



OUR ROAD TO A SUSTAINABLE FUTURE

2020 SUSTAINABILITY REPORT
Joint Stock Company Michelin Italiana S.A.M.I.

ABSTRACT

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LETTER TO STAKEHOLDERS



Dear Stakeholders,

As a year, 2020 upturned our lives and will always be remembered, thanks to the Covid-19 health emergency that struck the entire planet and which we have not yet left behind us. Amidst this context, the automotive industry was one of the worst struck by the pandemic insofar as, in addition to the temporary blocking of production, it also recorded a major downturn to consumer demand.

In this extremely difficult times, Michelin Italiana stood out from the crowd, showing the strength and validity of its business model, making a concrete commitment **to guaranteeing a future for its people and assuring constant help to the whole community**, well aware that the Covid-19 pandemic can also be viewed as an exceptional stimulus in **speeding up the transition towards sustainable mobility**. Right from the start of the pandemic, after China, we were the first country of the Michelin Group to experience the impacts of the spread of the Sars-CoV-2 virus and took prompt action to protect our employees and collaborators, at the same time as guaranteeing both their safety and business continuity, offering a point of reference in the fight against the pandemic for the whole Group.

In a period of extreme difficulty for the whole of the Italian population and, in particular, for the health workers who have made huge efforts to medically assist citizens, in order to guarantee continuity of service and mobility of emergency vehicles in complete safety, with use assured even amidst the pandemic, Michelin Italiana kept its warehouses operating and flexible, supporting first aid associations and local health authorities by providing free tyre repair and replacement services. The pandemic has speeded up the current ecological transition in all segments indiscriminately, projecting towards a future where mobility will be increasingly sustainable.

Here in Michelin Italiana, we have always worked, since 1906, the year in which the Turin Dora plant was established, the first to be set up outside France, embracing a vision of *"pérennité"*, which allows us to make long-term decisions with a positive impact on our future and that of the generations to come. This is why here in Michelin Italiana, just like in all other Michelin Group companies, we have chosen to uphold the Group sustainability values, incorporating them intrinsically into all aspects of our work and formalising them in the **"All Sustainable Strategy"** or **"3 P Strategy"**.

The **"P"** for **"People"** takes concrete form in the attention we pay to our people, which goes beyond a simple respect for legal requirements, standing out from the market average, and focusses on the essential role they can play in implementing the Group strategy. With our employees and thanks to what they do for the Company, we seek to inspire those around us too, creating trust, pride and an awareness of our current, evolving context and, consequently, leading them to react and accept

greater accountability. Our attention is also paid to the community in which we live: through the work of our Michelin Sviluppo Foundation and its partners, we promote local social-economic development in order to provide SMEs, including start-ups, with concrete support to create new jobs.

The **"P"** for **"Planet"** is expressed in the commitment by Michelin Italiana in facing the environmental challenges of today and tomorrow, setting out the Group objectives in going about our business, in order to promote sustainable development. Today more than ever before, we are aware of the need to safeguard the environment in which we live, preserving natural resources and the terrestrial ecosystems: this is why Michelin Italiana undertakes to go about its business in a sustainable manner, taking into account the environmental impacts of its products and processes, starting from design and going right through to the responsible management of the end-of-life. As proof of this commitment, we are present and ready to help achieve the Michelin Group objective to become carbon neutral by 2050.

The **"P"** for **"Profit"** is the pillar that represents Michelin Italiana's desire to generate value both within and outside the company. We are firmly committed to guaranteeing constant brand growth through the continuous sustainable innovation of our products; we promote the creation of value for all our stakeholders, in particular by collaborating with and supporting our partners, who share sustainability values with us.

Despite the current crisis and the as yet uncertain economic context, we are certain that this crisis will offer the drive necessary to assist our country as it embarks on its route towards responsible development. Trusting we are able to set a good example in this respect, it gives me great pleasure to present you with the very first Michelin Italiana Sustainability Report, confirming our commitment to transparency and the traceability of the company's sustainability performance and outlining the route we wish to take in this sense.

The Chairman and CEO
Simone Miatton

SUSTAINABILITY HIGHLIGHTS 2020

01

MICHELIN ITALIANA

 **3,800**
EMPLOYEES IN ITALY

 **14 M**
TIRES PER YEAR

02

A RESPONSIBLE MANAGEMENT OF THE BUSINESS

 **0 CASES**
OF CORRUPTION, VIOLATION
OF HUMAN RIGHTS,
OR NON-COMPLIANCE
WITH SOCIOECONOMIC
OR ENVIRONMENTAL
REGULATIONS

 **884** WHITE COLLARS
(EXECUTIVES, MANAGERS,
EMPLOYEES)
2,604 CUSTOMERS
8,078 SUPPLIERS
WHO HAVE BEEN NOTIFIED
THE ANTI-CORRUPTION
POLICIES

