

07. ANNUAL SHAREHOLDERS MEETING OF MAY 21, 2021

7.1	REPORT OF THE MANAGING CHAIRMAN AND PROPOSED RESOLUTIONS	434
7.1.1	Ordinary resolutions (1 st to 13 th resolutions)	434
7.1.2	Extraordinary resolutions (14 th to 17 th resolutions)	439
	Summary of financial authorizations submitted for shareholder approval	441
7.2	REPORT OF THE SUPERVISORY BOARD: RECOMMENDATIONS CONCERNING THE VOTES ON THE PROPOSED RESOLUTIONS	442
7.2.1	Election of Supervisory Board members (12 th and 13 th resolutions)	442
7.2.2	Approval of the compensation of the corporate officers, amendment of the Bylaws concerning the General Partners' financial rights and the terms of the Managers' compensation (6 th to 11 th , 15 th and 16 th resolutions)	444
7.2.3	Approval of the financial statements, related-party agreements and financial authorizations (1 st to 5 th and 14 th resolutions)	444
7.3	STATUTORY AUDITORS' REPORTS	445
7.3.1	Statutory Auditors' report on the capital reduction	445
7.3.2	Other Statutory Auditors' reports	446

7.1 REPORT OF THE MANAGING CHAIRMAN AND PROPOSED RESOLUTIONS

Ongoing dialogue between shareholders and issuers, both before and after Annual Shareholders Meetings, is essential to enable shareholders to effectively exercise their role, and for companies to enhance their communications.

One of the ways that companies can ensure the effectiveness of such dialogue is by making additional efforts to clearly explain the content, rationale and import of the resolutions submitted for shareholder approval.

For each financial authorization submitted for approval at the Annual Shareholders Meeting, this report therefore refers to the corresponding information sheet in the guide entitled

"Proposed resolutions submitted to the vote of shareholders of listed companies". Prepared by MEDEF in 2013 and updated in January 2016⁽¹⁾, the guide is available at www.medef.com.

The resolutions set in blue type below are the resolutions proposed by the Company that will be included in the Notice of Meeting published in the *Bulletin des annonces légales obligatoires*. Each shareholder will also be sent a copy of the Notice of Meeting within the period prescribed by law.

7.1.1 ORDINARY RESOLUTIONS (1ST TO 13TH RESOLUTIONS)

1st and 2nd resolutions

(Approval of the Company financial statements for the year ended December 31, 2020)

Appropriation of net income for the year ended December 31, 2020 and approval of the recommended dividend

The 1st and 2nd resolutions concern approval of the Company's 2020 financial statements and appropriation of net income for the year.

Shareholders are invited to approve the transactions reflected in the Company's income statement and balance sheet, as presented, and to appropriate net income for the year which amounts to €1,010,644,309.28.

After deducting €3,752,651.21 attributable to the General Partners in accordance with the Bylaws, the balance of €1,006,891,658.07 plus €1,862,506,112.41 in retained earnings brought forward from prior years represents a total of €2,869,397,770.48 available for distribution to shareholders.

We are recommending paying a 2020 dividend of €2.30 per share.

In order to qualify for the dividend payment, beneficiaries must be shareholders of record at midnight (CEST) on May 26, 2021 (the record date).

The ex-dividend date will be May 25, 2021.

The dividend will be paid as from May 27, 2021.

The amount of the dividend corresponding to the treasury shares held on the payment date will be allocated to retained earnings.

First resolution

(Approval of the Company financial statements for the year ended December 31, 2020)

Having considered the reports of the Managing Chairman, the Statutory Auditors and the Supervisory Board, the Ordinary Shareholders Meeting approves the Company financial statements for the year ended December 31, 2020, which show net income for the period of €1,010,644,309.28.

The Ordinary Shareholders Meeting also approves the transactions reflected in these financial statements and referred to in these reports, including those relating to the various provision accounts.

Second resolution (Appropriation of net income for the year ended December 31, 2020 and approval of the recommended dividend)

On the recommendation of the Managing Chairman (as approved by the Supervisory Board), the Ordinary Shareholders Meeting notes that the total amount available for distribution is as follows:

- ▶ net income for the year: €1,010,644,309.28;
- ▶ share of profits attributed to the General Partners in accordance with the Bylaws: €3,752,651.21;
- ▶ balance: €1,006,891,658.07;
- ▶ plus retained earnings brought forward from prior years: €1,862,506,112.41;
- ▶ total amount available for distribution: €2,869,397,770.48.

And resolves:

- ▶ to pay an aggregate dividend of: €410,182,197.80;
- ▶ representing €2.30 per share;
- ▶ to appropriate the balance of: €2,459,215,572.68 to retained earnings.

The dividend will be paid as from May 27, 2021.

The amount of the dividend corresponding to the treasury shares held on the payment date will be allocated to retained earnings.

(1) In French only.

For individual shareholders domiciled in France for tax purposes, the tax treatment of the dividend will be as follows:

- ▶ in application of Article 200-A of the French General Tax Code (*Code général des impôts*), dividends paid to individual shareholders domiciled in France for tax purposes are subject to a 30% flat tax (12.8% in respect of income tax and 17.2% for social security contributions). This flat tax does not discharge the individual from other tax liabilities;
- ▶ the 12.8% flat tax will be applied automatically unless the taxpayer makes an irrevocable election to pay income tax at the graduated rate on all dividend income. The election must be made each year, when the taxpayer's personal income tax return is filed;
- ▶ the two-step method of paying tax on dividends is maintained.

