

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

At the Annual Meeting called to approve the 2020 financial statements, 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. 22-10-76-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 3.3.1 and 3.3.3 of the Company's 2020 Universal Registration Document.

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

### 3.4.1 COMPENSATION OF THE MEMBERS OF THE SUPERVISORY BOARD

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

The 2020 compensation policy for Supervisory Board members was presented to the Annual Shareholders Meeting of June 23, 2020 and was approved by a 99.75% majority of the votes cast.

Information about the members' attendance rates at meetings of the Supervisory Board and its Committees in 2020 is provided in section 3.2.2 of this 2020 Universal Registration Document.

The following table shows:

- ▶ Amounts paid in 2019 in respect of services to the Board in 2018;
- ▶ Amounts awarded for services to the Board in 2019, paid in 2020;
- ▶ Amounts paid in 2020 in respect of services to the Board in 2019;
- ▶ Amounts awarded for services to the Board in 2020, not yet paid.

Supervisory Board members	2020 <sup>(1)</sup>		2019 <sup>(1)</sup>	
	Amount awarded (in €)	Amount paid (in €)	Amount awarded (in €)	Amount paid (in €)
Olivier Bazil <sup>(2)</sup>	35,500	80,000	80,000	63,278
Barbara Dalibard	80,000	90,000	90,000	63,278
Jean-Pierre Duprieu	62,500	60,000	60,000	53,543
Aruna Jayanthi	70,000	70,000	70,000	63,278
Anne-Sophie de La Bigne	65,000	71,250	71,250	63,278
Patrick de La Chevardière <sup>(3)</sup>	44,500	N/A	N/A	N/A
Jean-Christophe Laourde <sup>(4)</sup>	9,000	N/A	N/A	N/A
Thierry Le Hénaff	68,330	56,727	56,727	22,488
Monique Leroux	80,000	70,000	70,000	60,357
Cyrille Poughon <sup>(5)</sup>	47,250	60,000	60,000	53,543
Michel Rollier	120,000	112,800	112,800	87,615
Delphine Roussy <sup>(4)</sup>	9,000	N/A	N/A	N/A
Jean-Michel Severino <sup>(6)</sup>	17,750	N/A	N/A	N/A
<b>TOTAL</b>	<b>708,830<sup>(7)</sup></b>	<b>670,777<sup>(8)</sup></b>	<b>670,777<sup>(8)</sup></b>	<b>554,992<sup>(9)</sup></b>

(1) The compensation indicated consists solely of fixed compensation for services as Supervisory Board member. No variable compensation was paid for these services and no other compensation was awarded or paid.

(2) Supervisory Board member until June 2020.

(3) Supervisory Board member since June 2020.

(4) Supervisory Board member since December 2020.

(5) Supervisory Board member until October 2020.

(6) Supervisory Board member since November 2020.

(7) The amounts awarded in respect of 2020 have been determined in application of the 2020 Supervisory Board Compensation Policy approved by the Annual Shareholders Meeting of June 23, 2020 (7<sup>th</sup> resolution adopted by a majority of 99.75% of the votes cast).

(8) The amounts paid in 2020 were awarded in respect of 2019 out of the total annual compensation of €770,000 decided by the Annual Shareholders Meeting of May 17, 2019 (12<sup>th</sup> resolution adopted by a majority of 99.15% of the votes cast). The Chairman and independent members of the Supervisory Board joined the Managers by deciding to donate 25% of their compensation to foundations in their respective countries, which are part of the fight against Covid-19.

(9) Including €24,338 paid to Pat Cox for his services as Supervisory Board member until May 2018.

## 3.4.2 COMPENSATION OF MICHEL ROLLIER, CHAIRMAN OF THE SUPERVISORY BOARD

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 2020 Compensation Policy.

### 3.4.2.1 Compensation for serving on the Supervisory Board

In 2020, Michel Rollier received a total of €112,800 in respect of 2019. Michel Rollier joined the Managers by donating 25% of this compensation to a foundation which is part of the fight against Covid-19.

Under the 2020 Compensation Policy decided by the Supervisory Board, Michel Rollier is in line to receive €120,000 in 2021 in respect of 2020.

No variable compensation was paid or awarded to Michel Rollier during or in respect of 2020.

Information about Michel Rollier's attendance rate at meetings of the Supervisory Board and its Committees in 2020 is provided in section 3.2.2 of this 2020 Universal Registration Document.