 **1.497 € BILLION**
OF DIRECT GENERATED
ECONOMIC VALUE

 **"CODE OF ETHICS"**
AND **"CODE OF
ANTI-CORRUPTION
BEHAVIOUR"**

 **ETHICS LINE**
FOR REPORTING

 **100%**
OF SUPPLIERS ASSESSED
ACCORDING
TO ENVIRONMENTAL
AND SOCIAL CRITERIA

03

INNOVATION, QUALITY AND SAFETY OF PRODUCTS AND SERVICES

 **7 AWARDS**
FROM CUSTOMERS

 **+2,600**
LOCATIONS REVIEWED, AMONG
RESTAURANTS AND HOTELS,
IN THE MICHELIN ITALIA GUIDE 2021

 CERTIFICATION
IATF 16949:2016
FOR THE PLANTS IN CUNEO
AND ALESSANDRIA

 **50.5**
NET PROMOTER SCORE
(NPS) OF FLEET

 CERTIFICATION
ISO 9001:2015
IN ALL MANUFACTURING PLANTS

04

THE ATTENTION TO OUR PEOPLE

 **3,769**
EMPLOYEES, OF WHICH
16% WOMEN

 **99.4%**
WITH PERMANENT
CONTRACTS

 **2.5%**
RECRUITMENT RATE

 **125,000**
HOURS OF TRAINING
PROVIDED

 **91%**
EMPLOYEES SUBJECT TO
REGULAR PERFORMANCE
APPRAISAL

 **0.48**
TCIR VALUE
OF 2020

05

THE COMMITMENT TOWARDS LOCAL COMMUNITY

 **274**
TIRES DONATED

 **329**
COMPANIES (SME/STARTUP)
INVOLVED, OF WHICH **35**
STARTUPS SINCE 2016

 **4**
ROAD SAFETY INITIATIVES
LAUNCHED

 **100%**
SUPPORT TO THE ITALIAN RED
CROSS FLEET IN TURIN, CUNEO,
ALESSANDRIA, MILAN
AND POMEZIA

 **1,800**
JOBS CREATED WITH THE
CONTRIBUTION OF MICHELIN
DEVELOPMENT FOUNDATION

 **3.4M €**
CONTRIBUTIONS TO
COMMUNITIES SINCE 2004

 **100K**
FACE MASKS DONATED

 **16**
OPEN INNOVATION PROJECTS
LAUNCHED

06

OUR COMMITMENT TO THE ENVIRONMENT

 **MORE THAN 20K tCO₂**
SAVED THANKS TO EFFICIENCY
MEASURES OVER THE THREE-
YEAR PERIOD OF REFERENCE

 **100%**
OF ENERGY IN ALESSANDRIA
AND TORINO STURA SITES
PURCHASED FROM POWER
GRID CERTIFIED RENEWABLE
SOURCES

 ENVIRONMENTAL MANAGEMENT
SYSTEM CERTIFIED
UNI EN ISO 14001

 **98%**
OF PLANT SITES WASTE
RECOVERED

01

MICHELIN ITALIANA

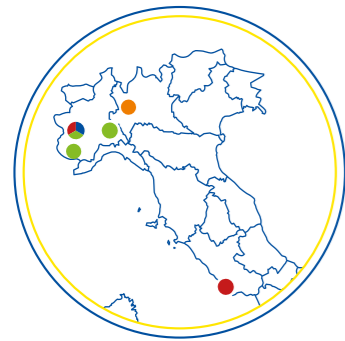


WHO WE ARE AND WHAT WE DO

The history of Michelin Italiana starts in 1906, with the construction of the first plant in Torino Dora, in addition to an already established sales activity in Milan. The ensuing success led in the following years to the expansion of the Company with the opening of the plants in Trento (1927), Cuneo (1961), Alessandria and Fossano (1970/1971), and Torino Stura (1971). While adapting to the new market needs, the Company evolved over time, also thanks to the reorganization of some plants and activities, ever widening the range of innovative products and services that respect the environment and people safety.

Today, **Michelin Italiana**, leader in the industry and an important reality in the Italian industrial and commercial scenario, is **the first tire manufacturer in Italy** thanks to an installed production capacity of more than 14 million tires per year. The Company operates a registered office in Turin, a sales office in Milan, three manufacturing plants in Piedmont and two European Distribution Centers in Turin and Pomezia (Rome). In 2020 the Company employed circa **3,800 people** located primarily in the three plants in Cuneo, Alessandria, and Turin, respectively dedicated to the manufacturing of tires for cars, tires for heavy duty transport and semi-finished products for the other Italian and European plants manufacturing finished products.

Michelin Italiana belongs to Michelin Group and pursues a strong corporate identity, at the same time maintaining a perfect integration with the principles and strategy lines defined by the Group.



- MANUFACTURING PLANTS
- EUROPEAN DISTRIBUTION CENTER
- REGISTERED OFFICE
- MARKETING OFFICE




SUSTAINABILITY ACCORDING TO MICHELIN ITALIANA

Michelin Italiana's sustainability strategy is based on the **"All Sustainable" strategy**, also called the **3 "Ps" strategy**, which constantly leads the Group in achieving an optimal balance between care for the people (**People**), environmental protection of the planet (**Planet**) and economic development (**Profit**). By means of this strategy, the Group states its will to advance in all economic, environmental, and social indicators, promoting innovation, fairness, safety, and good industrial practices, and to achieve its objectives within 2030.

In this context, Michelin Italiana supports the Group's strategy by means of pursuing such objectives in carrying out its own activities and according to the peculiarities of the territory where it operates.

In order to provide an ever-greater transparency to corporate sustainability performance, in 2021 Michelin Italiana is publishing its first **Sustainability Report**¹ with the identification, according to the three "Ps" strategy and related goals, of the priority topics (i.e. **material topics**) to be pursued while leveraging on the initiatives carried out and the results achieved in the three-year period 2018-2019-2020.

