

Fighting Against Forced Labour and Child Labour in Supply Chains Act

This report is in fulfillment of the obligations on the above-named Act. Michelin North America (Canada) Inc. is an “entity” pursuant to section 2 of the Act.

Michelin North America (Canada) Inc. Overview

Reporting entity’s legal name Michelin North America (Canada) Inc.
Financial reporting year January 1st to December 31st
Identification of a revised report N/A
Business number 138411798 (RM0001)
Identification of a joint report N/A
Identification of reporting obligations
in other jurisdictions:
Michelin Canada does not have any reporting obligations in other jurisdictions;
however, Michelin Group (“Group”) reports in the United Kingdom and Australia under
their respective legislation.
Entity categorization according to the Act ... Obligated
Sector/industry NAICS Code #326211
Location Laval, Quebec

Steps taken:

- **An entity must describe the steps it has taken during the previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.**
Michelin North America (Canada) Inc. has taken the steps as described below.

Details 11(3):

An entity must provide information on each of the following:

a. *Structure, activities and supply chains*

Headquartered in Clermont-Ferrand, France, the Michelin Group has operations in over 175 countries, supported by its global workforce of 132,000 employees. It also operates 121 production facilities in 26 countries worldwide. CGEM is listed on the Paris Stock Exchange.

Michelin Canada is a subsidiary of CGEM.

- o Employs approximately 4,100 employees across Canada:
- o Close to 4,000 employees are in Nova Scotia alone
 - One of the largest private sector employers in the province.
 - The three manufacturing plants (located in Bridgewater, Granton, Waterville Nova Scotia) operate interdependently and manufacture multiple product lines including passenger car and light truck; radial and double-wide commercial truck; military; agricultural; and earthmover tires, as well as semi-finished materials used in tire manufacturing.
- o Michelin is the single largest exporter in Nova Scotia, and tires are Nova Scotia's second-largest export, behind seafood.
- o Approximately 130 employees in Marketing and Sales at both its Laval offices and across Canada in field support and sales positions.

b. *Policies and due diligence processes in relation to forced labour and child labour*

Michelin Canada's ultimate parent company, CGEM, is listed on the Paris Stock Exchange and is therefore subject to the French law known as the Duty of Vigilance Law Act No. 2017-399 of 27 March 2017 ("Duty of Vigilance Law").

For the sixth year in a row, the Michelin Group has fulfilled its obligations under the Duty of Vigilance Law by drafting its latest Duty of Care Plan, which sets out the identification and mitigation of risks associated with the environment, health and safety and human rights.

The Duty of Care Plan - built on recognised international standards contained in, notably, the United Nations Principles on Business and Human Rights, the fundamental conventions of the International Labour Organisation and the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises – has a crucial role to play in maintaining the Group's values and commitment to responsible development in relation to all of its stakeholders. A copy of the latest Duty of Care Plan can be found on <https://www.michelin.com/en/sustainability/company>.

All members of the Michelin Group, including Michelin Canada, are required to comply with the Duty of Care Plan. It is committed to preventing adverse human rights impacts, including modern slavery, in its operations and in its supply chains. The Michelin Group's policies reflect the Group's commitment to acting ethically and with integrity in all its business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in its supply chains.

The Duty of Care Plan expands on the initiatives already embedded in the Michelin Group's founding documents and policies that underpin its duty of care commitments and initiatives. These specific policies include:

- The Code of Ethics;
- The Purchasing Principles;
- Health, Safety and Quality of Worklife Policy;
- The Environmental General Policy Note;
- Diversity and Inclusion Policy;
- The Sustainable Natural Rubber Purchasing Principles; and
- The Master Policy on Human Rights issued in 2022.

The Michelin Group maintains an anonymous Group Ethics Line that is managed by an independent third party (Navex). All employees and suppliers are advised of this tool and have access to it. Employees are actively encouraged to raise concerns relating to ethical issues including but not limited to those relating to harassment, fair treatment, and corruption with their managers, human resources department and/or via the Group Ethics Line.

Whistleblowers are protected by whistleblower protection policies. In December 2023, Michelin Group issued an update to its standing Whistleblower Policy (originally published in 2019).

