

**From:** JUST A3  
**To:** BEHRNDT Nils (JUST); BUSA Lucrezia (CAB-REYNDERS); GALLEGO Ana

**Cc:**

**Subject:** Flash report: Meeting of Commissioner Reynders' Head of Cabinet Tuts with Michelin, Berlaymont, 24 November 2021

Sent on behalf of

**Report: Meeting of Commissioner Reynders' Head of Cabinet Tuts with Michelin, Berlaymont, 24 November 2021**

**Participants:** [redacted] of Michelin Group), [redacted] Geneviève Tuts (Commissioner Reynders' Head of Cabinet) and Lucrezia Busa (Commissioner Reynders Cabinet Member), [redacted]

**Objective:** To discuss the sustainable corporate governance (SCG) initiative.

**Elements discussed:**

- Michelin referred to their commitment to the sustainability goal, the approach of the group being "All sustainable". This refers to their search for an equilibrium among the performance of the company, respecting people and the planet while carrying out their economic activity.
- Michelin has developed a technological platform (Global Platform for Sustainable Natural Rubber - GPSNR) and an application (Rubberway) that enable them to check how their rubber suppliers are operating (<https://purchasing.michelin.com/fr/caoutchouc-naturel-responsable-et-resilient/>).
- Michelin considers positive the upcoming initiative on Sustainable Corporate Governance although stressing the difficulty for a very big enterprise to control every single aspect of what is done at certain levels of the supply chain and also expressing concern about the risk of being

made accountable for issues that totally fall out of their reach or control (suppliers beyond tier 1). They also express concern of a potential increase of (strategic) litigation.

- On the directors' duties angle, Michelin mentioned that they are fully applying risk management (also including the application of the French Loi Sapin II), and expressed opposition to the multiplication of obligations on reporting and risk management beyond what is already in place.
- Michelin made reference to the positive consequences of their commitment to sustainability, also from the perspective of their employees, that want to remain or go to work with them due to the values and culture of the group which cares for people and the environment. They mentioned the importance of the SCGI to trigger a real change of the culture of enterprises. Michelin stressed that sustainability should not be a side aspect of the company but a principle inspiring its whole activity.
- Michelin indicated that the SCGI should apply to third countries' companies operating in the EU, that this initiative should not impose due diligence obligations with regard to occasional suppliers not belonging to the usual or established supply chains, and that obligations should not be imposed on the basis of the company's being or not listed in the regulated markets.
- The Commission mentioned how many of their concerns were being taken into account, the state of play of the initiative, and thanked for their participation in the open public consultation as well as this exchange of the valuable experience of Michelin Group in the due diligence processes in the rubber supply chain.