### 3.4.2.2 Other compensation

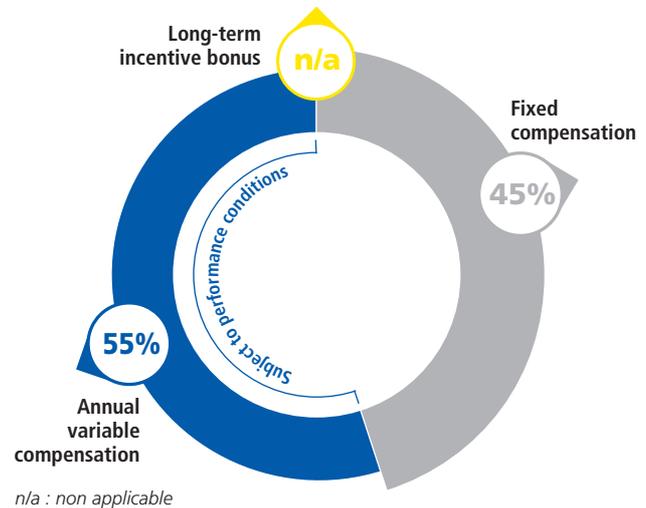
No other compensation was paid or awarded to Michel Rollier during or in respect of 2020.

### 3.4.3 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<sup>(2)</sup> as provided for in the Bylaws. 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. 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 2020 or awarded to him in respect of 2020 in his capacity as General Manager, pursuant to the 2020 Compensation Policy. This policy is described in the Corporate Governance Report reproduced in the 2019 Universal Registration Document<sup>(3)</sup> and was presented to the Annual Shareholders Meeting of June 23, 2020 by the Chair of the Compensation and Appointments Committee (the "2020 Compensation Policy")<sup>(4)</sup>.

#### COMPENSATION PAID TO FLORENT MENEGAUX DURING FISCAL YEAR 2020



#### 3.4.3.1 Fixed compensation

In application of the 2020 Compensation Policy, Florent Menegaux's fixed compensation, unchanged since his election by the Annual Shareholders Meeting of May 18, 2018, was reduced by 25% during the approximately three months in

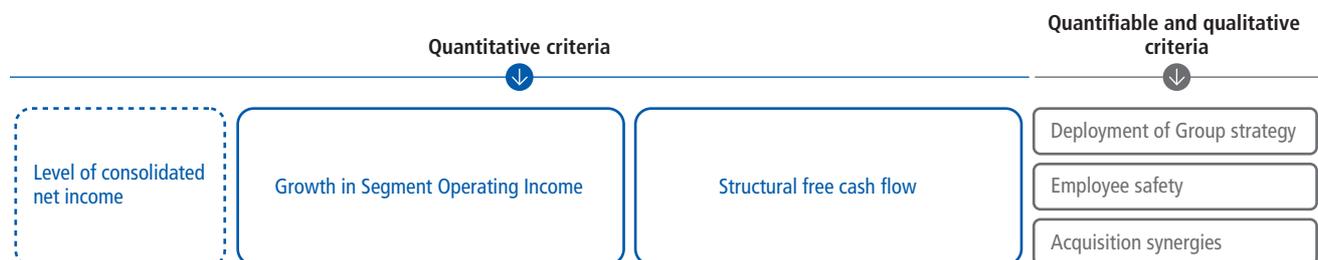
2020 when employees in France were furloughed. The fixed compensation received by Florent Menegaux therefore amounted to €843,750<sup>(5)</sup>.

#### 3.4.3.2 Annual variable compensation

This annual variable compensation has been determined in application of the 2020 Compensation Policy and is deducted in full from the Profit Share of €3,752,651.21<sup>(6) (7)</sup> due to the General Partners for 2020.

#### 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 2020 results.



(1) At December 31, 2020, the Company had two General Partners: Florent Menegaux, Managing Chairman, and SAGES, Non-Managing General Partner (see section 3.1.2 of this 2020 Universal Registration Document).

(2) See Article 30 of the Bylaws, reproduced in section 3.10.5 below.

(3) See sections 3.4.1 and 3.4.2 of the 2019 Universal Registration Document.

(4) See the information/presentations on the June 23, 2020 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 May 21, 2021.

(7) The Profit Share is 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 3.10.5 of this 2020 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	Sector Operating Income (SOI, based on 2019 exchange rates and consolidation scope)	Annual structural free cash flow	Level of consolidated net income
Indicator	Amount	Amount	Amount
Target	Threshold: €2,800m Target: €2,950m Ceiling: €3,100m	Threshold: €1,500m Target: €1,600m Ceiling: €1,700m	4%
Indicator: 2020 Actual	€1,997m	€2,010m	€625m
Maximum value (% of the Profit Share) <sup>(1)</sup>	8%	8%	4%
Achievement rate	0%	8%	4%

(1) The maximum value, if the SOI and free cash flow targets are met, is capped at 16% of the Profit Share.

Quantifiable qualitative criteria	Deployment of the strategy	CSR/TCIR <sup>(1)</sup>	Acquisition synergies <sup>(2)</sup>
Maximum value (% of the Profit Share)	2%	1%	1%
Achievement rate	2%	1%	0.49%

(1) Total Case Incident Rate.

(2) Scope: Camso, Fenner, Multistrada (based on 2019 exchange rates)

Overall achievement rate	15.49%/20% <sup>(1)</sup>
Amount awarded (in €)	581,161
As a % of the reference fixed compensation	64.57%

(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.

