



Michelin Australia Pty Ltd

Modern Slavery Statement 2023

I. Introduction

This joint Modern Slavery Statement (this “**Statement**”) is being published in accordance with the Modern Slavery Act 2018 (Cth) (“**the Act**”) and sets out the actions taken by Michelin Australia¹ to assess and manage modern slavery risks within its own operations, supply chains and business activities for the financial year ending 31 December 2022 (“**FY22**”). This is Michelin Australia’s third statement under the Act.

This Year 3 Statement expands the scope of its reporting entities and highlights Michelin Australia’s continuing commitment to addressing modern slavery risks in its operations and supply chains by reporting on the progress made since the preceding statement and outlines the new measures taken to address these modern slavery risks.

II. Reporting Entities

The reporting entities covered by this Statement are **Michelin Australia Pty Limited** (ABN 84 006 761 628), **Klinge Holdings Pty Limited** (ABN 69 087 237 518), **Bearcat Tyres Pty Limited** (ABN 92 085 854 520) and **Fenner Dunlop Australia Pty Limited** (ABN 23 080 570 574), all of which are wholly owned subsidiary businesses of Compagnie Generale des Etablissements Michelin (“**CGEM**”) (together referred to as “**Michelin Australia**” or the “**Australian Reporting Entities**”). Michelin Australia is part of the Michelin Group (“**the Group**”) and its ultimate parent company is CGEM.

III. Operations and Structure

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 Australia Pty Limited: Michelin Australia Pty Limited imports and distributes all types of tyres as well as provides mobility services across Australia and New Zealand. It has offices in all major Australian cities and distributes its products through independent dealers. Michelin Australia Pty Limited has around 154 employees. These employees are largely office-based, and roles include senior management, account managers, administrative staff, customer service advisors, information technology, marketing, national and regional sales managers and supply chain personnel. They are located across all major Australian cities.

Klinge Holdings Pty Limited (“**Klinge**”): Klinge is a tyre software, training and consulting company based out of Brisbane, Queensland and is a wholly owned subsidiary by Michelin Australia Pty Limited. Klinge Holdings Pty Limited has around 14 employees.

Bearcat Tyres Pty Limited (“**Bearcat**”): Bearcat is a supplier and installer of tyres, wheels and rubber tracks and is based out of Girraween NSW. Bearcat Tyres Pty Limited forms part of the Group’s acquisition of the Camso Global Group of Companies in 2018 and has around 80 employees.

¹ References to Michelin Australia in this statement are to Michelin Australia Pty Ltd and the entities that are subject to the requirements of the Modern Slavery Act 2018 (Cth), referred to in this statement as the Australian Reporting Entities.



Fenner Dunlop Australia Pty Limited ("Fenner Australia"): Fenner Australia is wholly owned by Fenner (Pacific) Pty Ltd ACN 000 231 532 ("**Fenner Pacific**"). Fenner Pacific also wholly owns Belle Banne Conveyor Services Pty Ltd ACN 146 806 055 and Agile Maintenance Services Pty Ltd ACN 146 754 065. In 2022, Fenner Australia acquired 100% ownership of Conveyor Products & Solutions Pty Ltd. (**CPS**), an Australian based, designer and manufacturer of high-quality conveyor components for the bulk materials handling industry.

Fenner Pacific and its subsidiaries including Fenner Australia are part of the Michelin Group and its ultimate parent company is CGEM. Fenner Australia has over 1,000 employees across eight manufacturing facilities and 19 service centers in Australia. Fenner Australia's belt products include conveyor systems, wear protection, cured and uncured rubber sheeting and belts, while services include engineering and design. Other product categories include equipment components, electrical control systems, diagnostics: condition monitoring systems and accessories.

Other services include field services, equipment hire, overhauls and refurbishment, rubber lining and 24/7 conveyor emergency call outs. The vast majority of the products imported and distributed by Michelin Australia are manufactured by members of the Group. Logistics services are outsourced.

