

F0. Introduction

F0.1

**(F0.1) Give a general description of and introduction to your organization.**

Since 1889, Michelin has constantly innovated to facilitate the mobility of people and goods. Today, the Group is setting the standard across every tire and travel-related services market, while leading a global strategy to drive responsible, sustainable and profitable growth. In short, Michelin is making mobility safer, cleaner, more connected and more accessible. Michelin enjoys exceptional geographic coverage and is stepping up its deployment in emerging markets. Currently operating in 26 countries at 123 production facilities and 9 research centers, and 7,900 dealerships and service centers in 30 countries. Michelin employs a total of 125,000 people worldwide. Net sales in 2021 were €23.7 billion.

Technological leader in tires and tracks and the world's leading brand of premium tires for individuals and businesses, the Michelin group works closely with manufacturers to bring innovations to all markets (sustainable tires, connected tires, radial tires for agricultural machinery, civil engineering, aircraft and off-road solutions). Associated brands and services also include dealerships and service centers (Euromaster, TBC, TyrePlus), online retailing (Allopnus, Blackcircles) and wholesalers (Euromaster and Ihle AG).

As the market leader in connected tires and a major partner in digital fleet management, the Michelin Group offers its corporate customers services and solutions that improve their performance, simplify their maintenance, increase asset uptime, enhance their safety performance, reduce their costs and attenuate their environmental impact. Unveiled in November 2021, the Michelin Connected Fleet umbrella brand now consolidates all the fleet Services & Solutions under a single identity, enhancing the synergies among Sascar, Masternaut, and Michelin's long-standing tire-related products and services. The new solution will be gradually deployed around the world.

In June 2021 Michelin launched "WATEA by Michelin" to support its corporate customers in transitioning to zero-emission mobility.

Michelin enjoys unrivaled expertise in high-tech materials, from their properties and possible combinations to their process engineering and applications. Already a core factor in the unique sustainable performance of the Group's tires, these capabilities are being enhanced and marketed to customers in other industries through a proactive policy of acquisitions, incubators and partnerships as part of specialized joint ventures. The high-tech materials business is organized around four divisions: - High-tech sustainable flexible composites (composites solutions: Fenner, Fabri Cote, AirCaptif; Polymer components: ResiCare, AraNea Composite; Sustainable materials: Pyrowave, Enviro, Lehigh and Biobutterfly) . - Medical applications, expanding the range of biocompatible products, in particular for use in regenerative medicine and cell therapy. - Metal 3D printing with AddUP, a 50/50 joint venture created in 2016 with industrial engineering specialist Fives. AddUP markets a comprehensive range of metal 3D printing solutions comprising machines and software, consulting and training services, and component design and production. - Hydrogen mobility, making the Symbio joint venture with Faurecia a world leader in hydrogen mobility systems (hydrogen fuel cell systems for light vehicles, commercial vehicles, trucks and other applications).

F0.2

**(F0.2) State the start and end date of the year for which you are reporting data.**

|                | Start Date     | End Date         |
|----------------|----------------|------------------|
| Reporting year | January 1 2021 | December 31 2021 |

F0.3

**(F0.3) Select the currency used for all financial information disclosed throughout your response.**

EUR

F0.4

**(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization's area of operation.**

|                 | Commodity disclosure  | Stage of the value chain                  | Explanation if not disclosing  |
|-----------------|---|---|--|
| Timber products | Not disclosing  | Manufacturing                             | Limited quantities of wood-derived product are used as an input material in some of our semi-finished products. Our focus remains on natural rubber, which comprises the vast majority of our forest risk commodity use. |
| Palm oil        | This commodity is not produced, sourced or used by our organization | <Not Applicable>                          | <Not Applicable>   |
| Cattle products | This commodity is not produced, sourced or used by our organization | <Not Applicable>                          | <Not Applicable>   |
| Soy             | This commodity is not produced, sourced or used by our organization | <Not Applicable>                          | <Not Applicable>   |
| Other - Rubber  | Disclosing  | Production<br>Processing<br>Manufacturing | <Not Applicable>   |
| Other - Cocoa   | This commodity is not produced, sourced or used by our organization | <Not Applicable>                          | <Not Applicable>   |
| Other - Coffee  | This commodity is not produced, sourced or used by our organization | <Not Applicable>                          | <Not Applicable>   |

F0.5

(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

Yes

F0.5a

(F0.5a) Identify the parts of your direct operations or supply chain that are not included in your disclosure.

| Value chain stage | Exclusion  | Description of exclusion   | Potential for forests-related risk                   | Please explain   |
|-------------------|--|--|--|--|
| Supply chain      | Other, please specify (Specific input compound material purchased directly for specialized applications) | Compound rubber is a specific compound material occasionally purchased directly in low volumes for use in limited applications, which can contain varying amounts of natural rubber. | Potential for forests-related risk but not evaluated | A vast majority of our natural rubber is purchased in the form of 'pure' processed natural rubber. For limited applications, compound rubber (where synthetic rubber, natural rubber and other materials are pre-mixed) is purchased directly from suppliers. This material only accounts for less than 1% of our procurement spend, and the natural rubber components, a proportion of this. In the coming years, we plan to work with our suppliers of compound rubber to assess the forest-related risks of their natural rubber component supply chains. |

F0.6

(F0.6) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.?)

| Indicate whether you are able to provide a unique identifier for your organization | Provide your unique identifier |
|--|--------------------------------|
| Yes, an ISIN code  | FR0000121261                   |

F1. Current state

F1.1

**(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?**

**Other - Rubber**

**Activity**

- Growing/production of raw materials
- Refining & processing
- Using as input into product manufacturing
- Retailing/onward sale of commodity or product containing commodity

**Form of commodity**

Other, please specify (Raw Natural Rubber, Processed Natural Rubber)

**Source**

- Owned/managed land
- Smallholders
- Multiple contracted producers
- Contracted suppliers (processors)

**Country/Area of origin**

- Brazil
- Côte d'Ivoire
- Ghana
- Indonesia
- Malaysia
- Nigeria
- Sri Lanka
- Thailand

**% of procurement spend**

21-30%

**Comment**

The countries listed account for more than 95% of natural rubber volumes used by the Group in 2021. We have 100% traceability to our direct suppliers (natural rubber processing factories) and are working with them to better understand our indirect suppliers through supply chain mapping and risk mapping initiatives. This includes our suppliers who primarily source from smallholder farmers, where supply chains can be especially complex and be several layers deep with multiple intermediaries. To help tackle this, we are deploying the RubberWay® tool with prioritized suppliers which empowers them to map environmental and social risks throughout their supply chains, through a field-ready questionnaire housed on a mobile application, which aggregates risk mapping data on a dashboard so that Michelin and natural rubber suppliers can prioritize interventions. This dashboard includes an actual map showing the geographical sourcing areas where the RubberWay® tool has been deployed, within a country, at a jurisdiction level.

**F1.2**

**(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.**

|                 | <b>% of revenue dependent on commodity</b> | <b>Comment</b>  |
|-----------------|--|---|
| Timber products | <Not Applicable>                           | <Not Applicable>  |
| Palm oil        | <Not Applicable>                           | <Not Applicable>  |
| Cattle products | <Not Applicable>                           | <Not Applicable>  |
| Soy             | <Not Applicable>                           | <Not Applicable>  |
| Other - Rubber  | 91-99%                                     | The Group derives 95.6% of its revenue from tire sales and sales related to the supply of tires to the original equipment or replacement market, plus sales of Fenner conveyor belts. Natural rubber is a critical raw material used in the manufacturing of tires. |
| Other - Cocoa   | <Not Applicable>                           | <Not Applicable>  |
| Other - Coffee  | <Not Applicable>                           | <Not Applicable>  |

**F1.3**

**(F1.3) Provide details on the land area you control and/or manage that is used for the production of your disclosed commodity(ies).**

**Forest risk commodity**

Other - Rubber

**Type of control**

Own land

**Country/Area**

Brazil

**Land type**

<Not Applicable>

**Area (Hectares)**

1366

**% Area certified**

0

**Certification scheme**

No certified area in this country/area

**Conversion of natural ecosystems monitored during the reporting year, the last 5 years and/or since specified cutoff date**

We have monitored conversion of natural ecosystems during the last 5 years

**Area of natural ecosystems converted during the reporting year (hectares)**

<Not Applicable>

**Area of natural ecosystems converted since specified cutoff date (hectares)**

<Not Applicable>

**Area of natural ecosystems converted during the last 5 years (hectares)**

0

**Please explain**

Michelin (Plantações Michelin da Bahia Ltda) manages 4578 hectares of land in Bahia, Brazil. Of this, 3182 hectares are officially designated as protected areas (either Reserva Legal, Área de Preservação Permanente or Reserva Particular do Patrimônio Natural), and most of this area is managed as part of the Michelin Ecological Reserve (see F1.4). Of the 1366 hectares currently designated as 'Áreas Productivas' (Productive Area), over 700 hectares are now managed under the purview of the Michelin Ecological Reserve as of 2021; production activities in these rubber groves have stopped with the aim to restore a natural forest matrix and increase connectivity for the adjacent reserve areas. This makes the Pachanga River valley the only one in the region with no economic or agricultural activity. The rest of the Productive Area is primarily dedicated to research and development of varieties resistant to pest and disease. Since the property was acquired in the 1980's, all forest areas have been retained and set aside area has been increased. In the period since Michelin undertook its Sustainable Natural Rubber Policy, this status of no conversion has been maintained. Deforestation monitoring and biodiversity protection is conducted primarily through physical monitoring by a dedicated team of five rangers hired from the local community.

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**F1.4**

**(F1.4) Provide details on the land you control and/or manage that was not used for the production of your disclosed commodity(ies) in the reporting year.**

**Forest risk commodity**

Other - Rubber

**Country/Area**

Brazil

**Type of control**

Own land

**Land type**

Set-aside land

**Area (hectares)**

3182

**% covered by natural forests**

100

**Please explain**

Michelin (Plantações Michelin da Bahia Ltda) manages 4,578 hectares of land in Bahia, Brazil. Of this, 3,182 hectares are officially designated as protected areas (either Reserva Legal, Área de Preservação Permanente or Reserva Particular do Patrimônio Natural), and most of this area is managed as part of the Michelin Ecological Reserve. In total, 3,900 hectares of the property are managed under the purview of the reserve. The reserve was created to preserve one of the world's most species-rich tropical rainforests, the southern Bahian Atlantic rainforest, in a region suffering from widespread deforestation and environmental degradation. This area includes primary forest, mature secondary forest, and pioneer forest on retired rubber groves that have been incorporated into the reserve over time as restoration areas. The retired rubber groves are in various stages of natural succession, with 300 hectares having undergone enrichment planting with native species as part of the reserve's restoration program. Other than non-forest ecosystems such as wetlands and water bodies, and including the pioneer/regenerating forests in the restoration areas, it can be said that the area is largely covered by natural forests.

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**F1.5**

**(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?**

|                 | Data availability/Disclosure                          |
|-----------------|---|
| Timber products | <Not Applicable>                                      |
| Palm oil        | <Not Applicable>                                      |
| Cattle products | <Not Applicable>                                      |
| Soy             | <Not Applicable>                                      |
| Other - Rubber  | Consumption and production data available, disclosing |
| Other - Cocoa   | <Not Applicable>                                      |
| Other - Coffee  | <Not Applicable>                                      |

**F1.5a**

**(F1.5a) Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.**

**Forest risk commodity**

Other - Rubber

**Data type**

Production data

**Commodity production/ consumption volume**

39

**Metric for commodity production/ consumption volume**

Metric tons

**Data coverage**

Full commodity production/consumption

**Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?**

Please select

**% of reported volume verified as deforestation- and/or conversion-free**

<Not Applicable>

**Please explain**

**Forest risk commodity**

Other - Rubber

**Data type**

Consumption data

**Commodity production/ consumption volume**

900000

**Metric for commodity production/ consumption volume**

Metric tons

**Data coverage**

Full commodity production/consumption

**Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?**

Please select

**% of reported volume verified as deforestation- and/or conversion-free**

<Not Applicable>

**Please explain**

A rounded figure has been provided.

**F1.5b**

**(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.**

**Forest risk commodity**

Other - Rubber

**Country/Area of origin**

Any other countries/areas

**State or equivalent jurisdiction**

<Not Applicable>

**% of total production/consumption volume**

100

**Please explain**

Our list of sourcing countries is disclosed in Section F1.1. The percentage of total production volume by geography is currently considered confidential as it is a result of our sourcing strategy. We currently have 100% traceability to our direct suppliers (natural rubber processing factories—sometimes referred to as "mills" in this document) and are working with them to better understand our indirect suppliers through supply chain mapping and risk mapping initiatives, especially at a jurisdictional level. This includes the deployment of the jurisdictional level risk mapping tool, RubberWay®, with our suppliers who primarily source from smallholder farmers, where supply chains can be especially complex and be several layers deep with multiple intermediaries.

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**F1.6**

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**(F1.6) Has your organization experienced any detrimental forests-related impacts?**

Yes

**F1.6a**

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**(F1.6a) Describe the forests-related detrimental impacts experienced by your organization, your response, and the total financial impact.**

**Forest risk commodity**

Other - Rubber

**Impact driver type**

Technological

**Primary impact driver**

Inability to increase yield of existing production areas

**Primary impact**

Increased operating costs

**Description of impact**

Natural rubber production in Brazil and much of South America has long been a challenging endeavor due to the prevalence of the South American Leaf Disease. Within Michelin's operations in Brazil, this presents ongoing phytosanitary risks and impacts on the single production area that we maintain. Impacts have been chronic, with increased operational costs since the property was acquired in 1984. In 2021, the impacts have continued, and comprise: increased operational cost of phytosanitary monitoring and control measures; increased cost of raw materials sourced from the region and processed material imported from outside the region; and on-going costs of research and development programs conducted in response to the on-going impacts. With such limitations, the country Brazil is also de facto a net importer of natural rubber; Michelin only manages to source around 50% of its natural rubber requirements locally, the rest being imported mostly from South-East Asia at a higher cost and with a much longer lead time.