All quantitative and qualitative objectives were set at the start of 2020, prior to the onset of the health crisis and before the economic implications became clear. These objectives were not subsequently amended.

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 "Deployment of the strategy" criterion, the Committee noted that the objectives had been met, as follows:
  - the overall strategy had been formally described and deployed, including the Strategic Statement, Balanced Score Card, transformations mapping and management methods,
  - certain major transformation programs were launched in 2020,
  - medium-term financial models had been developed;

- ▶ for the Corporate Social Responsibility criterion (Total Case Incident Rate, measuring improvements to the safety of Michelin Group employees), the Committee noted that the objective had been met, with the TCIR at 1.19;
- ▶ for the criterion concerning implementation of the synergies created by the integration of Camso, Fenner and Multistrada, the Committee noted that total synergistic benefits of €80.6 million had been obtained in 2020, an increase of €54 million versus 2019 synergies.

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 15.49% versus a maximum of 20%. Given the Calculation Base of €3,752,651.21, Florent Menegaux's annual variable compensation for 2020 amounts to €581,161.

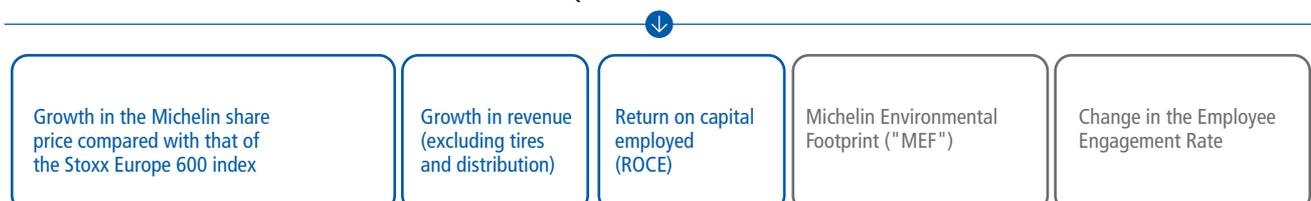
After discussing the matter during its meeting on February 12, 2021, the Supervisory Board approved the Compensation and Appointments Committee's recommendations, which were then also approved by the General Partners.

### 3.4.3.3 Long-term variable compensation granted in 2020: performance share rights

#### LONG-TERM 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 2020 results.

#### Quantitative criteria



On November 13, 2020, 12,012 performance share rights were awarded to Florent Menegaux. The book value of these rights was €673,051.63 (based on IFRS 2) and the rights represented less than 0.0068% of the total Michelin shares outstanding at December 31, 2020.

This award was made in application of the 2020 Compensation Policy, pursuant to the proposal made by the General Partners and after the Supervisory Board had determined the vesting terms and conditions applicable to the total award.

The structure of the performance share plans for employees of Group companies and for the Company's Managers is described in detail in the presentation of the 25<sup>th</sup> resolution submitted to the Annual Shareholders Meeting of June 23, 2020 (pages 395 *et seq.* of the 2019 Universal Registration Document), which was adopted by a majority of 97.02% of the votes cast.

In application of the 2020 Compensation Policy, the award is subject to the following specific rules:

- ▶ the Managers are required to hold 40% of the vested shares for as long as they remain in office;
- ▶ each annual award is limited to 100% of the Manager's fixed annual compensation for that year;
- ▶ in addition, for the period of validity of the above-mentioned 25<sup>th</sup> resolution (38 months), performance share rights awarded to the Managers may not exceed the equivalent of 0.05% of the Company's capital; this is a specific sub-cap applicable to the Managers within the overall cap of 0.9% applicable to all recipients of share rights provided for in the 25<sup>th</sup> resolution;
- ▶ concerning Florent Menegaux, Managing Chairman and General Partner, the vested performance shares would be delivered to him only if Profit Share was distributed in respect of the year preceding the one in which the shares are issued.

In accordance with AFEP/MEDEF Code recommendation No. 25.3.3, the equity risk on the performance shares has not been hedged by Florent Menegaux and will not be hedged at any time during the holding period.

The performance criteria are presented below.

These criteria and the related objectives applicable to the Managers were not adjusted despite the exceptional economic consequences of the Covid-19 crisis on the business in 2020.

**First criterion (financial performance): growth in the Michelin share price**

This criterion concerns Michelin's share performance compared with that of the Stoxx Europe 600 index.

The Stoxx Europe 600 index has been chosen due to the breakdown of the Group's operations between various business segments (Automotive, Road Transportation, Specialties, High-Tech Materials). This criterion would have a 30% weighting.

It would be assessed by comparing the annual average share price for the year preceding the reference three-year period and the same average for the last year of the three-year period.

If the gain in Michelin's share price was at least 15 points more than the gain in the Stoxx Europe 600 index, the achievement rate would be 100% and the maximum 30% of the free shares would vest.

