ANNEX C of HCBM SOCIAL & ENVIRONMENTAL PRINCIPLES PAPER

HCBM Social Sustainability Principles Case Study - MICHELIN (France)

Industry of reference: Tire

By Flora Erbibou
April 2018

Introduction: Michelin is a French tire manufacturer based in Clermont-Ferrand in the Auvergne region of France. It is the second largest tire manufacturer in the world after Bridgeston. Michelin’s numerous inventions include the removable tire, the pneurail and the radial tire.

1. Policy Commitments: Indicators

Commitment to respect human rights

Michelin has made commitment to respect the following international regulations: The Universal Declaration of Human Rights; fundamental rules of International Labor Organization (ILO); and Organization for Economic Co-operation and Development (OECD) guidelines concerning human rights, environment protection and fights against corruption. We want to pursue the Michelin Group’s worldwide expansion based on three guiding principles:

- Maintain a strong, open and shared Company culture, a source of social cohesion and motivation;
- Encourage personal development and self-realization within the Company for one and all, in the exercise of their responsibilities;
- Ensure constant compliance with the regulations and respect for cultures of the countries in which we operate.

Being the leader in sustainable mobility has been our corporate mission since the beginning, even if the vocabulary was different 125 years ago. But what inspires us has not changed, namely a passion for innovation, for quality and for everyone’s personal development. We want to be sustainable and efficient in everything we do and in all our areas of responsibility. Our strategy is shaped by our purpose and integrates our sustainable development goals.

In this way, we are preparing for the future of sustainable mobility, for example, by offering tire lines that deliver more performance with less raw materials and better fuel economy. Our Services and Solutions offering, whose growth we expect to see double by 2020, is based on the connected tire, which helps professionals to improve productivity and reduce their environmental footprint. High-tech
materials, a core performance enabler for our tires, are also a key component of our strategy to foster a circular economy based on eco-design, retreading, recycling and biomaterials.

Our business objectives are part of the same overall method of taking sustainable development priorities into account. The process of becoming more competitive more quickly is being driven by social dialogue, empowerment and self-managing shop our teams. Lastly, our capital expenditure decisions are based on an internal carbon price, and that leads us to make the best decisions when it comes to the environment. (see Registration Document)

**Commitment to respect the human rights of workers**

The Company states that Michelin is a responsible employer and recognizes the fundamental conventions of the International Labor Organization and other benchmark standards. Quantitative indicators on health, safety, well-being, employee engagement, professional development and training are tracked on an annual basis to build on the momentum of Group-wide continuous improvement. (see Michelin – Code of Ethics)

**Commitment to respect human rights particularly relevant to the Tire industry**

It also states that Michelin is convinced that the Company’s performance and the professional success of each of its members go hand-in-hand. Launched in 2011, Moving Forward Together reaffirms the values that drive the Group, presenting both the Group’s commitments and those it expects from its employees. (see article Michelin Responsible Employer)

**Commitment to engage with stakeholders**

Throughout its history, the Group, wherever it operates, has maintained close relations with its stakeholders. This relationship has been forged over time, as demands have evolved, and has continued to develop in a manner based on common sense. The ISO 26000, established in 2010, is helping to create a reference framework which has not existed up to now. Under the standard, “An organization should be conscious of and respect the interests of its stakeholders and respond to their expressed concerns”. (Article 4.5). The standard helps enterprises establish stakeholder relationships of every form.

Moreover, the Group recognizes the legitimacy and importance of talking to all its stakeholders, wherever it is present and in all the business activities in which it is involved.

The development of a sustained relationship with stakeholders, whoever they are and whatever the views they express, is a benefit for the enterprise. It enables it to understand the changing expectations of civil society and the public authorities. It gives the Group a better grasp of strategic issues and helps it to prepare the future. It also makes it possible to identify new opportunities for innovation, market development, growth and partnerships. (see Stakeholders Relations)

**Commitment to remedy**

Employees who fail to comply with the Code of Ethics could be subject to disciplinary action.

**Commitment to respect the rights of human rights defenders**
CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator.

