

METIERS REFERENCES

GROUP PURCHASING

MICHELIN PURCHASING PRINCIPLES

**NATURAL RUBBER
PROCUREMENT POLICY**

MARCH 2015



MICHELIN

A better way forward

World leader in tire manufacture, the Michelin Group is committed to sustainable mobility.

In the area of rubber, the Michelin Group seeks to increase material efficiency. The design of new products (lighter, more durable), the choice of manufacturing processes which are more economic in raw materials, the increased durability of the tires through retreading and regrooving, and the treatment of tires at the end of their life (reuse, recycling) enable an increase in the number of kilometers driven per ton of raw material used. This pragmatic and responsible approach to the use of natural materials is at the heart of the sustainable development strategy of the Michelin Group.

In the area of natural rubber, the Michelin Group insists on the responsible and sustainable management of the natural rubber industry. As a producer and processor of natural rubber, it respects and undertakes to promote the five commitments listed below.

RESPECTING PEOPLE

➔ Encourage the resolution of conflicts related to land ownership

Apart from respecting any applicable law, the Michelin Group recognizes the importance of identifying the possible existence of legitimate land use rights and derived rights linked to local communities or populations, which might have an influence on land use. The Michelin Group undertakes not to contribute voluntarily, directly or indirectly, to actions which might lead to the illegitimate appropriation of land to the detriment of local communities or populations. It will in particular ensure the free, prior, and informed consent of local communities or populations likely to be affected by its activities, and particularly when plantations are created or transformed.

➔ Improve working conditions and living conditions

The Michelin Group aims to promote the best social practices. It makes certain that it complies with international norms and standards intended to safeguard the health and safety of employees and their families, facilitate local access to employment, promote decent working conditions, ban child labor and all forms of forced labor, guarantee the right of association and the right to join a union, provide for decent accommodation conditions and foster satisfactory conditions of mobility - and ensures that its suppliers do likewise. Finally, it encourages the development of the local communities or populations.

PROTECTING THE ENVIRONMENT

➔ Combat deforestation

Attaching importance to the protection of primary forests and of zones of high environmental value likely to be endangered by the expansion of rubber plantations, the Michelin Group actively supports a policy of responsible land management. Within its means and the possibilities available through the organization of the natural rubber industry, the Michelin Group does all it can to ensure that the natural rubber which it produces or purchases originates exclusively from plantations which respect the principle of 'zero deforestation'.

➔ Control the potential impact of rubber growing activities on the local fauna, flora and environment

The Michelin Group does its utmost to ensure that its activities linked to the growing and processing of natural rubber do not have a negative impact on the fauna, flora, biodiversity, and more generally, on the environment of the affected territory. It seeks to agree with local and international stakeholders on the best land and territory use plans, bearing in mind the economic, social and environmental needs of the local communities concerned. The Michelin Group is especially vigilant in ensuring the conservation of surface and underground water, the preservation of peatlands, the responsible treatment of waste products, the careful use of chemical inputs and the reduction of offensive odors.

IMPROVING AGRICULTURAL PRACTICES

➔ Promote the best agricultural practices

The Michelin Group actively promotes and supports the dissemination of best farming practices, which enable the grower to reduce production costs, improve working conditions and increase income in the long term. The Michelin Group encourages the transfer of technologies, mainly to benefit the local industry stakeholders. It actively promotes the best agricultural practices to its suppliers, professional organizations, local cooperatives or planters' groups.

➔ Take action to increase agricultural yields

The Michelin Group takes initiatives to support the increase of yields per hectare, as it is an essential tool in the fight against deforestation and hunger; it enables, to a certain extent, the increase in global demand for natural rubber to be met without an increase in cultivated land area, thus reducing the pressure for plantation land on the forest zones or food crop cultivations.

CAREFUL USE OF NATURAL RESOURCES

➔ Increasing the material efficiency of natural rubber

In order to satisfy the growing demand for tires without excessive expansion of farmland devoted to rubber plantations, the Michelin Group undertakes to pursue research efforts with a view to increasing the material efficiency of rubber, so reducing the quantity of natural rubber used per thousand kilometers driven.

GOOD GOVERNANCE

➔ Fight corruption

In the area of natural rubber, as in all other areas, the Michelin Group refuses all forms of corruption whether active or passive.

➔ Conduct dialogue with the stakeholders

The local and international stakeholders are regularly consulted as a contribution to the development of a sustainable natural rubber industry.

➔ Act transparently

The commitments made within the framework of the present Sustainable Natural Rubber initiative are the subject of an annual written evaluation. A summary report is published on the Michelin Group website.

MICHELIN'S PURCHASING ORGANIZATION

A global network, with representatives in more than 27 countries



4 PURCHASING DOMAINS

- ➔ Raw Materials and Energy
- ➔ Natural Rubber
- ➔ Industrial Purchases
- ➔ Services

4 REGIONS

- ➔ Europe
- ➔ North America
- ➔ South America
- ➔ Asia-Pacific

TO FIND OUT MORE ABOUT

➔ The Michelin Performance and Responsibility Charter: "A better way forward"
www.michelin.com/corporate

➔ Our supplier guidelines (Quality, Purchasing terms and conditions, etc.)
www.michelin.com/purchasing

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