**Primary response**

New product/technology development

**Total financial impact**

2000000

**Description of response**

In response to the on-going impact of the South American Leaf Disease within South America, as well as risk of cross-border contamination resulting in the rubber tree diseases being transferred and proliferating to other rubber cultivation areas, Michelin works in partnership with research institutes and local authorities to strengthen measures mitigating phytosanitary risks, in particular the spread of diseases in areas where they are still absent. Michelin is directly involved in several research programs aimed at countering the most impactful phytosanitary threats for the sector, in particular through programs for the selection of resistant varieties. A large proportion of the remaining active plantation area within Michelin's sole plantation in Bahia, Brazil is dedicated to research and development programs for disease resistant varieties. In partnership with the French agricultural research institute CIRAD, we have bred in Brazil more than 30,000 varieties resistant to South American Leaf Disease and are nearing completion in the varietal selection process.

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**F1.7**

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**(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.**

**Forest risk commodity**

Other - Rubber

**Have you monitored or estimated your deforestation/conversion footprint?**

No, and we do not plan to monitor or estimate our deforestation/conversion footprint in the next two years

**Coverage**

<Not Applicable>

**Reporting deforestation/conversion since a specified cutoff date or during the last five years?**

<Not Applicable>

**Known or estimated deforestation/ conversion footprint (hectares)**

<Not Applicable>

**Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint**

<Not Applicable>

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## F2. Procedures

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### F2.1

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**(F2.1) Does your organization undertake a forests-related risk assessment?**

Yes, forests-related risks are assessed

### F2.1a

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**(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.**

## Other - Rubber

### Value chain stage

Direct operations  
Supply chain

### Coverage

Full

### Risk assessment procedure

Assessed as part of an established enterprise risk management framework

### Frequency of assessment

Annually

### How far into the future are risks considered?

> 6 years

### Tools and methods used

Internal company methods  
Global Forest Watch Pro  
Sustainability Policy Transparency Toolkit (SPOTT)  
National specific tools and databases  
Jurisdictional/landscape assessment  
Other, please specify (RubberWay, EcoVadis, Partnerships, Organized stakeholder dialogues)

### Issues considered

Availability of forest risk commodities  
Quality of forests risk commodities  
Impact of activity on the status of ecosystems and habitats  
Regulation  
Climate change  
Impact on water security  
Tariffs or price increases  
Loss of markets

### Stakeholders considered

Customers  
Employees  
Investors  
Local communities  
NGOs  
Other forest risk commodity users/producers at a local level  
Regulators  
Suppliers

### Please explain

Natural rubber market, industry and sustainable development risks are assessed on an annual basis using a group-level raw material risk screening tool. Natural rubber as a forest-risk commodity has also been prioritized for sustainability risk management, and Michelin utilizes an integrated sustainability risk-based framework that includes a specified supplier approval process, sustainability management system assessments, a jurisdictional upstream supply chain risk mapping tool, organized stakeholder dialogs (conducted every two years), and additional assessments for higher risk segments. This is updated every year, also informs the annual enterprise-level Duty of Care Plan. Risk assessment processes begin with an approval process for all new suppliers, which includes a supplier questionnaire and initial on-site audit, both of which include environmental and social aspects. Suppliers operating in specific countries, or those with specific sourcing structures (e.g. sourcing originating from large plantations) are subject to additional assessments, including on their governance and raw material sourcing structures. Continual on-site audits, which focus on quality but include environmental and social aspects, are carried out on each approved factory every year (every other year for some regions including West Africa), for a total of 140 audits a year. Michelin has also leveraged on EcoVadis, a global business sustainability ratings provider to assesses the sustainability management systems (including sustainable procurement) of priority suppliers with documentary reviews, with around 95% of its natural rubber suppliers (by spend) assessed in 2021. In 2016, Michelin developed RubberWay, a jurisdictional level risk mapping tool, to help address the complex and smallholder-dominated nature of natural rubber supply chains and at the end of 2021, suppliers accounting for 64% of its volume are deploying the tool. At the end of 2021, Michelin, working with WWF, completed an initial deforestation risk analysis of its suppliers' supply sheds and will work in 2022 with prioritized suppliers for more detailed supply shed mapping and analysis.

## F2.2

### (F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?

|                 | Value chain mapping                           | Primary reason for not mapping your value chain | Explain why your organization does not map its value chain and outline any plans to introduce it |
|-----------------|---|---|--|
| Timber products | <Not Applicable>                              | <Not Applicable>                                | <Not Applicable>   |
| Palm oil        | <Not Applicable>                              | <Not Applicable>                                | <Not Applicable>   |
| Cattle products | <Not Applicable>                              | <Not Applicable>                                | <Not Applicable>   |
| Soy             | <Not Applicable>                              | <Not Applicable>                                | <Not Applicable>   |
| Other - Rubber  | Yes, we have partially mapped the value chain | <Not Applicable>                                | <Not Applicable>   |
| Other - Cocoa   | <Not Applicable>                              | <Not Applicable>                                | <Not Applicable>   |
| Other - Coffee  | <Not Applicable>                              | <Not Applicable>                                | <Not Applicable>   |

## F2.2a

**(F2.2a) Provide details of your organization's value chain mapping for its disclosed commodity(ies).**

**Forest risk commodity**

Other - Rubber

**Scope of value chain mapping**

Own operations

**% of total suppliers covered within selected tier(s)**

<Not Applicable>

**Description of mapping process and coverage**

<Not Applicable>

**Your own production and primary processing sites: attach a list of facility names and locations (optional)**

**Your suppliers' production and primary processing sites: attach a list of names and locations (optional)**

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**Forest risk commodity**

Other - Rubber

**Scope of value chain mapping**

Tier 1 suppliers

**% of total suppliers covered within selected tier(s)**

100

**Description of mapping process and coverage**

Michelin maintains traceability to the natural rubber processing factory (equivalent to mill) level for 100% of its volume. Engagement with our direct suppliers begins during their initial approval process, where we engage them with a Preliminary Evaluation Questionnaire that includes queries on their sustainability policy, management system and actions, which includes their compliance to the prevailing environmental, labor and social regulations in their country. The approval process for all natural rubber processing factories includes an on-site quality audit which includes environmental and social aspects; these are repeated every year (or every other year for some regions). We source exclusively from this approved factory list, meaning that even volumes purchased from wholesalers and dealers maintain traceability to factory level.

**Your own production and primary processing sites: attach a list of facility names and locations (optional)**

**Your suppliers' production and primary processing sites: attach a list of names and locations (optional)**

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**Forest risk commodity**

Other - Rubber

**Scope of value chain mapping**

Tier 2 suppliers

**% of total suppliers covered within selected tier(s)**

42

**Description of mapping process and coverage**

In 2016, Michelin developed RubberWay, a jurisdictional level risk mapping tool, to help address the complex nature of natural rubber supply chains and at the end of 2021, suppliers accounting for 64% of its volume are deploying the tool. RubberWay allows users to map interactions and assess risk all throughout the natural rubber value chain. When suppliers deploy RubberWay, they declare a number of direct suppliers to each factory, which are typically intermediates in South-east Asia and are more often smallholders or outgrowers in West Africa. Based on the number of deployed questionnaires against the declared intermediaries and smallholders/outgrowers respectively, and assigned on a proportional basis per supplier factory by volume (year -1), approximately 42% of Tier 2 suppliers can be said to be mapped through the RubberWay risk mapping tool.

**Your own production and primary processing sites: attach a list of facility names and locations (optional)**

**Your suppliers' production and primary processing sites: attach a list of names and locations (optional)**

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**Forest risk commodity**

Other - Rubber

**Scope of value chain mapping**

Other, please specify (Smallholders on a statistical, jurisdictional basis through RubberWay: 41% of supply assessed on a jurisdictional basis, see Sustainable Natural Rubber Roadmap 2020-2025 for full definition.)

**% of total suppliers covered within selected tier(s)**

<Not Applicable>

**Description of mapping process and coverage**

<Not Applicable>

**Your own production and primary processing sites: attach a list of facility names and locations (optional)**

**Your suppliers' production and primary processing sites: attach a list of names and locations (optional)**

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**F3. Risks and opportunities**

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**F3.1**

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**(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?**

|                 | Risk identified? |
|-----------------|------------------|
| Timber products | <Not Applicable> |
| Palm oil        | <Not Applicable> |
| Cattle products | <Not Applicable> |
| Soy             | <Not Applicable> |
| Other - Rubber  | Yes              |
| Other - Cocoa   | <Not Applicable> |
| Other - Coffee  | <Not Applicable> |

**F3.1a****(F3.1a) How does your organization define substantive financial or strategic impact on your business?**

For Michelin, a risk corresponds to the possibility of an event occurring whose consequences could affect its objectives, particularly as concerns its financial position, reputation or impact on people or the environment. A substantive financial or strategic impact on business is defined by the Group Management Committee (GMC) as a risk that has an adverse effect on annual operating income (low risk = less than 150 M €, medium risk = between 150 M and 400 M€, high risk = more than 400 M€). While risks may exist at the site level (Michelin site or supplier site), they will not be considered substantive for the Group if their potential financial impact does not exceed the threshold defined above. This definition applies to direct operations and supply chain.

**F3.1b****(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.****Forest risk commodity**

Other - Rubber

**Type of risk**

Chronic physical

**Geographical scale**

Global

**Where in your value chain does the risk driver occur?**

Direct operation

Supply chain

**Primary risk driver**

Other chronic physical driver, please specify (Pest and disease/phytosanitary risks)

**Primary potential impact**

Reduction or disruption in production capacity

**Company-specific description**

Ongoing and emerging risks of pest and disease are a notable physical risk driver for natural rubber cultivation and production. One notable example is the Southern American Leaf Blight (SALB) disease, which is endemic to South America and has extensively affected natural rubber cultivation in Central and South America. It presents ongoing phytosanitary challenges within its endemic regions, but also poses a phytosanitary risk to the other major rubber producing regions such as West Africa and South-East Asia have not yet been affected. Another emerging leaf fall disease is currently affecting limited areas of rubber cultivation in South-East Asia. Where rubber cultivation has been affected by pest and disease, there are knock on effects including reduced production and productivity. This can have economic consequences for operations, and in the case of smallholder production, can impact livelihoods. In the long term, changes in climatic conditions could also have impacts on where specific pests and diseases are able to propagate and affect production areas.

**Timeframe**

&gt;6 years

**Magnitude of potential impact**

Medium

**Likelihood**

About as likely as not

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact (currency)**

200000000

**Potential financial impact figure - minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure - maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial**

This risk could affect around 4% of total volumes purchased of raw materials for 2021 or 14% as a subset of total volumes purchased of natural rubber. This number is an estimation that contains many very strong hypotheses, such as the same price for natural rubber volumes, the geographical distribution of natural rubber production, and that the risk would impact a selection of those geographies. This number is based on the 2021 total raw material purchases that are communicated in Michelin's 2021 Registration Document.

**Primary response to risk**

New product/technology development

**Description of response**

In response to the on-going impact of the South American Leaf Disease within South America, as well as risk of cross-border contamination resulting in the rubber tree diseases being transferred and proliferating to other rubber cultivation areas, Michelin works in partnership with research institutes and local authorities to strengthen measures preventing phytosanitary risks, in particular the spread of diseases in areas where they are still absent. Michelin is directly involved in several research programs aimed at countering the most impactful phytosanitary threats for the sector, in particular through programs for the selection of disease resistant varieties. A large proportion of the remaining active plantation area within Michelin's sole plantation in Bahia, Brazil is dedicated to research and development programs for disease resistant varieties. In partnership with the French agricultural research institute CIRAD, we have bred in Brazil more than 30,000 varieties resistant to South American Leaf Disease (SALB) and are nearing completion in the varietal selection process. Michelin and CIRAD also jointly organize workshops and seminars for the Asia and Pacific Zone for researchers, plant protection and quarantine authorities on the prevention of cross-regional transfer of rubber diseases.

**Cost of response**

1000000

**Explanation of cost of response**

The cost of response includes increased monitoring and operating costs relating to phytosanitary measures and natural rubber cultivation related research and development efforts. This figure is an annual cost as our commitment to this important topic remains on-going.

**Forest risk commodity**

Other - Rubber

**Type of risk**

Chronic physical

**Geographical scale**

Global

**Where in your value chain does the risk driver occur?**

Direct operation

Supply chain

**Primary risk driver**

Increased severity of extreme weather events

**Primary potential impact**

Reduction or disruption in production capacity

**Company-specific description**

Concerning both direct operations and supply chain activities, Michelin and its partners have completed the mapping of predictive impacts of climate change on rubber production. Unlike acute physical impacts, chronic physical impacts from climate change are not relevant to Michelin activities in the short and medium-term. The reason is two-fold: (1) impacts have not been observed; and (2) information about future impacts is not specific enough to inform the company about potential risks. Example: as global temperatures rise the geographic distribution of crops and vegetation will shift. This could have an impact on production of natural rubber, a key raw material for making tires. Areas of optimum versus suitable rubber production will surely evolve. Climate change might have four different main impacts, all potentially leading to reduction or disruption in production capacity: (1) potential emergence of pests and diseases in areas currently unaffected with the change in climatic conditions; (2) increased occurrence of atypical climatic events such as flooding, severe drought periods or typhoons; (3) potential yield reduction with the increase of average temperatures (not observed yet); (4) potential for sub-optimal production zones to be affected such that they are not suitable for rubber cultivation at all. Among the four impacts described above, impacts (1) and (2) relate to nearer-term impacts, while (3) and (4) are impacts that may emerge over the long term.