**Board Level Accountability: Commitment from the top**

Jean-Dominique Senard, Chief executive officer states in the *registration document* in 2016, that “being the leader in sustainable mobility has been our corporate mission since the beginning”

**Board Level Accountability: Board discussions**

Michel Rollier, Chairman of the Supervisory Board states the following: “The composition of the supervisory board guarantees enriching discussions. The expertise and diversity of its members, with their array of backgrounds, differing perspectives and cultural complementarity is a genuine asset for the Michelin group.”  
(see Annual and sustainable development report)

**Incentives and performance management**

Revenue is measured at the fair value of the consideration received, or receivable, taking into account the amount of any trade discounts allowed by the Group entities or any commercial incentives linked to sales. (see Registration Document)

2. **Embedding Respect for Human Rights in the Company’s culture and management systems: Indicators**

**Responsibility and resources for day-to-day human rights functions**

Michelin expects employees to act in accordance with the standards of integrity and ethical behavior that form the bedrock of its corporate culture, and have been robustly defined in a number of easily accessible, actively promoted reference documents. These values and standards are assembled into a solid collection of easily accessible codes, charters and manuals that are widely distributed and actively promoted across the Group. Ethics and Compliance Committees have been set up in each of the geographic zones and in certain countries. A database provides access to all of our best practices, as well as useful information and decisions made by the Group. To ensure compliance, all of the rules of conduct are regularly audited. These tools contribute to upholding human rights, particularly for salaried and subcontracted employees and communities near the Group’s facilities. In addition, Michelin used the Danish Institute for Human Rights reference guidelines to assess its mapping of 14 Group-level risks.

**Incentives and performance management**

CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator.

**Integration with enterprise risk management**

The three lines of responsibility are supervised by the Group’s decision-making bodies, which play a major role in governing these systems. Risk management is therefore governed at several levels of the organization:
1. The Audit Committee is made up of three Supervisory Board members who represent the shareholders. It meets several times a year to track the effectiveness of risk management systems in compliance with the governmental order of December 8, 2008 transposing into French law the 8th EU Company Law Directive. The Group ensures that all of the Committee’s comments concerning this issue are taken into account.

2. The Chief Executive Officer and the Group Executive Committee meet regularly to oversee the risk management process as part of their management duties. In this role, they approve the Group risk map, define risk management policies and determine priorities in this regard, make decisions concerning resource allocation and verify that the action plans for priority risks are being implemented according to plan.

3. Unit and regional Risk Committees are being gradually set up. Once they are in place, they meet two to three times a year to track the major risks within their remit.

Communication / dissemination of policy commitment(s) within Company’s own operations

As part of its training policy for Supervisory Board members, during the year the Company once again organized a special training program on the Group’s operations. The program gave all of the members an opportunity to acquire or refresh their hands-on insight into how Michelin’s various businesses are run.

In 2016, the two members who joined the Supervisory Board in 2015 participated in a special program to deepen their knowledge and understanding of the Group, particularly its manufacturing operations. (see Registration document)

Communication / dissemination of policy commitment(s) to business relationships

The Company requests its business partners to sign and commit to comply with its Sustainability Commitment policy in order to enter into business. Suppliers are also covered by this policy.

Training on human rights

Sensitivity campaigns and special training programs are used to instill an effective culture of diversity throughout the organization and at every level of management. Country organizations are also encouraged to develop their own sensitivity initiatives for managers and employees.

Before taking up their position, all line and career managers participate in a training program concerning discriminatory behavior and diversity issues, which helps them to avoid stereotyping, understand diversity legislation and anticipate high-risk situations. By improving practices and attitudes, they also encourage participants to take action to promote diversity within their units. In 2016, Michelin partnered with the University of Auvergne to build a Europe-wide application to enable managers to self-assess their representations of gender. Supported by personalized, online feedback reports and a set of teaching points, it can be used in all types of management training.