IV. Supply Chains

Michelin Australia imports most tyre products that it distributes in Australia from members of the Michelin Group. Those products are manufactured by members of the Michelin Group located in 26 countries in Europe, the Americas, Asia and Africa.

Michelin Australia also procures certain goods and services in Australia such as logistics & warehousing, technology and telecommunications hardware and services, financial services from Australian banks, consulting services, marketing and events management, insurance, accounting, audit and legal services. It also procures certain goods in Australia to enable it to operate in Australia such as protective clothing, motor vehicles and miscellaneous office supplies. Some of the contracts for the aforementioned goods for information technology hardware and services are managed on a worldwide basis and others are regionally or locally managed.

Fenner Australia sources the majority of its raw materials, goods and other services expenditure from Australian suppliers. A further 5-10% of its expenditure are products manufactured by members of the Michelin Group located in Asia. In addition, Fenner Australia imports a small percentage of conveyor belt and conveyor equipment manufactured by overseas suppliers.

The procurement of these locally procured goods and services that are not procured under a Michelin Group managed procurement contract takes place under the supervision of the local purchasing team who generally follow the process and procedures set out in the Michelin Group's policy articulated in the Duty of Care Plan, including but not limited to, the Michelin Purchasing Principles. Those principles include respecting human rights and provide that Michelin requests that its suppliers do likewise.

V. Risks of Modern Slavery Practices in Michelin Australia's Operations and Supply Chains



The risk of modern slavery in Michelin Australia's supply chain can be separated into two parts:

i. **Risk in the manufacture and transport of products sold to Michelin Australia but manufactured by members of the Michelin Group**

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' CSR practices, particularly with respect to raw materials.²

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.³ 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. The main 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, forced labor, personal data and potentially negative impacts on local communities. These risks are tracked by the Internal Control department using self-assessments and audits, whose results are followed up with the implementation of action plans. While some risks (such as child labor and forced labor) are considered low within the Group, these may be present in the supply chain.

c. **Risks associated with suppliers' CSR practices**

Michelin has a diverse subcontracting chain and responsible procurement presents a major issue for the Group. The purchases of raw materials and in particular, natural rubber, presents risks for modern slavery and warrants the most attention to its environmental and social impact. This is due to the fact that, generally speaking, the production of natural rubber is labour intensive and natural rubber is typically sourced from

² Michelin's Duty of Care Plan 2022, published in May 2023: <https://www.michelin.com/en/documents/duty-of-care-plan/>. The main modern slavery risks indicated in this section are discussed on pages 32 to 70 of the Duty of Care Plan.

³ Michelin's Duty of Care Plan, page 35.



regions with high levels of poverty and predominantly from smallholder farms or remote plantations. Further, because the natural rubber supply chain is particularly complex and fragmented, this considerably complicates visibility and risk control. From a social perspective, while the majority of plantations are very small in size and rubber prices can fluctuate widely, there are risks in relation to working conditions in general and the low pay for farmers in particular. Other identified risks include conflicts over land ownership, debt bondage and exploitation, and a possible seizure of the land, along with the use of toxic pesticides. Other raw materials such as synthetic rubber and monomers, reinforcing fillers (such as carbon black), metal and textile reinforcements, chemicals, etc. – have a much lower exposure to modern slavery as they come from process industries. Nevertheless, some risks may be present when these goods are produced in countries with high human rights or forced labour risks.

ii. **Risk to Michelin Australia for suppliers of goods and services other than those goods and services procured from the Michelin Group**

The due diligence conducted in respect of Michelin Australia's non-Group supply chain focused upon its first-tier suppliers. Although each of these suppliers have their own supply chains, Michelin Australia has limited visibility of those supply chains. Michelin Australia accepts that its suppliers may be linked to modern slavery by way of their own supply chains.

The majority of Michelin Australia-specific suppliers are in industries and jurisdictions that are low risk for modern slavery, such as Australian providers of logistics, rubber compounding, professional services, banking and accounting.