**Timeframe**

>6 years

**Magnitude of potential impact**

Medium

**Likelihood**

About as likely as not

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact (currency)**

200000000

**Potential financial impact figure - minimum (currency)**

<Not Applicable>

**Potential financial impact figure - maximum (currency)**

<Not Applicable>

**Explanation of financial**

This risk could affect around 4% of total volumes purchased of raw materials for 2021 or 14% as a subset of total volumes purchased of natural rubber. This number is an estimation that contains many very strong hypotheses, such as the same price for natural rubber volumes, the geographical distribution of natural rubber production, and that the risk would impact a selection of those geographies. This number is based on the 2021 total raw material purchases that are communicated in Michelin's 2021 Registration Document.

**Primary response to risk**

Promotion of best practice and awareness

**Description of response**

Current predictions involve long-term hypotheses associated with levels of uncertainty that are too high to support current decision-making on rubber procurement. In the meantime, Michelin's response to this uncertainty about the future is 1) diversification with supplies from different countries in the tropical zone; 2) ensuring the resilience of production in its joint venture project in Indonesia through a holistic approach to sustainable natural rubber production, 3) promoting sustainable practices in the natural rubber sector as a founding member of the Global Platform for Sustainable Natural Rubber. The raw material risk screening tool used by Michelin takes into account multiple risks which could lead to business continuity issues. Among those risks is agricultural risks, which includes the risk of changes in prevailing climatic conditions as a result of climate change. These risks are taken into account in the Business Continuity Plans. Michelin also engaged mitigation actions below: diversified sourcing from different production areas and countries; maintaining a strong natural rubber network; pro-active initiatives and breeding programs led in collaboration with R&D partners to

develop and disseminate new tolerant high-yielding varieties, promoting sustainable practices in the natural rubber sector, specifically aiming at improving smallholder farmers resilience.

**Cost of response**

55000000

**Explanation of cost of response**

In 2015 Michelin entered into a joint-venture with an Indonesian partner to produce sustainable natural rubber in Indonesia. This cooperation involves 3 concessions totaling 88,000 ha in the provinces of Sumatra and Borneo, which have been devastated by deforestation. Up to 34,000 ha will be planted with rubber trees (end 2021, 23,000 ha have been planted). The remainder will be planted with subsistence crops or will be reserved as HEV forest and the richest hot spots will be protected. This JV will enable Michelin to source up to ~5% of its natural rubber needs. The cost to realize this opportunity corresponds to Michelin's stake in the JV with the partner that was valued at \$US 55 million.

**F3.2**

**(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

|                 | Have you identified opportunities? |
|-----------------|------------------------------------|
| Timber products | <Not Applicable>                   |
| Palm oil        | <Not Applicable>                   |
| Cattle products | <Not Applicable>                   |
| Soy             | <Not Applicable>                   |
| Other - Rubber  | Yes                                |
| Other - Cocoa   | <Not Applicable>                   |
| Other - Coffee  | <Not Applicable>                   |

**F3.2a**

**(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.**

**Forest risk commodity**

Other - Rubber

**Type of opportunity**

Efficiency

**Where in your value chain does the opportunity occur?**

Supply chain

**Primary forests-related opportunity**

Sustainable agricultural intensification

**Company-specific description & strategy to realize opportunity**

Increasing yield per hectare provides a means of keeping up with the global demand for natural rubber without increasing the surface area of cultivated land, thereby reducing land pressure on forested areas and/or land that would otherwise support food production. Yield improvement is key to minimize the land use impacts of natural rubber cultivation. Good agricultural practices, sustainable tapping practices and improving rubber quality enable farmers, particularly smallholders, to cut production costs, improve working conditions, diversify livelihoods, enhance climate resilience and increase revenues over the long term. With 85% of rubber production originating from smallholder farmers, it is vital to empower them to apply the best agricultural, environmental, and social practices to achieve sustainable production more broadly. Michelin aims to do this through action on a number of fronts including: research programs focusing on the most efficient rubber tree varieties, pest management and agricultural technique optimization; technological transfer and promotion of good agricultural practices (planting density, tapping techniques, intercropping, agroforestry, handling and minimizing the use of agrochemical inputs, quality etc.); support for professional training bodies intended to increase the level of expertise and skills of growers and rubber tappers; practical training sessions on good rubber cultivation, sustainable tapping practices, rubber quality and livelihood improvement and farmers empowerment. We have launched a targeted capacity building project for smallholder farmers to address livelihood, environmental and social risks, which is targeting three jurisdictions in Sumatra, Indonesia. The project, which involves actors all along the natural rubber value chain, will run for at least four years and is targeting a minimum of 1,000 rubber households by 2024, with the option to scale up. In our own operations, as well in collaboration with our rubber-industry joint ventures in Indonesia and the region of West Africa, we are supporting smallholder farmers through technical assistance, extension services and capacity building events, while disseminating technical training material and high-yielding agricultural inputs. These activities are ongoing but will operate on long timeframes considering the sheer number of smallholders to reach.

**Estimated timeframe for realization**

>6 years

**Magnitude of potential impact**

High

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

77000000

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

### Explanation of financial impact figure

These actions directly help the local smallholder farmers and their communities and increase external stakeholder confidence in Michelin which influences that status of the Michelin brand. In 2021, the Group's brand was valued at US\$7.7 billion. A 1% increase could add 77 M€ to the brand value.

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### Forest risk commodity

Other - Rubber

### Type of opportunity

Resilience

### Where in your value chain does the opportunity occur?

Supply chain

### Primary forests-related opportunity

Improved supply chain engagement

### Company-specific description & strategy to realize opportunity

Michelin believes that change needs to happen throughout the whole natural rubber industry and is therefore working through a sector approach. To engage the whole industry and stakeholders along the value chain towards better practices, Michelin was one of the founding members of the Global Platform for Sustainable Natural Rubber (GPSNR), a truly multi-stakeholder platform that includes tire manufacturers, rubber suppliers and processors, vehicle makers, smallholders and NGOs. Its vision is 'For a fair, equitable and environmentally sound natural rubber value chain'. The GPSNR offers a platform to bring together various stakeholders to a common ground and will facilitate improved supply chain engagement throughout the supply chain.

### Estimated timeframe for realization

>6 years

### Magnitude of potential impact

High

### Likelihood

Likely

### Are you able to provide a potential financial impact figure?

No, we do not have this figure

### Potential financial impact figure (currency)

<Not Applicable>

### Potential financial impact figure – minimum (currency)

<Not Applicable>

### Potential financial impact figure – maximum (currency)

<Not Applicable>

### Explanation of financial impact figure

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### Forest risk commodity

Other - Rubber

### Type of opportunity

Products & services

### Where in your value chain does the opportunity occur?

Supply chain

### Primary forests-related opportunity

Increased supply chain transparency

### Company-specific description & strategy to realize opportunity

One of the biggest challenges facing the natural rubber industry on its journey toward sustainability is the highly fragmented natural rubber supply chain. The challenge arises not only in that fact that 85% of the global natural rubber supply originates from smallholder farms, but also through the multiple tiers of intermediates that buy and sell natural rubber. This results in a very complex supply chain, with a single natural rubber processing factory having thousands (and sometime tens of thousands) of smallholder farmers in their supply shed, most of whom they have little to no direct interaction with. Developed to help tackle this challenge, Michelin developed Rubberway®, a digital solution to assess and map social and environmental risks throughout the natural rubber supply chain. Using any web-capable mobile device, rubber suppliers and farmers can answer a structured questionnaire that surveys them on environmental, social and agricultural practices. From there, data points are then aggregated on a web-based dashboard, which generates risk scores from groups of data for statistical analysis. Data can be visualized at multiple scales, from a single factory's supply shed, to an interactive world map that can identify risks at jurisdictional levels. This data can be used by individual natural rubber processing factories, or downstream actors like tire makers to better understand risks within their supply chain. The outcome is that stakeholders (tire makers, natural rubber processors, etc.) are equipped with the information they need to identify and mitigate risks with specific interventions. We are currently deploying the tool with suppliers representing 64% of our volumes and have reached almost 50,000 smallholder farmers in six countries, allowing us to prioritize support for smallholders in higher-risk areas using a jurisdictional approach. More recently in 2019, amidst an industry-wide push for greater transparency in the natural rubber supply chain, Michelin, Continental AG, and Smag (a leading software developer for agriculture), have announced the creation of a joint venture to further develop this solution. This aims to create an independent solution that can be widely applied across the natural rubber supply chain and hopes to engage more actors to participate in the platform.

### Estimated timeframe for realization

Current - up to 1 year

### Magnitude of potential impact

High

### Likelihood

Very likely

### Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

### Potential financial impact figure (currency)

77000000

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

These actions help to increase the transparency and risk management of the complex natural rubber supply chain transparency and increase external stakeholder confidence in Michelin which influences that status of the Michelin brand. In 2021, the Group’s brand was valued at US\$7.7 billion. A 1% increase could add 77 M€ to the brand value.

**F4. Governance****F4.1****(F4.1) Is there board-level oversight of forests-related issues within your organization?**

Yes

**F4.1a****(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.**

| Position of individual | Please explain  |
|------------------------|---|
| Board-level committee  | The Group Executive Committee (GEC), Group Management Committee (GMC) and the Supervisory Board are the 3 board-level committees responsible for forests-related issues. The GEC –the managing chairman, general manager and the executive VPs– focuses on strategic decisions, such as corporate transformations, business models, acquisitions, performance, brand strategy, and sustainable growth.  |
| Board-level committee  | The GMC (comprising of the Group Executive Committee and 13 functional heads) cross-functionally manages transformation, competitiveness, integration of acquisitions and the internal control, quality and risk management processes. It oversees forests-related risks and tracks forest-related progress in operations, particularly relating to sustainable sourcing and biodiversity supported by the Environment Governance (EG) and Human Rights Governance (HRG) bodies. The EG oversees forest-related issues including biodiversity and environmental aspects of sustainable sourcing, while the HRG body oversees social aspects of sustainable sourcing. An example of a decision made with the advice of the HRG was the launch of a smallholder capacity building project spanning 2020-2024 mitigate risks identified through the RubberWay risk mapping tool. |
| Board-level committee  | The role of Supervisory Board is to exercise permanent oversight of the Group’s management and to assess its quality for the benefit of the shareholders. Its 4-member CSR Committee examines the Group’s strategy, objectives, policies and commitments regarding environmental and social impacts, and makes recommendations in this regard, reviews roadmaps and their implementation.   |

**F4.1b****(F4.1b) Provide further details on the board’s oversight of forests-related issues.**

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

**F4.1d**

**(F4.1d) Does your organization have at least one board member with competence on forests-related issues?**

Row 1

**Board member(s) have competence on forests-related issues**

No, and we do not plan to address this within the next two years

**Criteria used to assess competence on forests-related issues**

<Not Applicable>

**Primary reason for no board-level competence on forests-related issues**

Other, please specify (Competence on forest-related issues embedded in dedicated sustainability department)

**Explain why your organization does not have at least one board member with competence on forests-related issues and any plans to address board-level competence in the future**

Forest-risks are an important priority for the Group. Responsibility for forest-related issues is embedded in board level management committees. At the operational level, the Group has a dedicated natural rubber sustainability team, and a natural rubber sustainability manager, with technical competence on forest-related issues including expertise in smallholder engagement and sustainable agriculture.