Audits are also regularly performed to ensure that human resources processes are non-discriminatory and that action plans have been effectively implemented to address the risks identified. In 2016, a human rights audit was conducted, with a focus on discrimination. It used the Danish Institute for Human Rights’ HRCA Quick Check tool, along with Verisk Maplecroft’s suite of tools for an in-depth analysis of two regions in particular. In addition, an ongoing international internal control procedure
regularly verifies non-discrimination compliance around the world. (see Registration Document).

**Monitoring and corrective actions**

CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator.

**Engaging business relationships**

Identifying Group stakeholders, at the level of the local area, country, geographic zone, Group or business activity requires a rigorous examination of the business relationships the Group has established with its partners, but it goes further. It implies a good understanding of the Group’s influence in the region or business sector in which it operates. The renewal of relations between the enterprise and its stakeholders is taking place within the Corporate Social Responsibility (CSR) framework. **To create and sustain stakeholder dialogue** throughout the company, the Group has adopted governance principles which define three levels of dialogue:

1. At the Group corporate level, a Group corporate stakeholder committee has been created. It has between 8 and 10 members appointed for 3 years. Once a year, they meet the members of the PRM Council chaired by the Michelin president. Discussion is focused on the key issues of sustainable development. The meetings are organized by the PRM department.
2. At the level of a Group corporate entity such as a product line or Group department, stakeholder meetings are organized around subjects of topical interest for the company. Stakeholders are invited on an ad hoc basis depending on the topic. The frequency of these meeting depends on the company’s needs on a subject of current interest. They are coordinated by the Group PRM team working closely with the entity concerned.
3. At the level of the geographic zones, the zone decides independently on the stakeholder meetings to organize at zone, country or site levels. If necessary, the PRM central team can provide support. The zone also decides how the meetings are organized and what subjects are discussed. The recommendation is for meetings to be held once a year. (see Stakeholders relations)

<table>
<thead>
<tr>
<th>ENGAGE</th>
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<tr>
<td><strong>Types of Stakeholders</strong></td>
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<tr>
<td>- Stakeholders with a high level of influence and a high willingness to engage.</td>
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<td>- An adversarial stakeholder that may engage pragmatically on a particular issue or in facilitated/group setting.</td>
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<tr>
<td><strong>Models of Engagement</strong></td>
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<tr>
<td>- Consultations</td>
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<td>- Surveys/Feedback on specific issues</td>
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<td>- One-on-one meetings</td>
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<td>- Facilitated engagement</td>
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<td>- Public meetings, hearings</td>
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<td>- Workshops</td>
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<td>- Interviews</td>
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<td>- Tours/site visits/ community days</td>
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<td>- Information hotlines</td>
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Framework for engagement with potentially affected stakeholders

The Group believes in Dialogue. Dialogue with its stakeholders enables the Group to detect underlying risks which would otherwise have gone unnoticed, and to pick up barely perceivable information about them. In this way, stakeholder dialogue is a means of prevention and anticipation which helps to avoid potential conflicts or crises.

Choosing the form of dialogue by stakeholder type

<table>
<thead>
<tr>
<th>Types of Stakeholders</th>
<th>Track</th>
<th>Communicate</th>
<th>Engage</th>
<th>Partner</th>
</tr>
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<tbody>
<tr>
<td>- Stakeholders that are not currently active on the issues.</td>
<td>- Stakeholders which are currently less influential, but might be interested in Michelin’s activities.</td>
<td>- Stakeholders with a high level of influence and a high willingness to engage</td>
<td>- Stakeholders with a high level of influence and a high willingness to engage and who have established longer-term, higher investment relationships.</td>
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<td>- Stakeholders that are potentially adversarial, which Michelin may want to approach eventually.</td>
<td>- Stakeholders that are unlikely to engage today, but where opening doors and building trust could be important in the medium/long term.</td>
<td>- An adversarial stakeholder that may engage pragmatically on a particular issue or in a facilitated/group setting.</td>
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3. Human Rights Due Diligence: Indicators

Identifying: Processes and triggers for identifying human rights and impacts

Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)

Integrating and Acting: Integrating assessment findings internally and taking appropriate action

Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts

Communicating: Accounting for human rights impacts are addressed

4. Remedies and Grievances Mechanisms: Indicators

Grievance channels / mechanisms to receive complaints or concerns from workers
To ensure compliance, all of the rules of conduct are regularly audited. Anonymous, protected whistleblowing procedures enable employees to report possible infractions.

