

## 4.2.4 REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE VERIFICATION OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

**(Year ended December 31, 2022)**

*This is a free English translation of the report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

### **Cie Générale des Ets Michelin CGEM**

23 Place des Carmes-Déchaux

63000 Clermont Ferrand

In our capacity as Statutory Auditor of the company Cie Générale des Ets Michelin CGEM (hereinafter the "Entity"), appointed as independent third party ("third party") and accredited by the French Accreditation Committee (Cofrac), (Cofrac Inspection Accreditation, n°3-1862, scope available at [www.cofrac.fr](http://www.cofrac.fr)), we have undertaken a limited assurance engagement on the historical information (observed or extrapolated) in the consolidated non-financial statement, prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2022 (hereinafter the "Information" and the "Statement", respectively), presented in the group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (code de commerce).

### **Conclusion**

Based on the procedures we have performed as described under the "Nature and scope of procedures" and the evidence we have obtained, nothing has come to our attention that cause us to believe that the consolidated non-financial statement is not prepared in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

### **Preparation of the non-financial performance statement**

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, the significant elements of which are available on request at the company's headquarters.

### **Inherent Limitations in preparing the Information**

As stated in the Statement, the Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

### **Responsibility of the Entity**

Management is responsible for:

- selecting or establishing suitable criteria for preparing the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators and the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- preparing the Statement by applying the Entity's "Guidelines" as referred above; and
- implementing internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by the Head of Michelin Group.

## Responsibility of the Statutory Auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to report on:

- the Entity's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), the French duty of care law and against corruption and tax evasion);
- the fairness of information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy)
- the compliance of products and services with the applicable regulations.

## Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with Articles A. 225-1 *et seq.* of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to such engagement, in particular the professional guidance issued by the Compagnie Nationale des Commissaires aux Comptes, *Intervention du commissaire aux comptes – Intervention de l'OTI – déclaration de performance extra-financière*, and acting as the verification programme and with the international standard ISAE 3000 (revised) - *Assurance engagements other than audits or reviews of historical financial information*.

## Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and French Code of Ethics for Statutory Auditors (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement.

## Means and resources

Our work engaged the skills of 8 people between September 2022 and February 2023 and took a total of 22 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted 25 interviews with people responsible for preparing the Statement, representing in particular CSR direction, administration and finance, risk management, compliance, human resources, health and safety, environmental.

## Nature and scope of procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Information is likely to arise.

The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Information, we:

- obtained an understanding of all the consolidated entities' activities and the description of the main risks associated;
- assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, best practices within the sector.
- verified that the Statement includes each category of social and environmental information set out in Article L. 225-102-1 III as well as information regarding compliance with human rights and anti corruption and tax avoidance legislation;
- verified that the Statement provides the information required under Article R.225-105 II of the French Commercial Code where relevant with respect to the main risks, and includes, where applicable, an explanation for the absence of the information required under Article L.225-102-1 III, paragraph 2 of the French Commercial Code;
- verified that the Statement presents the business model and a description of the main risks associated with of all the consolidated entities' activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the main risks;

- referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the main risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the main risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; For some risks, fight against corruption, fight against tax evasion, safety of tire products, non-respect of human rights by suppliers, impact of product use (scope 3) on climate change, impact of suppliers (scope 3) on climate change, non-compliance with the supplier relations code of conduct, development of products and services beyond tires, our work was carried out on the consolidating entity; for other risks, our work was carried out on the consolidating entity and on a selection of sites: Vannes, Golbey, Ladoux (France), Anderson, Lexington, Dothan (United-States), Bridgewater (Canada), Mezquite (Mexico), Grumari, Manaus (Brazil), Alessandria, Cuneo (Italy), Victoria (Romania), Laem Chabang (Thailand), Shenyang (China), Chennai (India), Euromaster Germany, Euromaster Finland;
- verified that the Statement covers the consolidated scope, i.e. all the entities within the consolidation scope in accordance with Article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- obtained an understanding of internal control and risk management procedures the Entity has implemented and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of definitions and procedures and reconcile the data with supporting documents. This work was carried out on a selection of contributing sites : Vannes, Golbey, Ladoux (France), Anderson, Lexington, Dothan (United-States), Bridgewater (Canada), Mezquite (Mexico), Grumari, Manaus (Brazil), Alessandria, Cuneo (Italy), Victoria (Romania), Laem Chabang (Thailand), Shenyang (China), Chennai (India), Euromaster Germany, Euromaster Finland, and covers between 19% and 34% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- assessed the overall consistency of the Statement in relation to our knowledge of all the consolidated entities