THE THREE "PS" STRATEGY AND MICHELIN ITALIANA'S MATERIAL TOPICS

Pillar	Goals of Michelin Group for 2030	Michelin Italiana's material topics
 PEOPLE	<ul style="list-style-type: none"> • TCIR (Total Case Incident Rate) lower than 0.5; • Employees engagement rate at 85%, as resulting from the survey "Moving Forward Together: Your Voice for Action"; • Rate of women in management positions or higher: 35%; • Value of the Inclusion and Diversities Management Index (IMDI): 80/100; • Score increase of the Net Promoter Score² by 10 points for partners and by 5 points for final consumers. 	<ul style="list-style-type: none"> • Industrial health and safety • Diversity and equal opportunities • Local community development • Talent attraction and retention • Wellbeing at work • Employee growth and development
 PLANET	<ul style="list-style-type: none"> • 50% reduction of CO₂ Scope 1 and Scope 2 emissions compared to 2010; • 10% increase of tires' energy efficiency during use compared to 2010; • 1/3 reduction of the Industrial Michelin Environmental Performance (i-MEP)³ compared to 2020; • Achieving a 40% rate of sustainable materials⁴ in all products within 2030, in line with the goal of 100% within 2050. 	<ul style="list-style-type: none"> • End-of-life of products • Waste management • Air quality • Water stewardship • Direct contribution to climate change (Scope 1 and 2) • Responsible sourcing of raw materials • Climate change adaptation • Eco-design of products and services
 PROFIT	<ul style="list-style-type: none"> • Sales growth rate, as resulting from the Compound annual growth rate (CAGR), of 5% between 2023 and 2030; • Value of the Return on Capital Employed (ROCE) higher than 10,5; • Achieving an increase of the Brand Vitality⁵ index by 5 points compared to 2021; • Value of the Product Offering Vitality⁶ index higher than 30%. 	<ul style="list-style-type: none"> • Quality and safety of products and services • Business ethics • Diversification and innovation toward sustainable products and services

¹Michelin Italiana Sustainability Report 2020 has been edited on the basis of GRI (Global Reporting Initiative) Sustainability Reporting Standards, according to the option "GRI Standards: Comprehensive".

²The Net Promoter Score is the net difference between brand promoters and detractors.

³The Industrial Michelin Environmental Performance (i-MEP) was introduced in 2021 and it represents a synthetic indicator of the environmental performance of Michelin Group, which includes five priority areas: water withdrawals, waste production, consumption of organic solvents, energy consumption, and CO₂ emissions.

⁴The sustainable materials are sourced from renewable resources, such as natural rubber, several oils and vegetal resins, and recycled materials.

⁵Synthetic indicator of the current brand vitality according to five key indicators: brand purpose, innovation, communication, brand experience and love.

⁶Rate of products and services launched in the past three years compared to the annual sales.

02

PEOPLE PROFIT

A RESPONSIBLE MANAGEMENT OF THE BUSINESS



OUR GOVERNANCE

The **Board of Directors (BOD)**, made of 5 male members, of which 2 between 30 and 50 years-old, and 3 older than 50, is the body playing a central role in the governance system of Michelin Italiana. Several committees fulfill advisory duties.

MICHELIN ITALIANA COMMITTEES



CRISIS CELL

Made of the Managing Director and heads of different functions, fulfills the duty of managing possible emergencies. Since 2020 the Cell is coordinating the issues related to the Covid-19 pandemic.

Michelin Italiana is committed to operate in full compliance with domestic and international regulations, according to the guidelines issued by the Group. To continue establishing relations based on trust, inside and outside the Group, the Company has adopted several codes and tools.

COMPLIANCE AND ETHICS



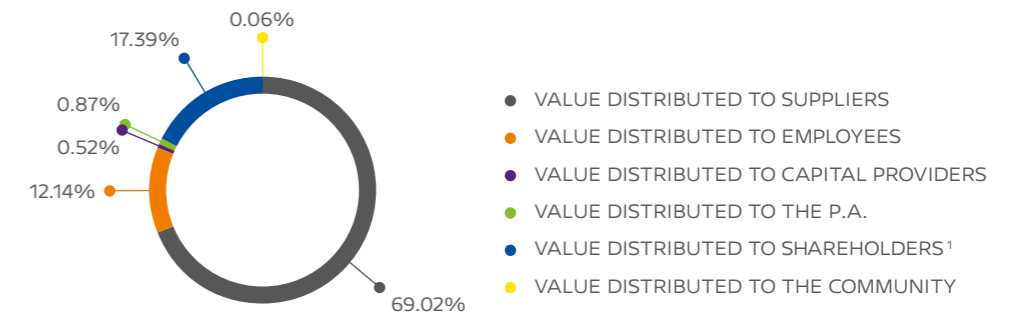
VALUE CREATION AND RESPONSIBLE SUPPLY CHAIN

Michelin Italiana plays an essential role in the creation of shared value with stakeholders and, in particular, ensures the promotion of a responsible supply chain by supporting its partners in their advancement towards more sustainable approaches.