Michelin Australia also has identified risk of modern slavery in the following suppliers, outside the Michelin Group: shipping, clothing, technology (e.g. IT equipment), hospitality, and cleaning.

VI. Prevention and Risk Mitigation Measures

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:⁴

- 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.

Each year, the Michelin Group's key non-financial risks and associated remediation plans are dealt with in the Duty of Care Plan. The risk prevention and mitigation measures relating to the risks highlighted in Section V in this statement will be discussed in detailed below.

i. **Management of the risks in the global supply chain by the Group and Michelin Australia**

⁴ Michelin's Duty of Care Plan, page 5.



Locally, Michelin Australia has a comprehensive approach to ensuring compliance with the Michelin Group's values and purpose, which consists of involvement from the following departments:

- Legal;
- Internal Control;
- Human resources;
- Purchasing; and
- Internal Audit.

In addition, the Group, including Michelin Australia, 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, most of which have also been outlined in Michelin Australia's previous modern slavery statements, include:

- Continuous implementation of the Michelin Purchasing Principles⁵ which sets out the Group's guidelines and commitments in relation to responsible purchasing and 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.
- Purchasing teams receive training on the Code of Ethics, including human rights risks;
- Forced labor guidelines have been drafted for the 2021 edition of the Code of Ethics, which can be found on <https://ethique.michelin.com/en/>;
- 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 labor, reinforcing the Michelin Purchasing Principles;
- Michelin Conditions of Purchase include the right to audit all suppliers to ensure compliance with the Purchasing Principles;
- The Group operates the Navex Ethics hotline 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.⁶ 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.

⁵ The Michelin Purchasing Principles: <https://purchasing.michelin.com/en/purchasing-principles/>

⁶ Michelin Duty of Care Plan, page 61.



- In 2022, a new Master Policy on Human Rights⁷ 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 labor and strengthening the human rights clauses in acquisition contracts.

Locally, in Australia, the Australian purchasing team of goods and services generally follow the same processes as explained in this section: the adoption of the Michelin Purchasing Principles, self-assessment questionnaires etc. The Group Purchasing Department also reviews Michelin Australia's suppliers and spending to identify whether an EcoVadis desktop review is required. In addition, Michelin Australia 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 conduct annual checks to ensure continued compliance of the policies.

ii. A specific approach for the management of the risks of natural rubber

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 labor 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 Michelin⁸.

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.⁹

Further, the Group has formalized its public commitments in a Sustainable Natural Rubber Policy published in 2016, and recently updated in 2021.¹⁰ 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.

Projects and initiatives

Since the deployment of the RubberWay® application, a number of key projects have been set up on the ground in key priority areas:¹¹

⁷ Michelin Master Policy on Human Rights 2022: <https://www.michelin.com/en/documents/michelin-master-policy-on-human-rights/>.

⁸ Michelin Duty of Care Plan, page 66.

⁹ <https://natural-rubber.michelin.com/commitments-and-transparency/progress>

¹⁰ Michelin Sustainable Natural Rubber Policy: <https://purchasing.michelin.com/en/documentfilters/sustainable-natural-rubber-policy/>

¹¹ Michelin Duty of Care Plan, page 68.