In accordance with Article 119 *bis* of the French General Tax Code, dividends paid to shareholders not domiciled in France for tax purposes are subject to withholding tax at the rate applicable to the country in which the shareholder is domiciled.

As required under Article 243 *bis* of the French General Tax Code, shareholders note that dividends paid for the past three years were as follows:

Year	Total dividend payout (in €)	Dividend per share* (in €)
2017	637,299,503.85	3.55
2018	665,436,238.40	3.70
2019	357,255,110.00	2.00

* The full amount of the dividend was eligible for the 40% tax allowance provided for in Article 158-3-2° of the French General Tax Code.

3rd resolution

Approval of the consolidated financial statements for the year ended December 31, 2020

The purpose of the 3rd resolution is to approve the consolidated financial statements for the year ended December 31, 2020, which show net income for the period of €625,442 thousand.

The 2020 Universal Registration Document, which can be downloaded from Michelin's website (www.michelin.com), contains an analysis of the consolidated financial statements and year-on-year changes.

4th resolution

Related-party agreements

As no related-party agreements were entered into during 2020, shareholders are invited to place on record that there are no such agreements to approve.

In addition, no related-party agreements entered into in previous years remained in force during 2020.

5th resolution

Authorization for the Managers to put in place a share buyback program, except during a public offer period, based on a maximum purchase price per share of €180

In the 5th resolution, shareholders are invited to renew the authorization for the Company to buy back its own shares over a period of 18 months on the same terms as the previous authorization. The maximum purchase price per share under this authorization would be €180 and the maximum number of shares purchased would represent less than 10% (ten percent) of the total shares outstanding at the time of the transaction(s).

This new resolution renews the authorization granted for the same purpose at the Annual Shareholders Meeting of June 23, 2020.

During 2020, the Company used the previous authorization to buy back and cancel 1,097,540 shares, resulting in a corresponding capital reduction. For details of the buybacks, see section 6.5.6 b) of the 2020 Universal Registration Document.

Third resolution

(Approval of the consolidated financial statements for the year ended December 31, 2020)

Having considered the reports of the Managing Chairman, the Statutory Auditors and the Supervisory Board, the Ordinary Shareholders Meeting approves the consolidated financial statements for the year ended December 31, 2020, which show net income for the period of €625,442 thousand.

Fourth resolution

(Related-party agreements)

Having considered the Statutory Auditors' special report on related-party agreements governed by Article L. 226-10 of the French Commercial Code (*Code de commerce*), the Ordinary Shareholders Meeting approves said report and places on record that no such agreements requiring shareholder approval were entered into or were in force in 2020.

The proposed authorization could not be used during a public offer period.

This type of proposed resolution is explained in detail in Information Sheet 4, "Share buybacks", on page 36 of the MEDEF Guide, "Proposed resolutions submitted to the vote of shareholders of listed companies" available (in French only) at www.medef.com.

Fifth resolution

(Authorization for the Managers or any one of them to put in place a share buyback program, except during a public offer period, based on a maximum purchase price per share of €180)

Having considered the reports of the Managing Chairman and the Supervisory Board, as well as the description of the share buyback program drawn up in accordance with the requirements of the General Regulations of the AMF, the Ordinary Shareholders Meeting authorizes the Managers or any one of them, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code, to put in place a program for the Company to buy back its own shares at a maximum purchase price per share of €180 (one hundred and eighty euros).

In the event of any corporate actions, such as a bonus share issue paid up by capitalizing reserves or a stock split or reverse stock split, the above maximum purchase price will be adjusted accordingly.

The number of shares that may be bought back under this authorization may not represent more than 10% (ten percent) of the total shares outstanding at the time of each transaction. The total number of shares that may be purchased for the purpose of maintaining a liquid market, as set out below, will be calculated after deducting the number of shares sold over the duration of the share buyback program. In addition, the Company may not hold more than 10% (ten percent) of its own share capital at any time.

Based on the share capital at December 31, 2020, the maximum amount invested in the program would not exceed €3,210,121,440 (three billion, two hundred and ten million, one hundred and twenty-one thousand, four hundred and forty euros), corresponding to 10% (ten percent) of the Company's share capital, or 17,834,008 (seventeen million, eight hundred and thirty-four thousand, and eight) shares purchased at the maximum price of €180 (one hundred and eighty euros) per share.

The objectives of the share buyback program are as follows:

- ▶ to purchase shares for sale or allocation to employees of Group companies in accordance with the conditions set down by law, including (i) on exercise of stock options, (ii) under performance share plans and (iii) by way of transfer and/or employer matching contributions, directly or indirectly, in connection with employee rights issues;

- ▶ to maintain a liquid market for the Company's shares through a liquidity contract complying with the Code of Ethics approved by the AMF;
- ▶ to purchase shares for allocation on exercise of rights attached to securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company;
- ▶ to purchase shares to be held and subsequently sold, exchanged or otherwise transferred in connection with external growth transactions. The maximum number of shares purchased for the purpose of being held and subsequently sold or exchanged in connection with a merger, de-merger or asset contribution shall not exceed 5% (five percent) of the Company's share capital;
- ▶ to implement any other market practices that may be authorized in the future;
- ▶ to acquire shares for cancellation under a shareholder-approved capital reduction.