ECONOMIC VALUE GENERATED AND DISTRIBUTED

1.497 BILLION € DIRECT ECONOMIC VALUE GENERATED IN 2020

1.686 BILLION € ECONOMIC VALUE DISTRIBUTED IN 2020, OF WHICH:
• 69% TO SUPPLIERS • 12% TO EMPLOYEES



A RESPONSIBLE SUPPLY CHAIN

Michelin Italiana manages a pool of circa **3,000 suppliers**, ranked in procurement clusters, who are constantly assessed by means of different tools:

- Full compliance to law provisions and **acceptance of the Code of Ethics** at tender level;
- adherence to **Ecovadis platform**, and evaluation of own social and environmental performance every two or three years;
- **“Supplier Relationship Management”** for carrying out audits on suppliers according to criteria related to quality, costs, compliance with terms and deadlines, respect of human rights, and environmental protection.

¹Distribution of extraordinary reserves from previous years approved by the Shareholders' Meeting.

03



INNOVATION, QUALITY AND SAFETY OF PRODUCTS AND SERVICES



TECHNOLOGICAL INNOVATION

Michelin Italiana, according to the “**All Sustainable Strategy**” defined at Group level deems and **innovation** as the engine of development, competitiveness, and longevity of the Company, as well as being a concept deeply intertwined with **sustainable development**.

For this reason, by adopting the “**Four R Strategy**”, all products are manufactured pursuing, ever since their designing stage, sustainability objectives in order to reduce their impact on the environment along the entire lifecycle.

THE 4R STRATEGY OF MICHELIN GROUP



REDUCING

Michelin Groups has always been committed to reducing, where possible and without harming any other performance, the weight of tires, the CO₂ emissions due to their use, and the number of tires needed to drive a certain distance: in short, optimizing the quantity of used resources up to the last km of product life.



RECYCLING

Recycling end-life tires, recovering constituent materials for other uses. Such an approach, fostered by a continuous collaboration with the most important consortiums in the trade, leads to fulfilling the principle of the “Extended Producer Responsibility” (EPR).



RENOVATING

Also through important collaborations with reliable partners, Michelin Group in its manufacturing processes promotes the use of raw materials from renewable sources.



REUSING

Several ranges of industrial tires of Michelin Group are designed to be reused at end-of-life. This is made possible thanks to conceptual models and technological specifics that allow tires to be resculpted and rebuilt anew, in many cases more than once, in order to make the product last longer: this is the “multi-life” approach.

Michelin Italiana adopts the strategy defined at Group level by providing customers with **innovative products** that meet market’s expectations and protect the environment and people’s safety. Innovation propels the **development of manufacturing processes** adopting new technologies. These achievements are made possible through **several collaborations** with Universities, corporate working groups at Group level, and projects involving small-to-mid-size local companies, also with the involvement of the Michelin Development Foundation.

INNOVATION IN OUR PRODUCTS

MICHELIN e.PRIMACY: the first Michelin eco-responsible tire, developed since the designing stage according to assessments of the environmental footprint related to the product lifecycle.

Michelin Pilot Sport EV: the first Michelin tire specifically designed to provide better performance and greater mileage to electric sports cars.

MICHELIN X® MULTITM 315/80 R 22.5: a product range for several types of transport, with very low rolling resistance entailing low levels of fuel consumption and CO₂ emissions, at the same time ensuring a 15% longer mileage.

INNOVATION IN OUR PROCESSES

Digital Twin: a technology allowing the reproduction of the entire manufacturing process on a dynamic digital simulator, in order to test and improve performance, efficiency, and effectiveness of the systems and of the products to be made. This technology, by replacing a part of real-life tests with virtual simulations, supports sustainability by wasting less energy and materials.

Predictive control systems: an application for monitoring in real-time conveyor belts and electric engines by means of sophisticated systems for control, supervision, and data acquisition, which provide information on the status of each installation so that operators can optimize its performance and detect exactly where a malfunction may occur.

THE PARTNERSHIPS FOR INNOVATION: MICHELIN TOGETHER WITH...

Braskem ed Amryis	...for manufacturing renewable isoprene from biomass.
Barito Pacific Group	...for producing eco-responsible natural rubber with the creation of 16,000 jobs and re-planting of 88,000 hectares devastated by uncontrolled deforestation.
Axens and IFP Energies Nouvelles	... for tires manufacturing with butadiene of biological origin , instead of derived from petroleum.
Pyrowave	... for the production of recycled styrene from plastic used in packaging or insulation panels, to be subsequently used in other manufacturing processes.
Carbios	...for recycling PET from plastic waste, to be used in tires manufacturing.
Enviro	... for building the world’s first Michelin plant for tires recycling .
BlackCycle	... for designing new tires from recovered life-end tires .

QUALITY ASSURANCE AND CUSTOMER CENTRICITY

Michelin Italiana operates by ensuring the highest quality standards, maintained also thanks to several certifications and recognized by numerous accolades, and always making sure that customers' expectations are met with an eco-friendly approach.

CUSTOMER CENTRICITY

CUSTOMER CARE

Service available to dealers, dedicated to any complaints from end consumers.

CUSTOMER ROOM

Specific meetings aimed at taking charge of requests or reports from customers, and to responding to their needs as soon as possible.

MICHELIN GUIDE ITALIA

Support service for car travellers with 2,631 selected locations across the country, including since 2020 the restaurants with the **Green Star**, an annual acknowledgement awarded to those restaurants with cutting-edge sustainability practices.

