoopers (see section 6.4.).

6.3.1.c) MANAGING PRODUCTION FACILITY EMISSIONS AND DEVELOPING THE USE OF RENEWABLE ENERGIES

Michelin is committed to contributing to global efforts to reduce greenhouse gas emissions in the road transportation and manufacturing industries. By the end of 2009, carbon dioxide emissions from all of the Group's manufacturing operations, per metric ton of product, had been reduced by 6.5% compared with 2005.

Energy efficiency programs are being pursued across the Group through deployment of action plans based on the energy audits conducted in the production facilities. Following the diagnostic reviews conducted in 2008, new renewable energy projects are being developed using biomass, solar power and wind power, in alignment with Group policies. These projects are at various stages in what are sometimes long maturity cycles, but in the near future, they will help directly or indirectly to reduce the Group's carbon footprint.

Examples include the photovoltaic roof panels installed on four facilities in Germany (in Bad Kreuznach, Homburg, Bamberg and Landau), whose output has been raised to 12 MW

from 9 MW, and the biomass-fired boilers soon scheduled to come on stream at two facilities in France.

In 2009, wind turbines generated 20% of the electricity used by the Dundee plant in Scotland, while the synthetic rubber plant in Bassens, France received 9% of its heat from the incineration of industrial and hospital waste.

Other projects underway include the extension of solar power installations at two new facilities in Ulm and Karlsruhe, Germany, and the installation of two wind turbine units in Ballymena, Northern Ireland.

6.3.1.d) SCOPE OF ENVIRONMENTAL DATA REPORTING

The figures presented below cover all of the Group's manufacturing operations, research and development activities and rubber tree plantations. The quality and completeness of the reported environmental data is followed closely.

6.3.2. REVIEW OF COMPLIANCE INDICATORS

6.3.2.a) AIR EMISSIONS

Greenhouse gas emissions

Total CO₂ emissions amounted to 1.43 metric ton per ton of finished product in 2009, a decrease of 6.5% compared with 2005.

Direct emissions from Group boilers stood at 0.64 metric ton per ton of finished product, down 15.1% versus 2005.

In European Union countries, carbon emissions are subject to allowances issued under the EU's Emissions Trading System, which has integrated Kyoto Protocol mechanisms since entering its Second Trading Period in January 2008. As in previous years, carbon emissions from Michelin's installations in Europe did not exceed allocated allowances, with a reduction of more than 135,800 metric tons of CO₂ emitted in 2009 compared to 2008.

Indirect CO₂ emissions through the purchase of electricity and steam are estimated at 0.79 metric ton per ton of finished product, an increase of 5.3% on the 0.75 metric ton reported in 2008 that was primarily due to the decline in production volumes in 2009 and to the early 2008 outsourcing of steam supply at the plant in Cuneo, Italy.

Optimized operations management and deployment of the Group's best manufacturing practices drove a further reduction in the use of electricity, which declined 13.3% in Gigajoules during the year. Due to the decline in production volumes, however, electricity used rose 7.3% year-on-year on a per metric ton of finished product basis.

On-site renewable energy installations avoided the direct or indirect emission of the more than 23,000 metric ton of CO₂ in 2009.

Plant	Technology	CO ₂ emissions avoided
Bamberg, Hombourg, Bad Kreuznach and Landau (Germany)	Photovoltaic panels	-8,800 metric ton/year – indirect
Dundee (United Kingdom)	Wind turbine	-3,500 metric ton/year – indirect
Bassens (France)	Heat recovery from an incineration CHP plant located 1 km away	-11,000 metric ton/year – direct