If the gain in Michelin's share price was less than 15 points more than the gain in the Stoxx Europe 600 index, the result would be:  $30\% \times (\text{gain in the Michelin share price} - \text{gain in the Stoxx Europe 600 index}) / 15$ .

If the gain in Michelin's share price was less than the gain in the Stoxx Europe 600, the achievement rate would be 0% and none of the related free shares would vest.

**Second criterion (corporate social responsibility): improvements in the environmental performance of manufacturing operations and employee engagement rates**

This criterion is based on two indicators: the environmental footprint of Michelin's manufacturing operations and the level of employee engagement.

As each of these indicators would have a 15% weighting, the criterion's total weighting would be 30%.

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. The Group's goal for 2020 is to reduce the MEF by 50% compared with 2005.

The final revenue indicator would have a weighting of 15% and would be taken into account as follows:

- ▶ if the average annual change in the MEF over three years was greater than -0.5 pts, the achievement rate would be 0% and none of the free shares for this objective would vest;
- ▶ if the average annual change in the MEF over three years was between -0.5 pts and -1.5 pts, free shares for this objective would vest proportionately to the achievement rate;
- ▶ if the average annual change in the MEF over three years was less than -1.5 pts, the maximum 15% of the free shares for this objective would vest.

This indicator would be assessed as the average for a rolling three-year period starting from the year in which the plan was launched.

The second indicator – employee engagement – is measured each year during the "Moving Forward Together: Your Voice for Action" survey.

The final revenue indicator would have a weighting of 15% and would be taken into account as follows:

- ▶ if the average engagement rate improved by less than 0.1 pts, the achievement rate would be 0% and none of the related free shares would vest;
- ▶ if the average engagement rate improved by between 0.1 pts and 1.5 pts, the free shares for this objective would vest proportionately to the achievement rate;
- ▶ if the average engagement rate improved by more than 1.5 pts, the maximum 15% of the free shares for this objective would vest.

This indicator would be assessed as the average for a rolling three-year period starting from the year in which the plan was launched.

**Third criterion (operating performance): growth in revenue (excluding tires and distribution) and return on capital employed (ROCE)**

This criterion is based on two indicators: revenue growth excluding tires and distribution, and total consolidated ROCE (including acquisitions and companies accounted for by the equity method).

The growth in the new business revenue indicator (like-for-like growth excluding tires and distribution) measures the Group's ability to grow its new businesses (as opposed to its historical core business). The final revenue indicator would have a weighting of 20% and would be taken into account as follows:

- ▶ if average annual new business revenue growth exceeded 8%, the achievement rate would be 100% and the maximum 20% of the maximum potential free shares would vest;
- ▶ if average annual new business revenue growth was between 3% and 8%, the free shares for this criterion would vest proportionately to the achievement rate;
- ▶ if average annual new business revenue growth was less than 3%, the achievement rate would be 0% and none of the related free shares would vest.

This criterion would be assessed as the average for a rolling three-year period starting from the year in which the plan<sup>(1)</sup> was launched.

Total consolidated ROCE (including acquisitions, related goodwill, and companies accounted for by the equity method) for the last year of the three-year period ("final ROCE") measures the robustness of the Group's performance. The final revenue indicator would have a weighting of 20% and would be taken into account as follows:

- ▶ if the final ROCE exceeded 11%, the achievement rate would be 100% and the maximum 20% of the potential free shares would vest;
- ▶ if the final ROCE was between 10% and 11%, the free shares for this criterion would vest proportionately to the achievement rate;
- ▶ if the final ROCE was less than 10%, the achievement rate would be 0% and none of the related free shares would vest.

The interim fulfillment rates are presented in section 6.5.4 c) of the 2020 Universal Registration Document, in the table entitled "Interim fulfillment of performance conditions under the November 13, 2020 performance share plan for the Managers".

### 3.4.3.4 Fringe benefits, stock options and directors' or Supervisory Board members' compensation

In line with the 2020 Compensation Policy, in 2020 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 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).

### 3.4.3.5 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 2020 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.

The benefit represented by the Company's contributions to the plan is taxed at the rate of 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.

As Managing General Partner, Mr. Menegaux participates in the "Article 83" mandatory pension plan in the same way as all employees of CGEM and MFPM.

### 3.4.3.6 Compensation for loss of office

No compensation for loss of office was paid to Mr. Menegaux in 2020<sup>(2)</sup>.

### 3.4.3.7 Non-compete indemnity

No non-compete indemnity was paid to Mr. Menegaux in 2020<sup>(2)</sup>.