AWARDS

- PSA 2014 Quality Award (Cuneo plant);
- Volvo VQE 2017 (Cuneo plant);
- ALSTOM 2018 Quality-Trusted Supplier (Alessandria plant);
- Class A Volkswagen supplier 2018 (Cuneo plant);
- FCA EMEA Award 2019 (Cuneo plant);
- JLRQ 2020 (Cuneo plant);
- Hyundai 2021 (Cuneo plant).



04

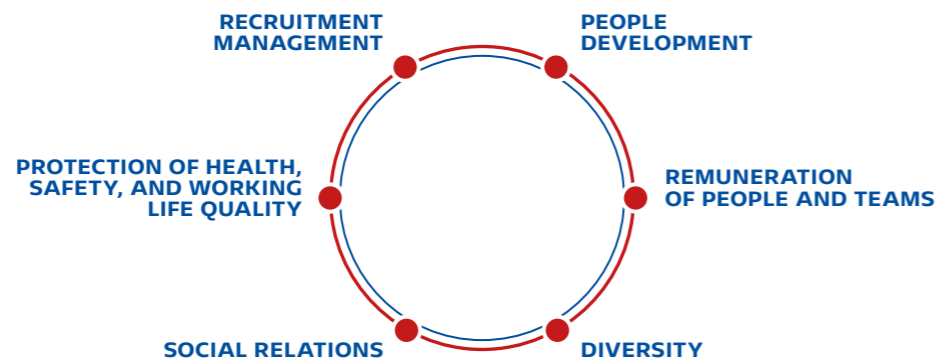
THE ATTENTION TO OUR PEOPLE



OUR TEAM

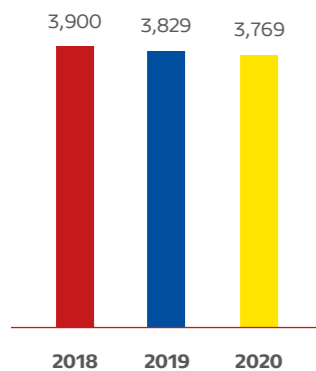
Michelin Italiana pays great attention to its people, who are the engine of the progress and performance improvement of the Company. In order to pursue this objective, the Company provides an inclusive, pleasant, and safe environment, and an attractive workplace for talents.

According to the guidelines defined at Group level, Michelin Italiana adopts the “**6P Policies**” that show the Company’s commitment in six different areas:



EMPLOYEES IN ITALY

OUR PEOPLE¹



STAFF

99.4% PERMANENT CONTRACT
92.5% FULL TIME
15 APPRENTICES AND
489 EXTERNAL COLLABORATORS

TALENT ATTRACTION

95 NEW HIRES (+25% compared to 2019) of which: **55** YOUTHS UNDER 30 (+20% compared to 2019) and **1/3** WOMEN
2.5% NEW HIRES TURNOVER RATE (+27% compared to 2019)

DIVERSITY AND INCLUSIVENESS

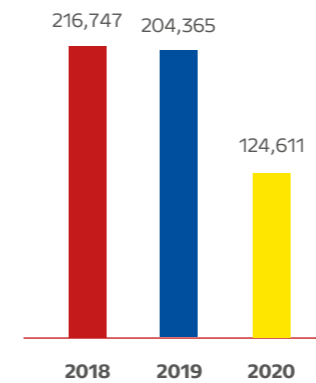
16% WOMEN
6.6% YOUTHS UNDER 30
60.9% BETWEEN 30 AND 50 YEARS OLD

EMPLOYEES' SKILL DEVELOPMENT

Every year Michelin Italiana commits to providing employees with useful tools for their personal and professional growth, thus empowering them to foster their own development.

TRAINING

TRAINING HOURS PROVIDED IN 2018-2020²



PERFORMANCE APPRAISAL

- Annual appraisal and Frequent feedbacks, where employee and manager discuss objectives and results achieved, career and skills development, and training needs;
- Proximity Development Partner (PDP) for supporting employees in defining a customized development plan, also suggesting new professional opportunities (job posting);
- Local Competency Manager (LCM), specific for every “craft” (Safety, Quality, Marketing & Sales, etc.) for supporting employees in developing one or more individual skills.

THE NUMBERS

AVERAGE HOURS' TRAINING PER PERSON

43 WOMEN AVERAGE hours' training
31 MEN AVERAGE hours' training
33 OVERALL AVERAGE hours' training

TRAINING RATE BY TYPE

96% CRAFT TRAINING
4% GENERAL TRAINING

THE NUMBERS

91% EMPLOYEES SUBJECT TO PERFORMANCE APPRAISAL

¹Data don't include apprentices and external collaborators.

²The significant reduction compared to previous years is mainly due to the health emergency situation that prevented classroom training.

PEOPLE ENHANCEMENT AND WELL-BEING

Good work conditions encourage the expression and development of each individual's talent: for this reason, Michelin Italiana carries out concrete activities, related to the needs and specificities of employees, to enable a better work-life balance. Michelin Italiana applies the "Remuneration Policy" defined at Group level, aiming at ensuring fairness and cohesion among the countries and within the Company, and offering an attractive and competitive remuneration as compared to the market's. One of the main pillars of this policy is the "Total reward", a structured plan to enhance and promote the employees' well-being related to four different areas.

