01. A solid Governance
A solid governance - characteristics of a partnership limited by shares

Michelin’s governance is robust, stable, and focused on the long-term responsibility of senior executives. Operating as a partnership limited by shares, as defined by law, regulations and the Bylaws, offers the Company a number of key advantages:

- Meets the fundamental principle of a clear segregation of management and supervisory powers.
- Offers shareholders a rarely found level of assurance that the Group is run in their medium- to long-term interests, particularly during times of volatile markets or economic crisis. The General Partners have unlimited personal liability for the debts incurred by Michelin.
- Fosters direct and transparent ties with shareholders.
A solid governance - structure of the Partnership limited by shares

**General Partners**

- SAGES - Société Auxiliaire de Gestion
- Florent Menegaux

- Unlimited joint and personal liability for the Company's debts
- Say on pay resolutions are subject to their approval (Ordinary general meeting) as well as extraordinary resolutions

**Limited Partners**

- Liability limited to the amount of their investment
- Ultimate decision-making power in the event of a disagreement between the General Partners and the Limited Partners

**Shareholders**

- “Profit shares” allocated under the Bylaws

**Managers**

- Florent Menegaux – Managing Chairman and General Partner
- Yves Chapot – General Manager

- Administer and manage the Company

**Supervisory Board**

- 9 members of which 1 Lead independent member

- Exercises permanent oversight of the Company’s management and reviews the financial statements
- Reviews strategic roadmaps and advises without intervening in management approved by Management
- Ensures that shareholders’ rights are respected

Term: 4 years

**Statutory Auditors**

- Supervisory Board
- Compensation and Appointments Committee
- Audit Committee

Term: 4 years

Compensation for serving on the Supervisory Board (previously referred to as “attendance fees”)

Share of profits in the form of a dividend
Guarantees permanence and is responsible of ensuring Company’s continuity of leadership in the position of CGEM’s manager were to fall vacant.

In association with the Supervisory Board, ensures management continuity through the implementation of a succession plan.

Recommends candidates for election as Manager of CGEM at the Shareholders Meetings, and, as applicable, submits recommendations to the Supervisory Board for the re-election of Managers or their removal from office.

**Chairman**: Mr. Jacques de Chateauvieux

**Shareholders**: members of the founding family, current and former Michelin executives and qualified persons from outside the Group.

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**A long-term Commitment**
02. Supervisory Board
The Supervisory Board - 9 members

Michel Rollier
Non-independent member (non-executive)
Chairman of the Supervisory Board
Member of the Compensation and Appointments Committee

Olivier Bazil
Independent member
Chairman of the Audit Committee

Barbara Dalibard
Independent member
Senior independent member
Chair of the Compensation and Appointments Committee

Jean-Pierre Duprieu
Independent member
Member of the Audit Committee

Aruna Jayanthi
Independent member
Member of the Compensation and Appointments Committee

Anne-Sophie de la Bigne
Independent member
Member of the Audit Committee*

Monique Leroux
Independent member
Member of the Audit Committee

Thierry Le Hénaff
Independent member
Member of the Audit Committee

Cyrille Poughon
Non-independent member (non-executive)
Member of the Audit Committee