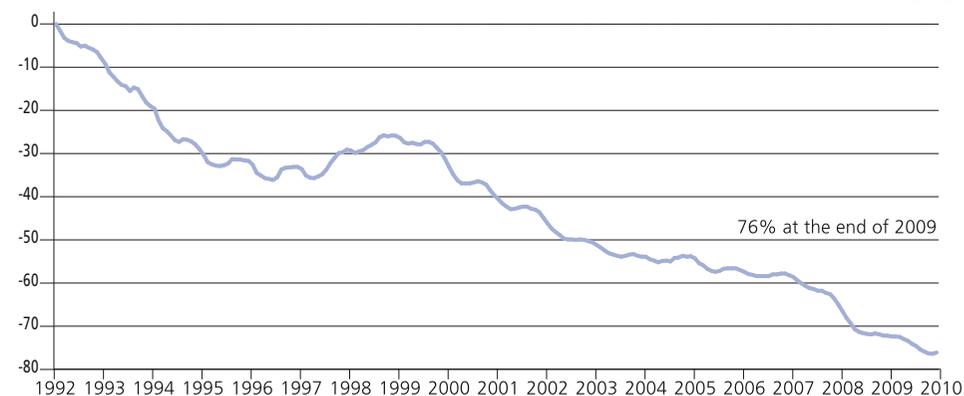
Other air emissions*

VOLATILE ORGANIC COMPOUNDS (VOCs)

VOC emissions declined by 2.9% to 3.04 kg per metric ton of finished product in 2009, which saw sustained deployment of innovative new production processes designed to use fewer solvents and therefore emit fewer VOCs.

The following chart illustrates the major 76% decrease in solvent use by the European Passenger car and Light truck tire manufacturing operations since the reduction project was implemented in 1992.

SOLVENT USE IN EUROPEAN PASSENGER CAR AND LIGHT TRUCK TIRES MANUFACTURING (g/Kg)



NITROGEN OXIDES (NO_x)

Despite the decline in production volumes, NO_x emissions from Group boilers remained unchanged in 2009, at the 0.82 kg per metric ton of finished product reported in 2008.

SULFUR OXIDES (SO_x)

SO_x emissions rose to 1.17 kg per metric ton of finished product from 1.08 kg per metric ton in 2008, reflecting the limited flexibility of plants using solid fuel (which emits SO_x) compared with facilities using liquid fuel or gas-fired installations.

6.3.2.b) WATER CONSUMPTION AND DISCHARGES TO WATER

Water consumption

Michelin plants mainly use water to cool installations and transfer heat. After proper treatment, this process water is discharged either to the environment or to local wastewater treatment plants.

Water consumption amounted to 13.3 cubic meters per metric ton of finished product in 2009, an 11.3% decrease on 2005 that primarily reflected the assertive programs deployed by the three facilities that use the most water, which have driven an average 23% reduction since 2005.

Discharges to water

The main substances likely to be released in process water discharged by Group tire plants are total suspended solids and residual hydrocarbons, which are inherent in most industrial processes and not specific to Michelin.

* Corresponding to substances contributing to acidification or photochemical pollution as defined by French ministerial order of April 30, 2002.

In the case of water used in processes to treat metal cords and produce synthetic elastomers, which may contain respectively metals (copper, zinc) and residual hydrocarbons, each plant is equipped with appropriate treatment facilities.

● 6.3.2.c) GROUND WATER DISCHARGE

Michelin's operations do not result in any continuous discharge into ground or subsurface waters. The Michelin Environmental Management System (MEMS) includes a dedicated process to prevent the risk of accidental spills. It comprises both physical systems, for soil protection and leak prevention, and standard operating procedures for activities at risk and in the event of an accident.

The Group Environmental Standards require that all new plant and equipment comply with the highest levels of soil protection, in line with the strictest regulatory standards and often exceeding local legislation.

● 6.3.2.d) WASTE

Programs to reduce the total weight of landfilled waste were pursued in 2009, when gross weight of waste generated per metric ton of tires produced declined to 121.2 kg and the weight of landfilled waste improved by 17.9% to 13.3 kg from 16.2 kg in 2008. In all, since 2005, the weight of waste generated per metric ton of tire produced has been reduced 13.5% to 121.2 kg from 140 kg and the weight of landfilled waste has fallen by 59.7% to 13.3 kg from 33 kg.

To help meet the target of reducing the MEF by 30% from 2005 to 2013, Michelin is committed to reducing the weight of landfilled waste by 80% over the period.

● 6.3.2.e) ENERGY CONSUMPTION

Energy used per metric ton of tires produced rose 5.2% in 2009, to 16.1 GJ from 15.3 GJ in 2008, as the sharp decline in production volumes offset the impact of an improvement in absolute terms. During the year, a cross-functional Energy organization was created and tasked with improving the energy efficiency of Group plant by:

- Deploying its energy diagnostic method;
- Identifying best practices;
- Sharing these best practices by incorporating them in a Group standards manual.

