

### 3.4.3.3 Proposed resolution on the Compensation Policy for members of the Supervisory Board

At the Annual Meeting of June 23, 2020, shareholders will be asked to approve the following resolution:

#### 7<sup>th</sup> resolution Approval of the Compensation Policy applicable to members of the Supervisory Board

Having noted the agreement of the General Partners and considered the report of the Supervisory Board, the Annual Shareholders Meeting, in application of Article L. 226-8-1-II of the French Commercial Code, approves the Compensation Policy applicable to the members of the Supervisory Board, as presented in the Corporate Governance Report set out in sections 3.4.1 and 3.4.3 of the Company's 2019 Universal Registration Document.

## 3.5 INFORMATION ABOUT THE COMPONENTS OF COMPENSATION PAID OR AWARDED TO THE CORPORATE OFFICERS

### 3.5.1 COMPENSATION PAID OR AWARDED TO THE MEMBERS OF THE SUPERVISORY BOARD

The following table provides details of the amounts paid in 2019 or awarded in respect of that year to the members of the Supervisory Board.

No variable compensation was paid to them in 2019 or awarded to them in respect of that year. The Chairman and independent members of the Supervisory Board are joining the Managers by deciding to donate 25% of their 2019 compensation received in 2020 to foundations in their respective countries, which are part of the fight against Covid-19.

Information about (i) Supervisory Board members' attendance rates at meetings of the Supervisory Board and its Committees and (ii) the Supervisory Board's activities in 2019 is provided in section 3.3.2 of this 2019 Universal Registration Document.

Supervisory Board members	Compensation components put to the vote	Amounts paid in 2019 in respect of 2018 (in €)	Amounts awarded in respect of 2019 (in €)
Olivier Bazil	Compensation as Supervisory Board member	63,278	80,000
	Other compensation	N/A	N/A
Pat Cox <sup>(1)</sup>	Compensation as Supervisory Board member	24,338	N/A
	Other compensation	N/A	N/A
Barbara Dalibard	Compensation as Supervisory Board member	63,278	90,000
	Other compensation	N/A	N/A
Jean-Pierre Duprieu	Compensation as Supervisory Board member	53,543	60,000
	Other compensation	N/A	N/A
Aruna Jayanthi	Compensation as Supervisory Board member	63,278	70,000
	Other compensation	N/A	N/A
Anne-Sophie de La Bigne	Compensation as Supervisory Board member	63,278	71,250
	Other compensation	N/A	N/A
Thierry Le Hénaff <sup>(2)</sup>	Compensation as Supervisory Board member	22,488	56,727
	Other compensation	N/A	N/A
Monique Leroux	Compensation as Supervisory Board member	60,357	70,000
	Other compensation	N/A	N/A
Cyrille Poughon	Compensation as Supervisory Board member	53,543	60,000
	Other compensation	N/A	N/A
Michel Rollier	Compensation as Supervisory Board member	87,615	112,800
	Other compensation	N/A	N/A
<b>TOTAL</b>		<b>554,992<sup>(3)</sup></b>	<b>660,777<sup>(4)</sup></b>

(1) Supervisory Board member until May 2018.

(2) Supervisory Board member since May 2018.

(3) The amounts paid in 2019 were awarded in respect of 2018 out of the total annual compensation of €555,000 decided by the Annual Shareholders Meeting of May 13, 2016 (10<sup>th</sup> resolution adopted by a majority of 99.54% of the votes cast).

(4) The amounts awarded in respect of 2019 have been determined in accordance with the principles and practices approved by the Supervisory Board in 2019, based on the total annual compensation of €770,000 decided by the Annual Shareholders Meeting of May 17, 2019 (12<sup>th</sup> resolution approved by a majority of 99.15% of the votes cast).

## 3.5.2 COMPENSATION PACKAGE OF MICHEL ROLLIER, CHAIRMAN OF THE SUPERVISORY BOARD

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The Compensation and Appointments Committee of the Supervisory Board has reviewed all the components of the compensation paid or awarded to Michel Rollier, Chairman of the Supervisory Board and sole non-executive officer pursuant to the 2019 Compensation Policy.

### 3.5.2.1 Compensation for serving on the Supervisory Board (previously referred to as "attendance fees")

In 2019, Michel Rollier received a total of €87,615 in respect of 2018.

Under the 2019 Compensation Policy decided by the Supervisory Board, Michel Rollier is in line to receive €112,800 in 2020 in respect of 2019. Michel Rollier is joining the Managers by deciding to donate 25% of his 2019 compensation received in 2020 to a foundation which is part of the fight against Covid-19.

No variable compensation was paid or awarded to Michel Rollier during or in respect of 2019.

Information about (i) Michel Rollier's attendance rate at meetings of the Supervisory Board and its Committees and (ii) the Supervisory Board's activities in 2019 is provided in section 3.3.2 of this 2019 Universal Registration Document.

### 3.5.2.2 Other compensation

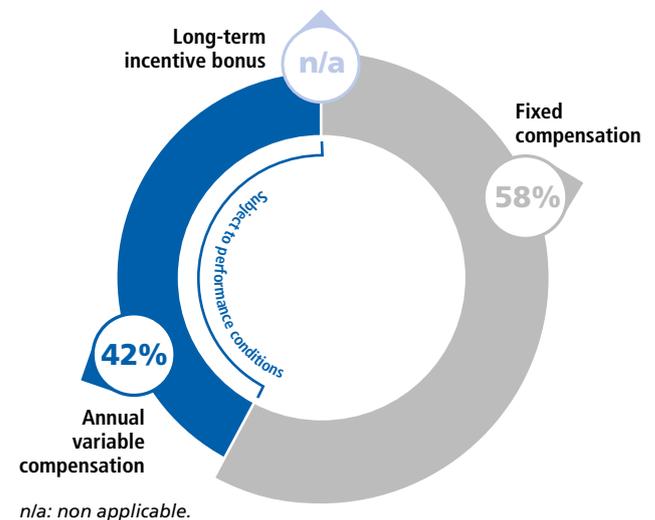
No other compensation was paid or awarded to Michel Rollier during or in respect of 2019.

### 3.5.3 COMPENSATION PACKAGE OF FLORENT MENEGAUX, MANAGING CHAIRMAN AND MANAGING GENERAL PARTNER

In his capacity as General Partner of CGEM<sup>(1)</sup>, Florent Menegaux has unlimited joint and personal liability for CGEM's debts. As consideration for this liability, the General Partners each receive a portion of the Company's profits as provided for in the Bylaws<sup>(2)</sup>. This means that their interests are fully aligned with those of the shareholders, as they are paid this consideration only if the Company makes a profit.

The Compensation and Appointments Committee of the Supervisory Board has reviewed all the components of the compensation paid to Florent Menegaux in 2019 or awarded to him in respect of 2019 in his capacity as Managing Chairman as from May 18, 2018, pursuant to the 2019 Compensation Policy. This policy is described in the Corporate Governance Report reproduced in the 2018 Registration Document<sup>(3)</sup> and was presented to the Annual Shareholders Meeting of May 17, 2019 by the Chair of the Compensation and Appointments Committee (the "2019 Compensation Policy")<sup>(4)</sup>.

#### COMPENSATION PAID TO MR FLORENT MENEGAUX DURING FISCAL YEAR 2019



#### 3.5.3.1 Fixed compensation

In application of the 2019 Compensation Policy, Florent Menegaux's fixed compensation has been kept, without any increase, at the level determined when he was appointed by the Annual Shareholders Meeting of May 18, 2018. The fixed compensation received by Florent Menegaux therefore amounted to €900,000<sup>(5)</sup>.