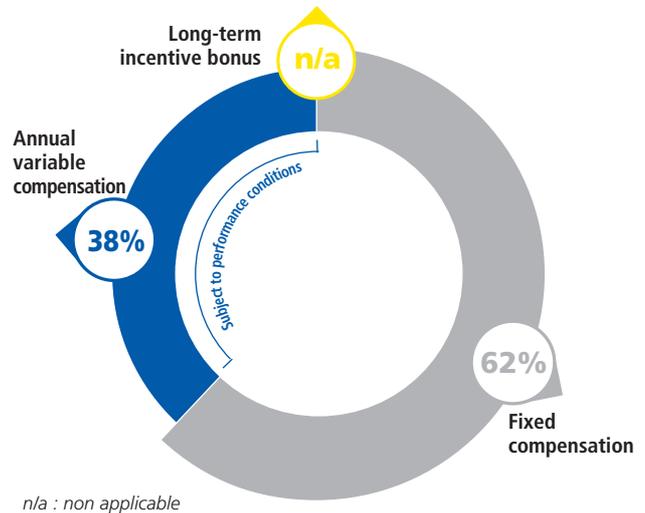
(1) Due to the exceptional economic consequences of the Covid-19 crisis for the business in 2020, the effect of this indicator was neutralized in 2020 for employees, so that the criterion reflects the actual market situation post-Covid-19 and in order to continue to motivate the teams.

(2) See detailed disclosures in section 3.7.1.12 of this 2020 Universal Registration Document.

### 3.4.4 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 2020 or awarded to him in respect of 2020 in his capacity as General Manager, pursuant to the 2019 Compensation Policy. This policy is described in the Corporate Governance Report reproduced in the 2019 Universal Registration Document<sup>(1)</sup> and was presented to the Annual Shareholders Meeting of June 23, 2020 by the Chair of the Compensation and Appointments Committee (the "2020 Compensation Policy")<sup>(2)</sup>.

#### COMPENSATION PAID TO YVES CHAPOT DURING FISCAL YEAR 2020



#### 3.4.4.1 Fixed compensation

In application of the 2020 Compensation Policy, Yves Chapot's fixed compensation, unchanged since his election by the Annual Shareholders Meeting of May 18, 2018, was reduced by 25%

during the approximately three months in 2020 when employees in France were furloughed. The fixed compensation received by Yves Chapot therefore amounted to €562,500.

#### 3.4.4.2 Annual variable compensation

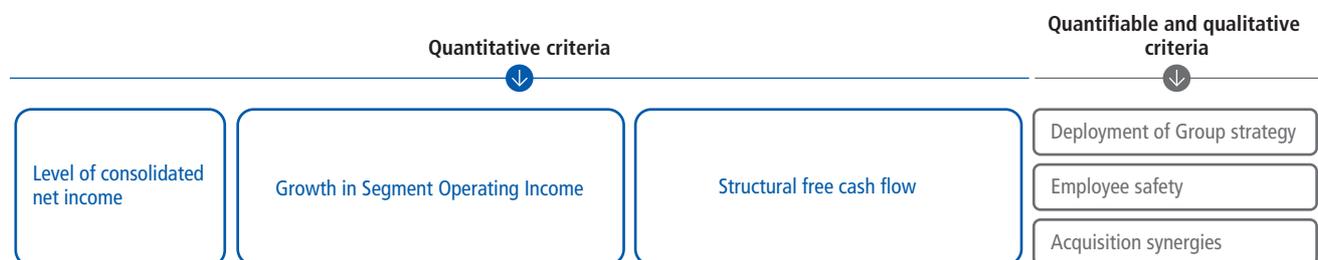
In application of the 2020 Compensation Policy and as recommended by the Supervisory Board, the General Partners have set Yves Chapot's annual variable compensation based on 150% of his fixed compensation for 2019 as General Manager (the "Calculation Base") and six performance criteria. Three of

these are qualitative criteria accounting for 80/100 and three are quantifiable qualitative criteria accounting for 20/100.

Mr. Chapot will be awarded the maximum amount if the cumulative achievement rate for the six 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 2020 results.



(1) See sections 3.4.1 and 3.4.2 of the 2019 Universal Registration Document.

(2) See the information/presentations on the June 23, 2020 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	Sector Operating Income (SOI, based on 2019 exchange rates and consolidation scope)	Annual structural free cash flow	Level of consolidated net income
	Amount	Amount	Amount
Indicator	Threshold: €2,800m	Threshold: €1,500m	Threshold: €1,630m
	Target: €2,950m	Target: €1,600m	Target: €1,730m
Target	Ceiling: €3,100m	Ceiling: €1,700m	Ceiling: €1,830m
Indicator: 2020 Actual	€1,997m	€2,010m	€625m
Maximum value <sup>(1)</sup>	40	40	20
Achievement rate	0	40	0

(1) If all the objectives were achieved in full, the result would however be limited to 80.

Quantifiable qualitative criteria	Deployment of the strategy	CSR/TCIR <sup>(1)</sup>	Acquisition synergies <sup>(2)</sup>
Maximum value (out of 20)	10	5	5
Achievement rate	10	5	2.4

(1) Total Case Incident Rate.