F4.2

**(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).**

| Name of the position(s) and/or committee(s) | Responsibility  | Frequency of reporting to the board on forests-related issues | Please explain   |
|---|---|---|--|
| Chief Operating Officer (COO)               | Both assessing and managing forests-related risks and opportunities | Half-yearly   | Forests-related issues are overseen by the Environment Governance and Human Rights Governance bodies. The Environmental Governance body is chaired by 2 members of the Group Executive Committee (GEC): the COO executive vice president of manufacturing (lead chair) and executive vice president of R&D. They represent the full GEC so they are vested with decision-making power. The governance body also includes the chief procurement officer, chief risk officer, EHS manager, sustainability manager, and chief legal officer. The Human Rights Governance body is chaired by the Executive Vice President & Chief Personnel Officer, who is a member of the GEC. All major decisions on forest-related risks, opportunities and investments impacting operations that are not made by the GEC (board level) are made at these governance levels depending on the topic. The nature of the report includes reviewing of progress, monitoring of emerging issues, risks and opportunities, the building of the 10 year plus roadmap, the main levers to be put in place, their level of gain and the associated capex and opex. The Environmental Governance body meets three times a year, and the Human Rights Governance body two times a year, to discuss such topics. |

F4.3

**(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?**

|       | Provide incentives for management of forests-related issues    | Comment |
|-------|--|---------|
| Row 1 | No, and we do not plan to introduce them in the next two years |         |

F4.4

**(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?**

Yes (you may attach the report – this is optional)

F4.5

**(F4.5) Does your organization have a policy that includes forests-related issues?**

Yes, we have a documented forests policy that is publicly available

F4.5a

**(F4.5a) Select the options to describe the scope and content of your policy.**

|       | Scope        | Content  | Please explain   |
|-------|--------------|--|--|
| Row 1 | Company-wide | Commitment to eliminate conversion of natural ecosystems<br>Commitment to eliminate deforestation<br>Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)<br>Commitment to remediation, restoration and/or compensation of past harms<br>Commitment to best management practices for soils and peat<br>Commitment to protect rights and livelihoods of local communities<br>Commitment to transparency<br>Commitment to stakeholder awareness and engagement<br>Recognition of the overall importance of forests and other natural ecosystems<br>Recognition of potential business impact on forests and other natural ecosystems<br>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy<br>List of timebound milestones and targets<br>Description of forests-related standards for procurement | As one of the world's largest buyers of natural rubber, the Michelin Group is a key market player. We therefore have a special responsibility to support sustainable rubber production, which is at the core of our sustainable development strategy. We published our sustainable natural rubber policy in 2016, which identified the Group's public commitments in 5 areas: People, the Environment, Rubber Farmers, Natural Resources, and our Stakeholders. Our Sustainable Natural Rubber Policy has been updated in line with the GPSNR Policy Framework as of 2021, which can be found at: <a href="https://documents.purchasing.michelin.com/en/documentfilters/sustainable-natural-rubber-policy/">https://documents.purchasing.michelin.com/en/documentfilters/sustainable-natural-rubber-policy/</a> . In 2020, we also released our Sustainable Natural Rubber Roadmap 2020 – 2025, which sets key indicators to guide the implementation of Michelin's Sustainable Natural Rubber Policy, which can be found at: <a href="https://documents.purchasing.michelin.com/en/documentfilters/sustainable-natural-rubber-roadmap-2020-2025/">https://documents.purchasing.michelin.com/en/documentfilters/sustainable-natural-rubber-roadmap-2020-2025/</a> . Our primary focus for forest-related risks remains on natural rubber, which accounts for the vast majority of our manufacturing inputs and activities that may contribute to forest-related risks. |

**F4.5b**

**(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.**

|                 | Do you have a commodity specific sustainability policy? | Scope            | Content          | Please explain   |
|-----------------|---|------------------|------------------|------------------|
| Timber products | <Not Applicable>  | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Palm oil        | <Not Applicable>  | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Cattle products | <Not Applicable>  | <Not Applicable> | <Not Applicable> | <Not Applicable> |

|                | Do you have a commodity specific sustainability policy? | Scope            | Content  | Please explain  |
|----------------|---|------------------|--|---|
| Soy            | <Not Applicable>  | <Not Applicable> | <Not Applicable>   | <Not Applicable>  |
| Other - Rubber | Yes   | Company-wide     | <p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)</p> <p>Commitment to remediation, restoration and/or compensation of past harms</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitment to transparency</p> <p>Commitment to best management practices for soils and peat</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related standards for procurement</p> | <p>As one of the world's largest buyers of natural rubber, the Michelin Group is a key market player. We therefore have a special responsibility to support sustainable rubber production, which is at the core of our sustainable development strategy. We published our sustainable natural rubber policy in 2016, which identified the Group's public commitments in 5 areas: People, the Environment, Rubber Farmers, Natural Resources, and our Stakeholders. Our Sustainable Natural Rubber Policy has been updated in line with the GPSNR Policy Framework as of 2021, which can be found at: <a href="https://documents.purchasing.michelin.com/en/documentfilters/sustainable-natural-rubber-policy/">https://documents.purchasing.michelin.com/en/documentfilters/sustainable-natural-rubber-policy/</a>. In 2020, we also released our Sustainable Natural Rubber Roadmap 2020 – 2025, which sets key indicators to guide the implementation of Michelin's Sustainable Natural Rubber Policy, which can be found at: <a href="https://documents.purchasing.michelin.com/en/documentfilters/sustainable-natural-rubber-roadmap-2020-2025/">https://documents.purchasing.michelin.com/en/documentfilters/sustainable-natural-rubber-roadmap-2020-2025/</a>. Our primary focus for forest-related risks remains on natural rubber, which accounts for the vast majority of our manufacturing inputs and activities that may contribute to forest-related risks.</p> |
| Other - Cocoa  | <Not Applicable>  | <Not Applicable> | <Not Applicable>   | <Not Applicable>  |
| Other - Coffee | <Not Applicable>  | <Not Applicable> | <Not Applicable>   | <Not Applicable>  |

F4.6

**(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?**

Yes

**F4.6a**

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**(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?**

Other, please specify (the Sustainable Natural Rubber initiative (SNR-i) and the Global Platform for Sustainable Natural Rubber (GPSNR))

**F4.6b**

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**(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.**

**Forest risk commodity**

Other - Rubber

**Criteria**

No conversion of natural ecosystems  
Zero gross deforestation/ no deforestation  
No new development on peat regardless of depth  
Avoidance of negative impacts on threatened and protected species and habitats  
No conversion of High Conservation Value areas  
No conversion of High Carbon Stock forests  
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities  
Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples  
Promotion of gender equality and women's empowerment  
Remediate any adverse impacts on indigenous people and local communities  
Adoption of the UN International Labour Organization principles  
Resolution of complaints and conflicts through an open, transparent and consultative process  
Facilitate the inclusion of smallholders into the supply chain  
No sourcing of illegally produced and/or traded forest risk commodities  
Recognition of legal and customary land tenure rights

**Operational coverage**

Direct operations and supply chain

**% of total production/ consumption covered by commitment**

100%

**Cutoff date**

2019

**Commitment target date**

>2030

**Please explain**

Michelin's vision is to consider sustainable natural rubber as a natural and responsible way to uphold human rights and protect forests and ecosystems with high conservation value and high carbon stock, as well as to foster the essential environmental services they provide. Our commitments are captured in our Sustainable Natural Rubber Policy, which identified the Group's public commitments in 5 areas: which identified the Group's public commitments in 5 areas: People, the Environment, Rubber Farmers, Natural Resources, and our Stakeholders. The Group first adopted 'zero deforestation principles as part of its Natural Rubber Procurement Policy in 2015, and in updated its policy to be aligned to the GPSNR Framework in 2021. GPSNR has adopted a cutoff date as part of its Policy Framework, and as such, the Group considers that natural rubber from areas deforested or where HCVs have been degraded after the cutoff date of 1 April 2019 is non-conforming with this policy element. In 2020, we also released our Sustainable Natural Rubber Roadmap 2020 – 2025, which sets key indicators to guide the implementation of Michelin's Sustainable Natural Rubber Policy. As part of our Act4Nature commitments, 80% of the natural rubber volumes used by the Group should comply with the environmental criteria of the Sustainable Natural Rubber Policy by 2030. Michelin recognizes that the natural rubber supply chain is complex and fragmented, with smallholder farmers contributing to 85% of global production. Since the publication of our Sustainable Natural Rubber Policy in 2016, have been spent the past few years laying important groundwork in an industry where sustainability and assessment frameworks were novel and untested. Significant resources have been spent on championing the use of sustainability assessment tools across the industry and even on creating novel tools where they had not existed before. Understanding the risks and capacity building needs of the complex and smallholder-dominated upstream supply chain is a key priority for Michelin, and in 2016, we developed RubberWay®, a risk mapping solution to help tackle this challenge. RubberWay empowers our direct suppliers to assess and map social and environmental risks in their upstream supply chains. Our efforts have extended as well to multi-stakeholder approaches, including the collaborative creation of the Global Platform for Sustainable Natural Rubber with other natural rubber value chain actors and stakeholders, with the understanding that achieving sustainability across the value chain is a shared responsibility, and requires an industry approach.

**F5. Business strategy**

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**F5.1**

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**(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

|                                   | Are forests-related issues integrated?     | Long-term time horizon (years) | Please explain  |
|-----------------------------------|--|--------------------------------|---|
| Long-term business objectives     | Yes, forests-related issues are integrated | 21-30                          | Michelin's 'All Sustainable' vision is based on the constant search for the right balance between People, Planet and Profit. This vision has been embedded deep in its strategic vision and has undertaken a number of results-oriented initiatives, including a commitment to the use of sustainable materials for our manufacturing process. Our ambition is to 'ensure that tires are made entirely of sustainable materials', with a 'sustainable materials rate' of 40% by 2030 (100% by 2050). Our efforts to transform the natural rubber value chain into one that is truly sustainable are a vital prerequisite to achieving this vision. As part of our Act4Nature commitments, 80% of the natural rubber volumes used by the Group should comply with the environmental criteria of the Sustainable Natural Rubber Policy by 2030. |
| Strategy for long-term objectives | Yes, forests-related issues are integrated | 5-10                           | Building on its Act4Nature commitments and its Natural Rubber Sustainability Policy, Michelin has made sure to embed forest-related pillars into its strategy. For example, to help meet its Act4Nature commitments, it launched a pilot project in 2019 to factor in the impact of ecosystem impacts of our main raw materials. This was completed in 2020 and included in the life cycle analysis assessments for our tires. In 2020, we also defined publicly the steps we intend to take to implement the commitments taken in our Sustainable Natural Rubber Policy in our Sustainable Natural Rubber Roadmap 2020 – 2025. Our strategy has also included the development of novel tools to overcome forest-related challenges such as the development of the RubberWay tool to map risks in the complex natural rubber supply chain.    |
| Financial planning                | Yes, forests-related issues are integrated | 5-10                           | Forest-related issues are integrated into financial planning to dedicate the necessary resources to realize our strategic pillars. This includes multi-year planning for the development and deployment of novel tools such as RubberWay® and for long term intervention projects such to build smallholder farmer capacity.  |

**F6. Implementation**

**F6.1**

**(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?**

Yes

**F6.1a**

**(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.**

**Target reference number**

Target 1

**Forest risk commodity**

Other - Rubber

**Type of target**

Assess and/or verify compliance

**Description of target**

% of supply with deforestation risk, with zero deforestation principle adopted and applied.

**Linked commitment**

Zero net/gross deforestation

**Traceability point**

<Not Applicable>

**Third-party certification scheme**

<Not Applicable>

**Start year**

2020

**Target year**

2025

**Quantitative metric**

<Not Applicable>

**Target (number)**

<Not Applicable>

**Target (%)**

95

**% of target achieved**

82

**Please explain**

Our Sustainable Natural Rubber Roadmap 2020 - 2025 sets key indicators to guide the implementation of Michelin's Sustainable Natural Rubber Policy. Currently, supply determined to be at risk is defined to be supply originating from large natural rubber plantations where an individual management unit has an area >500ha (estates). Adopted: zero deforestation clause is adopted in company policy. Applied: Implementation of zero deforestation commitment (including HCV and HCS assessments) where there has been new development since Michelin's policies have been published. Where there are ongoing issues related to deforestation, there should be an active engagement process. The full definition of this indicator can be found in our Sustainable Natural Rubber Roadmap 2020 – 2025. Michelin is working with WWF France to

review its approach in evaluating the compliance of large plantation sourcing. Michelin is also implementing an approach to deforestation risk in smallholder farm source sheds, beginning with a global deforestation risk analysis in collaboration with WWF France.

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**Target reference number**

Target 2

**Forest risk commodity**

Other - Rubber

**Type of target**

Assess and/or verify compliance

**Description of target**

The natural rubber used by the Group complies with the environmental criteria of the Sustainable Natural Rubber Policy

**Linked commitment**

Other environmental commitments

**Traceability point**

<Not Applicable>

**Third-party certification scheme**

<Not Applicable>

**Start year**

2021

**Target year**

2030

**Quantitative metric**

<Not Applicable>

**Target (number)**

<Not Applicable>

**Target (%)**

80

**% of target achieved**

**Please explain**

This commitment has been taken up as part of our Act4Nature individual commitments, which are part of our 'All Sustainable' approach. The commitment fall under the 'raw material' section of its Act4Nature commitments, under the commitment Checking suppliers' compliance with our Sustainable Natural Rubber Policy.

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**Target reference number**

Target 3

**Forest risk commodity**

Other - Rubber

**Type of target**

Assess and/or verify compliance

**Description of target**

% of supply with 'confirmed' performance on labor & human rights practices as assessed by EcoVadis.

**Linked commitment**

Social commitments

**Traceability point**

<Not Applicable>

**Third-party certification scheme**

<Not Applicable>

**Start year**

2020

**Target year**

2025

**Quantitative metric**

<Not Applicable>

**Target (number)**

<Not Applicable>

**Target (%)**

80

**% of target achieved**

79

**Please explain**

Our Sustainable Natural Rubber Roadmap 2020 - 2025 sets key indicators to guide the implementation of Michelin's Sustainable Natural Rubber Policy. To help evaluate the sustainability performance of our suppliers, we are leveraging EcoVadis, a business sustainability rating provider. We aim to assess ≥80% of our supply (by spend) to have 'confirmed' performance (as defined by EcoVadis) on (1) Labor and Human Rights, (2) Environment, and (3) Ethics by 2025. The full definition of this indicator can be found in our Sustainable Natural Rubber Roadmap 2020 – 2025.

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**Target reference number**

Target 4

**Forest risk commodity**

Other - Rubber

**Type of target**

Assess and/or verify compliance

**Description of target**

% of supply with 'confirmed' performance on environmental practices as assessed by EcoVadis.

**Linked commitment**

Other environmental commitments

**Traceability point**

&lt;Not Applicable&gt;

**Third-party certification scheme**

&lt;Not Applicable&gt;

**Start year**

2020

**Target year**

2025

**Quantitative metric**

&lt;Not Applicable&gt;

**Target (number)**

&lt;Not Applicable&gt;

**Target (%)**

80

**% of target achieved**

77

**Please explain**

Our Sustainable Natural Rubber Roadmap 2020 - 2025 sets key indicators to guide the implementation of Michelin's Sustainable Natural Rubber Policy. To help evaluate the sustainability performance of our suppliers, we are leveraging EcoVadis, a business sustainability rating provider. We aim to assess ≥80% of our supply (by spend) to have 'confirmed' performance (as defined by EcoVadis) on (1) Labor and Human Rights, (2) Environment, and (3) Ethics by 2025. The full definition of this indicator can be found in our Sustainable Natural Rubber Roadmap 2020 – 2025.