#### 3.5.3.2 Annual variable compensation

This annual variable compensation has been determined in application of the 2019 Compensation Policy and is deducted in full from the Profit Shares due to the General Partners. The 2019 Profit Shares, in the amount of €10,380,285.65<sup>(6)</sup>, constitutes the Calculation Base for annual and deferred variable compensation<sup>(7)</sup>.

#### ANNUAL VARIABLE COMPENSATION

The breakdown of the relative weighting of each of the criteria (excluding consolidated net income) corresponds to the maximum achievement of all the objectives and not to the 2019 results.

Quantitative criteria				Quantifiable and qualitative criteria	
Level of Consolidated net income	Annual growth in sales	Annual free cash flow (excluding acquisitions)	Annual savings from the Efficiency project	Digital strategy	CSR/Human rights
				Group transformation support	

(1) At December 31, 2019, the Company had two General Partners: Florent Menegaux, Managing Chairman, and SAGES, Non-Managing General Partner (see sections 3.1) of this 2019 Universal Registration Document)

(2) See Article 30 of the Bylaws, reproduced in section 3.11.5 below.

(3) See section 4.4.1 a) of the 2018 Registration Document.

(4) See the information/presentations on the May 17, 2019 Annual Shareholders Meeting on the Company's website [www.michelin.com](http://www.michelin.com).

(5) Compensation paid by Manufacture Française des Pneumatiques Michelin (MFPM) in consideration of his role as General Manager of the Company.

(6) See the 2<sup>nd</sup> resolution presented to the Annual Shareholders Meeting of June 23, 2020.

(7) The Profit Shares are fixed in the Company's Bylaws at 12% of the Company's net income for the year, with a cap of 0.6% of consolidated net income (see section 3.11.5 of this 2019 Universal Registration Document).

The achievement rates for the criteria that determine the amounts due in respect of annual variable compensation are as follows:

Quantitative criteria	Annual growth in sales (perimeter as of January 1st, 2019, including Fenner and Camso)	Annual savings from the Efficiency project (project to reduce overheads costs)	Annual free cash flow (excluding acquisitions)	Level of Consolidated net income
Indicator	Variation	Appropriate SG&A/ gross margin ratio	Amount	Amount
Target <sup>(1)</sup>	Proportionate to observed increase	Achieved in stages from a minimum ratio	Achieved in stages from a minimum amount	Fonction of the level achieved
Indicator: 2019 Actual	-1.5%	53%	€1,606 million	€1,730 million
Maximum value (% of the Profit Shares)	5%	2%	3%	6%
Achievement rate	0%	0%	3%	6%

(1) For reasons of confidentiality and business secrecy, and more particularly to avoid disclosing information about the Company's strategy that could be used by competitors for their advantage, the Supervisory Board has elected not to disclose details of these performance targets to these quantitative and quantifiable criteria.

Quantifiable qualitative criteria	Digital strategy	CSR/Human rights	Group transformation support
Maximum value (% of the Profit Shares)	1.33%	1.33%	1.33%
Achievement rate	1.31%	1.33%	1.31%

Overall achievement rate	12.95%/20% <sup>(1)</sup>
Amount awarded (in €)	1,344,345.91
As a % of fixed compensation	149.37%

(1) Florent Menegaux would be awarded the maximum 20% of the Consolidated Calculation Base for this component only if all the objectives were achieved in full.

The Compensation and Appointments Committee carefully reviewed achievement rates for each of the quantitative and qualitative criteria.

Concerning the quantifiable qualitative criteria, the Committee's conclusions were as follows:

► for the "Digital strategy" criterion, corresponding to continued active deployment of the Group's digital strategy, the Committee noted that all of the objectives based on quantifiable indicators had been met, with:

- concerning Digital Manufacturing:
  - the deployment of several Digital Leader Plants (DLP), including implementation and certification of the necessary skills; datalake implementation where necessary, deployment of digital applications and derivative applications identified during the previous demonstrator phase,
  - assisted by the DLPs, deployment of datalakes and hiring in of the necessary skills at several dozen manufacturing facilities,
- concerning the Group's digital transformation:
  - action to strengthen the skills base at the Pune technology and innovation center in India, through the hiring of a Chief Data Officer and the necessary dedicated skillsets (several dozen people),
  - the creation of a Data/Analytics/Artificial Intelligence competence center, with the aim of transforming Michelin into a data driven company and innovating in a responsible manner (particularly with new process, governance, training and certification components);

► for the CSR/Human rights criterion, the Committee noted that the objective to improve the safety of Group employees had been met, in the shape of a Total Case Incident Rate (TCIR) of 1.4;

► for the Group transformation support criterion, the Committee noted that the objectives set in terms of quantifiable indicators had been met, as follows:

- concerning the implementation of the new governance structure designed to complete the Group's new organization: the membership and practices of the Group's Executive Committee have been revised and a Group Management Committee has been created and deployed,
- concerning the implementation of synergies created by the integration of the recently acquired Fenner and Camso businesses: 93% of the projected synergistic benefits for 2019 in the business plan were delivered.

In conclusion of its analysis, the Committee recommended to the Supervisory Board that cumulative actual performance in relation to these quantifiable qualitative criteria should be rated as 12.95% vs. a maximum of 20%. Given the Calculation Base of €10,380,258.65, Florent Menegaux's annual variable compensation for 2019 amounts to €1,344,345.91.

After discussing the matter during its meeting on February 7, 2020, the Supervisory Board approved the Compensation and Appointments Committee's recommendations, which were then also approved by the General Partners.

Subsequent to this, considering the efforts that the Michelin Group's employees and other stakeholders have been called upon to make in order to deal with the consequences of the Covid-19 health crisis, the Managing Chairman announced his intention to waive 25% of his annual variable compensation for 2019 resulting from application of the above criteria. Consequently, if the Annual Shareholders Meeting approves the components of the compensation paid or awarded to the Managing Chairman for 2019, the amount corresponding to the waived compensation will be not be paid to him.

In addition, CGEM will pay the sum corresponding to this waived compensation to national Covid-19 related charities.

### 3.5.3.3 Cash-settled deferred variable compensation awarded in 2019 (long-term incentive bonus)

#### LONG-TERM INCENTIVE BONUS

The breakdown of the relative weighting of each of the criteria corresponds to the maximum achievement of all the objectives and not to the 2019 results.

#### Quantifiable criteria



The 2019 Compensation Policy provides for a long-term incentive bonus to be awarded to the Managing Chairman.

In response to shareholder expectations and the changing tire market environment, the policy applied consistently since 2016 for the Managing Chairman has consisted of aligning these criteria with those for employee performance share plans, which concern implementation of the Group's long-term strategy as expressed in the Ambitions for 2020 (see section 1 of this 2019 Universal Registration Document).

In application of this policy, as taken up in the 2019 Compensation Policy, this long-term incentive bonus will be equal to up to 30% of the Profit Shares for the third year of the period (2019, 2020 and 2021) covered by the three performance criteria set by the Supervisory Board in agreement with the General Partners, which will be weighted as follows:

- ▶ growth in the Michelin share price, for up to 11% of the Profit Shares;
- ▶ corporate social responsibility performance (two indicators), for up to 8% of the Profit Shares;
- ▶ growth in the Business Units' operating income, for up to 11% of the Profit Shares.