Michelin Canada will take disciplinary action against any employee found to be involved in breaking laws in relation to any form of modern slavery including but not limited to, child labour, forced labour, slavery and human trafficking.

c. *Parts of the business and supply chains that carry a risk of forced labour or child labour being used and the steps taken to assess and manage that risk*

The identification, prevention and mitigation of the potential risks of modern slavery within the Michelin Group operations are detailed in the Duty of Care Plan. These modern slavery risks are, broadly, (i) health and safety risks; (ii) human rights risks; and (iii) risks associated with suppliers' Corporate Social Responsibility (CSR) practices, particularly with respect to raw materials. Michelin's Duty of Care Plan 2022, published in May 2023: <https://www.michelin.com/en/sustainability/company>. The main modern slavery risks indicated in this section are discussed on pages 32 to 42 of the Duty of Care Plan.

These risks will be discussed in detail below.

a. Health and safety risks

Michelin recognizes that in many of the countries in which it operates, its 132,000 employees worldwide can, in the course of their work, be exposed to specific risks that could impact their health and well-being. These main health and safety risks relate to occupational accidents, exposure to chemicals, ergonomics, psychological issues at work and the COVID-19 epidemic.

With the Group's adherence to its fundamental value of respect for people, Michelin actively deploys comprehensive policies on health, safety and the quality of work life. These policies and commitments are based on recommendations issued by key international organizations such as the UN, the ILO and the OECD, and prevailing standards and legislations. Further, these policies are being implemented through Michelin's "Environment and Prevention" management system, which is applied at all Group

facilities to ensure best practices and maintain continuous progress (Michelin's Duty of Care Plan, page 35). This management system is auditable and audited.

b. Human rights risks

The Michelin Group has published a Duty of Care Plan every year since 2017 describing (among other things) the main human rights risks incurred by the Group and its suppliers, along with measures in place to prevent them. With its 132,000 workforce, global manufacturing and business operations, the Group's employees, the local communities around its facilities, its suppliers and consumers may be exposed to human rights risks. Examples of the human rights risks identified in the Duty of Care Plan relate to harassment and discrimination, employee health and safety, decent wage-related risks, child labor, and forced labor. These risks are tracked by the Internal Control and Audit departments using self-assessments and audits, whose results are followed up with the implementation of action plans. While some risks (such as child labour and forced labour) are considered low within the Group, these may be present in the supply chain.

c. Risks associated with suppliers' CSR practices

The diversity of the Michelin Group's subcontracting chain and its many suppliers make the question of responsible procurement a major issue for the Group. While the general procedures limit the risks with all subcontractors, Michelin prioritizes its actions according to the risks associated with the country of operation and the identified risk sectors. Purchases of raw materials and in particular natural rubber are handled with great vigilance and a particularly thorough, holistic approach.

d. ***Measures taken to remediate any forced labour or child labour***

While we have identified the above risks, we have not identified any instances.

e. ***Measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in activities and supply chains***

N/A

f. ***Training provided to employees on forced labour and child labour***

To ensure a high level of understanding of the CSR risks and ethical risks in Michelin Canada's supply chains business, Michelin Canada provides comprehensive training to its staff. Michelin also provides a specific e-learning module for purchasing teams which addresses human rights and modern slavery risks specifically within Michelin's suppliers.

g. ***Process(es) used to assess effectiveness in ensuring that forced labour and child labour are not being used in business and supply chains***

Michelin Group continues to develop and implement means to measure the effectiveness of the actions. To monitor the effectiveness of the actions taken to prevent modern slavery in our business operations or at our suppliers, we assess each year an array of indicators, such as:

- Number of suppliers assessed each year on CSR issues, including human rights;
- Number of suppliers that reach the accepted CSR standards of the Group;
- Number of questionnaires (including questions on forced labour and child labour) filled in by small holders of natural rubber; and
- Number of training of natural rubber farmers to enhance their level of income and working conditions.

The data is available in the Duty of Care Plan.

Numerous KPIs and objectives for 2030 are used to monitor the implementation of this policy with the goal of achieving its human rights ambitions. These specific ambitions can be found on page 43 of the Duty of Care Plan.

New developments are added to the Michelin Group's Duty of Care Plan yearly. Comparing to the previous version, the current Duty of Care Plan contains improvements and developments on a number of subjects relevant to addressing modern slavery risks:

A Group master Policy on Human Rights has been issued and published in 2022;

A Universal health & welfare cover package has been launched for all Group employees;

The Group has drawn up a process for applying Group CSR reporting indicators to recently- acquired companies; and

The plan provides further details about the methodology used to map CSR risks.