*Until July 2019
# The Supervisory Board - overview

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Committees of the Board</th>
<th>First elected</th>
<th>Re-elected</th>
<th>Current term ends (AGM)</th>
<th>Years on the Board</th>
<th>Number of shares held*</th>
<th>Nationality</th>
<th>Age</th>
<th>Gender</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MICHEL ROLLIER</strong>&lt;br&gt;Chairman</td>
<td></td>
<td>Nomination and Compensation</td>
<td>2013</td>
<td>2017</td>
<td>2021</td>
<td>6</td>
<td>24,392</td>
<td>french</td>
<td>75</td>
<td>M</td>
</tr>
<tr>
<td><strong>OLIVIER BAZIL</strong></td>
<td></td>
<td>Audit</td>
<td>2013</td>
<td>2017</td>
<td>2021</td>
<td>6</td>
<td>1,010</td>
<td>french</td>
<td>73</td>
<td>M</td>
</tr>
<tr>
<td><strong>BARBARA DALIBARD</strong></td>
<td></td>
<td>Nomination and Compensation</td>
<td>2008</td>
<td>2013&lt;sup&gt;2&lt;/sup&gt;</td>
<td>2015&lt;sup&gt;3&lt;/sup&gt;</td>
<td>2019</td>
<td>2023</td>
<td>11</td>
<td>485</td>
<td>F</td>
</tr>
<tr>
<td><strong>ANNE-SOPHIE DE LA BIONE</strong></td>
<td></td>
<td>Audit&lt;sup&gt;4&lt;/sup&gt;</td>
<td>2013</td>
<td>2016</td>
<td>2020</td>
<td>6</td>
<td>903</td>
<td>french</td>
<td>59</td>
<td>F</td>
</tr>
<tr>
<td><strong>JEAN-PIERRE DUPRIEU</strong></td>
<td></td>
<td>Audit</td>
<td>2013</td>
<td>2016</td>
<td>2020</td>
<td>6</td>
<td>510</td>
<td>french</td>
<td>67</td>
<td>M</td>
</tr>
<tr>
<td><strong>ARUNA JAYANTHI</strong></td>
<td></td>
<td>Nomination and Compensation</td>
<td>2015</td>
<td>2019</td>
<td>2023</td>
<td>4</td>
<td>400</td>
<td>indian</td>
<td>57</td>
<td>F</td>
</tr>
<tr>
<td><strong>THIERRY LE HENAFF</strong></td>
<td></td>
<td>Audit</td>
<td>2018</td>
<td>-</td>
<td>2022</td>
<td>1</td>
<td>400</td>
<td>french</td>
<td>56</td>
<td>M</td>
</tr>
<tr>
<td><strong>MONIQUE LEROUX</strong></td>
<td></td>
<td>Audit</td>
<td>2015&lt;sup&gt;5&lt;/sup&gt;</td>
<td>2018&lt;sup&gt;6&lt;/sup&gt;</td>
<td>2022</td>
<td>4</td>
<td>1,000</td>
<td>canadian</td>
<td>65</td>
<td>F</td>
</tr>
<tr>
<td><strong>CYRILLE POUCHON</strong></td>
<td></td>
<td>Audit</td>
<td>2014</td>
<td>2018</td>
<td>2022</td>
<td>5</td>
<td>420</td>
<td>french</td>
<td>44</td>
<td>M</td>
</tr>
</tbody>
</table>

* As of December 31, 2019.

1. Based on the criteria set in the Supervisory Board’s internal rules which correspond to those recommended in the AEPF/Medef Corporate Governance Code for listed companies.
2. At the Annual Meeting of May 15, 2009, shareholders voted to reduce the term of Supervisory Board members from five years to four.
3. At the Annual Meeting of May 17, 2013, shareholders voted to elect Supervisory Board members for terms of two, three or four years, so that their terms do not all expire at the same time.
4. Monique Leroux was appointed as a member of the Supervisory Board on October 1, 2015 to replace Laurence Parisot, who had resigned, for the remainder of Mr. Parisot’s term of office.
5. Until the end of July 2019.
Changes within the Supervisory Board

Re-election of Supervisory Board members

Anne-Sophie de la Bigne
*Independent member*
Member of the Compensation and Appointments Committee

Jean-Pierre Duprieu
*Independent member*
Member of the Audit Committee

Nomination

Patrick de La Chevardière
*Independent member*
Chairman of the Audit Committee

Patrick de La Chevardière was born in 1957 and is a French national. He is currently a director of Schlumberger and until July 2019 was the Group’s Chief Financial Officer and a member of the Executive Committee of the Total Group, where he spent his entire career.


Leaving (post AG 2020)

Olivier Bazil
*Independent member*
Chairman of the Audit Committee
Supervisory Board members: experience and expertise

Social environment, Human Resources and Governance
Anne-Sophie de La Bigne, Cyrille Poughon, Aruna Jayanthi, Monique Leroux

General and international management
Michel Rollier, Olivier Bazil, Barbara Dalibard, Jean-Pierre Duprieu, Aruna Jayanthi, Thierry Le Hénaff, Monique Leroux

Digital and innovation
Barbara Dalibard, Aruna Jayanthi

Financial expertise and M&A
Michel Rollier, Olivier Bazil, Anne-Sophie de La Bigne, Jean-Pierre Duprieu, Monique Leroux

Materials
Thierry Le Hénaff

Automotive and mobility businesses
Michel Rollier, Anne-Sophie de La Bigne, Cyrille Poughon, Barbara Dalibard

Industry
Michel Rollier, Olivier Bazil, Cyrille Poughon, Jean-Pierre Duprieu, Thierry Le Hénaff
## The Supervisory Board activities

### Supervisory Board
- 9 members of which 1 senior independent member
- 5 meetings

Some issues examined by the Supervisory Board:
- the challenges facing the Group’s brands
- a report on the integration of businesses acquired in recent years and their financial and technological synergies
- the industrial transformation
- an assessment of the Group’s employment model and leadership model
- employee representation on the Supervisory Board
- strategic business reviews (several meetings)
- proposed acquisitions (several meetings)
- ...