By the end of 2009, initial audits had been performed and action plans prepared at 84 sites. Follow-up audits are now underway, which show that an average 85% of the best practices are being applied. Energy performance indicators have been introduced in facilities in North America and Europe, and will be extended across the Group in 2010.

As described in paragraph 6.3.1.c) above, Michelin is continuing to deploy a variety of renewable energy projects, in a commitment to improving both environment and financial performance.

● 6.3.2.f) PROTECTING ECOSYSTEMS AND BIODIVERSITY

Like any manufacturer, Michelin relies on the benefits of local ecosystems. For example, 50% of the rubber used by Michelin is natural rubber, which is a renewable resource that comes from trees. The Group is therefore acutely aware of both the important role ecosystems play and their growing fragility.

To sustainably secure its ecosystem benefits, the Group has initiated a number of programs to abate its impact and to protect ecosystems and biodiversity:

- Implementing programs in recent years to preserve fragile environments around certain facilities (see below);
- Integrating ecosystem and biodiversity issues into the Michelin Performance and Responsibility process;
- Gradually instilling awareness of the interactions between Group facilities and their local ecosystems;
- Applying Group Environmental Standards where they are more demanding than the local ecosystem protection legislation;
- Installing new processes and equipment to limit water consumption;
- Designing lighter tires, whose production uses fewer raw materials and that are more energy efficient and longer lasting.

A deep commitment to biodiversity

In 2008, the plant in Nyiregyhaza, Hungary conducted a pilot Ecosystem Services Review (ESR), which is designed to reveal a facility's dependence on its environment. Performed by a specially trained Michelin engineer, the process is based on an assessment method developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) and adapted to the tire industry. In particular, the review showed that the plant was at risk under certain situations that were possibly beyond its control, such as air pollution, and remedial actions are now underway. To improve the Group's understanding, another method may be tested at the Cholet plant in France in 2010, in order to measure the facility's impact on the environment and biodiversity.

In July 2005, employees highly committed to the environment encouraged the plant in Cholet, France to partner with the *Association pour la Découverte de la Nature* (ADN) to manage an unused 18,000 square-meter tract of land on its site. Working with the ADN, the plant decided to recreate a wetland and leave it free for several layers of vegetation to develop. In addition, a partnership with the local tourist office is enabling visitors to see for themselves how successful the initiative has been.

The creation of an entomological garden on the Cholet plant site has demonstrated that manufacturing is compatible with protecting biodiversity.

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Preserving biodiversity on the Bahia plantation

Through the *Ouro Verde* (Green Gold) project conducted on its Bahia rubber plantation in Brazil, Michelin has been working since 2003 to preserve the primary Atlantic Forest that is exceptionally rich in biodiversity, but is threatened by deforestation.

The Biodiversity Research Center based on the plantation offers scientists from around the world an open-air laboratory on the Atlantic Forest. The Center can accommodate up to 16 researchers, with the equipment necessary for their work. Michelin is helping to finance some of the Center's research programs, including 36 biodiversity studies. Educational walking trails have been prepared for visitors.

To build awareness of environmental issues in the local community, the *Understanding the Atlantic Forest* program offers guided tours of the protected area for small groups or field trips for school children. In addition, the Michelin Environmental Reference Center provides detailed information on the Atlantic Forest.

Supporting biodiversity at the Almería test center

Created in 1973, the Almería Test Center (CEMA) covers 4,500 hectares, of which 1,500 lie in the heart of the Cabo de Gata-Níjar Natural Park in Andalusia, in southern Spain. The park, which was created in 1987, is located in an arid region with the lowest rainfall in Europe and is home to a number of plant and animal species, including many found only in the region.

Programs initiated by the Test Center have helped to preserve a specimen of the Canary Islands Dragon Tree (*Dracaena draco*) that is more than 500 years old.

The test center has been ISO 14001-certified since 2005.

● 6.3.2.g) MANAGING RISKS OF POLLUTION

Pollution risk management processes, presented in the paragraphs above, are also discussed in the section 2.11.2. on industrial risk.