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**Target reference number**

Target 5

**Forest risk commodity**

Other - Rubber

**Type of target**

Engagement with indirect suppliers

**Description of target**

% of supply where source has been risk-assessed at a jurisdictional level (RubberWay).

**Linked commitment**

Other environmental commitments

**Traceability point**

&lt;Not Applicable&gt;

**Third-party certification scheme**

&lt;Not Applicable&gt;

**Start year**

2020

**Target year**

2025

**Quantitative metric**

&lt;Not Applicable&gt;

**Target (number)**

80

**Target (%)**

&lt;Not Applicable&gt;

**% of target achieved**

41

**Please explain**

RubberWay® is a risk mapping tool that maps environmental and social risks throughout the natural rubber supply chain. The tool allows factories to assess environmental and social risks in a readily deployable questionnaire housed in a mobile application. data is easily aggregated in a web dashboard; the tool also allows for a jurisdictional form of supply chain mapping. Suppliers (Natural Rubber Processing Factories) are considered to have risk-assessed their supply shed at a jurisdictional level when they have deployed RubberWay with a statistical representation of their smallholders, ranging from 5% to 25% of their theoretical smallholder supply shed. The full definition of this indicator can be found in our Sustainable Natural Rubber Roadmap 2020 – 2025.

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**Target reference number**

Target 6

**Forest risk commodity**

Other - Rubber

**Type of target**

Engagement with smallholders

**Description of target**

Number of farmers engaged as part of the CASCADE Capacity Building Project

**Linked commitment**

Social commitments

**Traceability point**

&lt;Not Applicable&gt;

**Third-party certification scheme**

&lt;Not Applicable&gt;

**Start year**

2020

**Target year**

2024

**Quantitative metric**

&lt;Not Applicable&gt;

**Target (number)**

1000

**Target (%)**

&lt;Not Applicable&gt;

**% of target achieved**

10

**Please explain**

Michelin believes that responsible and resilient farmers are key to the success of a sustainable natural rubber industry and is committed to empowering farmers to enable better livelihoods together with positive environmental and social practices. Through the rich risk-mapping data from RubberWay we have been able to identify priority jurisdictions for intervention. At the end of 2020, Michelin, with its partners, launched a project that is targeting smallholder farmers in the central Sumatra region. Named Project CASCADE (Committed Actions for Smallholders Capacity Development), the project aims to address sustainability risks linked to natural rubber production in the target communities through a holistic capacity building program, supported by digital training tools, that empowers farmers to adopt good practices. The project aims to address income generation, worker's rights, health and safety, and environmental practices. It also aims to create opportunities for livelihood diversification through intercropping and agroforestry models. The four-year project intends to engage 1,000 rubber farming households, and to indirectly generate positive social outcomes for up to 5,000 beneficiaries. In 2021, 100 farmers had completed the first phase of training.

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**F6.2**

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**(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?**

|                 | Do you have system(s) in place? | Description of traceability system  | Exclusions       | Description of exclusion |
|-----------------|---------------------------------|---|------------------|--------------------------|
| Timber products | <Not Applicable>                | <Not Applicable>  | <Not Applicable> | <Not Applicable>         |
| Palm oil        | <Not Applicable>                | <Not Applicable>  | <Not Applicable> | <Not Applicable>         |
| Cattle products | <Not Applicable>                | <Not Applicable>  | <Not Applicable> | <Not Applicable>         |
| Soy             | <Not Applicable>                | <Not Applicable>  | <Not Applicable> | <Not Applicable>         |
| Other - Rubber  | Yes                             | Michelin maintains traceability to the natural rubber processing factory (equivalent to mill) level for 100% of its volume. Engagement with our direct suppliers begins during their initial approval process, where we engage them with a Preliminary Evaluation Questionnaire that includes queries on their sustainability policy, management system and actions, which includes their compliance to the prevailing environmental, labor and social regulations in their country. The approval process for all natural rubber processing factories includes an on-site quality audit which includes environmental and social aspects; these are repeated every year (or every other year for some regions). We source exclusively from this approved factory list, meaning that even volumes purchased from wholesalers and dealers maintain traceability to factory level. We are also going beyond this list of 'tier-1' suppliers, by querying them on their sourcing structures, and conducting additional risk assessments on those sourcing from certain geographies or from large plantation estates. The complexity of a smallholder farmer-dominated natural rubber supply chain is a consistent challenge faced by many natural rubber processing factories, especially since farmers often sell their raw material through layers of intermediaries, making it hard for processing factories to engage farmers in their upstream supply chains. To help tackle this challenge, Michelin developed RubberWay®, a risk mapping tool that maps environmental and social risks throughout the natural rubber supply chain. The tool allows factories to assess environmental and social risks in a readily deployable questionnaire housed in a mobile application, and data is easily aggregated in a web dashboard; the tool also allows for a jurisdictional form of supply chain mapping. We are currently deploying the tool with suppliers representing 64% of our volumes and have reached almost 50,000 smallholder farmers in six countries. | Not applicable   | <Not Applicable>         |
| Other - Cocoa   | <Not Applicable>                | <Not Applicable>  | <Not Applicable> | <Not Applicable>         |
| Other - Coffee  | <Not Applicable>                | <Not Applicable>  | <Not Applicable> | <Not Applicable>         |

**F6.2a**

**(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).**

| Forest risk commodity | Point to which commodity is traceable | % of total production/consumption volume traceable |
|-----------------------|---------------------------------------|--|
| Other - Rubber        | Mill                                  | 100  |

**F6.3**

**(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?**

|                 | Third-party certification scheme adopted? | % of total production and/or consumption volume certified |
|-----------------|---|---|
| Timber products | <Not Applicable>                          | <Not Applicable>  |
| Palm oil        | <Not Applicable>                          | <Not Applicable>  |
| Cattle products | <Not Applicable>                          | <Not Applicable>  |
| Soy             | <Not Applicable>                          | <Not Applicable>  |
| Other - Rubber  | Yes                                       |   |
| Other - Cocoa   | <Not Applicable>                          | <Not Applicable>  |
| Other - Coffee  | <Not Applicable>                          | <Not Applicable>  |

**F6.3a**

**(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.**

**Forest risk commodity**

Other - Rubber

**Third-party certification scheme**

Other, please specify (ISO 14001 Environmental Management)

**Chain-of-custody model used**

Please select

**% of total production/consumption volume certified**

60

**Form of commodity**

Other, please specify (Processed Natural Rubber)

**Volume of production/ consumption certified**

**Metric for volume**

Please select

**Is this certified by more than one scheme?**

No

**Please explain**

While we do not utilize any commodity-specific certification schemes currently, a significant portion of our direct suppliers (natural rubber processing factories) are certified to ISO 14001 standards, which ensures that their operations meet environmental management standards. More than 60% of our volume of natural rubber used has been processed in natural rubber processing factories that are certified to ISO 14001 standards.

**F6.4**

**(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?**

|                 | <b>A system to control, monitor or verify compliance</b>                              | <b>Comment</b>   |
|-----------------|---|------------------|
| Timber products | <Not Applicable>  | <Not Applicable> |
| Palm oil        | <Not Applicable>  | <Not Applicable> |
| Cattle products | <Not Applicable>  | <Not Applicable> |
| Soy             | <Not Applicable>  | <Not Applicable> |
| Other - Rubber  | Yes, we have a system in place for our no conversion and/or deforestation commitments | <Not Applicable> |
| Other - Cocoa   | <Not Applicable>  | <Not Applicable> |
| Other - Coffee  | <Not Applicable>  | <Not Applicable> |

**F6.4a**

**(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).**

**Forest risk commodity**

Other - Rubber

**Operational coverage**

Direct operations  
Supply chain

**Description of control systems**

All our supplier processing factories are known through our supplier approval process. Our supplier on-boarding questionnaire queries sourcing structure, and we prioritize suppliers in specific geographies or those with large estate-based sourcing for further assessments. This includes their implementation of zero-deforestation commitments evidenced by HCV/HCS assessments prior to any new development. Michelin is also implementing an approach to smallholder source sheds, beginning with a global deforestation risk analysis in collaboration with WWF France. We are piloting geospatial monitoring approaches: our joint-venture partner SIPH has launched a promising project with Satelligence for a satellite monitoring system around its sites and source sheds in Côte d'Ivoire and Liberia. This initiative aims to provide real-time forest mapping to mitigate deforestation risk. In our direct operations, we use a ground-based monitoring system to protect our reserve and protected areas.

**Monitoring and verification approach**

Geospatial monitoring tool  
Ground-based monitoring system  
First-party verification  
Second-party verification

**% of total volume in compliance**

Please select

**% of total suppliers in compliance**

Please select

**Response to supplier non-compliance**

Retain & engage  
Suspend & engage  
Exclude

**Procedures to address and resolve non-compliance with suppliers**

Developing time-bound targets and milestones to bring suppliers back into compliance

**Please explain**

The complexity of the natural rubber supply chain is an ongoing challenge, especially in smallholder farmer dominated supply sheds. A consistent challenge faced by many of our direct suppliers is that farmers often sell their raw material through layers of intermediaries, making it hard for processing factories to engage farmers or understand the risks in their upstream supply chains. Alongside direct monitoring approaches, we believe that there is a need for risk assessment solutions that can be deployed rapidly and at scale. To help achieve this, Michelin developed RubberWay®, a risk mapping tool that maps environmental and social risks throughout the natural rubber supply chain. It has been especially effective for reaching farmers as the questionnaire is contained in a web application that can be deployed by factories or intermediaries with ease. We are currently deploying the tool with suppliers representing 64% of our volumes and have reached almost 50,000 smallholder farmers in six countries. RubberWay allows individual processing factories to understand the specific risks in their smallholder supply chains with a statistical approach, allowing them to implement risk mitigation activities on those specific risks at a more rapid pace; Michelin also works closely with suppliers in a collaborative manner to address any identified risks.

**F6.5**

**(F6.5) For your disclosed commodity(ies), indicate if you collect data regarding your own compliance and/or the compliance of your suppliers with the Brazilian Forest Code.**

|                 | Do you collect data regarding compliance with the Brazilian Forest Code? | Please explain  |
|-----------------|--|---|
| Timber products | <Not Applicable>   | <Not Applicable>  |
| Palm oil        | <Not Applicable>   | <Not Applicable>  |
| Cattle products | <Not Applicable>   | <Not Applicable>  |
| Soy             | <Not Applicable>   | <Not Applicable>  |
| Other - Rubber  | Yes, from both suppliers and owned/managed land                          | Our owned property managed by Plantações Michelin da Bahia Ltda (PMB) is managed fully in accordance with the Brazilian Forest Code, as well as with our own environmental and social commitments. It is registered on the Rural Environmental Registry (CAR database), where GIS shapefiles have been provided for its Legal Reserve (RL), Permanent Protected Areas (APP), and a Reserva Particular do Patrimônio Natural (RPPN). The environmental and operations teams at PMB ensure compliance with the Brazilian Forest Code and that the property's registration on the Rural Environmental Registry (CAR) database remains active and updated. Our procurement team in our Brazil operations is working closely with both direct and indirect suppliers to determine their compliance with the Brazilian Forest Code. |
| Other - Cocoa   | <Not Applicable>   | <Not Applicable>  |
| Other - Coffee  | <Not Applicable>   | <Not Applicable>  |

**F6.5a**

**(F6.5a) For your disclosed commodity(ies), indicate which Key Performance Indicators (KPIs) you use to measure your own compliance with the Brazilian Forest Code and your performance against these indicator(s).**

**Forest risk commodity**

Other - Rubber

**KPIs**

% of owned and/or managed properties registered on the Rural Environmental Registry (CAR) database, with active status

**Performance against indicators**

100%

**Please explain**

100% registered on the the Rural Environmental Registry (CAR) database, with active status. Our owned property managed by Plantações Michelin da Bahia Ltda (PMB) is managed fully in accordance with the Brazilian Forest Code, as well as with our own environmental and social commitments. It is registered on the Rural Environmental Registry (CAR database), where GIS shapefiles have been provided for its Legal Reserve (RL), Permanent Protected Areas (APP), and a Reserva Particular do Patrimônio Natural (RPPN). The environmental and operations teams at PMB ensure compliance with the Brazilian Forest Code and that the property's registration on the Rural Environmental Registry (CAR) database remains active and updated.

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**Forest risk commodity**

Other - Rubber

**KPIs**

% of owned and/or managed properties with Legal Reserve (RL) and/or Permanent Protected Area (APP) deficit

**Performance against indicators**

100%

**Please explain**

100% without deficit. Michelin (Plantações Michelin da Bahia Ltda) manages 4578 hectares of land in Bahia, Brazil. Of this, more than 3,000 hectares are officially designated as protected areas (either Reserva Legal – RL, Área de Preservação Permanente – APP or Reserva Particular do Patrimônio Natural – RPPN); including more than 2,600 hectares designated as Reserva Legal (RL) alone. This means that the property vastly exceeds the requirement of 20% of conserved area set aside in Bahia State as per the Brazilian Forest Code (current achievement more than 65%).