### Audit Committee
- 5 members *(until July 31st 2019)*
- 4 meetings

The main purpose of the meetings held in 2019:
- the integration of the recently acquired Fenner and Camso groups
- product risk management
- health and safety and environmental risks associated with industrial operations
- supply Chain productivity plan
- cost efficiency plan
- risk management processes and the internal audit program
- execution of the OPE business process management system program

### Compensation and Appointments Committee
- 4 members
- 3 meetings

The main purpose of the meetings held in 2019:
- Review of the corporate officers’ compensation
- Review of Supervisory Board members’ independence and any conflicts of interest
- Executive management succession plan
- Recommendations concerning the re-election of Supervisory Board members at the Annual Shareholders Meetings of May 17, 2019 and June 23, 2020
- Variable compensation policy
Group Management
The Group Management - internal organization

---

### A CUSTOMER-CENTRIC ORGANIZATION

Focused on identifying and meeting customer needs, the simpler, more flexible organization introduced in 2018 is supported by an employee empowerment process embraced at every level and in every aspect of the business.

---

### THE GROUP MANAGEMENT COMMITTEE

It cross-functionally manages transformation, competitiveness, diversity and the integration of acquisitions. It also manages the development of Corporate & Business Services (CBS) and the internal control, quality and risk management processes, as well as supporting the growth of high-potential employees. It forms a panel of Business Lines and Regions to ensure that its decisions are widely embraced across the organization. The Group Management Committee brings together the Group Executive Committee and the following entities: Strategy, Purchasing, CBS, Finance, Legal Affairs, Quality, Audit, Internal Control and Risk Management, Supply Chain, Information Systems, and the China and North America Regions.

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### CONSTRUCTIVE STAKEHOLDER DIALOGUE

Stakeholder dialogue is a core component of good governance, which Michelin actively encourages and practices locally, nationally and globally.

At the corporate executive level, a Stakeholders Committee set up in 2016 brings together 12 people representative of the Group’s leading stakeholders, including suppliers, investors, unions, customers and NGOs. Four continents are represented on the Committee, which meets with the Executive Committee for a full day at least once per year.
The Group Management - the Executive Committee, 10 members

- The Managers and the Executive Committee of 8 members

Managing Chairman and General partner: Florent Menegaux
General manager and Chief Financial Officer: Yves Chapot

DB1: Executive Vice President, Automotive, Motorsport, Experiences, and Americas Regions: Scott Clark
DB2: Executive Vice President, Road Transportation and European Regions: Laurent Bourrut

DB3: Executive Vice President, Specialties and Africa/India/Middle East, China, East Asia & Australia Regions: Serge Lafon
DB4: Executive Vice President, Services & Solutions, High Tech Materials: Sonia Artinian-Fredou

Executive Vice President, Manufacturing: Jean-Christophe Guérin
Executive Vice President, Research & Development: Eric Philippe Vinesse

Executive Vice President & Chief HR Officer: Jean-Claude Pats
Executive Vice President, Engagement and Brands: Adeline Challon-Kemoun
Say on pay 2019
Covid-19 impacts on compensation awarded in respect of 2019 and paid in 2020:

Considering the efforts that the Michelin Group’s employees and other stakeholders have been called upon to make in order to deal with the consequences of the Covid-19 health crisis, the Managers Florent Menegaux and Yves Chapot announced their intention to waive 25% of their annual variable compensation for 2019 resulting from application of the criteria presented hereafter. Consequently, if the Annual Shareholders Meeting approves the components of the compensation paid or awarded to the Managers for 2019, the amount corresponding to the waived compensation will be not be paid to them.

In addition, CGEM will pay the sum corresponding to these waived compensations to national Covid-19 related charities.
Say on Pay 2019 - Florent Menegaux, Managing Chairman, Managing General Partner

**Annual variable compensation and the Long-term incentive bonus will be deducted from the Profit Shares**

**Annual variable compensation** (may be awarded)

- **€1,344,346**
- 0 to 20% of Profit Shares

**Quantifiable criteria:**
- 1. Level of Consolidated net income
  - 6% of Profit Shares
- 2. Annual growth in Sales
- 3. Annual free cash flow (excluding acquisitions)
- 4. Efficiency project SG&A/ gross margin
  - 0 of 10% of Profit Shares
  - Achievement 2019 : 9% / 16%

**Quantifiable and qualitative criteria:**
- 1. Digital strategy
- 2. CSR/Human rights
- 3. Group transformation support
  - 0 of 4% Profit Shares
  - Achievement 2019 : 3.95% / 4%