The purchase, sale or transfer of shares may be effected at any time, except during a public offer period, and by any method, on the basis and within the limits prescribed by the laws and regulations in force on the transaction date(s), via regulated markets, multilateral trading facilities, systematic internalizers or over-the-counter, including through (i) block purchases or sales, (ii) public offers of purchase or exchange, (iii) the use of options or other forward financial instruments traded via regulated markets, multilateral trading facilities, systematic internalizers or over-the-counter, or (iv) the allocation of shares on conversion, redemption, exchange or exercise of securities carrying rights to the Company's shares or by any other means, either directly or via an investment services provider. The entire buyback program may be implemented through a block trade.

The Managers, or any one of them, shall have full powers – which may be delegated – to (i) place, buy and sell orders, (ii) enter into any and all agreements, (iii) make any and all filings, (iv) carry out all other formalities, (v) allocate or reallocate the purchased shares to any of the various purposes of the program and (vi) generally, do everything necessary to carry out the share buyback program.

This authorization shall be valid for a period of 18 months from the date of this Meeting.

6th and 7th resolutions

Compensation Policy for the Managers and the Supervisory Board members

Since 2014, the compensation awarded to the Managers and the Chairman of the Supervisory Board has been submitted to the shareholders at the Annual Meeting.

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. The 2020 policy is included in the Corporate Governance Report presented in section 3.4 of the 2019 Universal Registration Document.

The policy and the components of the compensation packages were presented to the corresponding Annual Shareholders Meetings by the Chair of the Compensation and Appointments Committee.

In 2021, the Company's General Partners and Supervisory Board are submitting, to the Ordinary Shareholders Meeting for approval, the 2021 Compensation Policy for the Managers (6th resolution) and for the Supervisory Board (7th resolution).

The 2021 Compensation Policy and its main terms are described in the Corporate Governance Report presented in section 3.3 of the 2020 Universal Registration Document.

Sixth resolution**(Approval of the Compensation Policy applicable to the Managers)**

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 Managers, as presented in the Corporate Governance Report set out in sections 3.3.1 and 3.3.2 of the Company's 2020 Universal Registration Document.

8th, 9th, 10th, and 11th resolutions**Information about the compensation packages of the corporate officers and about the individual compensation paid or awarded to the Managers and the Chairman of the Supervisory Board in 2020**

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

In 2021, the General Partners and the Supervisory Board are submitting to the Annual Shareholders Meeting for approval:

- ▶ information about the components of the compensation paid or awarded to the corporate officers for 2020 (8th resolution);
- ▶ components of the individual compensation paid or awarded to the Managers and the Chairman of the Supervisory Board in 2020, in respect of their service during the year, *i.e.*, to:
 - Florent Menegaux, Managing General Partner and Managing Chairman (9th resolution),
 - Yves Chapot, General Manager (10th resolution),
 - Michel Rollier, Chairman of the Supervisory Board (11th resolution).

These compensation components have been determined in accordance with the principles described in the Compensation Policy presented in 2020 for that year in the Corporate Governance Report set out in section 3.4 of the 2019 Universal Registration Document.

Eighth resolution**(Approval of the disclosures concerning the compensation packages of the corporate officers)**

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 I 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.

Seventh 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.

Ninth resolution**(Approval of the components of the compensation paid or awarded to Florent Menegaux for the year ended December 31, 2020)**

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 II of the French Commercial Code, approves the fixed, variable and exceptional compensation making up the total compensation and fringe benefits paid during the year ended December 31, 2020 or awarded in respect of that year to Florent Menegaux, Managing General Partner and Managing Chairman, as presented in the Corporate Governance Report set out in section 3.5.2 of the Company's 2020 Universal Registration Document.

Tenth resolution**(Approval of the components of the compensation paid or awarded to Yves Chapot for the year ended December 31, 2020)**

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 II of the French Commercial Code, approves the fixed, variable and exceptional compensation making up the total compensation and fringe benefits paid during the year ended December 31, 2020 or awarded in respect of that year to Yves Chapot, General Manager, as set out in section 3.5.3 of the Company's 2020 Universal Registration Document.

Eleventh resolution**(Approval of the components of the compensation paid or awarded to Michel Rollier for the year ended December 31, 2020)**

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 II of the French Commercial Code, approves the fixed, variable and exceptional compensation making up the total compensation and fringe benefits paid during the year ended December 31, 2020 or awarded in respect of that year to Michel Rollier, Chairman of the Supervisory Board, as set out in section 3.5.1 of the Company's 2020 Universal Registration Document.

12th and 13th resolutions: ratification of the appointment of a Supervisory Board member and election of a new member

The 12th and 13th resolutions concern the ratification of the appointment of a Supervisory Board member and the election of a new member.

Michelin's Supervisory Board plays a vital role for the Group

The current members of Michelin's Supervisory Board are Barbara Dalibard, Anne-Sophie de La Bigne, Aruna Jayanthi, Monique Leroux, Delphine Roussy, Jean-Pierre Duprieu, Patrick de La Chevadière, Jean-Christophe Laourde, Thierry Le Hénaff, Michel Rollier and Jean-Michel Severino.