The following will be applied to each criterion:

- ▶ a trigger point below which no compensation will be due;
- ▶ one or several intermediate tranches between the trigger point and 100% of the objective, with the compensation prorated to the achievement rate for the objective;
- ▶ 100% of the objective, corresponding to the level at which the maximum compensation for the criterion would be payable.

The long-term incentive bonus receivable at the end of the performance measurement period is capped at two-and-a-half (2.5) times the annual fixed compensation for 2019, i.e., a maximum of €2,250,000.

Detailed information and the other components used to calculate the criteria are included in the presentation of the 13<sup>th</sup> resolution of the 2019 Annual Shareholders Meeting (see pages 417 to 419 of the 2018 Registration Document), which was adopted by a 98.70% majority of the votes cast.

The final amount receivable under the long-term incentive plan will be:

- ▶ deducted from the Profit Shares due for 2021 (i.e., the last year of the criteria calculation period) and payable in 2022:
  - subject to approval of the corresponding resolutions by the Annual Shareholders Meeting called to approve the 2021 financial statements and the compensation concerned,
  - subject to the availability of Profit Shares payable out of net income for that year, and
  - up to the amount of said available Profit Shares after deducting the annual variable compensation due for that year.

If the Managing Chairman were to cease to be a General Partner (for reasons other than death or disability) before his term expires and before the end of the performance assessment period, notably due to his resignation or removal from office, he would forfeit his rights to the long-term incentive bonus.

The Supervisory Board noted that, as this is a long-term incentive bonus, no amount was due in respect of 2019.

No provision has been recorded in CGEM's financial statements for the long-term incentive plan as it does not correspond to a commitment given by CGEM or any other Group company.

Mr. Menegaux will be required to invest 20% of the actual amounts received at the end of the three-year period in Michelin shares for the 2019 incentive bonus and to retain these shares for as long as he remains in office, after which the shares may be sold on a phased basis over four years.

The following table includes a summary of the long-term incentive plan, performance to date in relation to the criteria and an estimate of the corresponding bonus:

Criteria	Growth in the Michelin share price compared with that of the CAC 40 index over the 2019-2021 period	Michelin site Environmental Footprint (as measured by the "MEF" indicator) <sup>(1)</sup>	Change in the Employee Engagement Rate (as measured by the annual "Moving Forward Together" survey)	Growth in Segment Operating Income (SOI), in € millions (based on current business scope and comparable accounting methods, excluding changes in exchange rates)
Type of criterion	Financial performance	Environmental and CSR performance	Environmental and CSR performance	Business performance
Weighting (as a % of the Profit Shares)	11%	4%	4%	11%
Calculation method	Average of the share prices for the second half of 2018 compared to the average of the share prices for the second half of 2021 (closing prices quoted on Euronext Paris)	Average decrease in the indicator between 2018/2019, 2019/2020 and 2020/2021	Average growth in the indicator between 2018/2019, 2019/2020 and 2020/2021	Average growth in the indicator between 2018/2019, 2019/2020 and 2020/2021
Maximum objective	If the gain in Michelin's share price is at least 15 points more than the gain in the CAC 40, the achievement rate will be 100% and the maximum 11% of the maximum potential bonus will be received.	If the change in average MEF over three years is less than -1.5pt, the achievement rate will be 100% and the maximum 4% of the maximum potential bonus will be received	If the improvement in the average engagement rate exceeds 1.5pt, the achievement rate will be 100% and the maximum 4% of the maximum potential bonus will be received	If average annual growth in Segment Operating Income exceeds €200 million, the achievement rate will be 100% and the maximum 11% of the performance shares for this objective will vest.
Target objective	If the gain in Michelin's share price is between 0 and 15 points more than the gain in the CAC 40, the result will be: (gain in the Michelin share price - gain in the CAC 40 index) x (11%/15)	<ul style="list-style-type: none"> <li>▶ If the change in average MEF over three years is between -1.1pt and -1.5pt, the target will be partly achieved and 3% of the maximum potential bonus will be received</li> <li>▶ If the change in average MEF over three years is between -0.5pt and -1.1pt, the target will be partly achieved and 1.5% of the maximum potential bonus will be received</li> </ul>	If the improvement in the average engagement rate is between 0.1pt and 1.5pt, the target will be partly achieved and the bonus will be determined on a straight line basis	If the average growth in Segment Operating Income is between €100 million and €200 million, the target will be partly achieved and the bonus will be determined on a proportionate basis
Trigger point	If the gain in Michelin's share price is less than the gain in the CAC 40, the achievement rate would be 0%.	If the change in average MEF over three years exceeds -0.5pt, the target will not be met	If the improvement in the average engagement rate is less than 0.1pt, the target will not be met	If average annual growth in Segment Operating Income is less than €100 million, the target will not be met.
Intermediate assessment	Growth in the Michelin share price <sup>(2)</sup> = +6.40% Growth in the CAC 40 <sup>(2)</sup> = +8.80%	2019 = -0.5pt	2019 = +1.0pt	2019 = +€163 million
Simulated result	€1,136,336.11 <sup>(3)</sup>			
Base amount	Profit Shares payable out of distributable income for 2021			
Cap and eligibility conditions	<ul style="list-style-type: none"> <li>▶ capped at 2.5x annual fixed compensation, i.e., €2,250,000 (indicative amount)</li> <li>▶ Subject to the availability and amount of Profit Shares for distribution in 2022 out of 2021 profit, after deducting annual variable compensation due for 2021</li> </ul>			
Payment year	2022			
Commitment	Commitment to invest in Michelin shares 20% of the long-term incentive bonus received at the end of the three-year period and to retain these shares for as long as Mr. Menegaux remains in office, after which the shares may be sold on a phased basis over four years			

(1) Michelin Environmental Footprint (MEF) indicator: energy use, water withdrawals, CO<sub>2</sub> emissions, volatile organic compound emissions, amount of waste produced and amount of waste landfilled.

(2) Average share price for the second half of 2018 compared to the average share price for the second half of 2019.

(3) Simulation prepared for information purposes only (no provision has been recorded in the accounts), using the following assumptions:

– amount of Profit Shares due in respect of 2021 income (Calculation Base) identical to the amount of Profit Shares due for 2019;  
– results of the four performance indicators over the three-year calculation period equal to the change in these indicators in the first year of this period (2019).

### 3.5.3.4 Fringe benefits, stock options, performance shares, directors' or Supervisory Board members' compensation

In line with the 2019 Compensation Policy, in 2019 Florent Menegaux did not receive (i) any compensation in his capacity as a member of the Board of Directors or Supervisory Board of the Company or any controlled entities, (ii) any benefits other than those listed above, or (iii) any stock options or performance shares of the Company or any controlled entities.

Mr. Menegaux has a fringe benefit in the form of a Company car (see the table in section 3.6.2).

### 3.5.3.5 Pension benefits

There is no specific supplementary pension plan set up for the Managers or the Chairman of the Supervisory Board.

In his capacity as General Manager of the subsidiary MFPM, Mr. Menegaux participates in the supplementary pension plan set up for MFPM and CGEM senior executives (the Michelin Executive Supplementary Pension Plan).