AREA	ADVANTAGE
COMPENSATION	<ul style="list-style-type: none"> Fixed remuneration Variable remuneration
WELFARE	<ul style="list-style-type: none"> Corporate welfare plan
TALENT & PERFORMANCE	<ul style="list-style-type: none"> Training and learning opportunities Career plans and performance appraisal
WORK ENVIRONMENT	<ul style="list-style-type: none"> Positive corporate climate Work-life balance Safe and healthy environment

HEALTH AND SAFETY AT WORK

Health and safety of workers have always been the focus of Michelin Group's attention. The Group has shown its commitment through an extensive series of provisions, whose principles are abided by in the "Policy on environment, health and safety" that, for each site, states the "mission" of the Company related to health and safety, and provides guidance in addition to commitments and objectives. To pursue such objectives, with a view to continuous improvement, Michelin Italiana applies in all sites an "Environmental Management and Risk Prevention System" that led the Cuneo and Alessandria plant in obtaining the certification **ISO 45001:2018**.

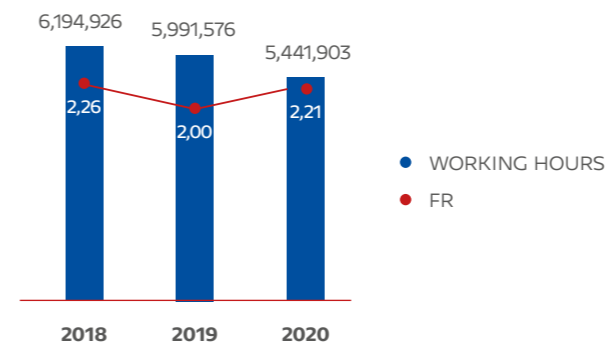
According to the provisions of the management system and current legislation, the Company carries out a **risk assessment on workers' health and safety**, and provides all workers with **specific training on health and safety** with regular

updates and a final test to prove learning effectiveness. Furthermore, Michelin Italiana promotes initiatives within the plants for the protection of workers' health and safety.

The Alessandria site has repeatedly launched awareness initiatives on smoking and campaigns for the prevention of cardiovascular and skin diseases. The Cuneo site in 2019 launched the **WHP (Workplace Health Promotion)** program with initiatives dedicated to postural education, promotion of physical activity, fight against smoking (meetings with specialists within the project "Smoke Free"), and food education.

In 2020, at the outbreak of the pandemic, Michelin Italiana established in every site the "Covid-19 Safety Committee" for managing the emergency, and adopted the "shared protocol" by updating the internal measures to contain the spread of the SARS-CoV-2 virus.

WORKING HOURS AND FREQUENCY RATE IN MICHELIN ITALIANA



THE NUMBERS IN 2020

MANAGEMENT SYSTEMS CERTIFIED
ISO 45001:2018 (Cuneo and Alessandria)
2.21 FREQUENCY RATE³
12 WORK-RELATED INJURIES
5,441,903 WORKING HOURS
0.08 SEVERITY RATE⁴
0.48 TCIR⁵
 (Total Case Incident Rate)

³ The FR= Frequency rate of work-related injuries is calculated as the ration between the total number of work-related injuries with more than one day of absence from work minus the day when the injury occurred, and the number of working hours in the same period, multiplied by 1.000.000.
⁴ The SR= Severity rate of work-related injuries is calculated as the ratio between the numbers of work days lost and the working hours in the same period, multiplied by 1.000.
⁵ The TCIR= Total Case Incident Rate is calculated as the ratio between the number of work-related injuries with absence from work occurred at the workplace (including those that entail a more intensive medical care than first aid and those related to occupational diseases diagnosed to personnel in active employment), and the working hours in the same period, multiplied by 200.000.

05

THE COMMITMENT TO LOCAL COMMUNITY



THE COMMITMENT OF MICHELIN ITALIANA

Michelin Italiana is part of the territory where it operates by spreading its corporate values through the carrying out of several initiatives to support innovation and sustainability. A rich program of activities meets the characteristics and age group of today's and tomorrow's starring actors of the country's society. The involvement in local life unfolds through the provision of grants and investments to support the activities, in the form of monetary donations, for multiple purposes, and hours volunteered by Michelin employees on a voluntary or professional basis, amounting to 1,1 M€ since 2004 in addition to 2.3M€ provided by Michelin Development Foundation.

OUR INITIATIVES

Initiative	Description
Training at schools	Since 2007, Michelin Italiana carried out several initiatives on road safety for local communities. Particular attention is paid to children with activities such as "Junior Bike", "Michelin bike ride", "Bimbi in sella (Saddled-up children)". Games and training sessions have involved more than 13,000 children. One of the annual events dedicated to the youngest students of local primary schools in "I go on foot and I use my head".
Summer camps at Michelin Sport Clubs	In support of health and well-being of the kids and children, Michelin Italiana promotes at Michelin Sport Clubs the "Summer kids" and "Summer Camps", rich in games, sports and educational activities involving every year about 600 youths.
Open factories and visits to the plant sites	As part of the project of Piedmont Region "Open factories", the manufacturing plants in Alessandria and Cuneo every year open their premises to the public, welcoming visitors who are interested in learning about tires manufacturing processes. In 2019 the sites welcomed about 200 visitors with 50 employees actively involved in the organization of the event.
Live the motion	The "Live the motion" project, specially designed for youths between 18 and 26 years old, stems from the desire of fostering a new culture of safe and sustainable mobility by means of social media educational and awareness-rising activities designed in partnership with the main Italian universities.
Michelin Italiana in support of Institutions during Covid-19	In April 2020, Michelin Italiana and Euromaster supported the Italian Red Cross and local health authorities by providing free of charge tire repair and replacement services. The initiative led to the replacement of 274 tires, thus contributing to ensure service continuity and mobility of emergency vehicles in complete safety. In addition, more than 66 emergency vehicles have been provided with quick replacement service and 100,000 masks have been donated.