The members elected by the Annual Shareholders Meeting all have very solid business experience acquired through working with leading corporations, as well as a good knowledge of the

Michelin Group. They actively participate in and contribute to the work of both the Board and its Committees, as illustrated by the 100% overall attendance rate for meetings held in 2020.

The Supervisory Board members perform their duties with total freedom of judgment.

A summary of the work carried out by the Supervisory Board in 2020 is included in section 3.2 of the Corporate Governance Report presented in this 2020 Universal Registration Document.

Michelin's General Partners do not take part in the election of Supervisory Board members

Michelin is a partnership limited by shares (*société en commandite par actions*) and, as such, its Supervisory Board is entirely made up of non-executive members (nearly 78% of whom are independent) who represent the shareholders.

With a view to clearly separating management and supervisory powers, none of the General Partners may play a role in the nomination process, whether the Managing General Partner or the Non-Managing General Partner, SAGES (which is responsible for ensuring the Company's continuity of leadership).

The General Partners may not be involved in decisions to recommend candidates for election to the Supervisory Board at Shareholders Meetings.

Likewise, in accordance with the law and the Company's Bylaws, the General Partners may not take part in any votes cast at Shareholders Meetings concerning the election or re-election of Supervisory Board members and their shares are not included in the quorum for the related resolutions.

The Supervisory Board is recommending that shareholders ratify the Board's decision to appoint one member and elect one new member

Due to the appointment to the Board of Jean-Michel Severino, decided by the Supervisory Board following the resignation of Cyrille Poughon, and Michel Rollier's decision not to stand for re-election to the Board, the Supervisory Board decided by a unanimous vote (excluding the persons concerned, who abstained) to ask the Managing Chairman to invite the Annual Shareholders Meeting to:

- ▶ ratify the appointment to the Supervisory Board of Jean-Michel Severino, decided by the Board in 2020 to replace Cyrille Poughon following his resignation (12th resolution);
- ▶ elect Wolf-Henning Scheider to the Supervisory Board to replace Michel Rollier (13th resolution).

The candidate review and selection process, the criteria applied by the Compensation and Appointments Committee and a presentation of the candidates are set out in the report of the Supervisory Board on the proposed resolutions (see the Notice of Meeting for the 2021 Annual Shareholders Meeting and section 7.2 of the 2020 Universal Registration Document).

Twelfth resolution

(Ratification of the appointment of Jean-Michel Severino as a member of the Supervisory Board)

Having considered the reports of the Managing Chairman and the Supervisory Board, the Ordinary Shareholders Meeting ratifies the decision of the Supervisory Board at its meeting on November 12, 2020 to replace Cyrille Poughon, who had resigned, by appointing Jean-Michel Severino as a member of the Supervisory Board for the remainder of his predecessor's term of office expiring at the close of the Annual Shareholders Meeting to be called to approve the financial statements for the year ending December 31, 2021.

Thirteenth resolution

(Election of Wolf-Henning Scheider as a member of the Supervisory Board)

Having considered the reports of the Managing Chairman and the Supervisory Board, the Ordinary Shareholders Meeting elects Wolf-Henning Scheider as a member of the Supervisory Board for a four-year term expiring at the close of the Annual Shareholders Meeting to be called to approve the financial statements for the year ending December 31, 2024.

7.1.2 EXTRAORDINARY RESOLUTIONS (14TH TO 17TH RESOLUTIONS)

14th resolution

Authorization for the Managers to reduce the Company's capital by canceling shares.

In the fourteenth resolution, shareholders are invited to authorize the Managers, or any one of them, for a period of 24 months, to reduce the Company's capital by canceling treasury shares purchased under shareholder-approved buyback programs.

This authorization would replace the authorization granted for the same purpose at the Annual Shareholders Meeting of June 23, 2020 (24th resolution).

During 2020, the Company used the previous authorization to buy back and cancel 1,097,540 shares, resulting in a corresponding capital reduction. For details of the buybacks, see section 6.5.6 b) of the 2020 Universal Registration Document.

A detailed explanation of this type of proposed resolution is provided in Information Sheet 5.9, "Authorizations to carry out capital reductions", on page 59 of the MEDEF Guide "Proposed resolutions submitted to the vote of shareholders of listed companies", available (in French only) at www.medef.com.

Fourteenth resolution

(Authorization for the Managers or any one of them to reduce the Company's capital by canceling shares)

Having considered the report of the Managing Chairman, the Statutory Auditors' special report and the report of the Supervisory Board, and having noted the approval of the General Partners, the Extraordinary Shareholders Meeting resolves:

- ▶ to authorize the Managers or any one of them to:
 - cancel, at their sole discretion, on one or more occasions, all or some of the shares purchased under shareholder-approved buyback programs, provided that the number of shares canceled does not exceed 10% (ten percent) of the Company's capital;
 - charge the difference between the cost of the canceled shares and their par value against any available premium or reserve account;
- ▶ to grant the Managers, or any one of them, full powers – which may be delegated in accordance with the law – to
 - (i) carry out the capital reduction(s) following the cancellation(s) of shares authorized under this resolution,
 - (ii) make the corresponding accounting entries,
 - (iii) amend the Bylaws to reflect the new capital and
 - (iv) generally, carry out all necessary formalities.