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**Forest risk commodity**

Other - Rubber

**KPIs**

% of owned and/or managed properties with signed Terms of Commitment of the Environmental Regularization Program (PRA)

**Performance against indicators**

100%

**Please explain**

100% exempt from PRA requirement. The property owned by PMB does not need a signed PRA as it is operating in full compliance of the Brazilian Forest Code with no deficit in its Legal Reserve and/or Permanent Protected Area requirements. Michelin (Plantações Michelin da Bahia Ltda) manages 4578 hectares of land in Bahia, Brazil. Of this, more than 3,000 hectares are officially designated as protected areas (either Reserva Legal – RL, Área de Preservação Permanente – APP or Reserva Particular do Patrimônio Natural – RPPN); including more than 2,600 hectares designated as Reserva Legal (RL) alone.

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**Forest risk commodity**

Other - Rubber

**KPIs**

% of owned and/or managed properties with no gross deforestation after July 2008

**Performance against indicators**

100%

**Please explain**

Since the property was acquired by Michelin (Plantações Michelin da Bahia Ltda) in 1984, there has not been further development of natural rubber production areas. The Michelin Ecological Reserve (REM) was legalized in 2004, and in the following years, the reserve program was further formalized with the contracting of a reserve staff (2005) and the establishment of the Center for Biodiversity Studies (2006). The property has since placed great emphasis on ecosystem restoration through the REM, transferring retired rubber groves to the REM for restoration to improve connectivity between isolated forest blocks. Forest protection is primarily conducted through active ground-based monitoring, through a team of forest guards, who were selected from the surrounding communities. The guards patrol the entire reserve each month, by day and night (equating to 9,680 patrol hours/year), monitoring forest and hunting pressure, destroying traps and hides, and dissuading hunters encountered from returning.

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**F6.5b**

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**(F6.5b) For your disclosed commodity(ies), indicate which Key Performance Indicators (KPIs) you use to measure the compliance of your suppliers with the Brazilian Forest Code and their performance against these indicator(s).**

**Forest risk commodity**

Other - Rubber

**KPIs**

% of suppliers registered on the Rural Environmental Registry (CAR) database, with active status

**Performance against indicators**

51-60%

**Please explain**

Our procurement team in our Brazil operations is working closely with both direct and indirect suppliers to determine their compliance with the Brazilian Forest Code. Not unlike the global natural rubber supply chain, smallholder farmer supply chains in Brazil are complex due to the sheer number of actors and the presence of intermediaries. To help tackle this and map risks, we are deploying RubberWay in smallholder supply shed in Brazil. Michelin also plans to work more closely with cooperatives, dealers and directly with smallholders to tackle more complex issues such as documentation in light of the Brazilian Forest Code requirements. With direct sourcing from medium and large plantations, which make up around 53% of our supply volumes of natural rubber in Brazil, second-party checks have determined that >97% of supply by volume is registered on the CAR database with active status. Our priority focus is engaging the remaining medium and large plantation supply base to determine and confirm their compliance with the requirements of the Brazilian Forest Code.

**Forest risk commodity**

Other - Rubber

**KPIs**

% of suppliers with Legal Reserve (RL) and/or Permanent Protected Area (APP) deficit

**Performance against indicators**

51-60%

**Please explain**

51-60% of our supply volume has been checked to not have a RL or APP deficit. Our procurement team in our Brazil operations is working closely with both direct and indirect suppliers to determine their compliance with the Brazilian Forest Code. Not unlike the global natural rubber supply chain, smallholder farmer supply chains in Brazil are complex due to the sheer number of actors and the presence of intermediaries. To help tackle this and map risks, we are deploying RubberWay in smallholder supply shed in Brazil. Michelin also plans to work more closely with cooperatives, dealers and directly with smallholders to tackle more complex issues such as documentation in light of the Brazilian Forest Code requirements. With direct sourcing from medium and large plantations, which make up around 53% of our supply volumes of natural rubber in Brazil, second-party checks have determined that >97% of supply by volume do not have a RL or APP deficit. Our priority focus is engaging the remaining medium and large plantation supply base to determine and confirm their compliance with the requirements of the Brazilian Forest Code.

**F6.6**

**(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.**

|                 | Assess legal compliance with forest regulations | Comment          |
|-----------------|---|------------------|
| Timber products | <Not Applicable>                                | <Not Applicable> |
| Palm oil        | <Not Applicable>                                | <Not Applicable> |
| Cattle products | <Not Applicable>                                | <Not Applicable> |
| Soy             | <Not Applicable>                                | <Not Applicable> |
| Other - Rubber  | Yes, from both suppliers and owned/managed land | <Not Applicable> |
| Other - Cocoa   | <Not Applicable>                                | <Not Applicable> |
| Other - Coffee  | <Not Applicable>                                | <Not Applicable> |

**F6.6a**

**(F6.6a) For your disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.**

**Other - Rubber**

**Procedure to ensure legal compliance**

Complying with regulations and/or mandatory standard, including forest regulations, is a foundational pillar of our Purchasing Principles and Sustainable Natural Rubber Policy. These documents and the expectations they convey are embedded in all of our purchase orders and supply contracts. Engagement with our direct suppliers begins during their initial approval process, where we engage them with a Preliminary Evaluation Questionnaire that includes queries on their sustainability policy, management system and actions, which includes their compliance to the prevailing environmental, labor and social regulations in their country. The approval process for all natural rubber suppliers includes an on-site quality audits which include environmental and social aspects at the processing factory level; these are repeated every year (or every other year for some regions). We also use EcoVadis, a third-party global business sustainability ratings provider to assess the sustainability management systems (including sustainable procurement) of prioritized suppliers with documentary reviews, with around 95% of our natural rubber supply (by spend) assessed in 2021. Insights gained through these mechanisms allow us to improve our supplier's performance through continuous improvement and collaboration, which include capacity building initiatives on selected suppliers. For the upstream supply chain (farm/planation level), we are pursuing a risk-based and impact driven approach to ensure compliance to forest regulations. This includes additional assessments for suppliers which own or source from large estate plantations, where we also monitor their implementation of beyond-legal requirements such as HCV/HCS assessments. Understanding that 85% of natural rubber originates from smallholder production, Michelin has also developed the RubberWay® risk mapping tool to empower our suppliers to assess environmental and social risks in their supply chain. In its own operations in Brazil, Michelin complies strictly with the Brazilian Forest Code, and maintains a much larger area of legal reserve (RL) than is required for the purposes of ecosystem conservation and protection.

**Country/Area of origin**

- Brazil
- Côte d'Ivoire
- Indonesia
- Malaysia
- Nigeria
- Thailand

**Law and/or mandatory standard(s)**

Brazilian Forest Code

**Comment**

**F6.7**

**(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?**

|                 | Are you working with smallholders? | Type of smallholder engagement approach   | Smallholder engagement approach  | Number of smallholders engaged | Please explain   |
|-----------------|------------------------------------|---|--|--------------------------------|--|
| Timber products | <Not Applicable>                   | <Not Applicable>                          | <Not Applicable>   | <Not Applicable>               | <Not Applicable>   |
| Palm oil        | <Not Applicable>                   | <Not Applicable>                          | <Not Applicable>   | <Not Applicable>               | <Not Applicable>   |
| Cattle products | <Not Applicable>                   | <Not Applicable>                          | <Not Applicable>   | <Not Applicable>               | <Not Applicable>   |
| Soy             | <Not Applicable>                   | <Not Applicable>                          | <Not Applicable>   | <Not Applicable>               | <Not Applicable>   |
| Other - Rubber  | Yes, working with smallholders     | Supply chain mapping<br>Capacity building | Supplier questionnaires on environmental and social indicators<br>Developing or distributing supply chain mapping tool<br>Offering on-site technical assistance and extension services<br>Providing agricultural inputs<br>Disseminating technical materials<br>Organizing capacity building events<br>Investing in pilot projects<br>Prioritizing support for smallholders in high-risk deforestation regions | 90000                          | With 85% of the world's production of natural rubber originating from smallholder farmers, Michelin firmly believes that empowering smallholders to be resilient and responsible is a key part of the solution for a sustainable natural rubber value chain. A consistent challenge faced by many of our direct suppliers, however, is that farmers often sell their raw material through layers of intermediaries, making it hard for processing factories to engage farmers or understand the risks in their upstream supply chains. To help tackle this challenge, Michelin developed RubberWay®, a risk mapping tool that maps environmental and social risks throughout the natural rubber supply chain. It has been especially effective for reaching farmers as the questionnaire is contained in a web application that can be deployed by factories or intermediaries with ease. We are currently deploying the tool with suppliers representing 64% of our volumes and have reached almost 50,000 smallholder farmers in six countries, allowing us to prioritize support for smallholders in higher-risk areas using a jurisdictional approach. We have moved to action by launching a targeted capacity building project for smallholder farmers to address livelihood, environmental and social risks at the end of 2020, which will run until 2024 and target three jurisdictions in Sumatra, Indonesia. The project, which involves actors all along the natural rubber value chain, will run for at least four years and target a minimum of 1,000 rubber households, with the option to scale up. In our own operations, as well in collaboration with our rubber-industry joint ventures in Indonesia and the region of West Africa, we are supporting smallholder farmers through technical assistance, extension services and capacity building events, while disseminating technical training material and high-yielding agricultural inputs. In 2021, Michelin and its partners conducted 484,000 field trainings for around 90,000 farmers. Note: the number of smallholder farmers indicated includes farmers engaged either through Michelin's own initiatives or as part of our long-standing partnerships with our rubber-industry joint ventures (where Michelin continues to offer its agricultural expertise). |
| Other - Cocoa   | <Not Applicable>                   | <Not Applicable>                          | <Not Applicable>   | <Not Applicable>               | <Not Applicable>   |
| Other - Coffee  | <Not Applicable>                   | <Not Applicable>                          | <Not Applicable>   | <Not Applicable>               | <Not Applicable>   |

**(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?**

|                 | Are you working with direct suppliers? | Type of direct supplier engagement approach | Direct supplier engagement approach  | % of suppliers engaged | Please explain   |
|-----------------|--|---|--|------------------------|--|
| Timber products | <Not Applicable>                       | <Not Applicable>                            | <Not Applicable>   | <Not Applicable>       | <Not Applicable>   |
| Palm oil        | <Not Applicable>                       | <Not Applicable>                            | <Not Applicable>   | <Not Applicable>       | <Not Applicable>   |
| Cattle products | <Not Applicable>                       | <Not Applicable>                            | <Not Applicable>   | <Not Applicable>       | <Not Applicable>   |
| Soy             | <Not Applicable>                       | <Not Applicable>                            | <Not Applicable>   | <Not Applicable>       | <Not Applicable>   |
| Other - Rubber  | Yes, working with direct suppliers     | Supply chain mapping<br>Capacity building   | Supplier questionnaires on environmental and social indicators<br>Developing or distributing supply chain mapping tool<br>Supplier audits<br>Offering on-site training and technical assistance<br>Disseminating technical materials<br>Organizing capacity building events<br>Investing in pilot projects | 91-99%                 | Michelin strongly believes in cooperation and partnership, and is regularly engaging and supporting its natural rubber suppliers to set up management systems in order to support their continuous improvement regarding the conformance with its Sustainable Natural Rubber Policy. It audits all natural rubber processing factories in its supply chain before they are added to an approved factory list. They are subsequently re-audited every year (or every other year for some regions including West Africa). These on-site audits focus on quality management, but also assess environmental and social aspects relating to our Sustainable Natural Rubber Policy, they are also a platform for capacity building and advice such as the recommendation of best industrial practices. Prioritized suppliers, representing around 95% of our natural rubber supply (by spend), also undergo sustainability assessments via EcoVadis, a third-party global business sustainability ratings provider, which uses documentary reviews to assess their sustainability management systems. Insights gained using these mechanisms allow us to continuously improve our supplier's performance through, collaboration on targeted aspects, establishment of timebound corrective action plans when assessment reveals non-compliance and follow-ups include capacity building initiatives for selected suppliers. A consistent challenge faced by many of our direct suppliers, is that farmers often sell their raw material through layers of intermediaries, making it hard for processing factories to engage farmers or understand the risks in their upstream supply chains. To help tackle this challenge, Michelin developed RubberWay®, a risk mapping tool that maps environmental and social risks throughout the natural rubber supply chain. It has been especially effective for reaching farmers as the questionnaire is contained in a web application that can be deployed by factories with ease. We are currently deploying the tool with suppliers representing 64% of our volumes and have reached almost 50,000 smallholder farmers in six countries. RubberWay allows individual processing factories to understand the specific risks in their smallholder supply chains, allowing them to implement risk mitigation activities on those specific risks; Michelin also works closely with suppliers in a collaborative manner to address any identified risks. |
| Other - Cocoa   | <Not Applicable>                       | <Not Applicable>                            | <Not Applicable>   | <Not Applicable>       | <Not Applicable>   |
| Other - Coffee  | <Not Applicable>                       | <Not Applicable>                            | <Not Applicable>   | <Not Applicable>       | <Not Applicable>   |