MICHELIN DEVELOPMENT FOUNDATION

The Michelin Development Foundation (Fondazione Michelin Sviluppo, FMS) was born in Turin in 2004 to promote the local socio-economic development through supporting, in particular, the Small-to Mid-sized-Enterprises (SMEs) and start-up companies, which can benefit from a concrete support for the creation and consolidation of new jobs.

THE GOALS OF FMS



Diffusion of the industrial culture and entrepreneurial spirit, in particular among youths.



Promotion of initiatives aiming at increasing professional skills.



Provision of outright grants to implement entrepreneurial projects entailing the creation of new jobs.

SOME OF THE FOUNDATION PARTNERS

Incubator of the Polytechnic of Turin (I3P)

Incubator of the University of Turin (2I3T)

Trade industry associations in Turin, Cuneo, and Alessandria

Reseau Entreprendre Piedmont (of which FMS is founding partner)

Confartigianato (Crafts association)

Since 2004 the Foundation involved 329 SMEs and start-up companies (since 2016, of the 83 companies that benefited from the initiative, 35 are start-ups). There have been designed projects entailing the creation of more than 2,300 jobs, of which 1,800 permanent, and 2.3 M€ euro have been allocated for outright grants.

THE CONTRIBUTION OF MICHELIN DEVELOPMENT FOUNDATION

FMS for Agribusiness Innovation Lab 2.0

The Agribusiness Innovation Lab 2.0 project, promoted by Réseau Entreprendre Piedmont (REP), is aiming at providing free support to start-up companies in the sectors of Agrifood/Agritech, Food&Wine, Environmental impact, and Green tourism/ Tourism promotion, by means of grants allocated according to social and environmental prerequisites.

Start Cup 2020 Piedmont and Aosta Valley

The Start Cup Piedmont and Aosta Valley is a regional contest for knowledge- and skill-intensive entrepreneurial projects, designed to encourage the establishment of innovative enterprises to benefit the territory. As supporting partner of Start Cup 2020, FMS contributed to the final grant award, amounting to over 40,000 euro.

FMS for professional skills training

The Foundation is a strong supporter of professional skills training because it believes that workers' skills development is necessary for preserving and advancing the employment fabric of local companies. With regard to grants allocated since 2004, amounting to circa 2.3 M€, a significant contribution aimed at supporting professional skills training and technical secondary schools.

06



OUR COMMITMENT TO THE ENVIRONMENT



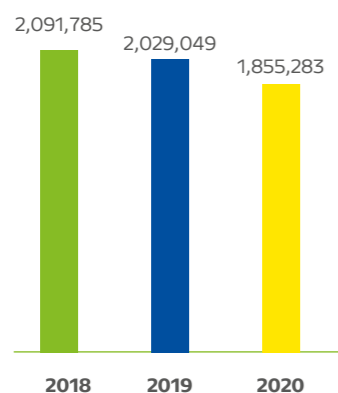
Aware, today more than ever, of the necessity of safeguarding the environment we're living in, Michelin Italiana is committed to carrying out its activities in a sustainable way, by taking into consideration all of the environmental impacts due to processes and products, from the designing stage up to the responsible management of products' end-of-life. For this reason, energy efficiency and supply from renewable sources, environmental protection, and circular economy initiatives, represent as many priorities for Michelin Italiana.

ENERGY CONSUMPTION

Energy consumption can be sorted into two macro-families: "direct" consumption due to fuel consumption, and "indirect" consumption determined by the supply of electricity and steam purchased from the market.

ENERGY CONSUMPTION OF MICHELIN ITALIANA

GJ OF ENERGY CONSUMED IN THE THREE-YEAR PERIOD



THE NUMBERS IN 2020

DIRECT CONSUMPTION OF ENERGY BY FUELS

546,896 GJ (amounting to **29%** of the total and decreasing by **3%** rispetto al 2019), di cui:

- 334 GJ** from diesel use
- 546,562 GJ** from natural gas use

INDIRECT CONSUMPTION OF ENERGY

1,308,387 GJ (decreased by **11%** compared to 2019), of which:

- 51%** from electricity, of which **11%** certified from renewable sources
- 49%** from steam purchasing

RESULTS ACHIEVED

- Reduction of **104,000 GJ** thanks to efficiency measures, increased by **33%** compared to 2019

Research on ever lower and smarter use of energy represents a key element for Michelin Italiana. For this reason, the Company adopts state-of-the-art technologies for energy production.

SMART AND RESPONSIBLE USE OF ENERGY

Cuneo: purchase of steam (100% of own needs) and electricity (more than 90% of own needs) from a natural gas **co-generation** power plant located within the site.

Alessandria: the **co-generation** power plant in 2020 provided circa 101,000 GJ, amounting to 71% of the plant's total consumption.