This authorization shall be valid for a period of 24 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

15th and 16th resolutions

Amendments to the Bylaws concerning the financial rights of the General Partners and the terms of the Managers' compensation

In light of the General Partners' unlimited several personal liability for the Company's debts, the Managing General Partner(s) and the Non-Managing General Partner, SAGES, are entitled to a share of annual profit (the "Profit Share") determined on the basis defined in the Company's Bylaws.

Each year, the General Partners decide on the cap to be applied to the Profit Share attributed to the Managing General Partner(s), which constitutes the variable annual compensation of the Managing General Partner(s). The Supervisory Board defines the performance criteria and objectives applicable to this variable annual compensation of the Managing General Partner(s).

The compensation of the Managing General Partner(s) is also subject to shareholder approval in accordance with the applicable regulations, based on regulatory conditions.

The purpose of the 15th and 16th resolutions is to amend Articles 30 and 12 of the Company's Bylaws to modify the characteristics of the Profit Share. The main proposed changes are as follows:

- ▶ the Profit Share calculation formula would be simplified by deleting references to the Company's net income and to the dividends paid by the Company's two main subsidiaries, with the total Profit Share due to the General Partners continuing to be capped at 0.6% of consolidated net income for the year;
- ▶ the Bylaws would stipulate that the portion of the Profit Share attributable to the Managing General Partner(s) will be determined by reference to the objectives set in advance by the Supervisory Board;
- ▶ the portion of the Profit Share attributable to the Non-Managing General Partner, SAGES, would be equal to the amount attributable to the Managing General Partner(s), and no longer correspond to the balance of the Profit Share not attributed to the Managing General Partner(s);
- ▶ the Bylaws would stipulate that free shares may be awarded to the Managers, regardless of whether they are General Partners.

Fifteenth resolution
(Amendments to the Bylaws concerning the financial rights of the General Partners)

Having considered the reports of the Managing Chairman and the Supervisory Board and having noted the approval of each of the General Partners, the Extraordinary Shareholders Meeting resolves, subject to adoption of the sixteenth resolution:

- ▶ to amend the characteristics of the General Partners' compensation paid out of net income so that their combined

share of annual net income is capped at 0.6% of consolidated net income for the year, provided that the Profit share attributable to the Managing General Partner(s) shall be determined in accordance with the Bylaws as amended by the sixteenth resolution, and that the share attributable to the Non-Managing General Partner shall be equal to the amount attributable to the Managing General Partner(s);

- ▶ to amend the third, fourth and fifth paragraphs of Article 30 of the Bylaws as follows:

Old wording:

Once this deduction is made, an amount shall be allocated among the General Partners, whether Managers or not, equal to 12% of the net profits for the financial year, as defined in sub-paragraph 1 above, after deducting from said net profits all sums included therein corresponding to annual profits or reserves distributed by the *Manufacture Française des Pneumatiques Michelin* and *Compagnie Financière Michelin* to their Shareholders.

However, these sums may not exceed 0.6% of the consolidated net income of the financial year, any difference being added back to the profit to be appropriated.

The amount so granted will be allocated among the General Partners, whether Managers or not, in such proportions as the General Partner(s) shall decide.

New wording:

Once this deduction is made, a portion of net income for the year shall be allocated among the General Partners, whether Managers or not, provided that:

- (i) the portion of net income attributable to the Managing General Partner(s) as compensation shall be determined in accordance with the above Article 12; and
- (ii) the portion of net income attributable to the Non-Managing General Partner shall be equal to the amount attributable to the Managing General Partner(s) in whatever form (including the amount corresponding to the book value of exercisable stock options or shares acquired as provided for in sub-paragraph 3 in the above Article 12) during the year concerned;
- (iii) this portion of net income for the year may however not exceed the limit of 0.6% of consolidated net income of the financial year.

If the portion of net income for the year attributable to the Managing General Partner(s) and the Non-Managing General Partner represents less than the above maximum, the balance shall be allocated to income available for appropriation; if the attributable portion exceeds this maximum, the excess shall be deducted first from the portion attributable to the Non-Managing General Partner and then, if necessary, from the portion attributable to the Managing Partner(s) pro rata to their respective theoretical compensation.

If a Managing General Partner dies or is prevented from performing his or her duties during a given year, the portion of net income for that year attributable to the Managing General Partner concerned and the Non-Managing General Partner shall be determined by common agreement between the Managing General Partner(s), if any, the Non-Managing General Partner and the Supervisory Board in accordance with the above principles and limit.

If there is no Managing General Partner over a whole year, the portion of net income for that year attributable to the Non-Managing General Partner shall be equal to the portion received by the Non-Managing General Partner for the previous year, within the limit of 0.3% of consolidated net income for the year.

Sixteenth resolution (Amendments to the Bylaws concerning the terms of the General Partners' compensation)

Having considered the reports of the Managing Chairman and the Supervisory Board and having noted the approval of each of the General Partners, the Extraordinary Shareholders Meeting resolves, subject to adoption of the fifteenth resolution:

- ▶ to clarify the Supervisory Board's role in the process for determining the Managers' compensation;

- ▶ to clarify that the Managers, regardless of whether they are General Partners, may participate in the Company's free share plans;
- ▶ consequently, to amend the first, second and third paragraphs of Article 12 of the Bylaws as follows:

Old wording:

In consideration of their duties, the Managing General Partner(s) shall be entitled to compensation appropriated from the portion of the profits awarded globally to all General Partners, both Managing General Partners and Non-Managing General Partners, pursuant to Articles 30 and 35 hereinafter, up to a percentage that will be set by mutual agreement of the sole General Partners, whether they be Managing General Partners or Non-Managing General Partners, after consulting the Supervisory Board.