**(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?**

|                 | Are you working beyond first tier? | Type of engagement approach with indirect suppliers | Indirect supplier engagement approach   | Please explain  |
|-----------------|------------------------------------|---|---|---|
| Timber products | <Not Applicable>                   | <Not Applicable>                                    | <Not Applicable>  | <Not Applicable>  |
| Palm oil        | <Not Applicable>                   | <Not Applicable>                                    | <Not Applicable>  | <Not Applicable>  |
| Cattle products | <Not Applicable>                   | <Not Applicable>                                    | <Not Applicable>  | <Not Applicable>  |
| Soy             | <Not Applicable>                   | <Not Applicable>                                    | <Not Applicable>  | <Not Applicable>  |
| Other - Rubber  | Yes, working beyond first tier     | Supply chain mapping<br>Capacity building           | Developing or distributing supply chain mapping tools<br>Supplier questionnaires on environmental and social indicators<br>On-site meetings with indirect suppliers<br>Offering on-site training and technical assistance<br>Disseminating technical materials<br>Investing in pilot projects | With 85% of the world's production of natural rubber originating from smallholder farmers, Michelin firmly believes that empowering smallholders to be resilient and responsible is a key part of the solution for a sustainable natural rubber value chain. A consistent challenge faced by many of our direct suppliers however, is that farmers often sell their raw material through layers of intermediaries, making it hard for processing factories to engage farmers or understand the risks in their upstream supply chains. To help tackle this challenge, Michelin developed RubberWay®, a risk mapping tool that maps environmental and social risks throughout the natural rubber supply chain. It has been especially effective for reaching farmers as the questionnaire is contained in a web application that can be deployed by factories or intermediaries with ease. We are currently deploying the tool with suppliers representing 64% of our volumes and have reached almost 50,000 smallholder farmers in six countries, allowing us to prioritize support for smallholders in higher-risk areas using a jurisdictional approach. We have moved to action by launching a targeted capacity building project for smallholder farmers to address livelihood, environmental and social risks at the end of 2020, which will run until 2024 and is targeting three jurisdictions in Sumatra, Indonesia. The project, which involves actors all along the natural rubber value chain, will target a minimum of 1,000 rubber households, with the option to scale up. |
| Other - Cocoa   | <Not Applicable>                   | <Not Applicable>                                    | <Not Applicable>  | <Not Applicable>  |
| Other - Coffee  | <Not Applicable>                   | <Not Applicable>                                    | <Not Applicable>  | <Not Applicable>  |

**F6.10**

**(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?**

|       | Do you engage in landscape/jurisdictional approaches? | Primary reason for not engaging in landscape and/or jurisdictional approaches | Please explain why your organization does not engage in landscape/jurisdictional approaches, and describe plans to engage in the future |
|-------|---|---|---|
| Row 1 | Yes, we engage in landscape/jurisdictional approaches | <Not Applicable>  | <Not Applicable>  |

**F6.10a**

**(F6.10a) Indicate the criteria you consider when prioritizing landscapes and jurisdictions for engagement in collaborative approaches to sustainable land use and provide an explanation.**

|       | Criteria for prioritizing landscapes/jurisdictions for engagement   | Please explain   |
|-------|---|--|
| Row 1 | Company actions align with already established jurisdictional and/or landscape initiative priorities in area<br>High commodity sourcing footprint from area<br>High levels of production by independent smallholders<br>Opportunity for smallholder inclusion<br>Opportunity for increased human well-being in area<br>Opportunity to implement Nature-based Solutions<br>Opportunity to protect natural ecosystems<br>Opportunity to restore natural ecosystems<br>Risk of deforestation/conversion<br>Risk of forest/land degradation<br>Risk of labor rights issues<br>Risk of supplier non-compliance in area | Michelin believes that landscape and/or jurisdictional approaches to tackle the complexities of sustainable supply chains. This is particularly the case for natural rubber, where production is smallholder-dominated and where single processing factories can be dynamically supplied with thousands if not tens of thousands of individual actors. Smallholders often operate in mosaic landscapes with varying social and environmental contexts, and may grow multiple crops or commodities, making successful interventions all the more complex. Landscape and/or jurisdictional approaches allow us to focus on areas of highest impact (a cross section of highest footprint and highest risk) and mobilize the most relevant and willing actors in the area to increase resource availability. We leverage on our statistical jurisdictional risk mapping tool RubberWay, and other tools, to prioritize areas for intervention. Landscape approaches also allow us to partner with other stakeholders to collaborate on conserving key landscapes with high ecological and biodiversity value. |

**F6.10b**

**(F6.10b) Provide details of your engagement with landscape/jurisdictional approaches to sustainable land use during the reporting year.**

**Country/Area**

Indonesia

**Name of jurisdiction or landscape area**

Bukit Tigapuluh Landscape

**Is the landscape defined by administrative boundaries of sub-national governments and does the approach have active government involvement?**

Yes, the landscape is defined by administrative boundaries and the approach has active government involvement

**Brief description of landscape/ jurisdictional approach**

Together with an Indonesian partner, Michelin set up Royal Lestari Utama (RLU), a sustainable natural rubber pilot project operating three concessions in Jambi and East Kalimantan. Alongside sustainable natural rubber production which conforms to high environmental and social standards, including NDPE principles, the Jambi concession's conservation areas of 18,370 ha (or 25% of the Jambi concession areas) creates an important buffer zone on the southern border of the Bukit Tigapuluh National Park (BTPNP). A landscape approach is a vital part of the RLU project impact strategy, and RLU maintains a partnership with BTPNP with an annual Work Plan of Cooperation Agreement. RLU is also part of the Collaboration Platform for the Protection of Bukit Tigapuluh, a landscape-level collaboration platform. The RLU project also maintains a number of initiatives to foster social inclusivity and empowerment, including a Community Partnership Program that works with communities in concession boundaries to create legal avenues for social forestry and capacity building for smallholders. The project works towards designing sustainable rubber production practices that help protect, preserve and regenerate forests.

**Forest risk commodities relevant to this landscape/jurisdictional approach**

Rubber

**Type of engagement**

Convener: High level of engagement in set-up, design, management and implementation

Partner: Shared responsibility in the implementation of multiple goals

Funder: Provides full or partial financial support

**Description of engagement**

Michelin is one of two partners in the joint venture and was integral in defining the project objectives and integrating key stakeholders. Throughout the lifetime of the project, the Group has also functioned as the technical partner on agricultural and processing best practice and on sustainability criteria. Michelin maintains a presence on Environmental and Social Advisory Board (ESAB) of RLU, where progress on key ESG criteria and indicators is reported on a quarterly basis. Primarily, the ESAB monitors the implementation of RLU's Environmental Social Monitoring System (ESMS) and Environmental and Social Action Plan (ESAP).

**Goals supported by engagement**

Reduced emissions from land use change and/or agricultural production

Decreased ecosystem degradation rate

Avoided deforestation/conversion of other natural ecosystems

Forest fires monitored and prevented

Smallholders mapped in landscape/jurisdiction

Dispute resolution and grievance mechanisms in place

Land tenure rights for indigenous peoples and local communities secured

Habitat connectivity restored/improved

Increased protected areas

Landscape conservation

Landscape restoration

Systems in place to protect local community rights

Systems in place to protect workers' rights

Increased rate of employment in rural economy

Implementation of livelihood activities/practices that reduce pressure on forests  
Greater smallholder inclusion  
High producer engagement within landscape/jurisdiction  
Increased adoption of sustainable production practices  
Improved productivity  
Improved soil health  
Improved water management practices

#### Company actions supporting approach

Co-design and develop goals, strategies and an action plan with timebound targets and milestones for the initiative  
Collaborate on land use change monitoring in the landscape/jurisdiction  
Help establish effective mechanisms for undertaking human rights due diligence, risk management, monitoring, verification, and grievance resolution  
Provide information and training on best agricultural management practices  
Support additional/alternative livelihood activities and practices that reduce pressure on forests  
Support landscape restoration and long-term protection  
Support producers, producer groups, and primary processors to improve agricultural practices and technologies  
Support smallholders to clarify and secure land tenure rights

#### Implementation partner(s)

Bukit Tigapuluh National Park, Jambi University, Partnerships for Forests (P4F), The Protection Forum (Collaboration Platform for the Protection of Bukit Tigapuluh)

#### Engagement start year

2015

#### Engagement end year

Not defined

#### Total investment over the project period (currency)

#### Details of your investment

Michelin is one of two joint venture partners who have invested capital for the project, and in addition provides technical advice and expertise on agricultural, processing and sustainability best practice.

#### Type of assessment framework

Specific initiative defined framework

#### Is progress monitored and publicly reported on?

Yes, progress is monitored and publicly reported on

#### State the achievements of your engagement so far, and how progress is monitored

Of the 88,761 hectares that make up the three hectares of RLU, more than 28,000 hectares have been set aside for conservation and restoration, including 18,370 hectares in Jambi that functions as an important buffer area for Bukit Tigapuluh National Park. Progress is tracked and verified in an annual ESG Audit Report, which describes ongoing implementation, compliance, monitoring and reporting of the procedures, practices and programs set out in the International Finance Corporation's Performance Standards (IFC PS) on Environmental and Social Sustainability, the TLFF core objectives (which include objectives for Forest Retention, Improved Rural livelihoods, Reduced Emissions, and Biodiversity Protection) and specific Key Performance Indicators derived for RLU operations, and requirements of the Green Landscape Protection Plan (LPP). Some achievements as of 2021 include: more than 4,500 trees planted, including active planting of 55 hectares in 2021, fire management and monitoring, more than 3,800 jobs provided and around 700 smallholders benefitting from community partnerships in Jambi and East Kalimantan.

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#### Country/Area

Indonesia

#### Name of jurisdiction or landscape area

Tebo, Bungo and Merangin Regencies

#### Is the landscape defined by administrative boundaries of sub-national governments and does the approach have active government involvement?

The landscape is defined by administrative boundaries, but the approach does not have active government involvement

#### Brief description of landscape/ jurisdictional approach

Project CASCADE (Committed Actions for Smallholders Capacity Development), aims to address sustainability risks linked to natural rubber production in the target communities through a holistic capacity building program, supported by a digital training and impact measurement tool, that empowers farmers to adopt good practices. The project aims to address income generation, worker's rights, health and safety, and environmental practices. It also aims to create opportunities for livelihood diversification through intercropping and agroforestry models. The project aligns a multi-stakeholder coalition across the natural rubber value chain on geography-specific risks in three jurisdictions identified through the RubberWay Risk Mapping tool. It will engage 1,000 rubber farming households over four years, and to indirectly generate positive social outcomes for up to 5,000 beneficiaries. In 2021, 100 farmers had completed the first phase of training. Project CASCADE adopts a mix of jurisdictional-scale and landscape principles, it is seated within administrative boundaries, considering geography-specific contexts, but is primarily supported by private actors from all stages of the natural rubber value chain. The project deeply considers the interactivity between prevailing economic conditions and networks where participants are located.

#### Forest risk commodities relevant to this landscape/jurisdictional approach

Rubber

#### Type of engagement

Convener: High level of engagement in set-up, design, management and implementation

Partner: Shared responsibility in the implementation of multiple goals

Funder: Provides full or partial financial support

#### Description of engagement

Michelin is a convener and one of the two primary co-financers of the project and provides project management oversight. It is also a technical advisor on the good agricultural practices, and co-developed a number of modules which will be used in the training program.

#### Goals supported by engagement

Increased commodity traceability in landscape/jurisdiction  
Smallholders mapped in landscape/jurisdiction  
Increased rate of employment in rural economy  
Implementation of livelihood activities/practices that reduce pressure on forests  
Greater smallholder inclusion  
High producer engagement within landscape/jurisdiction  
Improved business models that enable inclusion

Increased adoption of sustainable production practices  
Improved productivity  
Improved soil health  
Improved water management practices  
Reduced farmer dependency on individual crops  
Increased adoption of sustainable production practices

**Company actions supporting approach**

Co-design and develop goals, strategies and an action plan with timebound targets and milestones for the initiative  
Collaborate on land use change monitoring in the landscape/jurisdiction  
Provide information and training on best agricultural management practices  
Support additional/alternative livelihood activities and practices that reduce pressure on forests  
Support producers, producer groups, and primary processors to improve agricultural practices and technologies

**Implementation partner(s)**

Porsche AG, KSAPA, Kirana Megatara, Smallholders Natural Rubber Initiative (Local Partner)

**Engagement start year**

2020

**Engagement end year**

Please specify (2024)

**Total investment over the project period (currency)**

**Details of your investment**

Michelin is a convener and one of the two primary co-financers of the project and provides project management oversight.

**Type of assessment framework**

Specific initiative defined framework

**Is progress monitored and publicly reported on?**

Yes, progress is monitored and publicly reported on

**State the achievements of your engagement so far, and how progress is monitored**

In 2021, 100 farmers have completed the first phase of training, the 'Rubber Clinic' module which covered the most critical aspects identified through RubberWay risk mapping, including farm management, tapping techniques, pest and disease management, and health and safety. As the project progresses impact indicators such as increases in yield, income share from diversification activities, reduction of agrochemical inputs and uptake of environmentally-friendly farming practices among others will be monitored through a digital impact measurement module.

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F6.11

**(F6.11) Do you participate in any other external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?**

**Forest risk commodity**

Other - Rubber

**Do you participate in activities/initiatives?**

Yes

**Activities**

Involved in multi-partnership or stakeholder initiatives

**Country/Area**

Not applicable

**Subnational area**

Not applicable

**Initiatives**

UN Global Compact

Other, please specify (Global Platform for Sustainable Natural Rubber (GPSNR), Tire Industry Project (TIP), Sustainable Natural Rubber-initiative (SNR-i))

**Please explain**

Michelin believes that partnerships are essential to drive real change in the natural rubber supply chain. Noting the need for a multi-stakeholder platform that involves actors from the whole supply chain, Michelin, with an international group of tire makers, car manufacturers, rubber processors and NGOs came together to launch the Global Platform for Sustainable Natural Rubber (GPSNR), in 2018. The platform has a vision to create a 'fair, equitable and environmentally sound natural rubber value chain' and aims to improve the environmental and socio-economic performance of the natural rubber industry. The development of GPSNR was initiated by the CEOs of the World Business Council for Sustainable Development's (WBCSD) Tire Industry Project (TIP), of which Michelin is one of the founding members. Michelin is also a member of the Sustainable Natural Rubber initiative (SNR-i), organized by the International Rubber Study Group. Michelin has pledged to uphold the United Nations Global Compact.