The procedures performed in a limited assurance review are less in extent than for a reasonable assurance opinion in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

Neuilly-sur-Seine, February 16<sup>th</sup>, 2023  
One of the Statutory Auditors,

PricewaterhouseCoopers Audit  
Jean-Christophe Georghiou  
Partner

Sylvain Lambert  
Sustainable Development Partner

#### 4.2.4.1 Appendix : List of information we considered most important

##### Key performance indicators and other quantitative results:

- Total Case Incident Rate and Serious Accident Frequency Rate;
- iMEP and its components (energy, water, volatile organic compounds, CO<sub>2</sub> (scope 1 and 2), waste);
- Scope 3 categories of the carbon footprint updated annually: upstream and downstream logistics activities, purchases of raw materials and components, and upstream energy;
- Improvement of the energy efficiency of pneumatic products compared to the 2020 baseline;
- Percentage of sustainable materials (renewable biosourced or from recycled materials) used in the manufacture of tyres;
- Percentage of sites certified ISO 14001;
- Share of suppliers assessed by EcoVadis reaching the "confirmed" level;
- Proportion of suppliers at the "confirmed" level (according to Ecovadis) on the "social and human rights" theme;
- Share (in CO<sub>2</sub> emissions) of suppliers of goods and services with a "science-based" target;
- Natural rubber purchase volumes assessed by documentary audits (Ecovadis) and purchase volumes assessed at the "confirmed" level;
- Volume of natural rubber used by the Group compliant with the environmental criteria of the responsible natural rubber policy;
- Percentage of the volume of natural rubber used by the Group evaluated on the basis of criteria relating to human rights (Rubberway);
- Share of natural rubber volumes purchased by the Group mapped with Rubberway;
- Diversity of inclusion management index and its components (diversity, identity, multi-nationality of management, disability, equal opportunity);
- Rate of access to training;
- Share of management positions held by employees from internal mobility;
- Rate of engagement of Group staff, as resulting from the annual "Moving Forward Together" study, other indicators linked to the annual study, and participation rate;
- share of employee shareholders;
- Percentage of employees receiving a living wage in the countries in which the Group operates;
- Number and nature of referrals to the ethics alert line;
- Percentage of employees trained in anti-corruption;
- Proportion of purchasers trained in ethical risk in supplier relations;
- Share of targeted customers at the level of the Net Promoter Score targeted by the Group.

##### Qualitative information (actions and results):

- Energy transition and decarbonization (supply chain initiatives, Carbon Livelihoods Fund, investment in SYMBIO);
- Environmental footprint of industrial operations (renewable energy initiatives, biodiversity and VOC initiatives in Shenyang, water initiatives and the Lean Water approach, environmental externalities);
- Natural rubber (deployment and participation of growers in the Rubberway program, fight against deforestation, training of growers, study in collaboration with ETRMA, SPOTT classification);
- Human rights and responsible purchasing (human rights framework policy, responsible purchasing training program);
- Diversity and inclusion (feminization, initiatives on disability, initiatives on the integration of refugees, Michelin Development France program, investments by the Michelin Corporate Foundation);
- Workforce (age pyramid, seniority, part-time, use of temporary workers, hiring);
- Safety at work (Quality of Life program, investments dedicated to ergonomics);
- Safety and quality of Michelin products and services (JD Power award, ISO 9001 certifications, voluntary recall actions).