(2) Scope: Camso, Fenner, Multistrada (based on 2019 exchange rates)

Overall achievement rate	57.43/100 <sup>(1)</sup>
Amount awarded based on quantifiable qualitative criteria (in €)	516,900
As a % of the reference fixed compensation	86.15%

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

All quantitative and qualitative objectives were set at the start of 2020, prior to the onset of the health crisis and before the economic implications became clear. These objectives were not subsequently amended.

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 "Deployment of the strategy" criterion, the Committee noted that the objectives had been met, as follows:
  - the overall strategy had been formally described and deployed, including the Strategic Statement, Balanced Score Card, transformations mapping and management methods,
  - certain major transformation programs were launched in 2020,
  - medium-term financial models had been developed;

- ▶ For the Corporate Social Responsibility criterion (Total Case Incident Rate, measuring improvements to the safety of Michelin Group employees), the Committee noted that the objective had been met, with the TCIR at 1.19;

- ▶ For the criterion concerning implementation of the synergies created by the integration of Camso, Fenner and Multistrada, the Committee noted that total synergistic benefits of €80.6 million had been obtained in 2020, an increase of €54 million versus 2019 synergies.

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 57.43/100. Given the Calculation Base, Yves Chapot's annual variable compensation for 2020 amounts to €516,900.

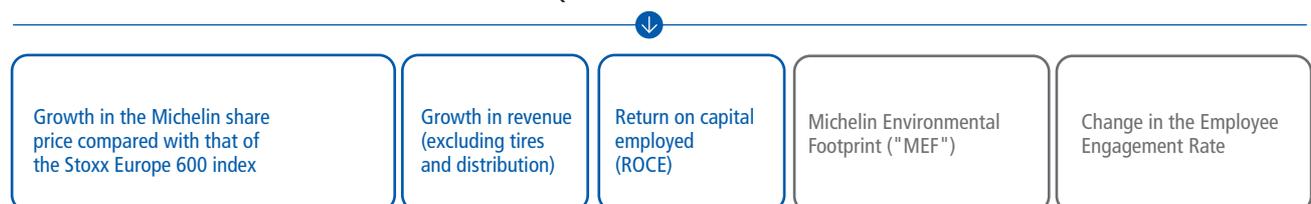
After discussing the matter during its meeting on February 12, 2021, the Supervisory Board approved the Compensation and Appointments Committee's recommendation, which were then also approved by the General Partners.

### 3.4.4.3 Long-term variable compensation granted in 2020: performance share rights

#### 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



On November 13, 2020, 8,008 performance share rights were awarded to Yves Chapot. The book value of these rights was €448,701.09 (based on IFRS 2) and the rights represented less than 0.0045% of the total Michelin shares outstanding at December 31, 2020.

This award was made in application of the 2020 Compensation Policy, pursuant to the proposal made by the General Partners and after the Supervisory Board had determined the vesting terms and conditions applicable to the total award.

The structure of the performance share plans for employees of Group companies and for the Company's Managers is described in detail in the presentation of the 25<sup>th</sup> resolution submitted to the Annual Shareholders Meeting of June 23, 2020 (pages 395 *et seq.* of the 2019 Universal Registration Document), which was adopted by a majority of 97.02% of the votes cast.

In application of the 2020 Compensation Policy, the award is subject to the following specific rules:

- ▶ the Managers are required to hold 40% of the vested shares for as long as they remain in office;
- ▶ each annual award is limited to 100% of the Manager's fixed annual compensation for that year;
- ▶ in addition, for the period of validity of the above-mentioned 25<sup>th</sup> resolution (38 months), performance share rights awarded to the Managers may not exceed the equivalent of 0.05% of the Company's capital; this is a specific sub-cap applicable to the Managers within the overall cap of 0.9% applicable to all recipients of share rights provided for in said resolution.

In accordance with AFEP/MEDEF Code recommendation No. 25.3.3, the equity risk on the performance shares has not been hedged by Yves Chapot and will not be hedged at any time during the holding period.

The performance criteria are presented below.

These criteria and the related objectives applicable to the Managers were not adjusted despite the exceptional economic consequences of the Covid-19 crisis on the business in 2020.

**First criterion (financial performance): growth in the Michelin share price**

This criterion concerns Michelin's share performance compared with that of the Stoxx Europe 600 index.

The Stoxx Europe 600 index has been chosen due to the breakdown of the Group's operations between various business segments (Automotive, Road Transportation, Specialties, High-Tech Materials). This criterion would have a 30% weighting.

It would be assessed by comparing the annual average share price for the year preceding the reference three-year period and the same average for the last year of the three-year period.

If the gain in Michelin's share price was at least 15 points more than the gain in the Stoxx Europe 600 index, the achievement rate would be 100% and the maximum 30% of the free shares would vest.

If the gain in Michelin's share price was less than 15 points more than the gain in the Stoxx Europe 600 index, the result would be:  $30\% \times (\text{gain in the Michelin share price} - \text{gain in the Stoxx Europe 600 index}) / 15$ .