**Achievement 2019 : 12.95% / 20%**
149.37% as a % of fixed compensation

**Long-term incentive bonus** (awarded)

- **N/A**
- 0 to 30% of Profit Shares

1. Growth in the Michelin share price vs. CAC 40 (from 0 to 11% of Profit Shares)
2. CSR Performance (from 0 to 8% of Profit Shares)
   - MEF
   - Employee Engagement
3. Growth in Segment Operating Income (from 0 to 11% of Profit Shares)

**Fixed compensation** (paid and awarded)

- **€900,000**
- Fringe Benefits(1) : €8,627

**Fringe Benefits**

(1) Company car
(2) Will be reduced by 25% following Florent Menegaux’s decision to waive part of his variable compensation for 2019 (consequences of the Covid-19 health crisis)
(3) Based on calculation of Annual variable compensation and Cash-settled deferred variable compensation: 0.6% Group’s consolidated net income €10,380,258.65
(4) Simulation at December 31, 2019 of the deferred variable compensation awarded in respect of 2019: €1,136,336.11. N/A : Not Applicable
(5) SOI : based on current business scope and comparable accounting methods, excluding changes in exchange rates.
Say on Pay 2019 - Yves Chapot, General Manager

### Fixed compensation
- **Paid and awarded**: €600,000
- Fringe Benefits\(^{(1)}\): €9,253

### Annual variable compensation
- **(May be awarded)**
- €465,035\(^{(2)}\)
- Based on 150% of fixed compensation

### Quantitative criteria:
1. Growth in SOI\(^{(4)}\)
2. Annual growth in Sales
3. Annual free cash flow (excluding acquisitions)
4. the Efficiency project SG&A / gross margin

#### Achievement 2019:
- Maximum 80% of the base
- 31.88 / 80

### Quantifiable and qualitative criteria:
1. Digital strategy
2. CSR/Human rights
3. Group transformation support
4. CSR Performance (from 0 to 30% of criteria results)
   - MEF
   - Employee Engagement

#### Achievement 2019:
- Maximum 20% of the base
- 19.79 / 20

#### Achievement:
- 51.67 / 100
- 77.50% as a % of fixed compensation

### Long-term incentive bonus (awarded)
- Subject to performance conditions on 3 years
- N/A\(^{(3)}\)
- Based on 100% of fixed compensation

#### 1. Growth in the Michelin share price vs. CAC 40 (from 0 to 35% of criteria results)
- Ceiling: 120% of the annual average of the annual variable compensation paid to Mr. Chapot for 2019, 2020 and 2021

#### 2. CSR Performance (from 0 to 30% of criteria results)
- MEF
- Employee Engagement

#### 3. Growth in SOI\(^{(4)}\) (from 0 to 35% of criteria results)

---

\(^{(1)}\) Company car
\(^{(2)}\) Will be reduced by 25% following Yves Chapot’s decision to waive part of his variable compensation for 2019 (consequences of the Covid-19 health crisis)
\(^{(3)}\) Provision as of December 31, 2019 : €93,000. N/A : Not Applicable
\(^{(4)}\) SOI : based on current business scope and comparable accounting methods, excluding changes in exchange rates
Say on Pay 2019
JD- Senard, Managing Chairman and General Partner (until May, 17th 2019)

Fixed compensation
(paid and awarded)
€411,022
(prorated to the period served in 2019)

Fringe Benefits(1): €3,529

Annual variable compensation
(awarded)
€653,395
From 0 to 18% of Profit Shares
(prorated to the period served in 2019)

Long-term incentive bonus
- Non awarded in 2019

Annual variable compensation and the long-term incentive bonus will be deducted from the Profit Shares(3)

Quantitative criteria:
1. Level of Consolidated net income
   8 % of Profit Shares
2. Annual growth in Sales
3. Annual free cash flow (excluding acquisitions)
4. Efficiency project SG&A/Gross margin
   From 0 to 6% of Profit Shares
   Achievement 2019 : 10% / 14%
   146.80% as a % of fixed compensation
   From 0 to 4% of Profit Shares
   Achievement 2019 : 3.95% / 4%

Quantifiable and qualitative criteria:
1. Digital strategy
2. CSR/Human rights
3. Group transformation support

(1) Company car
(2) Overall achievement rate of 13.95%/18% (€1,448,045.08) prorated over the period served by Jean-Dominique Senard in 2019, corresponding to 5/12. This results in an amount of €603,395.21 which, together with the €50,000 paid for Compagnie Financière Michelin SCmA (CFM) in respect of his position as General Partner of that company, gives a total of €653,391.5 payable in respect of 2019.
(3) Based on calculation of Annual variable compensation and Cash-settled deferred variable compensation : 0.6 % of Group Consolidated net income €10,380,258.65
Compensation paid or awarded to the members of the Supervisory Board

Amounts paid in 2019 in respect of 2018*

€554,992

Amounts awarded in respect of 2019**

€660,777

*The amounts paid in 2019 were awarded in respect of 2018 out of the total annual compensation of €555,000 decided by the Annual Shareholders Meeting of May 13, 2016.