Furthermore, the General Managers will be granted by the Company a compensation set each year by unanimous decision of the General Partners, whether they be Managing General Partners or Non-Managing General Partners, after consulting the Supervisory Board.

Moreover, the Managing General Partner(s) and the General Manager(s) shall be entitled, upon unanimous proposal of the General Partners, to be granted options to subscribe or to purchase shares of the Company, under option plans provided by the Company, after consulting the Supervisory Board by the General Partners.

New wording:

In consideration of their duties and responsibilities, the Managing General Partner(s) shall be entitled to compensation appropriated from the portion of the profits awarded globally to all General Partners, both Managing General Partners and Non-Managing General Partners, pursuant to Article 30 hereinafter, up to a percentage that will be set by mutual agreement of the sole General Partners, whether they be Managing General Partners or Non-Managing General Partners, after consulting the Supervisory Board and by reference to the objectives set in advance by the Supervisory Board based on the proposal of the Managing General Partner(s).

Furthermore, the General Managers will be granted by the Company a compensation set each year by unanimous decision of the General Partners, whether they be Managing General Partners or Non-Managing General Partners, based on a discussion by the Supervisory Board.

Moreover, the Managing General Partner(s) and the General Manager(s) shall be entitled, upon unanimous proposal of the General Partners, to be granted free shares or options to subscribe or to purchase shares of the Company, under stock grant or option plans provided by the Company, after consultation of the Supervisory Board by the General Partner(s).

17th resolution

Powers to carry out formalities

The seventeenth resolution gives powers to carry out the formalities related to the Shareholders Meeting.

Seventeenth resolution

(Powers to carry out formalities)

The shareholders give full powers to the bearer of an original, copy or extract of the minutes of this Ordinary and

Extraordinary Shareholders Meeting to carry out all legal and administrative formalities and to make all filings and publish all notices required by the applicable laws.

SUMMARY OF FINANCIAL AUTHORIZATIONS SUBMITTED FOR SHAREHOLDER APPROVAL

Corporate action	Applicable ceilings (nominal amount)	Duration (expiration date)
Capital reduction by canceling shares (14 th resolution)	10% of the issued capital	24 months (May 2023)
Share buyback program (5 th resolution)	17.8 million shares at a maximum price of €180 per share	18 months (November 2022)

7.2 REPORT OF THE SUPERVISORY BOARD: RECOMMENDATIONS CONCERNING THE VOTES ON THE PROPOSED RESOLUTIONS

7.2.1 RATIFICATION OF THE APPOINTMENT OF A SUPERVISORY BOARD MEMBER (12TH AND 13TH RESOLUTIONS)

In November 2020, following the resignation of Cyrille Poughon, the Supervisory Board decided to appoint Jean-Michel Severino to the Board subject to ratification at the next Shareholders Meeting (12th resolution).

The Supervisory Board members would like to thank Cyrille Poughon, who had been a member since May 16, 2014 and who was the first employee to sit on the Board, for his contribution to the work of the Board and its Audit Committee over the last six years.

The term of office of Michel Rollier, Chairman of the Supervisory Board, expires at the close of the Annual Shareholders Meeting to be held on May 21, 2021.

At the Michelin Corporate Governance conference held on December 7, 2020, Michel Rollier announced that he did not intend to stand for re-election and that the Supervisory Board had unanimously chosen Barbara Dalibard to succeed him as Chair of the Board when he steps down.

The Supervisory Board unanimously thanks Michel Rollier for his exceptional contribution to the Board's work during his eight years of membership. Drawing on his deep knowledge of the automotive sector, he consistently made very valuable, lively contributions to the Board's discussions. He also modernized Michelin's governance by sharing with the Supervisory Board his expertise gained as a member of France's *Haut Comité du Gouvernement d'Entreprise*. Added to this, his values and people skills helped to ensure that under his leadership the Supervisory Board's discussions were always open, efficient and harmonious.

The Compensation and Appointments Committee has decided to recommend Wolf-Henning Scheider as a new member of the Supervisory Board to replace Michel Rollier. This is the purpose of the 13th resolution.

Ratification of the appointment of a Supervisory Board member

Jean-Michel Severino

Investisseurs et Partenaires - 9, rue Notre Dame des Victoires - 75002 Paris - France.

Jean-Michel Severino, a French national, was born in 1957. Since 2011, he has been CEO of Investisseurs et Partenaires (I&P), a fund management team specializing in financing for African SMEs.

He is a director and Chairman of the Audit Committee at Danone⁽¹⁾ and a director and member of the Audit Committee at Orange⁽¹⁾.

He is also a Senior Fellow and director at the Foundation for Studies and Research on International Development (FERDI) and a member of the French Academy of Technologies.

A former student of *École Nationale d'Administration*, Jean-Michel Severino graduated from ESCP Business School and *Institut d'Études Politiques* in Paris, and has a master's degree in economics and a bachelor's in law.