As required by Article D. 225-29-3 of the French Commercial Code, this plan, governed by Article L. 137-11 of the French Social Security Code and Article 39 of the French General Tax Code, is described below:

- ▶ as of their retirement date, participants must have served for at least five years as a senior executive to be eligible for benefits;
- ▶ 1.5% of benefits vest each year, entitling participants to an annuity representing a replacement rate of up to 15% of the reference compensation (annual average of the best three years of compensation out of the last five years preceding the beneficiary's retirement). In accordance with the Government Order dated July 3, 2019, no rights have vested since December 31, 2019;

- ▶ the replacement rate including benefit entitlements under compulsory plans is capped at 35%;
- ▶ an evaluation is carried out in accordance with Group accounting policies;
- ▶ benefit entitlement is conditional on participants ending their career at MFPM as an executive employee or executive officer, in accordance with Article L. 137-11 of the French Social Security Code;
- ▶ 70% of the prior year's benefit obligation is funded through a contribution to an insured plan.

Mr. Menegaux's reference compensation for 2019 was made up solely of the annual fixed compensation paid by MFPM.

Based on the assumptions in Article D. 225-29-3 of the French Commercial Code introduced by Decree No. 2019-1235, the estimated gross annual pension payable to Mr. Menegaux under this plan amounts to €135,000.

As allowed by the government order dated July 3, 2019, the Company has changed its tax strategy and opted to pay tax on the premiums paid to the insurance company that manages the plan assets. The applicable tax rate is 24%.

The actual gross replacement rate represented by pension benefits paid under the plan will be well below the 45% ceiling recommended in the AFEF/MEDEF Code.

### 3.5.3.6 Compensation for loss of office

No compensation for loss of office was paid to Mr. Menegaux in 2019<sup>(1)</sup>.

### 3.5.3.7 Non-compete clause

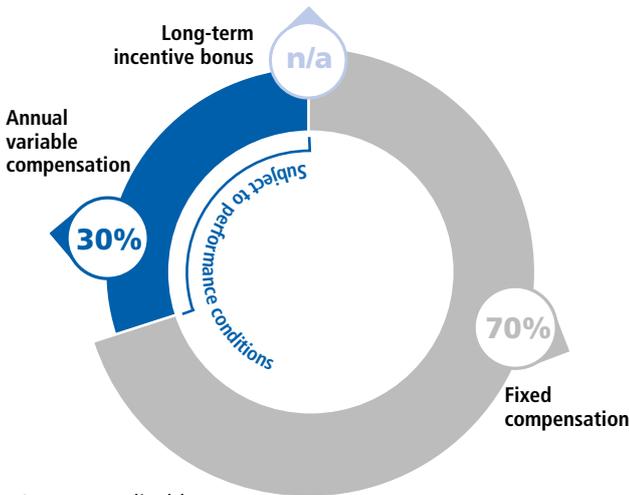
No non-compete indemnity was paid to Mr. Menegaux in 2019<sup>(1)</sup>.

(1) See detailed disclosures in section 3.7.1.13 of this 2019 Universal Registration Document.

### 3.5.4 COMPENSATION PACKAGE OF YVES CHAPOT, GENERAL MANAGER

The Compensation and Appointments Committee of the Supervisory Board has reviewed all the components of the compensation paid to Yves Chapot in 2019 or awarded to him in respect of 2019 in his capacity as General Manager, pursuant to the 2019 Compensation Policy. This policy is described in the Corporate Governance Report reproduced in the 2018 Registration Document<sup>(1)</sup> and was presented to the Annual Shareholders Meeting of May 17, 2019 by the Chair of the Compensation and Appointments Committee (the "2019 Compensation Policy")<sup>(2)</sup>.

#### COMPENSATION PAID TO MR YVES CHAPOT DURING FISCAL YEAR 2019



#### 3.5.4.1 Fixed compensation

In application of the 2019 Compensation Policy, Yves Chapot's fixed compensation has been kept, without any increase, at the level determined when he was appointed by the Annual Shareholders Meeting of May 18, 2018. The fixed compensation received by Yves Chapot therefore amounted to €600,000.

#### 3.5.4.2 Annual variable compensation

In application of the 2019 Compensation Policy and as recommended by the Supervisory Board, the General Partners have set Yves Chapot's annual variable compensation based on 150% of his fixed compensation for 2019 as General Manager and seven performance criteria. Four of these are quantitative criteria accounting for 80/100 and three are quantifiable qualitative criteria accounting for 20/100<sup>ths</sup>. Mr. Chapot will be awarded the maximum amount if the cumulative achievement rate for the seven criteria is 100 out of 100.

#### ANNUAL VARIABLE COMPENSATION

The breakdown of the relative weighting of each of the criteria corresponds to the maximum achievement of all the objectives and not to the 2019 results.

Quantitative criteria				Quantifiable and qualitative criteria	
Segment Operating Income (SOI)	Annual growth in sales	Annual free cash flow (excluding acquisitions)	Annual savings from the Efficiency project	Digital strategy	CSR/Human rights
				Group transformation support	

(1) See section 4.4.1 a) of the 2018 Registration Document.

(2) See the information/presentations on the May 17, 2019 Annual Shareholders Meeting on the Company's website [www.michelin.com](http://www.michelin.com).

The achievement rates for the criteria that determine the amounts due in respect of annual variable compensation are as follows:

Quantitative criteria	Growth in Segment Operating Income <i>(SOI, based on comparable accounting methods, excluding changes in exchange rates)</i>	Annual growth in sales <i>(perimeter as of January 1st, 2019, including Fenner and Camso)</i>	Annual savings from the Efficiency project <i>(project to reduce overheads costs)</i>	Annual free cash flow <i>(excluding acquisitions)</i>
	Variation	Variation	Appropriate SG&A/ gross margin ratio	Amount
Indicator	Achieved in stages from a minimum amount, limited by a cap	Proportionate to observed increase	Achieved in stages from a minimum ratio	Achieved in stages from a minimum amount
Target <sup>(1)</sup>				
Indicator: 2019 Actual	+€163 million	-1.5%	53%	€1,606 million
Maximum value (out of 80)	30	25	10	15
Achievement rate	16.88	0	0	15

(1) For reasons of confidentiality and business secrecy, and more particularly to avoid disclosing information about the Company's strategy that could be used by competitors for their advantage, the Supervisory Board has elected not to disclose details of these performance targets to these quantitative and quantifiable criteria.

Quantifiable qualitative criteria	Digital strategy	CSR/Human rights	Group transformation support
Maximum value (out of 20)	6.66	6.66	6.66
Achievement rate	6.55	6.66	6.57

Overall achievement rate	51.67/100 <sup>(1)</sup>
Amount awarded based on quantifiable qualitative criteria (in €)	465,034.86
As a % of fixed compensation	77.50%

(1) Mr. Chapot will be awarded the maximum amount if the cumulative achievement rate for the seven criteria is 100/100

The Compensation and Appointments Committee carefully reviewed achievement rates for each of the quantitative and qualitative criteria.