**The amounts awarded in respect of 2019 have been determined in accordance with the principles and practices approved by the Supervisory Board in 2019, based on the total annual compensation of €770,000 decided by the Annual Shareholders Meeting of May 17, 2019.

No variable compensation was paid to them in 2019 or awarded to them in respect of that year.

The Chairman and independent members of the Supervisory Board are joining the Managers by deciding to donate 25% of their 2019 compensation received in 2020 to foundations in their respective countries, which are part of the fight against Covid-19.
Compensation consistent with the policy applied for the top executives of other CAC 40 companies

Most of the fee is contingent on his attendance rate at meetings of the Supervisory Board and the Committee of which he is a member

Individual attendance rate in 2019
87.5%*

Attendance fees for 2019
€112,800

Michel Rollier is joining the Managers by deciding to donate 25% of his 2019 compensation received in 2020 to a foundation which is part of the fight against Covid-19.

*Michel Rollier was exceptionally prevented from attending the meeting on October 7, after he was the victim of a minor accident that left him temporarily housebound.
Compensation paid during fiscal year 2019

Florent Menegaux

- Long-term incentive bonus: n/a
- Fixed compensation: 42%
- Annual variable compensation: 58%

Yves Chapot

- Long-term incentive bonus: n/a
- Annual variable compensation: 30%
- Fixed compensation: 70%

Jean-Dominique Senard

- Long-term incentive bonus: 38%
- Annual variable compensation: 50%
- Fixed compensation: 12%

n/a: non applicable.
Compensation ratios of the Managers and the Chairman of the Supervisory Board

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.

The ratios 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.

As the Company is a holding company without any employees, the disclosures required by Article L. 225-37-3-I-6 and 7 of the French Commercial Code referring to Article L. 226-8-2-1 of the Code, concerning the corporate officer-to-worker compensation ratio is not applicable. The Company has nonetheless chosen to disclose these ratios, based on available historical data, for its main French subsidiary, Manufacture Française des Pneumatiques Michelin, which employed over 81% of the Michelin Group’s total workforce in France at December 31, 2019. This subsidiary is engaged in manufacturing, sales, and research and development activities and also hosts the Michelin Group’s corporate departments.
## Compensation ratios of the Managers and the Chairman of the Supervisory Board

<table>
<thead>
<tr>
<th>Chairman of the Supervisory Board</th>
<th>2019</th>
<th>% change vs. 2018</th>
<th>2018</th>
<th>% change vs. 2017</th>
<th>2017</th>
<th>% change vs. 2016</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in compensation</td>
<td>-2.7%</td>
<td>0.0%</td>
<td>32.4%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Chairman of the Supervisory Board-to-worker compensation ratio</td>
<td>1.7%</td>
<td>1.7%</td>
<td>1.8%</td>
<td>1.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median Chairman of the Supervisory Board-to-worker compensation ratio</td>
<td>2.1%</td>
<td>2.2%</td>
<td>2.3%</td>
<td>1.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Managing Chairman**<sup>(1)</sup>

| Changes in compensation          | 8.1% | 15.0%           | 38.5%|                  |      |                  |      |
| Average Managing Chairman to-worker compensation ratio | 77.6% | 73.8%           | 65.2%| 49.3%           |      |                  |      |
| Median Managing Chairman to-worker compensation ratio | 99.8% | 94.8%           | 84.7%| 63.4%           |      |                  |      |

**General Manager**<sup>(2)(3)(4)</sup>

| Changes in compensation          | 69.6%| -                | -                |                  |      |                  |      |
| Average General Manager-to-worker compensation ratio | 19.5% | 11.8%           | -                | -                |      |                  |      |
| Median General Manager-to-worker compensation ratio | 25.0% | 15.1%           | -                | -                |      |                  |      |

**Growth in segment operating income (SOI) (excluding currency effect)**<sup>(5)</sup>

<table>
<thead>
<tr>
<th>2019</th>
<th>% change vs. 2018</th>
<th>2018</th>
<th>% change vs. 2017</th>
<th>2017</th>
<th>% change vs. 2016</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.0%</td>
<td>5.6%</td>
<td>9.5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Growth in sales (excluding currency effect)**<sup>(5)</sup>

<table>
<thead>
<tr>
<th>2019</th>
<th>% change vs. 2018</th>
<th>2018</th>
<th>% change vs. 2017</th>
<th>2017</th>
<th>% change vs. 2016</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1%</td>
<td>6.2%</td>
<td>0.4%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>(1)</sup> 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.