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**Forest risk commodity**

Other - Rubber

**Do you participate in activities/initiatives?**

Yes

**Activities**

Engaging with non-governmental organizations

**Country/Area**

Not applicable

**Subnational area**

Not applicable

**Initiatives**

<Not Applicable>

**Please explain**

World Wide Fund for Nature (WWF) France and Michelin have been working together since 2015 to transform the natural rubber market by instilling more sustainable practices across the entire value chain. Building on the progress made during the first phase of their collaboration, WWF France and the Michelin Group renewed their partnership in 2019, in a joint commitment to pursuing initiatives to support a sustainable natural rubber market. At the same time, Michelin is continuing to consult regularly with both stakeholders and the leading civil society organizations involved in these issues. Every two years, for example, the Group brings together civil society organizations to report on the progress made across the natural rubber value chain and to discuss possible pathways to further improvement. The last information and consultation meeting was held in Paris in February 2020. In addition to these biennial forums, Michelin regularly works with NGOs, researchers, academics and government agencies on natural rubber sustainability issues.

---

**Forest risk commodity**

Other - Rubber

**Do you participate in activities/initiatives?**

Yes

**Activities**

Engaging with policymakers or governments

**Country/Area**

Not applicable

**Subnational area**

Not applicable

**Initiatives**

<Not Applicable>

**Please explain**

The Group is involved in several think tanks exploring ways to prevent imported deforestation. In France, it is actively engaged in the talks being led by the French Ministry for the Ecological and Inclusive Transition to define the National Strategy to counter Imported Deforestation (SNDI). This engagement translates into participation in the working groups of the platform, in order to provide awareness and expertise on natural rubber, and to explain how Michelin's policy, based on identification of risks through RubberWay, aims to meet our zero-deforestation commitments.

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**Forest risk commodity**

Other - Rubber

**Do you participate in activities/initiatives?**

Yes

**Activities**

Funding research organizations

**Country/Area**

Not applicable

**Subnational area**

Not applicable

**Initiatives**

<Not Applicable>

**Please explain**

The long-term resilience and productivity of rubber trees has fundamental implications for the natural rubber industry as well as the million of farmers that depend on natural rubber production for their livelihoods. Michelin has partnered with CIRAD, a French research center that works with developing countries to address tropical agricultural and development issues, for 25 years on multiple research and development fronts. These have included efforts to develop varieties of rubber trees that are resistant to major pest and diseases and to develop best practices for yield and productivity improvement. Programs have been conducted bilaterally and also jointly as part of the Institute du Caoutchouc (IFC). Michelin and CIRAD also jointly organize workshops and seminars for the Asia and Pacific Zone for researchers, plant protection and quarantine authorities on the prevention of cross-regional transfer of rubber diseases. To ensure the viability of natural rubber production long term, and to continuously improve the efficiency production so as to reduce land use needs, Michelin is the only tire maker to be an associate member of the International Rubber Research and Development Board (IRRDB). We partner with the IRRDB in the development of high yielding natural rubber tree varieties and sustainable farming practices. The IRRDB is a research and development network which brings together natural rubber research institutes in virtually all the natural rubber producing countries, covering 95 per cent of world natural rubber production. Michelin partners with the IRRDB in an exchange program, which helps to broaden the genetic diversity of breeding stock for various research and development programs. The partnership is also involved in international prospection in Amazonia to collect native seeds and broaden the generic base for future breeding programs. All this helps to ensure a pipeline of high-yielding varieties of natural rubber trees that have sufficient genetic diversity to be resilient to various pest and diseases and the impacts of climate change.

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**Forest risk commodity**

Other - Rubber

**Do you participate in activities/initiatives?**

Yes

**Activities**

Involved in industry platforms

**Country/Area**

Not applicable

**Subnational area**

Not applicable

**Initiatives**

<Not Applicable>

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**Please explain**

Michelin works with industry in order to contribute to the best understanding of natural rubber specificities and to provide relevant input to policymakers when it comes to deforestation risks. The European Tyre & Rubber Manufacturers Association (ETRMA), which represents the tire and rubber industry in Europe, has a working group on sustainable supply chain (SSCG), in order to monitor policymaking, and to support the industry's commitments on natural rubber, notably GPSNR. Michelin actively contributes to this working group.

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## F6.12

**(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?**

Yes

## F6.12a

**(F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).****Project reference**

Project 1

**Project type**

Forest ecosystem restoration

**Primary motivation**

Voluntary

**Description of project**

Michelin created the Michelin Ecological Reserve (Reserva Ecológica Michelin - REM) in Bahia Brazil in 2005 to preserve one of the world's most species-rich tropical rainforests, the southern Bahian Atlantic rainforest, in a region suffering from widespread deforestation and environmental degradation, and today it comprises 3,900 hectares. To protect the Reserve from hunters, forest rangers were hired to conduct regular day and night patrols, which have reduced hunting by 84% allowing wildlife abundances to increase to 117%. Certain species critically threatened with extinction, such as the yellow-breasted capuchin monkey (*Sapajus xanthosternos*) and the red-billed curassow (*Crax blumenbachii*), now thrive in the REM, which has become essential for their long-term survival. Every year, more than 100 scientists are supported by the REM research program, which has funded 118 environmental studies over the past 16 years, resulting in the publication of 124 scientific papers. Four new species were discovered in 2021, bringing to 20 the number of previously unknown species found since the reserve was opened. As part of its restoration program, REM has planted 108,500 trees spanning 275 species over 300 hectares prioritized for active restoration. The Reserve also protects the 61-meter high Pandaca Grande waterfalls. The REM also runs an educational outreach program that engages youth in neighboring communities on environmental issues and encourages them to seek sustainable solutions for their communities. Today, the REM is one of the best-protected areas of the South American Atlantic Forest, which is one of the most species-rich biomes in the world. A key goal of the Michelin Ecological Reserve is to allow for further scientific study to inform conservation management especially in areas where there exist a mix of rubber plantations and natural forest. In 2021, the reserve was expanded by 550 hectares and now covers a total 3,900 hectares.

**Start year**

2005

**Target year**

Indefinitely

**Project area to date (Hectares)**

3900

**Project area in the target year (Hectares)**

3900

**Country/Area**

Brazil

**Latitude**

-13.822

**Longitude**

-39.171

**Monitoring frequency**

Annually

**Measured outcomes to date**

Biodiversity

**Please explain**

Wildlife protection efforts, including the use of forest ranger patrols, have reduced hunting by 84% allowing wildlife abundances to increase to 117%.

---

## F7. Verification

## F7.1

**(F7.1) Do you verify any forests information reported in your CDP disclosure?**

Yes

## F7.1a

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### (F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

#### Disclosure module

F1. Current State

#### Data points verified

Natural rubber as a % of procurement spend

#### Verification standard

ISAE 3000

#### Please explain

The information has been verified by a third-party chartered accountant providing limited assurance according to the ISAE3000 standard for purposes of complying with French law for transparent reporting on CSR information (Code de Commerce, article L. 225-102-1). The methodology followed is stipulated by the French law (Code de Commerce, article L. 822-11-3).

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#### Disclosure module

F2. Procedures

#### Data points verified

The following datapoints in the procedures for identifying and assessing forests-related risks: (1) On-site audits per year; (2) EcoVadis assessment coverage; (3) RubberWay mapping coverage

#### Verification standard

ISAE 3000

#### Please explain

The information has been verified by a third-party chartered accountant providing limited assurance according to the ISAE3000 standard for purposes of complying with French law for transparent reporting on CSR information (Code de Commerce, article L. 225-102-1). The methodology followed is stipulated by the French law (Code de Commerce, article L. 822-11-3).

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#### Disclosure module

F6. Implementation

#### Data points verified

Timebound and quantifiable targets (F6.1): % of supply where source has been risk-assessed at a jurisdictional level (RubberWay)

#### Verification standard

ISAE 3000

#### Please explain

The information has been verified by a third-party chartered accountant providing limited assurance according to the ISAE3000 standard for purposes of complying with French law for transparent reporting on CSR information (Code de Commerce, article L. 225-102-1). The methodology followed is stipulated by the French law (Code de Commerce, article L. 822-11-3).

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#### Disclosure module

F6. Implementation

#### Data points verified

Engagement with direct suppliers (F6.8): % of volume assessed by EcoVadis

#### Verification standard

ISAE 3000

#### Please explain

The information has been verified by a third-party chartered accountant providing limited assurance according to the ISAE3000 standard for purposes of complying with French law for transparent reporting on CSR information (Code de Commerce, article L. 225-102-1). The methodology followed is stipulated by the French law (Code de Commerce, article L. 822-11-3).

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#### Disclosure module

F6. Implementation

#### Data points verified

Ecosystem Restoration Projects (F6.11): The Michelin Ecological Reserve (REM) project area and progress metrics or indicators

#### Verification standard

ISAE 3000

#### Please explain

The information has been verified by a third-party chartered accountant providing limited assurance according to the ISAE3000 standard for purposes of complying with French law for transparent reporting on CSR information (Code de Commerce, article L. 225-102-1). The methodology followed is stipulated by the French law (Code de Commerce, article L. 822-11-3).

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## F8. Barriers and challenges

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### F8.1

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**(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.**

**Forest risk commodity**

Other - Rubber

**Coverage**

Supply chain

**Primary barrier/challenge type**

Value chain complexity

**Comment**

One of the biggest challenges facing the natural rubber industry on its journey toward sustainability is the highly fragmented and dynamic natural rubber supply chain. The challenge arises not only in that fact that 85% of the global natural rubber supply originates from smallholder farms, but also through the multiple tiers of intermediaries that buy and sell natural rubber. In Indonesia and Thailand, it is common for natural rubber processing factories to source raw material through intermediary dealers three or more layers deep. This results in a very complex supply chain, with a single natural rubber processing factory having thousands (and sometime tens of thousands) of smallholder farmers in their supply shed. This large disaggregated supply chain does foster benefits, including providing economic opportunities for farmers in isolated areas and for dealers that play a role in linking rural production to processing factories. At the same time, playing an active role in promoting and empowering responsible production while supporting economic and development activity, is a key responsibility for downstream actors. The task to map and assess the risk of the upstream natural rubber supply chain, and the inevitable need to build capacity of smallholders and other suppliers to mitigate identified risks, is one that requires a collaborative and impact-driven approach.

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F8.2

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**(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.**

**Forest risk commodity**

Other - Rubber

**Coverage**

Supply chain

**Main measure**

Greater stakeholder engagement and collaboration

**Comment**

Tackling supply chain complexity in the natural rubber supply chain through supply chain mapping and risk assessments, and mitigating identified risks through further engagement and interventions will require collaboration all across the supply chain and beyond. Tools and solutions also need to be adopted by scale by a large proportion of relevant stakeholders/actors; pre-competitive solutions should be encouraged and prioritized. Michelin has sought to do this with its RubberWay® tool. In 2019, amidst an industry-wider push for greater transparency in the natural rubber supply chain, Michelin, Continental AG, and Smag, a leading software developer for agriculture, created a joint venture to further develop this RubberWay. This aims to create an independent solution that can be widely applied across the natural rubber supply chain and hopes to engage more actors to participate in the platform. The concept of shared responsibility is also key, and as the industry takes responsibility to engage the supply chain, it will also need the support from end users and clients, civil society, NGO and governments. As commodity where 85% of the global production is done by more than 6 million farmers from tropical geographies, it is crucial that governments from producing countries, with the active support of governments from consuming countries, participate in efforts to improve the global sustainability of the supply chain. It is critical that these actors work together to play a key role in the remediation of the risks that the smallholder farmers and families are facing in their daily life.

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F17 Signoff

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F-FI

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

F17.1

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**(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.**

|       | Job Title  | Corresponding job category      |
|-------|--|---------------------------------|
| Row 1 | Chief Purchasing Officer (CPO), Member of the Group Management Committee, Member of the Environment and Human Rights Governance Bodies, and Member of the Ethics Committee | Chief Procurement Officer (CPO) |

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SF. Supply chain module

SF0.1

(SF0.1) What is your organization's annual revenue for the reporting period?

|       | Annual revenue |
|-------|----------------|
| Row 1 |                |

SF1.1

(SF1.1) In F6.3 you were asked "Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption". Can you also indicate, for each of your disclosed commodity(ies), the percentage of certified volume sold to each requesting CDP supply chain member?

SF2.1

(SF2.1) Please propose any mutually beneficial forests-related projects you could collaborate on with specific CDP supply chain members.

SF2.2

(SF2.2) Have requests or initiatives by CDP supply chain members prompted your organization to take organizational-level action to reduce or remove deforestation/forest degradation from your operations or your supply chain?

SF3.1

(SF3.1) For your disclosed commodity(ies), do you estimate the GHG emission reductions and/or removals from land use and land use change that have occurred in your direct operations and/or supply chain?

Other - Rubber

Estimate GHG emissions and removals from land use and land use change

Please explain

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

|                                       | I understand that my response will be shared with all requesting stakeholders | Response permission |
|---------------------------------------|---|---------------------|
| Please select your submission options | Yes   | Public              |

The European Climate Pact Submission

Please indicate your consent for CDP to showcase your disclosed environmental actions on the European Climate Pact website as pledges to the Pact.

No, we do not wish to pledge under the European Climate Pact at this stage

Please confirm below

I have read and accept the applicable Terms