● 6.3.2.h) CONTINUOUS IMPROVEMENT PROCESS

Ensuring compliance through certification processes and audits

The robustness of Michelin's strategy for managing the environmental footprint of its manufacturing facilities is underpinned:

- By the Michelin Environmental Management System (MEMS), which is designed to enable each plant to manage both its day-to-day and long-term environmental impact; and
- By the Group Environmental Standards (EEG), which define the performance levels that a Michelin facility is expected to achieve, which in some cases exceed local regulatory requirements.

Another key aspect of the Michelin continuous improvement process is earning ISO 14001 certification, to provide outside validation of the Group's ability to effectively address environmental issues.

Core components of the MEMS include:

- Compliance audits, based on local legislation and Michelin standards;

- Continuous improvement targets, aligned with local issues, which must be defined and met every year;
- Procedures to prevent accidental pollution.

Michelin is committed to having the MEMS deployed in every facility acquired more than five years ago. By the end of 2009, the system was up and running in 98% of the Group's production facilities, Technology Centers and plantations acquired more than five years ago, and is now being introduced in the logistics centers.

Further progress towards the goal of environmental excellence on every site is being driven in two ways: i) by applying Group Environmental Standards to all new and upgraded installations and ii) by auditing existing production plant and Technology Center installations for shortfalls against the Group Environmental Standards and, based on the findings, defining and implementing remedial actions. To date, 97.4% of existing facilities have been audited.

At the end of 2009, 99.5% of the Group's tires were made in ISO-14001 certified plants. In addition, all of the natural rubber production units, main Technology Center facilities and semi-finished product plants had been certified. While not a prerequisite, deployment of the MEMS has clearly helped to earn ISO 14001 certification.

Environmental governance and internal organization

Tasked with addressing a full range of environmental, industrial hygiene, workplace safety and industrial risk prevention issues, the Environment and Prevention (EP) network helps to keep the risk analysis process robust and ensures that the resulting solutions are effective.

The network comprises some one hundred experts based in the Group's different country organizations and product lines, as well as a dedicated team on each site. It has its own budget and the manager reports directly to the Group's Executive Council.

Every year, the Annual Plan defines a target for improvement in the MEF indicator (see above section 6.3.1.b), whose Group objective has been raised to a 30% reduction by end-2013 (versus 2005) from a 20% reduction by end-2011. Systematic deployment of the target across the organization ensures that it is realistic. Progress towards the target is reviewed quarterly by the Prevention and Manufacturing Performance Division and is reported in the Group's management indicators.

Employee training and information

Training courses to support MEMS deployment have raised environmental awareness among the more than 104,000 employees working on certified sites. The courses, which are tailored to each workstation, focus on the main impacts from the facility's operations. In addition, employees are encouraged to attend regular refresher courses.

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6.3.2.i) PROVISIONS FOR ENVIRONMENTAL RISKS AND ENVIRONMENT-RELATED EXPENDITURE

Aggregate provisions for environmental risk amounted to €3.2 million as of December 31, 2009. As analyzed in the table below, nearly €14 million was committed during the year to projects to enhance the environmental performance of the production facilities. Priority environmental projects were maintained, despite the financial crisis, but other expenditures had to be postponed. The amount of expenditure was based on the definition recommended by the French accounting Board (CNC recommendation 2003-R02 of October 21, 2003), which covers only outlays that are “supplementary” (i.e. excluding routine maintenance, operating, waste management and similar expenses) and “exclusively environmental” (i.e. excluding the environmental aspects of capital expenditure projects).

	Capital expenditure	Operating expense	Total expenditure	
	2009	2009	2009	2008
<i>(in € thousands)</i>				
Air pollution prevention	1,765	472	2,237	6,808
Surface water pollution prevention	1,213	783	1,996	3,392
Soil and subsurface water pollution prevention	699	740	1,439	2,064
Other	4,487	3,744	8,231	10,727
TOTAL	8,164	5,739	13,903	22,990

6.3.2.j) OTHER INFORMATION
Odors and noise

Although entirely innocuous, odors are a concern for plants located in urban areas that process certain types of natural rubber indispensable for tire manufacturing.