Concerning the quantifiable qualitative criteria, the Committee's conclusions were as follows:

- ▶ for the "Digital strategy" criterion, corresponding to continued active deployment of the Group's digital strategy, the Committee noted that all of the objectives based on quantifiable indicators had been met, with:
  - concerning Digital Manufacturing:
    - the deployment of several Digital Leader Plants (DLP), including implementation and certification of the necessary skills; datalake implementation where necessary, deployment of digital applications and derivative applications identified during the previous demonstrator phase,
    - assisted by the DLPs, deployment of datalakes and hiring in of the necessary skills at several dozen manufacturing facilities,
  - concerning the Group's digital transformation:
    - action to strengthen the skills base at the Pune technology and innovation center in India, through the hiring of a Chief Data Officer and the necessary dedicated skillsets (several dozen people),
    - the creation of a Data/Analytics/Artificial Intelligence competence center, with the aim of transforming Michelin into a data driven company and innovating in a responsible manner (particularly with new process, governance, training and certification components);
- ▶ for the CSR/Human rights criterion, the Committee noted that the objective to improve the safety of Group employees had been met, in the shape of a Total Case Incident Rate (TCIR) of 1.4;

- ▶ for the Group transformation support criterion, the Committee noted that the objectives set in terms of quantifiable indicators had been met, as follows:

- concerning the implementation of the new governance structure designed to complete the Group's new organization: the membership and practices of the Group's Executive Committee have been revised and a Group Management Committee has been created and deployed,
- concerning the implementation of synergies created by the integration of the recently acquired Fenner and Camso businesses: 93% of the projected synergistic benefits for 2019 in the business plan were delivered.

In conclusion of its analysis, the Committee recommended to the Supervisory Board that cumulative actual performance in relation to these quantifiable qualitative criteria should be rated as 51.67/100. Given the Calculation Base, Yves Chapot's annual variable compensation for 2019 amounts to €465,034.86.

After discussing the matter during its meeting on February 7, 2020, the Supervisory Board approved the Compensation and Appointments Committee's recommendation, which were then also approved by the General Partners.

Subsequent to this, considering the efforts that the Michelin Group's employees and other stakeholders have been called upon to make in order to deal with the consequences of the Covid-19 health crisis, the General manager announced his intention to waive 25% of his annual variable compensation for 2019 resulting from application of the above criteria. Consequently, if the Annual Shareholders Meeting approves the components of the compensation paid or awarded to the General manager for 2019, the amount corresponding to the waived compensation will be not be paid to him.

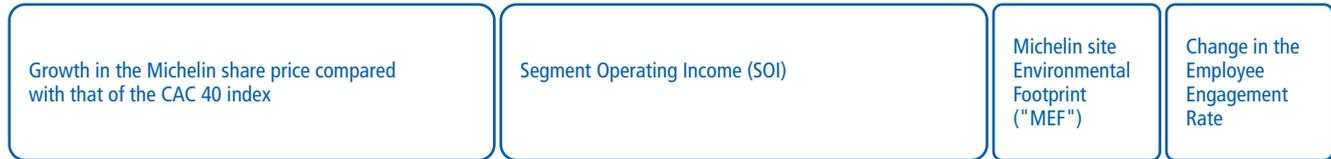
In addition, CGEM will pay the sum corresponding to this waived compensation to national Covid-19 related charities.

### 3.5.4.3 Cash-settled deferred variable compensation awarded in 2019 (long-term incentive bonus)

#### LONG-TERM INCENTIVE BONUS

The breakdown of the relative weighting of each of the criteria corresponds to the maximum achievement of all the objectives and not to the 2019 results.

#### Quantifiable criteria



In response to shareholder expectations and the changing tire market environment, the 2019 Compensation Policy applicable to the General Manager provides for the payment of a long-term incentive bonus based on performance criteria aligned with the vesting criteria for employee performance share plans, which concern implementation of the Group's long-term strategy as expressed in the Ambitions for 2020 (see section 1 of this 2019 Universal Registration Document).

In application of this policy, as taken up in the 2019 Compensation Policy, this long-term incentive bonus will be calculated on a base equal to 100% of Mr. Chapot's fixed compensation for 2019. It will be subject to the results of three performance criteria covering the years 2019, 2020 and 2021 that have been set by the Supervisory Board in agreement with the General Partners and are weighted as follows:

- ▶ growth in the Michelin share price, for up to 35% of the bonus;
- ▶ corporate social responsibility performance (two indicators), for up to 30% of the bonus;
- ▶ growth in segment operating income, for up to 35% of the bonus.

The following will be applied to each criterion:

- ▶ a trigger point below which no compensation will be due;
- ▶ one or several intermediate tranches between the trigger point and 100% of the objective, with the compensation to the achievement rate for the objective;
- ▶ 100% of the objective, corresponding to the level at which the maximum compensation for the criterion would be payable.

Detailed information and the other components used to calculate the criteria are included in the presentation of the 13<sup>th</sup> resolution of the 2019 Annual Shareholders Meeting (see pages 417 to 419 of the 2018 Registration Document), which was adopted by a 98.70% majority of the votes cast.

The amount obtained after applying the performance criteria will be:

- ▶ capped at 120% of the annual average of the annual variable compensation paid to Mr. Chapot for 2019, 2020 and 2021.

The Supervisory Board noted that, as this is a long-term incentive bonus, no amount was due in respect of 2019.

The bonus will be paid at the end of the three-year period (2022).

The following table includes a summary of the long-term incentive plan, performance to date in relation to the criteria and the bonus estimate used to determine the related provision:

Criteria	Growth in the Michelin share price compared with that of the CAC 40 index over the 2019-2021 period	Michelin site Environmental Footprint (as measured by the "MEF" indicator) <sup>(1)</sup>	Change in the Employee Engagement Rate (as measured by the annual "Moving Forward Together" survey)	Growth in Segment Operating Income (SOI), in € millions (based on current business scope and comparable accounting methods, excluding changes in exchange rates).
Type of criterion	Financial performance	Environmental and CSR performance	Environmental and CSR performance	Business performance
Weighting	35%	15%	15%	35%
Calculation method	Average of the share prices for the second half of 2018 compared to the average of the share prices for the second half of 2021 (closing prices quoted on Euronext Paris)	Average decrease in the indicator between 2018/2019, 2019/2020 and 2020/2021	Average growth in the indicator between 2018/2019, 2019/2020 and 2020/2021	Average growth in the indicator between 2018/2019, 2019/2020 and 2020/2021
Maximum objective	If the gain in Michelin's share price is at least 15 points more than the gain in the CAC 40, the target will be met in full.	If the change in average MEF over three years is less than -1.5pt, the target will be met in full.	If the improvement in the average engagement rate exceeds 1.5pt, the target will be met in full.	If average annual growth in Segment Operating Income exceeds €200 million, the target will be met in full.
Target objective	If the gain in Michelin's share price is between 0 and 15 points more than the gain in the CAC 40, the result will be: (gain in the Michelin share price - gain in the CAC 40 index) x (11%/15)	If the change in average MEF over three years is between -1.1pt and -1.5pt, the target will be partly achieved and 3% of the maximum potential bonus will be received If the change in average MEF over three years is between -0.5pt and -1.1pt, the target will be partly achieved and 1.5% of the maximum potential bonus will be received	If the improvement in the average engagement rate is between 0.1pt and 1.5pt, the target will be partly achieved and the bonus will be determined on a straight line basis	If the average growth in Segment Operating Income is between €100 million and €200 million, the target will be partly achieved and the bonus will be determined on a proportionate basis
Trigger point	If the gain in Michelin's share price is less than the gain in the CAC 40, the achievement rate would be 0%.	If the change in average MEF over three years exceeds -0.5pt, the target will not be met	If the improvement in the average engagement rate is less than 0.1pt, the target will not be met	If average annual growth in Segment Operating Income is less than €100 million, the target will not be met.
intermediate assessment	Growth in the Michelin share price <sup>(2)</sup> = +6.40% Growth in the CAC 40 <sup>(2)</sup> = +8.80%	2019 = -0.5pt	2019 = +1.0pt	2019 = + €163 million
Provision <sup>(3)</sup>	Provision set aside of €93,000 at December 31, 2019: ▶ €73,000 (theoretical net bonus) ▶ €20,000 (payroll taxes)			
Base amount	€600,000 (2019 fixed compensation)			
Ceiling	120% of the annual average of the annual variable compensation paid to Mr. Chapot for 2019, 2020 and 2021			
Payment year	2022			

(1) Michelin Environmental Footprint (MEF) indicator: energy use, water withdrawals, CO<sub>2</sub> emissions, volatile organic compound emissions, amount of waste produced and amount of waste landfilled.