If the gain in Michelin's share price was less than the gain in the Stoxx Europe 600 index, the achievement rate would be 0% and none of the related free shares would vest.

**Second criterion (corporate social responsibility): improvements in the environmental performance of manufacturing operations and employee engagement rates**

This criterion is based on two indicators: the environmental footprint of Michelin's manufacturing operations and the level of employee engagement.

As each of these indicators would have a 15% weighting, the criterion's total weighting would be 30%.

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. The Group's goal for 2020 is to reduce the MEF by 50% compared with 2005.

The final revenue indicator would have a weighting of 15% and would be taken into account as follows:

- ▶ if the average annual change in the MEF over three years was greater than -0.5 pts, the achievement rate would be 0% and none of the free shares for this objective would vest;
- ▶ if the average annual change in the MEF over three years was between -0.5 pts and -1.5 pts, free shares for this objective would vest proportionately to the achievement rate;
- ▶ if the average annual change in the MEF over three years was less than -1.5 pts, the maximum 15% of the free shares for this objective would vest.

This indicator would be assessed as the average for a rolling three-year period starting from the year in which the plan was launched.

The second indicator – employee engagement – is measured each year during the "Moving Forward Together: Your Voice for Action" survey.

The final revenue indicator would have a weighting of 15% and would be taken into account as follows:

- ▶ if the average engagement rate improved by less than 0.1 pts, the achievement rate would be 0% and none of the related free shares would vest;
- ▶ if the average engagement rate improved by between 0.1 pts and 1.5 pts, the free shares for this objective would vest proportionately to the achievement rate;
- ▶ if the average engagement rate improved by more than 1.5 pts, the maximum 15% of the free shares for this objective would vest.

This indicator would be assessed as the average for a rolling three-year period starting from the year in which the plan was launched.

**Third criterion (operating performance): growth in revenue (excluding tires and distribution) and return on capital employed (ROCE)**

This criterion is based on two indicators: revenue growth excluding tires and distribution, and total consolidated ROCE (including acquisitions and companies accounted for by the equity method).

The growth in the new business revenue indicator (like-for-like growth excluding tires and distribution) measures the Group's ability to grow its new businesses (as opposed to its historical core business). The final revenue indicator would have a weighting of 20% and would be taken into account as follows:

- ▶ if average annual new business revenue growth exceeded 8%, the achievement rate would be 100% and the maximum 20% of the maximum potential free shares would vest;
- ▶ if average annual new business revenue growth was between 3% and 8%, the free shares for this criterion would vest proportionately to the achievement rate;
- ▶ if average annual new business revenue growth was less than 3%, the achievement rate would be 0% and none of the related free shares would vest.

This criterion would be assessed as the average for a rolling three-year period starting from the year in which the plan was launched<sup>(1)</sup>.

Total consolidated ROCE (including acquisitions, related goodwill, and companies accounted for by the equity method) for the last year of the three-year period ("final ROCE") measures the robustness of the Group's performance. The final revenue indicator would have a weighting of 20% and would be taken into account as follows:

- ▶ if the final ROCE exceeded 11%, the achievement rate would be 100% and the maximum 20% of the potential free shares would vest;
- ▶ if the final ROCE was between 10% and 11%, the free shares for this criterion would vest proportionately to the achievement rate;
- ▶ if the final ROCE was less than 10%, the achievement rate would be 0% and none of the related free shares would vest.

The interim fulfillment rates are presented in section 6.5.4 c) of the 2020 Universal Registration Document, in the table entitled "Interim fulfillment of performance conditions under the November 13, 2020 performance share plan for the Managers".

#### 3.4.4.4 Fringe benefits, stock options and directors' or Supervisory Board members' compensation

In line with the 2020 Compensation Policy, in 2020 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 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).

#### 3.4.4.5 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 2020 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 €135,420.

The benefit represented by the Company's contributions to the plan is taxed at the rate of 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.

As Managing General Partner, Mr. Chapot participates in the "Article 83" mandatory pension plan in the same way as all employees of CGEM and MFPM.

#### 3.4.4.6 Compensation for loss of office

No compensation for loss of office was paid to Mr. Chapot in 2020<sup>(2)</sup>.

#### 3.4.4.7 Non-compete indemnity

No non-compete indemnity was paid to Mr. Chapot in 2020<sup>(2)</sup>.

(1) Due to the exceptional economic consequences of the Covid-19 crisis for the business in 2020, the effect of this indicator was neutralized in 2020 for employees, so that the criterion reflects the actual market situation post-Covid-19 and in order to continue to motivate the teams. No changes were made to the objectives applicable to the Managers.

(2) See detailed disclosures in section 3.7.1.13 of the 2019 Universal Registration Document.

### 3.4.5 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:

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

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.

