Michelin - Forests 2021

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

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

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 2020	December 31 2020

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 Processing 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.

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
Liberia
Malaysia
Nigeria
Sri Lanka
Thailand

% of procurement spend

21-30%

Comment

The countries listed accounted for more than 95% of natural rubber volumes used by the Group in 2020. 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.

	% of revenue dependent on commodity	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	91-99%	The Group derives approximately 95% 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 during the reporting year
No

Area converted during the reporting year (hectares)
<Not Applicable>

% covered by natural forests
<Not Applicable>

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 (see F1.4). Of the 1,366 hectares currently designated as Areas Productivas (Productive Area), 350 hectares are now managed under the purview of the Michelin Ecological Reserve since 2018; 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. In the rest of the Productive Area, 208 ha is dedicated to research and development of varieties resistant to pest and disease.

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. 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.

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 data.

Forest risk commodity
Other - Rubber

Data type
Production data

Volume
155

Metric
Metric tons

Data coverage
Full commodity production/consumption

Please explain
<Not Applicable>

Forest risk commodity
Other - Rubber

Data type
Consumption data

Volume
800000

Metric
Metric tons

Data coverage
Partial commodity production/consumption

Please explain
Figure indicates full commodity consumption. However, a rounded figure has been provided

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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.

F1.6

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

F1.6a

(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 2020, 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.

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?
Yes, forests-related risks are assessed

F2.1a

(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
National specific tools and databases
Jurisdictional/landscape assessment
Other, please specify (RubberWay®, EcoVadis, Partnerships, Organized Stakeholder Dialogues)

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 more than 85% of its natural rubber suppliers assessed in 2020. 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 2020, suppliers accounting for 55% of its volume are deploying the tool. At the end of 2020, Michelin, working with WWF, has also begun a deforestation risk analysis of its suppliers' supply sheds.

F2.1b

(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?

Availability of forest risk commodities

Relevance & inclusion
Relevant, always included

Please explain
A key input material in our manufacturing process, the availability of natural rubber is always considered in our annual material risk assessment. The risk assessment accounts for long term supply and demand cycles, global supply chain risks, and phytosanitary risks, among others.

Quality of forest risk commodities

Relevance & inclusion
Relevant, always included

Please explain
Quality is a key concern for Michelin. All our suppliers undergo quality audits every year (or every other year in some regions), and the results of these are factored in the annual material risk assessment process. Quality is considered alongside broader metrics such as the sustainability performance of suppliers when we allocate purchasing volumes or determine contracts.

Impact of activity on the status of ecosystems and habitats

Relevance & inclusion
Relevant, always included

Please explain
Michelin relies on the benefits provided by natural ecosystems and biodiversity, such as plant-based raw materials, water provisioning and climate regulation. A wide variety of studies have shown that ecosystems are in danger and would be even more threatened were it not for the initiatives already undertaken to preserve them. Michelin is engaged in producing sustainably, therefore has formalized its commitment to protecting biodiversity and the natural environment in 2018 via the act4nature initiative, designing products that are more ecosystem-friendly, protecting the local ecosystems near each of its plants or offices and encouraging the use of sustainable practices in rubber farming. Michelin commitments have been completed at the end of 2020, with 2030 targets. For risk assessments relating to the natural rubber supply chain, Michelin seeks to assess and manage risk relating to ecosystems and habitats utilizing an integrated sustainability risk-based framework. It 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.

Regulation

Relevance & inclusion
Relevant, always included

Please explain
Compliance to regulations is one of the main priorities of the Group. Regulations can be local, national or international and are regularly analyzed and reviewed at site, Country or Group level. Changes in regulation and potential supplier non-conformance to regulation are assessed as part of our risk assessment processes, and especially in our initial onboarding process for new suppliers. We are also accounting for the evolving regulatory landscape in the European Union in regard to forest-related commodities. As part of our operating requirements as part of the French Duty of Care law, we are disclosing our approach to assessing and managing risks in our natural rubber supply chain in our annual Duty of Care Report.