**Grievance channels / mechanisms to receive complaints or concerns from external individuals and communities**

The whistleblowing channel is available to report possible infraction. Reports are prepared on a regular basis to assess the overall situation and any new developments.

**Users are involved in the design and performance of the channel(s)/mechanism(s)**

The design, machines and equipment are continuously improved so as to prevent most of these risks. Progress is tracked through management indicators such as the frequency and severity of workplace accidents, while the methods, guidelines and practices in place are assessed using internal control procedures.

**Procedures related to the mechanism(s) / channel(s) are publicly available and explained**

CHRBI has not identified any documents in the public domain which provide all the information required to meet this indicator.

**Commitment to non-retaliation over concerns/complaints made**

CHRBI has not identified any documents in the public domain which provide all the information required to meet this indicator.

**Company involvement with State-based judicial and non-judicial grievance mechanisms**

CHRBI has not identified any documents in the public domain which provide all the information required to meet this indicator.

**Remediying adverse impacts and incorporating lessons learned**

On the back of record-level 2016 results and an in-depth transformation of its operating procedures in response to innovation-hungry markets and major environmental challenges, Michelin is making sustainable mobility the defining feature of the 21st century. (see annual and sustainable report)

5. **Enabling Factors and Business Processes: Indicators**

Maintaining quality relations with suppliers and their subcontractors are part of Michelin's Corporate Social Responsibility (CSR). Michelin has practiced responsible purchasing with its suppliers for many years by integrating and applying the principles sustainable development. To establish win-win relationships with our suppliers, we ask them to comply with the following principles of our sustainable development policy and to apply these principles throughout their own supply chains. Michelin suppliers understand that compliance with the principles and guidelines are essential part of their commercial relationship and undertake to apply them or to deploy an improvement process to achieve compliance. In the event that a supplier fails to apply these principles and guidelines despite repeated warning, the Group terminate the commercial relationship. (see Code of Ethics)
The Group’s purchasing teams are focused on establishing an active, high-quality working relationship with suppliers to construct a purchasing strategy that responds effectively to Michelin’s specific needs and challenges.

**Living Wage (in the supply chain)**

Although the Company includes fair living wages in the Code of Ethics, it does not describe how these practices are taken into consideration in the identification and selection of suppliers.

**Aligning purchasing decisions with Human Rights**

The Group’s purchasing teams are focused on establishing an active, high-quality working relationship with suppliers to construct a purchasing strategy that responds effectively to Michelin’s specific needs and challenges. The key factors in this strategy are dialogue, cooperation, transparency, a desire to develop the future of mobility together and a responsible attitude in our current and future actions. Michelin’s Supplier Relationship Management (SRM) approach is based on these key factors.

To manage our relationships effectively, we have segmented our suppliers in four categories. Our teams develop different levels of relationships and specific tools for each category, as follows:

- **Tier 1:** Establish a full-fledged strategic relationship based on innovation and/or partnership projects.
- **Tier 2:** Develop the business relationship to obtain mutually beneficial competitive advantage.
- **Tier 3:** Optimize the current relationship based on continuous improvement.
- **Tier 4:** Pursue a commercial relationship based on respect for mutual commitments.

This collaborative approach is designed to allow Michelin and its suppliers to create and share more value by devising improvement plans and measuring the long-term effects. (see purchasing principles)

**Mapping and disclosing the supply chain**

The Michelin Group principle states “We are in favor of fair commercial competition from all players, within the framework of competition law”. Michelin strives to select subcontractors and suppliers of goods and services utilizing a transparent process on the basis of objective criteria. The list of suppliers is confidential and remains so even after the bid is awarded, notably to avoid price fixing among suppliers. (see Registration Document)

**Age verification and corrective actions (in the supply chain)**

- **Age verification**

  The Group recognizes the Universal Declaration of Human Rights and the conventions of the International Labor Organization, particularly in relation to the elimination of discrimination in employment and occupation and the abolition of forced labor and effective abolition of child labor. No persons shall be employed at an age younger than 15 or younger than the legal age for employment if this is higher than 15.