<sup>(2)</sup>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.

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

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

<sup>(5)</sup>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 are as of the end of the year.
May 2020

05. Say on pay 2020
Management and Supervisory Board Compensation Policies for 2020

The 2020 Compensation Policy is the subject of two proposed resolutions to be presented at the Annual Shareholders Meeting of June 23, 2020 (6th and 7th résolution)

The Management and Supervisory Board Compensation Policies must:

- Be compatible with the Company’s corporate interests:
  - This Compensation Policy establishes a competitive framework aligned with the Group’s strategy and business environment. The policy is designed to increase medium and long-term performance and competitiveness

- Contribute to the Company’s marketing strategy:
  - The Managers’ variable compensation (annual, long-term) represents the predominant part of their total compensation
  - The amount they receive in variable compensation depends on the achievement of objectives related to the Group’s main performance indicators, which also apply to the employees of Group companies

- Contribute to the Company’s long-term sustainability of the business:
  - The performance indicators applicable to their variable compensation (annual and long-term) focus on sustained performance in line with the Group’s strategy. *The Compensation Policy takes into account the position as General Partner* => Managing Chairman
  - As from 2020, part of their variable compensation consists of performance shares that are subject to vesting conditions linked to the achievement of performance objectives over several years => Managers
  - Most of the compensation of the Supervisory Board is based on their attendance rate at Board and Committee meetings => Supervisory Board
Considering the efforts that the Michelin Group’s employees and other stakeholders have been called upon to make in order to deal with the consequences of the Covid-19 health crisis, the Managing Chairman, the General Manager and the Non-Managing General Partner have decided, with the unanimous backing of the Supervisory Board, to:

- maintain the Managers’ fixed compensation at the amounts decided at the time of their appointment, i.e. €900,000 for Florent Menegaux and €600,000 for Yves Chapot

- to reduce this fixed compensation by 25% for the period during which employees are furloughed.
2020 Compensation policy for the Managers

Long-term variable compensation: performance share rights
Resolution n°25

The 2020 Compensation Policy provides for the use of a simpler mechanism that is even more closely aligned with the components of the long-term compensation paid to Michelin employees:

- the Managers are no longer entitled to a cash-settled long-term incentive bonus

- instead, they participate in the annual performance share plans set up for employees, on the same terms and based on the same criteria, except for certain terms that are necessary by virtue as their position as Managers and corporate officers; and

- new performance criteria have been added for all plan participants (employees and Managers) to take into account the changing market environment in which the Group’s businesses operate and the Group’s strategy.

Note: in line with the dynamic new variable compensation policy designed to increase employee engagement by giving them a greater stake in the Group’s earnings performance, the Managers propose granting five shares each to the employees of the main French subsidiaries.
**Annual variable compensation**

0 to 20% of Profit Shares

**Quantifiable criteria:**
1. Level of Consolidated net income
   - 4% of Profit Shares
2. SOI\(^{(3)}\) evolution
   - (from 0 to 8% of Profit Shares)
3. Annual Structural free cash-flow
   - (from 0 to 8% of profit Shares)

**Quantifiable and qualitative criteria:**
1. Deployment of the Group's strategy
2. Employee safety
3. Implementation of the synergies arising from recent acquisitions

0 to 16% of Profit Shares
0 to 4% of Profit Shares

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**Fringe Benefits\(^{(1)}\):** -

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**Performance shares**

Subject to performance conditions on 3 years

- Capped at 0.05% of the Company’s share capital
- Capped at 100% of annual fixed compensation

1. Growth in the Michelin share price vs. Stoxx Europe 600 (annual average)
   - Weight: 30%
2. CSR performance
   - Michelin Environmental Footprint
   - Employee engagement rate
   - Weight: 30%
3. Operating performance: growth in revenue (excluding tires and distribution) and return on capital employed - ROCE\(^{(4)}\)
   - Weight: 40%

- the Managers would be required to hold 40% of the vested shares for as long as they remained in office;
- the vested free shares would be delivered to him only if Profit Shares were distributed in respect of the year preceding the one in which the shares are issued

---

(1) Company car
(2) Based on calculation of Annual variable compensation and Cash-settled deferred variable compensation: 0.6 % Group’s consolidated net income
(3) SOI: based on current business scope and comparable accounting methods, excluding changes in exchange rates
(4) Total consolidated ROCE (i.e. including acquisitions and companies accounted for by the equity method)
### 2020 Compensation policy for the Managers