A standard solution, based on the thermal oxidation of effluents, is now operational in six European plants and is being steadily implemented across the Group. Research is continuing into even more efficient and environmentally friendly odor suppression techniques.

More generally, on-site teams, supported by Group experts, are deploying a variety of solutions to abate odors, noise and other nuisances that manufacturing operations can cause local residents.

Relations with environmental protection associations

Michelin is committed to fostering close ties, whenever appropriate, with environmental protection associations or organizations

The rehabilitation project on the Cholet site in France (see section 6.3.2.f) was carried out in cooperation with the *Association pour la Découverte de la Nature*.

In North America, Michelin’s commitment to environmental stewardship and its related programs have been recognized by the US Environmental Protection Agency, which selected ten plants to take part in the National Environmental Performance Track public-private partnership from 2005 until the program ended in 2009. To be eligible, a plant had to demonstrate that it had i) adopted and implemented an environmental management system (EMS); ii) demonstrated specific past environmental achievements; iii) recorded sustained compliance with environmental requirements; iv) committed to continued environmental improvement; and v) committed to public outreach and performance reporting.

Michelin North America is also continuing to work in partnership with a wide range of associations and public authorities, particularly those active in the area of energy savings (such as the Alliance to Save Energy) and the reduction of transportation-related emissions (such as the EPA’s SmartWay Transport Partnership).

As part of its commitment to developing renewable energy plant and equipment in Europe and the United States, Michelin has been a member since 2007 of the Green Power Market Development Group, which is led by the World Resources Institute (WRI).

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6.3.3. SUMMARY TABLE OF DATA

In the following table, the last column shows the corresponding Global Reporting Initiative (GRI) indicator.

	2005	2006	2007	2008	2009	% change 2008-2009	GRI Indicator
Water consumption ** (m ³ /t)	15.0	14.9	13.3	12.8	13.3	+3.9%	EN8
Energy consumption ** (Gj/t)	17.4	17.2	15.6	15.3	16.1	+5.2%	EN3-EN4
of which: Michelin stationary installations	10.6	10.5	9	8.5	9.0	+5.9%	EN3
Steam	1.0	1.1	1.2	1.3	1.2	-7.7%	EN4
Electricity	5.7	5.6	5.4	5.5	5.9	+7.3%	EN4
Greenhouse gas emissions ** (t/t)	1.53	1.48	1.37	1.35	1.43	+5.9%	EN16
of which: Direct emissions from Michelin stationary installations	0.75	0.73	0.64	0.60	0.64	+6.7%	EN16
Indirect emissions, steam generation	0.11	0.12	0.13	0.15	0.13	-13.3%	EN16
Indirect emissions, electricity generation	0.66	0.63	0.59	0.60	0.66	+10.0%	EN16
Total Michelin direct and indirect emissions avoided			12,400 t	31,200 t	23,300 t	-25.3%	EN18
Sulfur dioxide emissions ** (kg/t)	1.65	1.22	1.27	1.08	1.17	+8.3%	EN20
Nitrogen dioxide emissions ** (kg/t)	1.01	0.85	0.89	0.82	0.82	+0%	EN20
Volatile organic compound emissions ** (kg/t)	4.27	3.97	3.48	3.13	3.04	-2.9%	EN20
Total weight of waste produced ** (kg/t)	140	130	128	127.5	121.2	-5.0%	EN22
Total weight of waste landfilled ** (kg/t)	33	26	20	16.2	13.3	-17.9%	EN22
Environmental management (% of finished products manufactured in ISO 14001 certified facilities) **	94.8%	99.4%	99.5%	99.5%	99.5%		

** Data related to these indicators have been reviewed by PricewaterhouseCoopers (see section 6.4.).

To find out more about Michelin's environmental commitment, please refer to the 2005-2006 Michelin Performance and Responsibility Report published in May 2007, the 2007 update published in May 2008 and the 2007-2008 Report published in May 2009 and the 2009 Annual and Sustainable Development Report.