The Company has very few employees (less than five, none of whom are executive directors), and none in the first half of 2020. The ratios of the Managers' pay and of the Supervisory Board Chairman's pay to that of the Company's employees are therefore not meaningful.

Accordingly, the Company has nonetheless chosen to disclose these ratios for its main French subsidiary, Manufacture Française des Pneumatiques Michelin, which employed over 90% of the Michelin Group's total workforce in France at December 31, 2020.

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

The calculation method and scope is the same as for the disclosures in the 2019 report, apart from the adjustments needed to adapt the table to the format in the new AFEP "Guidelines concerning compensation multiples" dated February 2021.

The two 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.

## RATIOS PRESENTED IN APPLICATION OF ARTICLE L.22-10-9-I, PARAGRAPHS 6 AND 7, OF THE FRENCH COMMERCIAL CODE

	2020	2019	2018	2017	2016
<b>PERCENTAGE CHANGE IN THE COMPENSATION OF THE CHAIRMAN OF THE SUPERVISORY BOARD<sup>(1)</sup></b>	<b>28.7%</b>	<b>-2.7%</b>	<b>0.0%</b>	<b>32.4%</b>	-
Percentage change in the average compensation of employees	2.9%	2.9%	1.6%	4.6%	-
Ratio versus average employee compensation	<b>2.1</b>	1.7	1.8	1.8	1.4
Percentage change in the ratio versus the previous year	26.5%	-5.1%	-1.7%	26.2%	-
Ratio versus median employee compensation	<b>2.7</b>	2.1	2.3	2.3	1.8
Percentage change in the ratio versus the previous year	26.8%	-5.3%	-2.6%	27.6%	-
<b>PERCENTAGE CHANGE IN THE MANAGING CHAIRMAN'S COMPENSATION<sup>(2)(3)(4)(5)</sup></b>	<b>-37.6%</b>	<b>8.1%</b>	<b>15.0%</b>	<b>38.5%</b>	-
Percentage change in the average compensation of employees	2.9%	2.9%	1.6%	4.6%	-
Ratio versus average employee compensation	<b>47.1</b>	77.6	73.8	65.3	49.3
Percentage change in the ratio versus the previous year	-39.3%	5.1%	13.2%	32.4%	-
Ratio versus median employee compensation	<b>61.0</b>	99.8	94.8	84.7	63.4
Percentage change in the ratio versus the previous year	-38.9%	5.3%	12.0%	33.6%	-
<b>PERCENTAGE CHANGE IN THE GENERAL MANAGER'S COMPENSATION<sup>(3)(4)(5)</sup></b>	<b>33.0%</b>	<b>69.6%</b>	-	-	-
Percentage change in the average compensation of employees	2.9%	2.9%	1.6%	4.6%	-
Ratio versus average employee compensation	<b>25.1</b>	19.5	11.8	-	-
Percentage change in the ratio versus the previous year	29.0%	64.8%	-	-	-
Ratio versus median employee compensation	<b>32.6</b>	25.0	15.2	-	-
Percentage change in the ratio versus the previous year	30.2%	65.2%	-	-	-
<b>COMPANY PERFORMANCE<sup>(6)</sup></b>					
Growth in segment operating income (SOI) (excluding currency effect)	6.5%	11.0%	5.6%	9.5%	-
Growth in sales (excluding currency effect)	7.8%	4.1%	6.2%	0.4%	-

(1) The year-on-year change in the ratio is attributable to the decision to increase the total compensation payable to Supervisory Board members to €770,000, approved at the Annual Shareholders Meeting of May 17, 2019.

(2) 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. Jean-Dominique Senard stepped down from his executive position in May 2019 and the compensation attributed in respect of his duties as Managing Chairman and General Partner is therefore not taken into account in 2020.

(3) 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.

(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) The reference amount for variable compensation granted in respect of 2020 includes the book value of performance share rights awarded to the Managers for the first time in 2020.

(6) 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.

### 3.4.6 PROPOSED RESOLUTION ON THE DISCLOSURES MENTIONED IN ARTICLE 22-10-9 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 2020 will be presented to the upcoming Annual Shareholders Meeting by the Chair of the Compensation and Appointments Committee.

In the same way as in 2020, in application of French Act No. 2019-486 dated May 22, 2019 (the "PACTE Act") and other legal and regulatory provisions, at the Annual Shareholders

Meeting, the General Partners and the Supervisory Board will ask shareholders to approve the disclosures concerning the compensation paid in 2020 or awarded in respect of that year to the Managers and the Supervisory Board.

The resolution to be presented to the Annual Shareholders Meeting of May 21, 2021 concerning all the disclosures contained in sections 3.4.1 to 3.4.5, 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. 22-10-77-I of the French Commercial Code, approves the disclosures mentioned in Article L. 22-10-9 of the Code, as presented in the Corporate Governance Report set out in sections 3.4.1 to 3.4.5 of the Company's 2020 Universal Registration Document.