**Yves Chapot, General Manager**

<table>
<thead>
<tr>
<th>Fixed compensation</th>
<th>€600,000</th>
</tr>
</thead>
</table>

**Annual variable compensation**

- 150% of fixed compensation

<table>
<thead>
<tr>
<th>Quantifiable criteria:</th>
<th>Quantifiable and qualitative criteria:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Level of Consolidated net income</td>
<td>1. Deployment of the Group's strategy</td>
</tr>
<tr>
<td>2. SOI(^{(2)}) evolution</td>
<td>2. Employee safety</td>
</tr>
<tr>
<td>3. Annual Structural free cash-flow</td>
<td>3. Implementation of the synergies arising from recent acquisitions</td>
</tr>
</tbody>
</table>

- Maximum 80% of the base
- Maximum 20% of the base

The following will be applied to each criterion including for the one concerning net income:
- a trigger point below which no compensation will be due;
- an intermediate tranche between the trigger point and 100% of the objective, with the compensation prorated to the achievement rate for the objective;
- 100% of the objective, corresponding to the level at which the maximum compensation for the criterion would be payable.

**Fringe Benefits\(^{(1)}\):**
- -

**Performance shares**

<table>
<thead>
<tr>
<th>Subject to performance conditions on 3 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Capped at 0.05% of the Company’s share capital</td>
</tr>
<tr>
<td>- Capped at 100% of annual fixed compensation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1. Growth in the Michelin share price vs. Stoxx Europe 600 (annual average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weight: 30%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. CSR performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Michelin Environmental Footprint</td>
</tr>
<tr>
<td>- Employee engagement rate</td>
</tr>
<tr>
<td>Weight: 30%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Operating performance: growth in revenue (excluding tires and distribution) and return on capital employed - ROCE(^{(3)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weight: 40%</td>
</tr>
</tbody>
</table>

➢ the Managers would be required to hold 40% of the vested shares for as long as they remained in office

---

\(^{(1)}\) Company car
\(^{(2)}\) SOI: based on current business scope and comparable accounting methods, excluding changes in exchange rates
\(^{(3)}\) Total consolidated ROCE (i.e. including acquisitions and companies accounted for by the equity method)
## Say on Pay 2018 - 2018 compensation (cash-settled and fringe benefits)

Jean-Dominique Senard, Managing Chairman (until May 17, 2019)

(in €, before payroll and other taxes)

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Fixed</strong></td>
<td></td>
<td>€1,100,000</td>
</tr>
<tr>
<td><strong>Single-Criterion Annual Variable</strong></td>
<td></td>
<td>€796,621</td>
</tr>
<tr>
<td><strong>Multi-Criteria Annual Variable</strong></td>
<td></td>
<td>€965,903</td>
</tr>
<tr>
<td><strong>Long-term incentive</strong></td>
<td></td>
<td>€1,362,465</td>
</tr>
</tbody>
</table>

### Fringe benefit*

- €8,470

### Multi-Criteria Annual Variable

**8% of the Consolidated Calculation Base**

**For up to 14% of the Consolidated Calculation Base**

### Single-Criterion Annual Variable

**3 quantitative criteria**
- Annual growth in sales volume
- Efficiency project
- Annual free cash flow excluding acquisitions

**4 qualitative criteria**
- Digital strategy
- CSR/Environment & human rights
- Manager transition
- Group organization

### Long-term incentive

**Performance conditions over 3 years**

- **LTI due**
  - **Base:** €1,800,000***
  - **2018 achievement:** 107/150, or 87.80% of Annual Fixed Compensation

- **LTI awarded**
  - **Base:** €1,080,000

### Ceiling

- 150% of the average of the Annual Variable Components paid to Jean-Dominique Senard for 2016, 2017 and 2018, and amount of Profit Shares available for distribution after deducting the Variable Compensation due for 2018

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*Company car

**Consolidated Calculation Base:** 0.6% of the Group’s consolidated net income

***As increased or reduced to reflect the percentage gain or loss in Michelin’s share price over the three-year period from 2016 to 2018, namely 10.5%

---

Paid to the General Partners for the risk incurred by virtue of their unlimited joint and personal liability for the Company’s debts.