- In our Year 2 Statement we reported on the 2020 launch of the CASCADE project in Sumatra, Indonesia, which aims to improve the living and working conditions of 1,000 smallholder farmers and their families, while at the same time improving environmental and social practices. This four-year project, which runs until 2024, was developed from the RubberWay® findings and combines classroom training and a digital training tool to boost accessibility and enable impact measurement. The agricultural training equips farmers to increase their rubber yields and diversify their revenue streams for greater economic resilience, while the social and environmental training includes training on human rights, labour law, and the promotion of environmentally-friendly farming practices, such as reduced use of chemicals, intercropping or agroforestry, and environmental training courses.
- The RIVER project in Sri Lanka will build the skills of 6,000 smallholders and their families through to 2025, where rubber growing plays an important role in local livelihoods.
- In East Kalimantan in Indonesia, a project aimed at training 2,000 smallholders and their families by 2025 was kicked off in late 2022. Operations on the ground will begin in 2023.
- In Thailand, the GPSNR agroforestry project enable 1,000 smallholders from the south of Thailand to implement agroforestry rubber-growing systems by 2025.
- In the Brazilian Amazonia, where the local communities harvest the rubber from wild rubber trees, the Michelin Foundation is supporting a project, in collaboration with the WWF Brazil, that will benefit 3,800 families by 2023. The project aims to maintain the existing ecosystem by upgrading the collection and marketing of wild rubber by the traditional communities.

Information about these can be found on the Duty of Care Plan and on www.michelin.com.

*iii. **Risk mitigation - written policies***

Michelin Australia'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/documents/duty-of-care-plan/>.

All members of the Michelin Group, including Michelin Australia, are required to comply, and have adopted 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 Michelin Performance and Responsibility Charter;
- 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.

Copies of these policies can be found on www.michelin.com.

iv. **Risk mitigation - practices in respect of Michelin Australia employees**

Locally, the following requirements and practices are implemented amongst Michelin Australia's employees:

- Each employee must consent freely and without constraint to be hired by Michelin;
- Each employee gets a working contract;
- Each employee can decide to leave the company at any time (in accordance with his/her employment contract and local legislation);
- Each employee receives a regular market-based salary;
- The remuneration of each employee conforms with the local laws; and
- Employees can use the Navex ethics hotline to make or lodge a complaint.

v. **Risk mitigation - Whistleblowing**

The Michelin Group maintains an anonymous Navex Ethics Hotline that is managed by an independent third party. All employees and suppliers are advised of this facility and have access to it. Employees are actively encouraged to raise concerns relating to ethical issues including those relating to corruption and modern slavery with their managers, human resources department or via the Navex Ethics Hotline.

Whistleblowers are protected by whistle blower protection policies. Michelin Australia has adopted its own Whistleblower Policy, published in 2019, consistent with Whistleblower legislation in Australia.

vi. **Risk mitigation - Training**

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

vii. **Remediation – disciplinary action**

Michelin Australia 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. Michelin Australia addresses, escalates and where appropriate remediates all issues that are raised in connection with its businesses through the Navex Ethics Hotline or other reporting channels.



VII. Effectiveness of the Prevention Measures

The Group, including Michelin Australia, continue to develop and implement means to measure the effectiveness of the actions outlined in Section VI above. In order 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 labor and child labor) 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 on a yearly basis 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.

VIII. Any Other Relevant Information

In Michelin Australia's Year 2 Statement, we reported that post-acquisition audits at Camso (a Michelin Group company since 1 January 2019) identified shortfalls against the Group Environmental and Health & Safety standards and that action plans were underway. These action plans are still underway and are being tracked regularly.

In addition, we reported that CSR assessments of Camso's most at-risk suppliers would be performed. In 2022, these assessments were extended to suppliers specific to the MULTISTRADA company.

The principles for integrating new companies into the Group's CSR reporting process were defined in 2022. This will ensure that human rights indicators are tracked in these newly acquired companies within five years.

For the avoidance of doubt, the Australian Reporting Entities' procurement practices follow the processes and procedures set out in Section VI(i) of this Statement, including but not limited to, adherence to the Michelin Purchasing Principles.

IX. Consultation

This Year 3 statement, made pursuant to the Modern Slavery Act 2018 (Cth), was made in consultation between the legal, management and purchasing departments of the Australian Reporting Entities and approved by the Managing Director of Michelin Australia Pty Ltd on behalf of Australian Reporting Entities on 28 June 2023. This document constitutes our Modern Slavery Statement for the financial year ending 31 December 2022.

Signed

Name: Oliver Biggart
Position: Managing Director
Date: 28 June 2023