Climate change

Relevance & inclusion
Relevant, always included

Please explain
Concerning both direct operations and supply chain activities, Michelin has begun to map the potential long-term physical impacts of climate change through the use of qualitative climate change scenarios coupled with scientific information gathered and summarized in a specific study in 2019. Michelin systematically implements Life Cycle Analysis for all new tire launches and has developed a specific module to assess environmental impact of natural rubber activities. More specifically, a CO2 calculator has been developed and is being piloted on selected natural rubber production sites to help identify best practices and reduce carbon emissions. The results of these are included in our ongoing assessments.

Impact on water security

Relevance & inclusion
Relevant, always included

Please explain
Michelin is fully aware of the importance of water availability and the need to make sparing use of water especially in zones at high water stress. For this reason, Michelin's water strategy includes a 30% reduction in water withdrawals per tire from 2010 to 2020, and a clear ambition for post 2030, with a strong emphasis on sites facing issues regarding balance between their need to withdraw water and hydric stress in the region. In its natural rubber supply chain, Michelin is also concerned about the impacts of its suppliers on water quality and quantity, in its on site quality audits for its natural rubber suppliers, supplier performance against water treatment regulation is evaluated. The RubberWay® tool also captures indicators relating to water use and risk throughout the supply chain. The results of these assessments are integrated into our integrated risk assessment. On its natural rubber assets and joint-ventures, Michelin will also commit to an ambitious reduction plan of water withdrawals, from 15 m3/Ton in average in 2020 down to 10 m3/Ton in 2025 and 5 m3/Ton in 2030. Best processing practices including water recycling will be promoted to our suppliers.

Tariffs or price increases

Relevance & inclusion
Relevant, always included

Please explain
The material risk assessment takes into account the risks of tariffs or price increases in a geographic-specific manner. This considers physical events that may have an impact of price (e.g. weather) and regulatory or market interventions by specific countries. This allows us to maintain an appropriate level of diversification in our sourcing to ensure sufficient raw material supply.

Loss of markets

Relevance & inclusion
Relevant, always included

Please explain
The relevance of market conditions and potential loss of markets as a corporate risk is assessed by business units with support from several departments: corporate sustainability, strategic anticipation, norms & regulations, public affairs, purchasing. Jointly they also assess the level of risks, with the business units deciding on how to manage them. Market risks are relevant because an increasing number of customers concerned about forest-related risks, particularly as they relate to the natural rubber supply chain, and are requesting information about Michelin's approach to managing those risks. All decisions on market risks that are evaluated above the thresholds for substantive Group-level risks are made by the business units whose respective risk management plans and 5-year strategic plans are overseen and approved by the Group Executive Committee (management board) through the annual strategy planning process.

Leakage markets

Relevance & inclusion
Relevant, always included

Please explain
Leakage markets are a concern for any manufacturer that utilizes forest-related commodities as input material to their manufacturing process. Understanding that the natural rubber industry is currently complex and highly decentralized, Michelin believes that we will need to take an impact-driven approach that focuses on continuous improvement to ensure widespread sustainable practices. We hope to address the risk of leakage markets in part through engagement in multi-stakeholder platforms such as the Global Platform for Sustainable Natural Rubber, which involves actors all across the supply chain.

Brand damage related to forest risk commodities

Relevance & inclusion
Relevant, always included

Please explain
Reputational risks related to forests and forest-risk commodities are relevant because of increasing scrutiny by the public authorities, citizenry, NGOs etc. Media attention is assessed by the corporate brands and external engagement department, which also assesses and manages risks through a) a media watch to monitor issues related to forest related risks and b) transparency in all Michelin communications on the topic. All decisions on reputational risks related to forests evaluated above the thresholds for substantive Group-level risks are made or overseen by the Environment Governance body or Human Rights Governance body which has oversees forest-related (particularly natural rubber) issues below the Group Management Committee (board) which could impact operations.

Corruption

Relevance & inclusion
Relevant, always included

Please explain
Tackling corruption is a key prerequisite to ensure a sustainable supply chain. Therefore, the risk of corruption features in our risk assessments covering both our internal operations as well as that of our supply chain. Important assessment insights are gleaned from a dedicated Ethics Hotline that is available to all employees and suppliers, as well as EcoVadis assessments which prioritized suppliers undergo. EcoVadis asseses companies on their sustainability management systems and includes a pillar on business ethics which looks at how suppliers implement systems and actions to manage the risk of corruption.