- **Corrective Actions**
Suppliers are expected to handle complaints and resolve issues efficiently and in a timely manner.

Claims may be filed when a defect is identified on receipt or during use.

Each complaint must be backed by supporting evidence and/or a calculation of the cost of non-conformity. Michelin shall transmit all the information needed to understand and resolve the non-conformity to the supplier as quickly as possible.

For each complaint, the supplier must comply with the steps in the Michelin complaint resolution process:

- acknowledge and process the complaint;
- take the appropriate action depending on the decision made concerning the product; provide Michelin with evidence that:
  - immediate measures have been deployed to resolve the real or potential impact of non-conformity (supply continuity, protection of Michelin products, etc.);
  - the causes of the defect have been identified and corrective measures have been taken;
  - it can guarantee that non-conformity will not reoccur;
  - it has measured the effectiveness of the corrective measures taken and can provide proof that the product is now fully compliant;
- resolve the issue within the requested timeframe.

In all cases, Michelin reserves the right to:

- call in the supplier to discuss its improvement plan;
- charge the supplier for any expenses incurred in connection with additional inspections and shipping, repair work, sorting and waste disposal, lost productivity, or other procedures;
- demand that the supplier fulfills additional requirements, at its own expense, to ensure product conformity. These can include validation of the monitoring plan, evidence of results, assessments of product and process performance, and audits of corrective measures;
- conduct an audit of the corrective action plan. (see Stakeholders relations)

**Debt bondage and other unacceptable financial costs (in the supply chain)**

The Corporate Financing Department controls, measures and supervises financial risks for each company and region, as well as at Group level. These tasks are overseen by the Group Financial Department, to which the Corporate Financing Department reports.

One of the Corporate Financing Department’s ongoing missions is to define the rules for applying financial risk management policies, which are monitored on the basis of a full array of internal standards, procedures and authoritative literature. Geographic Zone finance managers oversee the implementation of the Group’s financial risk management policies by the finance managers of the companies in their zone. In addition, compliance with financial risk policies is assessed through internal audit reviews to evaluate risk control efficiency and identify means of improvement.

All decisions regarding Group financial risk hedging policy are taken by the Group Financial Department. As a general rule, the Group strictly limits the use of derivatives to the sole purpose of hedging clearly identified exposures.

The Financial Risks Committee is responsible for defining and approving financial risk management policies, identifying and assessing risks, and approving and monitoring hedges. It meets on a monthly basis and comprises representatives from the Group Financial Department and the Corporate...
Financing Department. (see Registration document)

**Restrictions on workers (in the supply chain)**

The Group expects from their suppliers and their subcontractors to comply with international standards, notably the Universal Declaration of Human Rights, the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises, labor laws and regulations in their countries, the conventions of the International Labor Organization (ILO), notably as concerns child labor, forced labor and non-discrimination, the principle of respecting human dignity through acceptable working conditions, occupational safety, health and hygiene regulations so as to limit the impact of their operations on the health and safety of their employees and host communities, the safety rules applied at Michelin sites that they visit or they work.

**Freedom of association and collective bargaining (in the supply chain)**

Michelin expects from their suppliers and their subcontractors to comply with labor laws and regulations in their countries (compensation, working hours, freedom of association)

**Fatalities, lost days, injury rates (in the supply chain)**

Three employees died in 2012, a worker at the Karlsruhe plant in Germany, a member of the sales team in Russia. A fatality was also reported by the TCI dealership network in North America and another by a subcontractor participating in the construction of the Chennai plant in India, bringing the total number of fatalities during the year to four. Investigations are underway to analyze the causes of these accidents and protective measures have been taken to improve safety. (See Registration Document – Grenelle 2012)

**Women’s rights (in the supply chain)**

CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator.