Continuous implementation of the Michelin Purchasing Principles (which sets out the Group's guidelines and commitments in relation to responsible purchasing) governs the Group's supplier relationships. It specifies the rules of professional conduct for the Michelin Group's purchasing teams, the supplier approval process, the Michelin Group's quality standards and the environmental, social and ethical performance expected of the Michelin Group's suppliers, including compliance with local law and international standards with respect to human rights.

Each year, the Michelin Group's key non-financial risks and associated remediation plans are dealt with in the Duty of Care Plan. In addition, the Group, including Michelin Canada, have systems in place to ensure that all key players in its supply chain and its contractors comply with its values and that there exists a vigorous supply chain compliance programme.

Group-wide specific measures include:

Purchasing teams receive training on the Code of Ethics, including human rights risks;

Forced labour guidelines have been drafted for the 2021 edition of the Code of Ethics;

Most purchasing contracts include a copy of the Group's Purchasing Principles that encourage them to uphold the fundamental conventions of the International Labour Organization (ILO);

Services agreement contracts also include specific clauses about forced labour, reinforcing the Michelin Purchasing Principles;

Michelin Conditions of Purchase include the right to audit all suppliers to ensure compliance with the Purchasing Principles. The Michelin Purchasing Principles are located at <https://purchasing.michelin.com/en/purchasing-principles/>;

The Group operates the Group Ethics Line that is accessible to all its employees and external stakeholders, including all key suppliers who may wish to report breaches of the Code of Ethics, including modern slavery;

Policies are in place to protect whistleblowers;

The Group has engaged a third party, the EcoVadis CSR rating agency, to conduct CSR desktop reviews to measure the performance of Michelin's main suppliers against 21 CSR indicators classified under four themes: Environment & Climate, Labor & Human Rights, Ethics, and Sustainable Procurement. The scope of the desktop reviews is extended each year, focusing on the most at-risk categories identified as having an insufficient level of cover during the mapping phase. In 2022, 87% of respondents, or 973 suppliers, were confirmed to be compliant with Group standards (see Michelin Duty of Care Plan, page 61). Suppliers who fail to attain the target score must introduce a plan to improve their CSR performance.

A CSR self-assessment questionnaire has been issued to purchasing teams since 2018, who may ask key suppliers to complete it whenever they deem necessary, either during the tender phase or during the duration of the contract. The questionnaire measures the maturity of a supplier's CSR practices and is generally used only for suppliers whose CSR performance is not assessed by desktop reviews.

In 2022, a new Master Policy on Human Rights was implemented Group-wide which sets out the responsibilities and expectations of the Group concerning its duty of care with regards to human rights. This policy forms part of a set of a human rights action plans identified from a 2021 internal audit. Scheduled actions arising from the audit also include implementing programs to address any possible shortfalls in the areas of discrimination and forced labour and strengthening the human rights clauses in acquisition contracts.

The Group Purchasing Department also reviews Michelin Canada's suppliers and spending to identify whether an EcoVadis desktop review is required. In addition, Michelin Canada employees who engage with suppliers are required to undertake that they have reviewed the Michelin Purchasing Principles and the Code of Ethics and agree to comply with the terms. Furthermore, the Michelin Purchasing Department conducts annual checks to ensure continued compliance of the policies.

To address human rights risks in the natural rubber supply chain including the risk of child labour, the Group has deployed a specific policy on sustainable natural rubber and a mobile application called "Rubberway" aimed to identify CSR risks among the upstream supply chain and farmers. Since the application's deployment in 2017, RubberWay® has gathered information from 136,778 village smallholders on such topics as income, working hours, working conditions and child labour and a number of projects to improve farmers' living and working conditions have been launched since 2020. By the end of 2022, 84 natural rubber processing plants had replied to the questionnaires and a total of 143,766 RubberWay® questionnaires had been completed. This represents 80% of the volume purchased by Michelin.

The application is currently deployed in the following countries: Indonesia, Thailand, Côte d'Ivoire, Ghana, Nigeria, Liberia and Brazil.

The progress made on rolling out RubberWay® and the results on risks are transparently reported on by Michelin.

Further, the Group has formalized its public commitments in a Sustainable Natural Rubber Policy published in 2016, and recently updated in 2021. This policy was drafted with input from stakeholders, particularly environmental and human rights NGOs, and is now a contractual reference document for the Group's suppliers.


Further details of all these measures can be found in the Duty of Care Plan.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Andrew Mutch

President, Michelin North America (Canada) Inc.

May 13, 2024



Signature

I have the authority to bind Michelin North America (Canada) Inc.