Social impacts

Relevance & inclusion
Relevant, always included

Please explain
Social impacts are always considered in our forest-related risk assessments as many communities depend on forests and forest-risk commodities for their livelihoods and employment. Natural rubber, in particular, is a smallholder dominated industry, and therefore contributes to the livelihood of millions of smallholder farmers and their families. For risk assessments relating to the natural rubber supply chain, Michelin seeks to assess and manage social risks utilizing an integrated sustainability risk-based framework. It 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, all of which include social indicators. Smallholder farmers are a specific focus, and we are using the RubberWay tool to map social and environmental risks, so as to prioritize support for smallholders in specific jurisdictions. The results are also a key input into our risk assessment process.

Other, please specify

Relevance & inclusion

Please explain

F2.1c

(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?

Customers

Relevance & inclusion
Relevant, always included

Please explain
Our OEM (original equipment) customers are increasingly aware of risks related to forest commodities. A positive outcome of this has been their increased involvement in multi-stakeholder platforms such as the Global Platform for Sustainable Natural Rubber (GSPNR). Our materiality matrix has also indicated an increasing customer pressure to produce sustainably. These expectations as well as developments at the GPSNR are considered in our risk assessments. Noting the increasing expectation of transparency relating to forest risks, Michelin published a web dashboard on its purchasing site relating to natural rubber at the end of 2020, where it reports on relevant KPIs defined in its 2020 – 2025 Sustainable Natural Rubber Roadmap.

Employees

Relevance & inclusion
Relevant, always included

Please explain
Employees are considered in our risk assessments and our overall approach, particularly those who are involved in procurement and supplier audits. Employees are required to undergo corporate ethics training, and training modules directly relating to sustainable purchasing and sustainable natural rubber have been developed to supplement the ethics training of relevant employees.

Investors

Relevance & inclusion
Relevant, always included

Please explain
Michelin recognizes that investors seek to understand company's management of risks relating to forest-risk commodities. This topic has been raised a few times during the regular meetings held with investors and we also receive targeted questions from investors enquiring about our risk assessment and management of our natural rubber supply chain. In response to expectations of increased transparency from our investors, we have implemented natural rubber dashboard and released a Sustainable Natural Rubber Progress Report 2015-2020 in 2020. We have also released a public Sustainable Natural Rubber Roadmap to chart our actions over the next five years. An example of a potential risk would be to lose investors in case we do not meet their expectations on sustainability issues. This could lead to increased capital costs.

Local communities

Relevance & inclusion
Relevant, always included

Please explain
Local communities are a key stakeholder group assessed in within the social risk pillar of our risk-based approach. This is especially because the Group is committed to 'encouraging the development of local communities' through its sustainable natural rubber policy. In its own operations and in its joint venture projects, it seeks to have positive impacts on local communities around its operations. In 2015, Michelin and its Indonesian partner Barito Pacific set up the Royal Lestari Utama joint venture to develop new rubber plantations, protect primary forests and restore ecosystems on Sumatra (66,000 hectares) and in East Kalimantan on the island of Borneo (22,000 hectares). At the end of 2020, this project has led to the creation of nearly 4,000 jobs, and at maturity, RLU hopes to improve the livelihoods of 50,000 community members.

NGOs

Relevance & inclusion
Relevant, always included

Please explain
Michelin maintains an active engagement approach with its stakeholders of forest-related issues and particularly on its natural rubber supply chain, and these are incorporated into our risk assessments. To canvass feedback and facilitate exchange on Michelin's activities relating to natural rubber, it holds biennial stakeholder dialogs involving civil society. In the 2020 stakeholder dialog, 15 organizations were represented, and the dialog was led by an independent facilitator. The feedback received helped further define priorities and were especially useful in further developing the 2020 – 2025 Sustainable Natural Rubber Roadmap. The key takeaways were summarized and have influenced and continue to influence Michelin's activities. On top of the biennial stakeholder dialogs, Michelin regularly engages with NGOs, research and government bodies on topic relating to natural rubber sustainability.