**Working Hours (in the supply chain)**

Michelin is committed to providing working conditions that favor all four key aspects of personal well-being – physical health, psychological balance, social fulfillment and a sense of personal achievement. It does this by undertaking projects to enhance the work environment and the organization of work schedules, by improving communication methods, by exploring solutions for a better work-life balance, and by promoting a high quality of life for everyone.

Working hours in the manufacturing plants and the research, logistics, sales and administrative facilities are strictly organized according to the applicable labor laws of the country concerned. For full-time non-shift employees, the annual work time varies from 211 days in Hungary to 278 days in Colombia, and 213 days in France to 260 days in the US and Mexico.

Working in shifts enables a plant to operate up to seven days a week and 360 days a year, thereby optimizing capacity utilization. If demand declines, adjusted working hours and temporary schedules can be implemented after consulting employee representatives. In 2012, an agreement was signed with trade unions at MFPM’s plant to adjust working hours on a permanent basis. (For more details,
see section 6.2.5 on social dialogue.) These adjustments enable the Group to respond to fluctuations in business activity, while enhancing its appeal as an employee. (See Registration Document – Grenelle 2012)

6. Responses to serious allegations

Case 1: Indicators

2013 – India

Summary

“Human rights breaches”
According to the French trade union CGT, the CCFD (a French NGO), and Sherpa (a support organization for victims of corporate abuse), which have been promoting the cause of the dispossessed communities in France, Michelin is guilty of "negligence (...) of its human rights obligations". The transnational company, headquartered in Clermont-Ferrand, "failed to take the necessary measures to prevent violations of the community’s human rights and of their environment" and remains "unfazed by the numerous demonstrations and legal procedures filed against local authorities." Why should Michelin be held responsible, and not just Indian authorities? It is the first, and one of the only
companies to have established itself in the industrial zone: the only other foreign firm in the special economic zone is one of Michelin’s Belgian subcontractors... The three French organizations believe that the group should be held responsible for the consequences of its decision to locate a factory there.

Together with two Indian organizations (Tamil Nadu Land Rights Federation and Thervoy Sangam), in July 2012, they brought the matter before a body responsible for promoting the OECD guidelines for multinational corporations. These (voluntary) "guidelines" are a series of recommendations on issues such as human rights, professional relations, environmental impact, and the prevention of corruption. In each country, a "national contact point" (NCP) is established as to investigate alleged violations of these principles by transnational corporations. In France, the NCP is composed of officials from five ministries (Economy and Finance, Labor, Social affairs, Foreign affairs, Environment), business representatives (Medef) and unionists, under the authority of the Minister of the Economy and Finance. NCP decisions are supposed to be taken by consensus, and are based on a minimalist set of requirements in terms of human rights, workers’ rights and environmental sustainability. The system is hardly revolutionary, especially since the NCP has no investigative capacity or normative power whatsoever.

7. Transparency: Indicators

Commitment from the Top

The Michelin’s Chief Executive Officer, Jean-Dominique Senard states in the Registration Document that: "Being the leader in sustainable mobility has been our corporate mission since the beginning"

Board discussions

At Michelin, corporate governance is a robust process focused on long-term responsibility. The Supervisory Board acts independently and the Managing Partner has full management responsibility. The Supervisory Board met 6 times in 2016. In particular, it assessed the results of the 2013-2016 strategic plan as well as reviewing the 2017-2020 strategic plan, proposed acquisitions, industrial restructuring programs and projects to simplify the Group’s operating procedures. (see annual and sustainable report)

Responsibility and resources for day-to-day human rights functions

Michelin firmly believes that business performance and the professional success of its employees go hand in hand. The “Moving Forward Together” program reaffirms the values that guide the Group every day and expresses the mutual commitments that it has undertaken and that employees are expected to demonstrate. Michelin wants every employee to be able to and fulfillment in his or her job. That’s why performance and potential are assessed with a view to the long-term, and training policies allow each employee to continue to grow throughout his or her career, while helping to drive the Group’s development. At the same time, career management focuses on promoting from within and offering mobility opportunities. (see Registration Document)