(2) Average share price for the second half of 2018 compared to the average share price for the second half of 2019.

(3) Provision estimated based on the assumption that the results of the four performance indicators over the three-year calculation period is equal to the change in these indicators in the first year of this period (2019).

#### 3.5.4.4 Fringe benefits, stock options, performance shares, and directors' or Supervisory Board members' compensation

In line with the 2019 Compensation Policy, in 2019 Yves Chapot did not receive (i) any compensation in his capacity as a member of the Supervisory Board of the Company or any controlled entities, (ii) any benefits other than those listed above, or (iii) any stock options or performance shares of the Company or any controlled entities.

Mr. Chapot has a fringe benefit in the form of a Company car (see the table in section 3.5.3).

#### 3.5.4.5 Pension benefits

There is no specific supplementary pension plan set up for the Managers or the Chairman of the Supervisory Board.

In his capacity as General Manager of CGEM, Yves Chapot participates in the supplementary pension plan set up for MFPM and CGEM senior executives (the Michelin Executive Supplementary Pension Plan).

As required by Article D. 225-29-3 of the French Commercial Code, this plan, governed by Article L. 137-11 of the French Social Security Code and Article 39 of the French General Tax Code, is described below:

- ▶ as of their retirement date, participants must have served for at least five years as a senior executive to be eligible for benefits;
- ▶ 1.5% of benefits vest each year, entitling participants to an annuity representing a replacement rate of up to 15% of the reference compensation (annual average of the best three years of compensation out of the last five years preceding the beneficiary's retirement). In accordance with the Government Order dated July 3, 2019, no rights have vested since December 31, 2019;

- ▶ the replacement rate including benefit entitlements under compulsory plans is capped at 35%;
- ▶ an evaluation is carried out in accordance with Group accounting policies;
- ▶ benefit entitlement is conditional on participants ending their career at MFPM as an executive employee or executive officer, in accordance with Article L. 137-11 of the French Social Security Code;
- ▶ 70% of the prior year's benefit obligation is funded through a contribution to an insured plan.

Mr. Chapot's reference compensation for 2019 in his capacity as executive officer was made up of his annual fixed compensation and his annual variable compensation.

Based on the assumptions in Article D. 225-29-3 of the French Commercial Code introduced by Decree No. 2019-1235, the estimated gross annual pension payable to Mr. Chapot under this plan amounts to €125,435.

As allowed by the government order dated July 3, 2019, the Company has changed its tax strategy and opted to pay tax on the premiums paid to the insurance company that manages the plan assets. The applicable tax rate is 24%.

The actual gross replacement rate represented by pension benefits paid under the plan will be well below the 45% ceiling recommended in the AFEP/MEDEF Code.

#### 3.5.4.6 Compensation for loss of office

No compensation for loss of office was paid to Mr. Chapot in 2019<sup>(1)</sup>.

#### 3.5.4.7 Non-compete clause

No non-compete indemnity was paid to Mr. Chapot in 2019<sup>(1)</sup>.

<sup>(1)</sup> See detailed disclosures in section 3.7.1.13 of this 2019 Universal Registration Document.

### 3.5.5 COMPENSATION PACKAGE OF JEAN-DOMINIQUE SENARD, MANAGING GENERAL PARTNER AND MANAGING CHAIRMAN UNTIL MAY 17, 2019

In his capacity as a General Partner of CGEM until May 17, 2019, Jean-Dominique Senard had unlimited joint and personal liability for the Company's debts. As consideration for this liability, the General Partners each receive a portion of the Company's profits as provided for in the Bylaws<sup>(1)</sup>. This means that their interests are fully aligned with those of the shareholders, as they are paid this consideration only if the Company makes a profit.

The Compensation and Appointments Committee of the Supervisory Board reviewed all the components of the compensation paid to Jean-Dominique Senard in 2019 or awarded to him in respect of 2019, pursuant to the 2019 Compensation Policy. This policy is described in the Corporate Governance Report reproduced in the 2018 Registration Document<sup>(2)</sup> and was presented to the Annual Shareholders Meeting of May 17, 2019 by the Chair of the Compensation and Appointments Committee (the "2019 Compensation Policy")<sup>(3)</sup>.

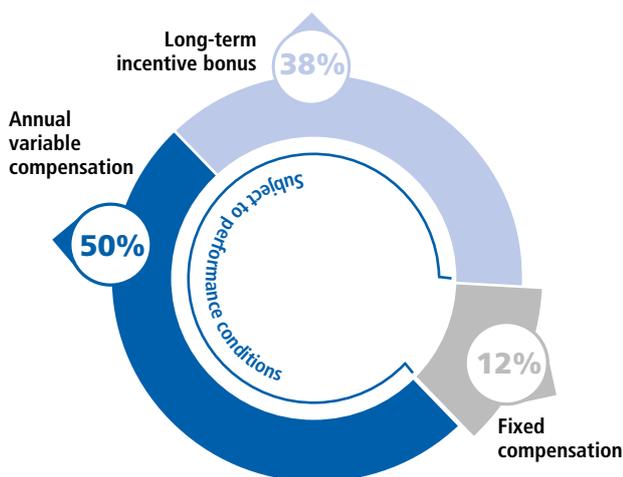
#### 3.5.5.1 Fixed compensation

In application of the 2019 Compensation Policy, Jean-Dominique Senard's fixed compensation was kept, without any increase, at the level determined in 2014 and was prorated to the period served in 2019. The fixed compensation received by Mr. Senard in 2019 amounted to €411,021.52<sup>(4)</sup>.

#### 3.5.5.2 Annual variable compensation

Jean-Dominique Senard's annual variable compensation was determined in application of the 2019 Compensation Policy and will be deducted in full from the Profit Shares due to the General Partners. The 2019 Profit Shares, in the amount of €10,380,258.65<sup>(5)</sup>, constitutes the Calculation Base for annual and deferred variable compensation<sup>(6)</sup>.

#### COMPENSATION PAID TO MR JEAN-DOMINIQUE SENARD DURING FISCAL YEAR 2019



(1) See Article 30 of the Bylaws, reproduced in section 3.11.5

(2) See section 4.4.1 a) of the 2018 Registration Document.

(3) See the information/presentations on the May 17, 2019 Annual Shareholders Meeting on the Company's website [www.michelin.com](http://www.michelin.com).