Other forest risk commodity users/producers at a local level

Relevance & inclusion
Relevant, always included

Please explain
With 85% of world production of natural rubber originating from smallholder farmers, it is vital to understand the capacity building needs of this stakeholder group, especially as it related to their livelihoods and environmental and social performance. Michelin developed RubberWay®, as both a risk mapping and engagement tool to understand the environmental and social practices in the supply chain; the tool also captures farmers' requests for specific training and capacity building. It has been especially effective for reaching farmers as the questionnaire is contained in a web application that can deployed by factories or intermediaries with ease. We are currently deploying the tool with suppliers representing 55% of our volumes and have reached almost 40,000 smallholder farmers in six countries, allowing us to prioritize support for smallholders in specific jurisdictions. The results are also a key input into our risk assessment process.

Regulators

Relevance & inclusion
Relevant, always included

Please explain
Regulators are factored into our material risk assessments, which considered current regulations and restrictions, as well as the potential for the regulatory landscape to evolve. For example, we are monitoring the evolving regulatory landscape in the European Union in regard to forest-related commodities. As part of our operating requirements as part of the French Duty of Care law, we are disclosing our approach to assessing and managing risks in our natural rubber supply chain in our annual Duty of Care Report.

Suppliers

Relevance & inclusion
Relevant, always included

Please explain
Suppliers are always included in our risk assessments, and we seek to understand the maturity of their sustainability management systems and performance through a combination of tools including on-site quality audits and EcoVadis assessments. Suppliers' upstream risk are also being incorporated into our risk assessments through the RubberWay tool. We are currently deploying the tool with suppliers representing 55% of our volumes and have reached almost 40,000 smallholder farmers in six countries.

Other stakeholders, please specify

Relevance & inclusion

Please explain

F3. Risks and opportunities

F3.1

(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. Nevertheless, site-level risks if sufficiently high are accounted for in business continuity plans.

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
Physical

Geographical scale
Global

Where in your value chain does the risk driver occur?
Direct operation
Supply chain

Primary risk driver
Other 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 has had 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. The Pestalotopsis leaf fall disease is another disease 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
>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 2019 or 17% 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 2019 total raw material purchases that are communicated in Michelin's 2019 Registration Document. The 2019 figure has been kept as the year 2020 volumes were not typical of our operations due to the covid crisis.

Primary response to risk
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 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. 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 approximate cost, and is an annual cost as our commitment to this important topic remains on-going.

Forest risk commodity
Other - Rubber

Type of risk
Physical

Geographical scale
Global

Where in your value chain does the risk driver occur?
Direct operation
Supply chain

Primary risk driver
Rising mean temperatures

Primary potential impact
Reduction or disruption in production capacity

Company-specific description
Michelin has begun to map the potential long-term physical impacts of climate change through the use of qualitative climate change scenarios coupled with scientific information gathered and summarized in a specific study in 2019. 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. 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) emergence of pests & 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&2) relate to nearer-term impacts, while (3&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 2019 or 17% 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 2019 total raw material purchases that are communicated in Michelin's 2019 Registration Document. The 2019 figure has been kept as the year 2020 volumes were not typical of our operations due to the covid crisis.

Primary response to risk
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 the Barito Pacific Group 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. It is planned that34,000 ha will be planted with rubber trees. The remainder will be planted with subsistence crops or will be reserved as HEV forest and the richest hot spots will be protected. This joint-venture partnership will enable Michelin to source up to ~5% of its natural rubber needs. The cost to realize opportunity corresponds to Michelin's stake in the JV with Barito Pacific Group that was valued at $US 55 million. Including risks related to climate change and impacts on rubber tree cultivation into Business Continuity Plans should not cost the Group anything as the main risks and captured and monitored as part of Business continuity plans.

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. At the end of 2020, we 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, 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)
72000000

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 2019, the Group's brand was valued at US$7.2 billion. A 1% increase could add 72 M€ to the brand value.