He has been an independent member of the Supervisory Board and a member of the CSR Committee since November 2020.

The Supervisory Board considered that Jean-Michel Severino qualified as an independent member⁽²⁾ because:

- ▶ he does not have any close family ties with either the Managers or any member of the Supervisory Board;
- ▶ he is not currently and never has been an employee of Michelin or any of its subsidiaries;
- ▶ he has not been a member of the Supervisory Board for more than 12 years;

- ▶ he is not an executive officer of a company in which Michelin, directly or indirectly, has a seat on the Board, or in which an executive officer of Michelin has a seat on the Board;
- ▶ he has not been an auditor of Michelin in any of the past five years;
- ▶ he is not a shareholder or an executive officer of SAGES, one of Michelin's General Partners;
- ▶ he is not a customer, supplier or banker that is material for Michelin or that derives a significant portion of its business from Michelin.

The Supervisory Board is inviting shareholders to ratify his appointment, considering:

- ▶ his expertise, especially in the areas of social environment, human resources and governance;
- ▶ his good knowledge of the world of manufacturing;
- ▶ his international experience;
- ▶ the fact that he is an independent member of the Board and has no conflicts of interest.

On the recommendation of the Compensation and Appointments Committee, the Supervisory Board decided to recommend that shareholders ratify Jean-Michel Severino's appointment to the Board for one year, corresponding to the remaining term of his predecessor, Cyrille Poughon. Mr. Severino did not take part in the decision.

As of the date of publication of this report, Jean-Michel Severino holds 400 Michelin shares, corresponding to the number of shares required for each member of the Supervisory Board and as indicated in the internal rules.

(1) Listed company.

(2) A detailed discussion of Supervisory Board members' independence is provided in section 3.2.6 of the 2020 Universal Registration Document.

Election of a new Supervisory Board member

To strengthen the composition of its team and in light of Michel Rollier's decision to step down from the Board, the Supervisory Board asked the Compensation and Appointments Committee to define a candidate search strategy based on best practices. The Committee assigned the initial selection process to a leading independent recruitment firm, which shortlisted a certain number of potential candidates.

After examining these candidates' profiles in detail, the Committee decided to recommend Wolf-Henning Scheider for election.

Wolf-Henning Scheider

Michelin – 27, cours de l'Île-Seguin – 92100 Boulogne-Billancourt – France

Wolf-Henning Scheider was born in 1962 and is a German national. Since 2018, he has been Chief Executive Officer of ZF Friedrichshafen AG, a German group that is a global leader in automotive, transportation and mobility technologies.

He studied at Saarbrück University and at RWTH Aachen University, graduating in Business Administration and Economics. He began his career with the Bosch Group, holding various management positions in Germany and several other countries, including France where he spent over four years. Between 2010 and 2015, he served as a member of the Executive Committee of Robert Bosch GmbH, with overall responsibility for the Automotive group, OEM sales, and Group Sales and Marketing. From 2015 to 2018, he was Chief Executive Officer of the Mahle group. The Compensation and Appointments Committee considered that his profile would represent an ideal addition to the skills and expertise represented on the Board and that, in particular, he would contribute to the Supervisory Board:

- ▶ his knowledge of the automotive sector and sustainable mobility;
- ▶ his knowledge of the world of manufacturing;

- ▶ his managerial experience within major international groups;
- ▶ his desire to participate in a committed and engaged manner in the work of the Board and its Committees by ensuring that he is available as needed;
- ▶ an absence of conflicts of interest with the Company.

The Supervisory Board considered that Wolf-Henning Scheider qualified as an independent member because:

- ▶ he does not have any close family ties with either the Managers or any member of the Supervisory Board;
- ▶ he is not currently and never has been an employee of Michelin or any of its subsidiaries;
- ▶ he has not been a member of the Supervisory Board for more than 12 years;
- ▶ he is not an executive officer of a company in which Michelin, directly or indirectly, has a seat on the Board, or in which an executive officer of Michelin has a seat on the Board;
- ▶ he has not been an auditor of Michelin in any of the past five years;
- ▶ he is not a shareholder or an executive officer of SAGES, one of Michelin's General Partners;
- ▶ he is not a customer, supplier or banker that is material for Michelin or that derives a significant portion of its business from Michelin.

On the recommendation of the Compensation and Appointments Committee, the Supervisory Board has decided to recommend that Wolf-Henning Scheider be elected for a four-year term.

Wolf-Henning Scheider agreed to be a candidate for election and confirmed his willingness to join the Supervisory Board.

Expiration Dates of Supervisory Board members' terms of office

After the Annual Shareholders Meeting, assuming the shareholders elect the members standing for election and re-election, the expiration dates of the Supervisory Board members' terms of office will be effectively staggered, as follows:

	2022 AGM	2023 AGM	2024 AGM	2025 AGM
Barbara Dalibard		X		
Jean-Pierre Duprieu			X	
Aruna Jayanthi		X		
Patrick de La Chevardi�re			X	
Anne-Sophie de La Bigne			X	
Jean-Christophe Laourde			X ⁽¹⁾	
Thierry Le H�naff	X			
Monique Leroux	X			
Delphine Roussy			X ⁽¹⁾	
Wolf-Henning Scheider				X
Jean-Michel Severino	X			
NUMBER OF TIMES RE-ELECTED BY THE AGM	3	2	3	1

(1) Appointed pursuant to the Bylaws and not elected by the shareholders.