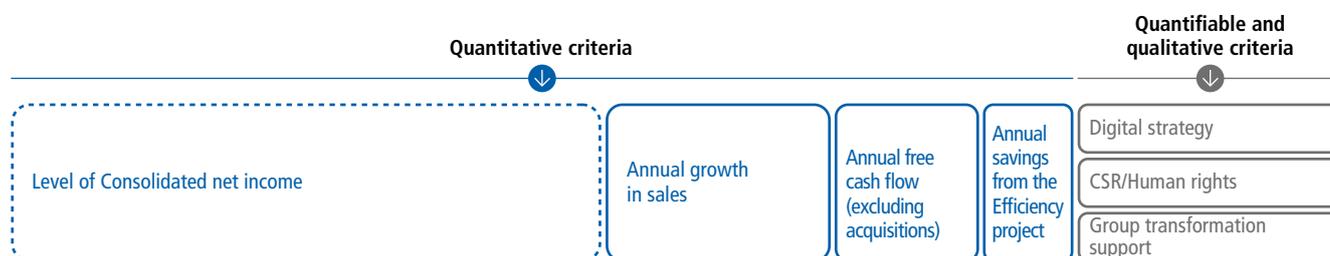
(4) Compensation paid by Manufacture Française des Pneumatiques Michelin (MFPM) in consideration of his role as General Manager of the Company.

(5) See the 2<sup>nd</sup> resolution presented to the Annual Shareholders Meeting of June 23, 2020.

(6) The Profit Shares are fixed in the Company's Bylaws at 12% of the Company's net income for the year, with a cap of 0.6% of consolidated net income (see section 3.11.5 of this 2019 Universal Registration Document).

**ANNUAL VARIABLE COMPENSATION**

The breakdown of the relative weighting of each of the criteria (excluding consolidated net income) corresponds to the maximum achievement of all the objectives and not to the 2019 results.



The achievement rates for the criteria that determine the amounts due in respect of annual variable compensation are as follows:

Quantitative criteria	Annual growth in sales <i>(perimeter as of January 1<sup>st</sup>, 2019, including Fenner and Camso)</i>	Annual savings from the Efficiency project <i>(project to reduce overheads costs)</i>	Annual free cash flow <i>(excluding acquisitions)</i>	Level of Consolidated net income
Indicator	Variation	Appropriate SG&A/ gross margin ratio	Amount	Amount
Target <sup>(1)</sup>	Proportionate to observed increase	Achieved in stages from a minimum ratio	Achieved in stages from a minimum amount	Fonction of the level achieved
Indicator: 2019 actual	-1.5%	53%	€1,606 million	€1,730 million
Maximum value <i>(% of the Profit Shares)</i>	3%	1%	2%	8%
Achievement rate	0%	0%	2%	8%

<sup>(1)</sup> For reasons of confidentiality and business secrecy, and more particularly to avoid disclosing information about the Company's strategy that could be used by competitors for their advantage, the Supervisory Board has elected not to disclose details of these performance targets to these quantitative and quantifiable criteria.

Quantifiable qualitative criteria	Digital strategy	CSR/Human rights	Group transformation support
Maximum value <i>(% of the Profit Shares)</i>	1.33%	1.33%	1.33%
Achievement rate	1.31%	1.33%	1.31%

Overall achievement rate	13.95%/18% <sup>(1)</sup>
Amount awarded <i>(in €)</i>	603,395.21
As a % of fixed compensation	146.80%

<sup>(1)</sup> Jean-Dominique Senard would be awarded the maximum 18% of the Consolidated Calculation Base for this component only if all the objectives were achieved in full.

The Compensation and Appointments Committee carefully reviewed achievement rates for each of the quantitative and qualitative criteria.

Concerning the quantifiable qualitative criteria, the Committee's conclusions were as follows:

► for the "Digital strategy" criterion, corresponding to continued active deployment of the Group's digital strategy, the Committee noted that all of the objectives based on quantifiable indicators had been met, with:

- concerning Digital Manufacturing:
  - the deployment of several Digital Leader Plants (DLP), including implementation and certification of the necessary skills; datalake implementation where necessary, deployment of digital applications and derivative applications identified during the previous demonstrator phase,
  - assisted by the DLPs, deployment of datalakes and hiring in of the necessary skills at several dozen manufacturing facilities,
- concerning the Group's digital transformation:
  - action to strengthen the skills base at the Pune technology and innovation center in India, through the hiring of a Chief Data Officer and the necessary dedicated skillsets (several dozen people),

- the creation of a Data/Analytics/Artificial Intelligence competence center, with the aim of transforming Michelin into a data driven company and innovating in a responsible manner (particularly with new process, governance, training and certification components);

► for the CSR/Human rights criterion, the Committee noted that the objective to improve the safety of Group employees had been met, in the shape of a Total Case Incident Rate (TCIR) of 1.4;

► for the Group transformation support criterion, the Committee noted that the objectives set in terms of quantifiable indicators had been met, as follows:

- concerning the implementation of the new governance structure designed to complete the Group's new organization: the membership and practices of the Group's Executive Committee have been revised and a Group Management Committee has been created and deployed,
- concerning the implementation of synergies created by the integration of the recently acquired Fenner and Camso businesses: 93% of the projected synergistic benefits for 2019 in the business plan were delivered.

In conclusion of its analysis, the Committee recommended to the Supervisory Board that cumulative actual performance in relation to these quantifiable qualitative criteria should be rated as 13.95% vs. a maximum of 18%. Given the Calculation Base of €10,380,258.65, this results in an amount of €1,448,045.08.

In accordance with the 2019 Compensation Policy, this amount has been prorated over the period served by Jean-Dominique Senard in 2019, corresponding to 5/12. This results in an amount of €603,395.21 which, together with the €50,000 paid for Compagnie Financière Michelin SCmA (CFM) in respect of his position as General Partner of that company, gives a total of €653,391.5 payable in respect of 2019.

After discussing the matter during its meeting on February 7, 2020, the Supervisory Board approved the Compensation and Appointments Committee's recommendations.

The Chair of the Compensation and Appointments Committee then submitted its recommendations to the General Partners, who approved them.

### 3.5.5.3 Deferred variable compensation (long-term incentive bonus) awarded in respect of 2019

Jean-Dominique Senard stepped down from his position during the year to take up the position of Chairman of the Board of Directors of Renault. Under these circumstances, no long-term incentive bonus has been awarded to him under the 2019 Compensation Policy for his service during 2019.

### 3.5.5.4 Fringe benefits, stock options, performance shares, and directors' or Supervisory Board members' compensation

In line with the 2019 Compensation Policy, in 2019 Jean-Dominique Senard did not receive (i) any compensation in his capacity as a member of the Board of Directors or Supervisory Board of the Company or any controlled entities, (ii) any benefits other than those listed above, or (iii) any stock options or performance shares of the Company or any controlled entities.

Mr. Senard had a fringe benefit in the form of a Company car until the end of his term (see table in section 3.5.4).

### 3.5.5.5 Pension benefits

There is no specific supplementary pension plan set up for the Managers or the Chairman of the Supervisory Board.

In his capacity as General Manager of the subsidiary MFPM, Mr. Senard participated in the supplementary pension plan set up for MFPM and CGEM senior executives (the Michelin Executive Supplementary Pension Plan).

As required by Article D. 225-29-3 of the French Commercial Code, this plan, governed by Article L. 137-11 of the French Social Security Code and Article 39 of the French General Tax Code, is described below:

- ▶ as of their retirement date, participants must have served for at least five years as a senior executive to be eligible for benefits;
- ▶ 1.5% of benefits vest each year, entitling participants to an annuity representing a replacement rate of up to 15% of the reference compensation (annual average of the best three years of compensation out of the last five years preceding the beneficiary's retirement). In accordance with the Government Order dated July 3, 2019, no rights have vested since December 31, 2019;
- ▶ the replacement rate including benefit entitlements under compulsory plans is capped at 35%;
- ▶ an evaluation is carried out in accordance with Group accounting policies;
- ▶ benefit entitlement is conditional on participants ending their career at MFPM as an executive employee or executive officer, in accordance with Article L. 137-11 of the French Social Security Code;
- ▶ 70% of the prior year's benefit obligation is funded through a contribution to an insured plan.