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

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 55% of our volumes and have reached almost 40,000 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-wider 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)
72000000

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

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

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 2019, the Group's brand was valued at US$7.2 billion. A 1% increase could add 72 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 Management Committee (GMC) and the Supervisory Board CSR Committee are the 2 board-level committees responsible for forests-related issues. 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 overseas 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 at the end of 2020 to mitigate risks identified through the RubberWay risk mapping tool.
Board-level committee	The Group Management Committee (GMC) and the Supervisory Board CSR Committee are the 2 board-level committees responsible for forests-related issues. The CSR Committee is comprised of 4 members, including the committee chair, of the Supervisory Board. The role of Supervisory Board is to exercise permanent oversight of the Group's management and to assess its quality for the benefit of the shareholders. Its CSR Committee examines the Group's strategy, objectives, policies and commitments regarding environmental and social impacts, and makes recommendations in this regard.

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 Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Setting performance objectives	Reviewing and guiding strategy: 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 strategy on major forests-related issues 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.

F4.2

(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 against the 2020 objective, monitoring of emerging issues, risks and opportunities, the building of the 10 year plus roadmap, the main levers to be put in place, their level of gain and the associated capex and opex. The Environmental Governance 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 no deforestation, to no planting on peatlands and to no exploitation (NDPE) Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Recognition of the overall importance of forests and other natural ecosystems Recognition of potential business impact on forests and other natural habitats List of timebound milestones and targets	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: Respecting people; Protecting the environment; Improving agricultural practices; Careful use of natural resources; Good governance (we have since updated our Sustainable Natural Rubber Policy in line with the GPSNR Policy Framework as of 2021, which can be found at: https://purchasing.michelin.com/en/sustainable-natural-rubber-policy). 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: https://purchasing.michelin.com/en/roadmap-2020-2025. 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>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	Yes	Company-wide	Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE) Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Recognition of the overall importance of forests and other natural ecosystems Recognition of potential business impact on forests and other natural ecosystems List of timebound commitments and targets	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: Respecting people; Protecting the environment; Improving agricultural practices; Careful use of natural resources; Good governance (we have since updated our Sustainable Natural Rubber Policy in line with the GPSNR Policy Framework as of 2021, which can be found at: https://purchasing.michelin.com/en/sustainable-natural-rubber-policy). 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: https://purchasing.michelin.com/en/roadmap-2020-2025.
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

(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

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

Forest risk commodity
Other - Rubber

Criteria
Zero gross deforestation/ no deforestation
No new development on peat regardless of depth
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
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

Operational coverage
Direct operations and supply chain

% of total production/ consumption covered by commitment
100%

Cutoff date
Please select

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: Respecting people; Protecting the environment; Improving agricultural practices; Careful use of natural resources; and Good governance. 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. 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). 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

F5.1

(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

Please explain
Our Sustainable Natural Rubber Roadmap 2020 - 2025 sets key indicators to guide the implementation of Michelin's Sustainable Natural Rubber Policy. 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. 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). Michelin is working to develop a risk assessment framework that will determine which plantations are at risk. The full definition of this indicator can be found in our Sustainable Natural Rubber Roadmap 2020 – 2025. 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.

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
2020

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.

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
60

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.

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
<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
60

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.

Target reference number
Target 5

Forest risk commodity
Other - Rubber

Type of target
Assess and/or verify compliance

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

Linked commitment
Other environmental 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
30

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.

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
<Not Applicable>

Third-party certification scheme
<Not Applicable>

Start year
2020

Target year
2024

Quantitative metric
<Not Applicable>

Target (number)
1000

Target (%)
<Not Applicable>

% of target achieved

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.

F6.2

(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 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 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 55% of our volumes and have reached almost 40,000 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 Environmenal Management)

Chain-of-custody model used
Not applicable

% 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?

	A system to control, monitor or verify compliance	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, 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 deployed by factories or intermediaries with ease. We are currently deploying the tool with suppliers representing 55% of our volumes and have reached almost 40,000 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 the 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
91-100%

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.

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
91-100%

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 (more than 65%).

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
91-100%

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.