7.2.2 APPROVAL OF THE COMPENSATION OF THE CORPORATE OFFICERS, AMENDMENT OF THE BYLAWS CONCERNING THE GENERAL PARTNERS' FINANCIAL RIGHTS AND THE TERMS OF THE MANAGERS' COMPENSATION (6TH TO 11TH, 15TH AND 16TH RESOLUTIONS)

The policy and the components of the corporate officer compensation packages were presented to the corresponding Annual Shareholders Meetings by the Chair of the Compensation and Appointments Committee.

In 2021, the General Partners and the Supervisory Board are submitting to the Annual Shareholders Meeting for approval:

- ▶ the 2021⁽¹⁾ Compensation Policy applicable to (i) the Managers (6th resolution) and (ii) the Supervisory Board (7th resolution);
- ▶ the information about the compensation of the Managers and the Chairman of the Supervisory Board (8th resolution) and the individual compensation paid or awarded to them (9th to 11th resolutions) for 2020⁽²⁾.

In addition, following a review by the Compensation and Appointments Committee of the General Partners' proposal to amend the General Partners' financial rights and the terms of the Managers' compensation as specified in the Bylaws, and on the Committee's recommendation, the Supervisory Board decided to issue a favorable opinion concerning these proposals (12th and 13th resolutions).

We recommend that shareholders adopt the corresponding resolutions.

7.2.3 APPROVAL OF THE FINANCIAL STATEMENTS, RELATED-PARTY AGREEMENTS AND FINANCIAL AUTHORIZATIONS (1ST TO 5TH AND 14TH RESOLUTIONS)

Concerning the other ordinary resolutions, the accounting and financial information communicated to shareholders and the Managing Chairman's report present the Group's operations and results for 2020 (for the purposes of the 1st, 2nd and 3rd ordinary resolutions).

We have no comments on the Statutory Auditors' reports on the financial statements.

As no new related-party agreements requiring shareholder approval were entered into in 2020, you are asked to place on record that there are no such agreements to approve (4th resolution).

Before asking shareholders to approve the financial statements of the Company, the consolidated financial statements and the proposed appropriation of net income, we would like to underscore the Group's high-quality response to the unprecedented crisis, that was deployed without sacrificing its long-term objectives.

These good performances lead us to reaffirm our confidence in the Managers.

They also lead us to support the Managing Chairman's recommendation to set the dividend at €2.30 per share (2nd resolution).

The Company wishes to renew its share buyback program on the same terms as for the previous program (5th resolution).

An authorization to cancel shares bought back under the program is also being sought to replace the authorization granted in 2020 which was used by the Company during the year (14th extraordinary resolution).

We recommend that shareholders adopt the proposals submitted by the Managing Chairman for their approval by voting in favor of the corresponding ordinary and extraordinary resolutions.

February 12, 2021
The Supervisory Board

(1) Detailed policy described in the Supervisory Board's Corporate Governance Report, see section 3.4 of the 2020 Universal Registration Document.

(2) Detailed disclosures in the Supervisory Board's Corporate Governance Report, see sections 3.5 to 3.7 of the 2020 Universal Registration Document.

7.3 STATUTORY AUDITORS' REPORTS

7.3.1 STATUTORY AUDITORS' REPORT ON THE CAPITAL REDUCTION

This is a free translation into English of the Statutory Auditors' report issued in French and it is provided solely for the convenience of English-speaking users. This Statutory Auditors' report includes information required by French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Combined Shareholders' meeting of May 21, 2021 – 14th resolution

To the Compagnie Générale des Établissements Michelin Shareholders' meeting,

In our capacity as Statutory Auditors of Compagnie Générale des Etablissements Michelin and pursuant to Article L. 22-10-62 of the French Commercial Code (*Code de commerce*) concerning capital reductions carried out by canceling bought-back shares, we hereby present our report on our assessment of the reasons for and terms of the proposed capital reduction(s).

Your Managing Chairman has proposed that you delegate to the Managing Partners, or to one of them, for a period of 24 months as of the date of this Meeting, the authority to cancel, on one or more occasions, for up to 10% of the share capital per 24-month period, the bought-back shares of your Company, as authorized under the aforementioned article.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*), for this type of engagement. Those procedures consisted of examining whether the reasons for and the terms of the proposed capital reduction were reasonable.

We have nothing to report concerning the reasons for and the terms of the proposed capital reduction.

Neuilly-sur-Seine and Paris-La Défense, April 2, 2021

Statutory Auditors

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou

Deloitte & Associés

Frédéric Gourd

7.3.2 OTHER STATUTORY AUDITORS' REPORTS

The Statutory Auditors' reports to the Annual Shareholders Meeting of May 21, 2021 that are not presented below can be found in the following sections of this Universal Registration Document:

- ▶ Report on the Company financial statements: in section 5.3.3;
- ▶ Special report on related-party agreements and commitments: in section 5.3.4;
- ▶ Report on the consolidated financial statements: in section 5.2.2;
- ▶ Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated environmental, labor and social information presented in the management report: in section 4.2.3.