---

Achievement in 2018:

- **62.90/100**
- **44.58/50**
- **107/150, or 87.80% of Annual Fixed Compensation**
Say on Pay 2018 - 2018 compensation (cash-settled and fringe benefits)
Florent Menegaux, Managing General Partner

(in €, before payroll and other taxes)

### Annual Fixed

€554,672
Base: €900,000
(Prorated to reflect the period served in 2018)

Fringe benefit*: €5,392

### Single-Criterion Annual Variable

€312,374
5% of the Consolidated Calculation Base**
(Prorated to reflect the period served in 2018)

### Multi-Criteria Annual Variable

€356,106
For up to 8.50% of the Consolidated Calculation Base**
(Prorated to reflect the period served in 2018)

The Variable Components of compensation are paid out of the Profit Shares

### Long-term incentive

LTI due -
LTI awarded -
Base: €720,000

### Fixed

- 45%
- Multi-Criteria 29%
- Single-Criterion 26%

### Multi-Criteria

- 29%
- 45%

### Single-Criterion

- 26%

Paid to the General Partners for the risk incurred by virtue of their unlimited joint and personal liability for the Company's debts

- 3 quantitative criteria
  - Annual growth in sales volume
  - Efficiency project
  - Annual free cash flow excluding acquisitions

- 4 qualitative criteria
  - Digital strategy
  - CSR/Environment & human rights
  - Manager transition
  - Group organization

Achievement in 2018:
- 62.90/100
- 44.58/50

Achievement in 2018: 107/150, or 64.20% of Annual Fixed Compensation

*Company car
**Consolidated Calculation Base: 0.6% of the Group’s consolidated net income

Ceiling: 150% of the average of the Annual Variable Components paid to Florent Menegaux for 2018, 2019 and 2020, and amount of Profit Shares available for distribution after deducting the Variable Compensation due for 2020
Say on Pay 2018 - 2018 compensation (cash-settled and fringe benefits)
Yves Chapot, General Manager

(€, before payroll and other taxes)

**Annual Fixed**

€372,808  
Base: €600,000  
(Prorated to reflect the period served in 2018)

Fringe benefit*: €4,352

**Multi-Criteria Annual Variable**

€263,763  
Maximum of 120% of fixed compensation  
(Prorated to reflect the period served in 2018)

3 quantitative criteria
- Growth in consolidated operating income from recurring activities
- Level of consolidated inventories of finished and semi-finished products
- Level of Automotive segment tire sales volume

Achievement in 2018: 37.61/70

2 qualitative criteria
- Organizational transition
- Customer Service initiative/Net Promoter Score

Achievement in 2018: 20.78/30

Achievement in 2018: 58.39/100, or 70.75% of Annual Fixed Compensation

**Multi-Criteria Long-term Incentive**

Performance conditions over 3 years

LTI due

- LTI awarded

  Base: €600,000

4 quantitative criteria
- Growth in Michelin’s share price compared with that of the CAC40 index
- MEF measurement
- Employee engagement rate
- Growth in consolidated operating income

Ceiling: 120% of the average of the Annual Variable Components paid to Yves Chapot for 2018, 2019 and 2020
Say on Pay 2018 - 2018 compensation (entitlement to additional benefits and other advantages)

Jean-Dominique Senard, Managing Chairman
Florent Menegaux, Managing General Partner
Yves Chapot, General Manager

- Compensation for loss of office as a result of a change of strategy or a change of control, subject to performance conditions decided by the Supervisory Board
- Non-compete indemnity

No additional benefits were paid in 2018

- No other benefits
- No stock options
- No performance shares
- No attendance fees
Say on Pay 2018 - 2018 compensation (supplementary pension benefits)

=> Applicable to all senior executives of the two main French companies who have served for at least five years as a senior executive

1.5% of benefits vest each year, entitling participants to an annuity representing a replacement rate of up to 15% of the reference compensation

The replacement rate, including entitlements under compulsory plans, is capped at 35%, which is well below the 45% ceiling for fixed and variable compensation recommended in the AFEP/MEDEF Code

Payment of a gross annual maximum annuity after 10 years of service, conditional on participants ending their career with the company

Mr. Senard, Managing Chairman
Mr. Menegaux, Managing General Partner
Mr. Chapot, General Manager

Estimated amount of annual income at December 31, 2018
Mr. Senard, Managing Chairman €165,000
Mr. Menegaux, Managing General Partner €135,000
Mr. Chapot, General Manager €110,544
Say on Pay 2018 - 2018 compensation
Michel Rollier, Chairman of the Supervisory Board

- No compensation is awarded to Michel Rollier aside from attendance fees, consistent with the policy applied for the top executives of other CAC 40 companies
- Most of the fee is contingent on his attendance rate at meetings of the Supervisory Board and the Committee of which he is a member

![](diagram)

- Individual attendance rate in 2018: 100%
- Attendance fees for 2018: €90,000

60% of the fee is tied to his attendance rate at meetings of the Board and its Committees