Forest risk commodity
Other - Rubber

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

Performance against indicators
91-100%

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 (averaging 678 patrols/year), monitoring forest and hunting pressure, destroying traps and hides, and dissuading hunters encountered from returning.

F6.5b

(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 medium and large plantations, which make up more than 50% of our supply volumes of natural rubber in Brazil, second-party checks have determined that >94% 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 medium and large plantations, which make up more than 50% of our supply volumes of natural rubber in Brazil, second-party checks have determined that >94% 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 you 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 assesses the sustainability management systems (including sustainable procurement) of prioritized suppliers with documentary reviews, with more than 85% of our natural rubber suppliers assessed in 2020. 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
Liberia
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 Capacity building	Supplier questionnaires on environmental and social indicators Developing or distributing supply chain mapping tool Offering on-site technical assistance and extension services Providing agricultural inputs Disseminating technical materials Organizing capacity building events Investing in pilot projects Prioritizing support for smallholders in high-risk deforestation regions	100000	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 55% of our volumes and have reached almost 40,000 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 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 2020 alone, Michelin and its partners conducted 422,950 field trainings for around 100,000 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

(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 Capacity building	Supplier questionnaires on environmental and social indicators Developing or distributing supply chain mapping tool Supplier audits Offering on-site training and technical assistance Disseminating technical materials Organizing capacity building events 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 appropriate 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 85% of our natural rubber volumes, also undergo sustainability assessments via EcoVadis, a third-party global business sustainability ratings provider, which uses documentary reviews assesses their sustainability management systems. Insights gained through these mechanisms allow us to improve our supplier's performance through continuous improvement, collaboration on targeted aspects, establishment of timebound corrective action plans when assessment reveals noncompliance 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 55% of our volumes and have reached almost 40,000 smallholder farmers in six countries. RubberWay allows individual processing factories to understand the specific risks in their smallholder supply chains, allowing them the 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

(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 Capacity building	Developing or distributing supply chain mapping tools Supplier questionnaires on environmental and social indicators Offering on-site training and technical assistance Disseminating technical materials 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 deployed by factories or intermediaries with ease. We are currently deploying the tool with suppliers representing 55% of our volumes and have reached almost 40,000 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 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 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 participate in 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

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

Jurisdictional approaches
<Not Applicable>

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.

Forest risk commodity
Other - Rubber

Do you participate in activities/initiatives?
Yes

Activities
Engaging with non-governmental organizations

Initiatives
<Not Applicable>

Jurisdictional approaches

<Not Applicable>

Please explain
To preserve rubber and manage its impacts, the World Wildlife Fund (WWF) and Michelin have been working together since 2015 to transform the natural rubber market by instilling more sustainable practices across the entire value chain. 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
Funding research organizations

Initiatives
<Not Applicable>

Jurisdictional approaches
<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.

Forest risk commodity
Other - Rubber

Do you participate in activities/initiatives?
Yes

Activities
Engaging with policymakers or governments

Initiatives
<Not Applicable>

Jurisdictional approaches
<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.

Forest risk commodity
Other - Rubber

Do you participate in activities/initiatives?
Yes

Activities
Involved in industry platforms

Initiatives
<Not Applicable>

Jurisdictional approaches
<Not Applicable>

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.

F6.11

(F6.11) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?

Yes

F6.11a

(F6.11a) 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 3,350-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 112 environmental studies over the past 15 years, resulting in the publication of 117 scientific papers. Scientists have discovered 16 species new to science, five of which carry a variant of the Michelin name as recognition of the company's commitment to conservation. As part of its restoration program, REM has planted 107,000 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.

Start year

2005

Target year

Indefinitely

Project area to date (Hectares)

3350

Project area in the target year (Hectares)

3350

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

(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).

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).

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).

Disclosure module
F6. Implementation

Data points verified
Engagement with smallholders (F6.7): Number of smallholders engaged

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).

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).

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).

F8. Barriers and challenges

F8.1

(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
Supply 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.

F8.2

(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.

F17 Signoff

F-FI

(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

(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)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors Customers	Public

Please confirm below

I have read and accept the applicable Terms