Incentives and performance management

CHRB has not identified disclosures highlighted in a company GRI Index or otherwise referenced by this indicator that meet the requirements.
Commitment / dissemination of policy commitment(s) to business relationships

See related indicator above

<table>
<thead>
<tr>
<th>1.1.9 PROGRESS ON AMBITIONS FOR 2020</th>
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<tr>
<td><strong>2020 ambition</strong></td>
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<tr>
<td>1. Continuously improve customer satisfaction</td>
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<td>2. Demonstrate our commitment to the well-being and development of our employees</td>
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<tr>
<td>3. Secure robust financial performance</td>
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Training on human rights

In line with its deep dedication to sustainable employee growth and development, Michelin is assertively enabling everyone to actively build his or her personal career path. Employees are hired with the prospect that they will grow with the Group, and then guided in developing their careers by their line and career managers. Their professional and personal growth is further supported by a
variety of induction, integration and training programs aligned with each employee’s individual needs and aspiration

**Monitoring and corrective actions**

In 2016, the Group and regional Ethics and Compliance Committees met regularly to ensure the sustained roll-out of the Code of Ethics, identify any possible ethics violations and take any appropriate corrective measures. Ethics hotlines have been opened in almost every host country, providing an additional channel for employees to report potential ethics violations. During the year, audits and inspections were also performed concerning various ethics issues.

**Engaging business relationships**

Identifying Group stakeholders, at the level of the local area, country, geographic zone, Group or business activity requires a rigorous examination of the business relationships the Group has established with its partners, but it goes further. It implies a good understanding of the Group’s influence in the region or business sector in which operates. The renewal of relations between the enterprise and its stakeholders is taking place within the Corporate Social Responsibility (CSR) framework.

**Framework for engagement with potentially affected stakeholders**
The identification stakeholders at any given time is carried out in respect of the stakes. What are the critical stakes for the company at the local, country, geographic zone, Group or entity levels? The concerned department, if necessary supported by the PRM team, will have to base his case on the analysis of the risks and stakes which are relevant to his sphere of influence to draw up a list of stakeholders who may be affected or have an interest in carrying out some form of action. (see stakeholders relations)

**Identifying: Processes and triggers for human rights risks and impacts**

**Assessing:** Assessment of risks and impacts identified (salient risks and key industry risks)

**Integrating and Acting:** Integrating assessment findings internally and taking appropriate action

**Tracking:** Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts

**Grievance channels/mechanisms to receive complaints or concerns from workers**

The HSER system also records incidents involving temporary workers and contractor employees. Such incidents are then reviewed with the companies concerned to help them prepare improvement action plans.

**Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities**

The Company has an open-door policy and has a complaint procedure in place that is communicate to its employees globally.

**Users are involved in the design and performance of the channel(s)/mechanism(s)**

CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator.

**Procedures related to the mechanism(s) / channel(s) are publicly available and explained**

See related indicator above

**Remedying adverse impacts and incorporating lessons learnt**

See related indicator above

**Aligning purchasing decisions with human rights**

See related indicator above

**Child labor**

The Group is fundamentally opposed to child and forced labor, in full compliance with the principles of the International Labor Organization.
Michelin undertakes to ensure labor conditions and relationships respecting human dignity, and to ensure that these labor conditions are safe and in compliance with ILO norms and local laws and regulations.

**Forced labor**

The Group is fundamentally opposed to child and forced labor, in full compliance with the principles of the International Labor Organization.

**Freedom of association and collective bargaining**

Michelin has pledged to uphold the ten fundamental principles of the United Nations Global Compact and complies with the OECD Guidelines for Multinational Enterprises. It recognizes the Universal Declaration of Human Rights and the conventions of the International Labor Organization, particularly in relation to freedom of association and protection of the right to organize (see section 6.1.5), the elimination of discrimination in employment and occupation (see section 6.1.6 b), and the abolition of forced labor and effective abolition of child labor.
Michelin Case Bibliography

• Report


• Electronic publications


• Website