Since June 1, 2019, Mr. Senard has received an annual pension of €165,226 under the Michelin Executive Supplementary Pension Plan.

As allowed by the government order dated July 3, 2019, the Company has changed its tax strategy and opted to pay tax on the premiums paid to the insurance company that manages the plan assets. The applicable tax rate is 24%.

As the reference compensation represented less than half of the aggregate amount received by Mr. Senard for 2019 (fixed compensation and variable Profit Shares), the actual gross replacement rate represented by pension benefits paid under the plan will be well below the 45% ceiling recommended in the AFEP/MEDEF Code.

### 3.5.5.6 Compensation for loss of office

No compensation for loss of office was paid to Jean-Dominique Senard in 2019<sup>(1)</sup>.

### 3.5.5.7 Non-compete clause

No non-compete indemnity was paid to Jean-Dominique Senard in 2019<sup>(1)</sup>.

When Mr. Senard stepped down from his position, the Supervisory Board decided to waive application of the non-compete clause and no indemnity was paid.

(1) See detailed disclosures in section 3.7.1.13 of this Universal Registration Document.

### 3.5.6 COMPENSATION RATIOS OF THE MANAGERS AND THE CHAIRMAN OF THE SUPERVISORY BOARD

#### Background

The changes in management structure described below have affected the calculation of management compensation ratios:

- ▶ Jean-Dominique Senard was Managing Chairman and General Partner during the reporting period, until May 2019;
- ▶ Florent Menegaux has been Managing General Partner since May 2018, then Managing Chairman since May 2019;
- ▶ Yves Chapot has been General Manager since May 2018;

Michel Rollier has been Chairman of the Supervisory Board throughout the reporting period.

Unlike the corporate officers of joint stock corporations, a Managing General Partner of the Company (which is organized as a partnership limited by shares), who may also be the Managing Chairman, has unlimited personal liability for the Company's debts in the event that the Company is unable to honor its commitments, and he can only be relieved of this liability by decision of the Extraordinary Shareholders Meeting. This exceptional liability justifies the payment of additional compensation.

As the Company is a holding company without any employees, the disclosures required by Article L. 225-37-3-I-6 and 7 of the French Commercial Code referring to Article L. 226-8-2-1 of the Code, concerning the corporate officer-to-worker compensation ratio is not applicable.

The Company has nonetheless chosen to disclose these ratios, based on available historical data, for its main French subsidiary, Manufacture Française des Pneumatiques Michelin, which employed over 81% of the Michelin Group's total workforce in France at December 31, 2019.

This subsidiary is engaged in manufacturing, sales, and research and development activities and also hosts the Michelin Group's corporate departments.

The performance indicators selected at the level of the Michelin Group are the Total Sales and the Segment Operating Income ("SOI") excluding changes in exchange rates, which measures the performance of the Group's operating segments.

The ratios presented below have been calculated in such a way as to disclose information related to the function, in order to guarantee, as far as possible, the relevance and consistency of comparative information across the entire reporting period. They are based on the fixed and variable compensation paid during the years indicated to employees who were present throughout the year, as well as on the performance shares awarded in those years, measured at fair value.

	2019	% change vs. 2018	2018	% change vs. 2017	2017	% change vs. 2016	2016
<b>Chairman of the Supervisory Board</b>							
Changes in compensation		-2.7%		0.0%		32.4%	
Average Chairman of the Supervisory Board-to-worker compensation ratio	1.7		1.7		1.8		1.4
Median Chairman of the Supervisory Board-to-worker compensation ratio	2.1		2.2		2.3		1.8
<b>Managing Chairman <sup>(1)</sup></b>							
Changes in compensation		8.1%		15.0%		38.5%	
Average Managing Chairman to-worker compensation ratio	77.6		73.8		65.2		49.3
Median Managing Chairman to-worker compensation ratio	99.8		94.8		84.7		63.4
<b>General Manager <sup>(2)(3)(4)</sup></b>							
Changes in compensation		69.6%		-		-	
Average General Manager-to-worker compensation ratio	19.5		11.8				
Median General Manager-to-worker compensation ratio	25.0		15.1				
<b>Growth in segment operating income (SOI) (excluding currency effect)<sup>(5)</sup></b>							
		12.1%		6.1%			11.1%
<b>Growth in sales (excluding currency effect)<sup>(5)</sup></b>							
		4.1%		6.2%			0.4%

(1) Only information relating to the position of Managing Chairman and General Partner is presented given that the specific role of Managing General Partner was exercised over a limited period.

(2) The compensation paid to Managers for functions held during only part of the year (new Manager or Manager who was not replaced) has been annualized.

(3) For the General Manager, who took up his position in 2018, the reported changes between 2018 and 2019 is purely theoretical and is not relevant. This is because his reported 2018 compensation only includes his fixed compensation and not his variable compensation. The only variable compensation received in 2018, which is not included in the calculation, corresponded to the amount due in respect of his previous function held in 2017 as employee of a Group company and member of the Executive Committee, before his appointment to his current position.

(4) Deferred long-term compensation paid to Managers who no longer held the positions concerned during the reporting period has not been taken into account.

(5) To permit meaningful comparisons with the compensation paid in a given year, which depends to a significant extent on the prior year's results, the values taken into account.

### 3.5.7 PROPOSED RESOLUTION ON THE DISCLOSURES MENTIONED IN ARTICLE L. 225-37-3-I OF THE FRENCH COMMERCIAL CODE

Since 2014, the General Partners and the Supervisory Board have submitted to the Annual Shareholders Meeting several proposed ordinary resolutions concerning the compensation paid or awarded to the Managers and the Chairman of the Supervisory Board.

In addition, since 2018, the Supervisory Board prepares each year, with the General Partners for the part concerning the Managers, the Compensation Policy applicable to the Managers and the Chairman of the Supervisory Board. This policy is included in the Supervisory Board's report on corporate governance.

The policy and the components of the compensation packages for 2019 will be presented to the upcoming Annual Shareholders Meeting by the Chair of the Compensation and Appointments Committee.

In application of Directive (EU) No. 2017/828 dated May 17, 2017 (the "Directive"), French Act No. 2019-486 dated May 22, 2019 (the "PACTE Act"), Government Order No. 2019-1234 dated November 27, 2019 for the application of the Directive and the PACTE Act, and Decree No. 2019-1235 dated November 27, 2019 transposing the

Directive into French law, at the Annual Shareholders Meeting of June 23, 2020, the General Partners and the Supervisory Board will ask shareholders to vote on the required disclosures concerning the compensation paid or awarded to the corporate officers in 2019.

The resolution to be presented to the Annual Shareholders Meeting of June 23, 2020 concerning all the disclosures contained in sections 3.5.1 to 3.5.6, is set out below.

#### 8<sup>th</sup> resolution

#### Approval of the disclosures concerning the corporate officers' compensation packages

Having noted the agreement of the General Partners and considered the report of the Supervisory Board, the Annual Shareholders Meeting, in application of Article L. 226-8-2-I of the French Commercial Code, approves the disclosures mentioned in Article L. 225-37-3 of the Code, as presented in the Corporate Governance Report set out in sections 3.5.1 to 3.5.6 of the Company's 2019 Universal Registration Document.