Michelin's Global Tax Policy

Michelin manages its tax affairs consistent with its objectives for sustainable and responsible business development.

Responsible tax compliance

The primary responsibility of the Partner in relation to taxation is to ensure full compliance with all legal obligations within a framework of principles he has approved. To the extent that the approved principles conflict with specific country laws, as overridden by any relevant tax treaties, the local law takes precedent in terms of how the department will operate within that country.

Michelin will always seek to interpret the tax legislation consistent with both the spirit and intention of the law and will not seek to exploit ambiguity.

The Partner recognizes the value of a strong relationship with all tax authorities; therefore the Group VP & regional Heads of Tax ("Management") will maintain pro-active and transparent communication with all relevant tax authorities to ensure all information reporting required by relevant laws is readily available on a timely basis. Management shall not seek to exploit tax regimes considered to be harmful or secretive.

Strategy & planning

Planning is of course the pillar stone of responsible governance within any Group and tax planning represents a composite part of broader business planning within Michelin. Tax planning should allow tax consequences and tax risks to be fully understood by business decision makers at the time decisions are taken.

Michelin will not undertake transactions wholly motivated by tax avoidance or from which there is no economic benefit to the Michelin Group other than tax savings.

Risk Management

Tax risk management policies shall be based on;

- implementation of a transfer pricing policy in accordance with latest OECD Guidelines which remunerates all Group entities on an arm's length basis consistent with the value they create.

- application of Group transfer pricing policy will in all cases be supported by comprehensive & transparent documentation as required by relevant tax jurisdictions.

- prioritizing solutions that avoid unnecessarily complex tax analysis to minimize the risk of divergent interpretations leading to tax disputes, and also to enhance transparency.

- ensuring all tax positions taken are consistent with the Group core values which notably include respect for all relevant facts, respect for the environment & respect for people.

- protecting shareholder value by taking all measures to minimize risk of profits becoming subject to double taxation, including full recourse to all available remedies (domestic appeals, Competent Authority, Arbitration) should such circumstances arise.