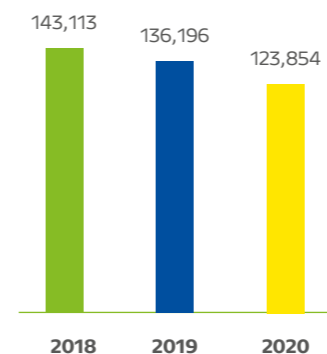
Alessandria and Torino Stura: 100% of purchased electricity sourced from **renewable sources**.

EMISSIONS

GHG (greenhouse gases) emissions predominantly derive from direct consumption of fuels and refrigerant gases used in the refrigeration and cooling systems (direct emissions scope 1), and from indirect consumption related to purchased electricity and steam (indirect emissions scope 2).

GHG EMISSIONS OF MICHELIN ITALIANA

TOTAL CO₂ EMISSIONS (SCOPE 1 + SCOPE 2 LOCATION BASED)



THE NUMBERS IN 2020

SCOPE 1 EMISSIONS

31,040 tCO_{2eq} (**-4%** compared to 2019), of which:

- 24 tCO_{2eq}** from diesel use
- 30,978 tCO_{2eq}** from natural gas use
- 38 tCO_{2eq}** from refrigerant gases release

SCOPE 2 EMISSIONS – LOCATION BASED

92,814 tCO_{2eq} of which:

- 67%** from electricity use
- 33%** from steam purchase

RESULTS ACHIEVED

- 20,224 tons of CO_{2eq}** saved in 2018-2020 thanks to several initiatives promoted by Michelin Italiana, particularly on energy efficiency
- 50 ton di CO₂/year** saved thanks to the introduction of automated shuttles for internal product handling

OBJECTIVES

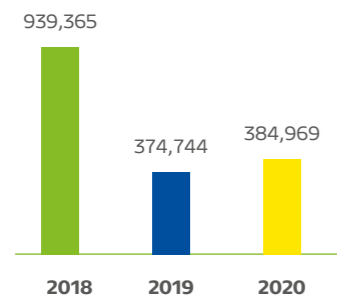
- 50%** GHG emissions within 2030 compared to 2010 values

In 2020 VOCs remarkably decreased compared to 2019 (-20%), when the trend was already showing a progress compared to 2018. This is the result achieved by the Company in carrying out the “Wedge Project” in Cuneo, aiming at **reducing VOCs by 30% within 2022**.

WATER CONSUMPTION

Water consumption predominantly derive from the thermal exchange processes along the production chain. Water used comes mostly from wells located within the perimeter of the site (99%) and the remainder 1% is taken from the public water grid.

WATER CONSUMPTION IN m³



THE NUMBERS OF 2020

WATER WITHDRAWAL

5,135,405 m³ of which:

5,067,669 m³ from wells
67,736 m³ from aqueduct

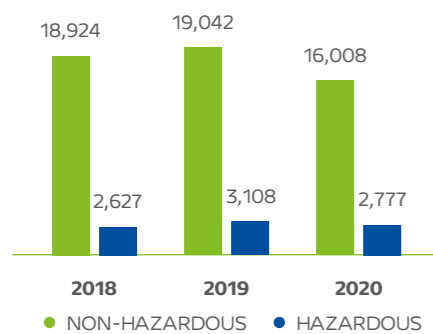
WATER DISCHARGE

4,750,436 m³

WASTE MANAGEMENT: A CIRCULAR APPROACH

Michelin Italiana is committed to reducing waste as much as possible, and minimizing the impacts. This commitment unfolds along the entire manufacturing cycle and includes the responsible management of tires’ end-of-life. For what concerns the end-of-life tires (ELTs), the company is one of the partners of **Ecopneus**, a not-for-profit company devoted to **tracking, collection, treatment** and **recovery** of ELTs.

WASTE BY TYPE



THE NUMBERS OF 2020

18,786 tons of waste, of which:

85% non hazardous
98% recovered

OBJECTIVES

Michelin Italiana is committed to fulfill the following objectives within 2030:

- reducing by **25%**, compared to 2020, waste production;
- recovering **75%** of waste (including hazardous waste) in the form of materials;
- **zero waste** disposed of in landfills.

According to its sustainability policy, every day Michelin Italiana applies the “**4R**” strategy (Reduce, Recycle, Renew, Reuse) in carrying out all activities. The development of a circular approach is not limited to products, but it rather extends to the management of scrapped materials and waste produced at the manufacturing sites. The contribution of Michelin Development Foundation (Fondazione Michelin Sviluppo, FMS) by fostering relations with institutional stakeholders, has been key in making contact with innovative SMEs and start-up companies developing **circular economy** projects, and helping the Company in identifying waste-processing supply chains to return to the sites re-usable waste, in direct form or transformed, and launching circular economy initiatives.

CIRCULAR ECONOMY INITIATIVES

PET bottles	Full recovery of containers following a Bottle to Bottle approach.
Organic waste	Turning organic waste from the canteen in compost intended to fertilize the site’s green areas.
Film in polyethylene for packaging	Separate collection and treatment of polyethylene for packaging aiming at getting back the same amount of recycled material.
Other “light” plastic materials	Use of bags made of 100% recycled material.
Wood	Transformation of discarded wood into pellet, recycled as fuel for co-generation power plants and/or as a compost stabilizer.
Paper and cardboard	Transformation of discarded paper and cardboard into reusable cardboard sheets for the plant’s canteen trays, and other uses.
Polyurethane	Recovery of PUR waste and subsequent re-use for several industrial applications.