6.4. REVIEW REPORT FROM ONE OF THE STATUTORY AUDITORS, PRICEWATERHOUSECOOPERS AUDIT, ON THE PROCESSES USED TO COMPILE CERTAIN SOCIAL AND ENVIRONMENTAL INFORMATION, AND ON CERTAIN SOCIAL, AND ENVIRONMENTAL INDICATORS

This is a free translation into English of the Statutory Auditor's review report issued in the French language and is provided solely for the convenience of English speaking readers. The review report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Further to your request and in our capacity as Statutory Auditor of the Michelin Group, we have carried out a review for the purpose of enabling us to express moderate assurance on the processes used to compile certain social and environmental information published by the Michelin Group in its Registration Document for 2009:

- Social information includes indicators for "Frequency rate" and "Severity rate" for workplace accidents, "Headcount", "Full-time equivalent Headcount", "Absenteeism", "Training access rate", and "Male/female distribution by status and geographic zone";
- Environmental indicators include all indicators shown in the "Data Recap Table".

We have also carried out a review for the purpose of enabling us to express moderate assurance on certain of the social and environmental indicators listed above (marked "***" on pages 129, 134, 142 and 147 of this 2009 Registration Document).

These processes, together with the indicators set forth in this 2009 Registration Document, are the responsibility of the "Prevention and Industrial Performance Department", the "Personnel Group Service", and the Michelin Group "Michelin Performance and Responsibility Department", in accordance with the Group's internal reporting standards. These standards are available on request from the Group's head office. Our responsibility is to express our conclusion on these data compilation processes as well as on these indicators, based on our work.

Nature and scope of our work

We performed our works in accordance with the doctrine of the Compagnie Nationale des Commissaires aux Comptes relative to this mission.

We performed the procedures described below to obtain moderate assurance that no material irregularities exist with regard to the processes used to compile certain social and environmental information as well as certain social and environmental indicators published. We did not perform all of the procedures required to obtain reasonable assurance (a higher level of assurance).

We performed the following procedures with regard to the processes used to compile the social and environmental information:

- We assessed the procedures used to report the above-mentioned social and environmental information in light of the relevance, reliability, objectivity and understandability of such information;
- We conducted interviews with the persons responsible for compiling and consolidating the data and applying the procedures at Group level, in order to verify that the procedures had been properly understood and implemented. We also met with people from the following divisions

and departments: the "Finance Group Service", the "Personnel Group Service / Training"; the "Personnel Group Service / Global Compensation", the "Prevention and Industrial Performance Department / Environment and Hygiene", the "Prevention and Industrial Performance Department / Persons and Goods Safety";

- We also compiled and sent a questionnaire to 19 Group sites in 9 countries, in order to determine whether social and environmental reporting procedures were properly applied;
- We performed consistency checks on a test basis in order to verify that the data had been correctly centralized and consolidated.

In addition to the work regarding the above-mentioned reporting procedures, for the social and environmental indicators marked "***" in this 2009 Registration Document we selected a sample of industrial plants (Alessandria, Bassens, Cholet, Columbia, Fort Wayne, Lasarte, Olsztyn, Shanghai TME, Vitoria) on the basis of their contribution to the Group's consolidated data. We checked, on site, that the procedures had been properly understood and implemented at these selected sites and performed in-depth checks on a test basis to verify the calculations and reconcile the data with the supporting documents. The contribution of these sites to the consolidated data was as follows:

- Contribution to overall social indicators: 15% of the Group's total headcount, expressed as full time equivalents and 13% of hours worked;
- Contribution to overall environmental indicators: energy consumption: 25%; water consumption: 27%; SOx emissions: 58%; NOx emissions: 46%; VOC emissions: 22%; tire manufacturing: 22%; Waste production: 27%; Waste disposal volume: 18%.

We were assisted in our work by experts from our Sustainable Development department.

Conclusion

Based on our work, no material irregularities came to light causing us to believe that the following processes and indicators do not comply with the Michelin Group's reporting indicators for 2009:

- the processes used to compile social and environmental information for the above-mentioned indicators in accordance with the Group's internal reporting standards applicable in 2009; and
- the indicators reviewed (marked "***" in this 2009 Registration Document) in accordance with the Group's internal reporting standards applicable in 2009.

Neuilly-sur-Seine, February 25, 2010

PricewaterhouseCoopers Audit

Christian Marcellin
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Statutory Auditor

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