

# **ANNUAL SHAREHOLDERS MEETING**

**May 19, 2017**

# Reports to shareholders

## **1. Chairman's Report on Corporate Governance**

## 2. Report of the Supervisory Board

# Chairman's Report on Corporate Governance

- Membership and work of the Supervisory Board and its Committees
- Internal control and risk management procedures

# The Supervisory Board and its Committees

- Membership of the Supervisory Board
  - 9 members (7 independent)
    - 5 men
    - 4 women
    - 6 French nationals
    - 3 foreigners
- Audit Committee
  - 3 members (all independent)
- Compensation and Appointments Committee
  - 3 members (2 independent, including the Chair)

# Work of the Supervisory Board and the Committees

- Supervisory Board
  - 6 plenary meetings
  - 1 closed session of only the independent members
  - 97.7% attendance rate
- Audit Committee
  - 4 meetings
  - 100% attendance rate
- Compensation and Appointments Committee
  - 4 meetings
  - 91.7% attendance rate

# Main areas covered by the work of the Supervisory Board

- Audit of the financial statements
- Strategy and acquisitions
- Risk management and internal control
- The Group's organizational structure
- Succession plans
- Compensation policies

# Assessment of the Supervisory Board

- Carried out by an independent consulting firm
- Examined the following points:
  - The information given to the Board
  - The Board's membership
  - The Board's areas of expertise and working methods
  - The Board's relations with Executive Management, shareholders and other stakeholders
  - The role of the Chairman of the Supervisory Board and the Chairs of the Board Committees
  - The role of the Chief Executive Officer
- Also reviewed the contributions of individual members

# Conclusions of the assessment

- Responsiveness and performance of the Supervisory Board deemed very satisfactory and among the best in Michelin's peer group
- Areas of improvement identified
- Feedback to each Supervisory Board member about his or her perceived personal contribution to the work of the Board



# Internal control and risk management procedures

- A principle:
  - Risk management procedures apply to all strategic, operating, reputational and compliance risks
  - Factored into the strategic management process
- System:
  - A sustainable, optimized organization
  - A comprehensive risk management process
  - Internal control objectives that drive the internal control process
  - Ongoing management of the entire system through action plans designed to drive continuous improvement

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# Report of the Supervisory Board

"...our performance in 2016, which built on the advances made in 2015 in line with the Group's major objectives, reflects the quality of the work achieved by Michelin's teams under the Chief Executive Officer's leadership."

- Approval of the 2016 financial statements and financial authorizations