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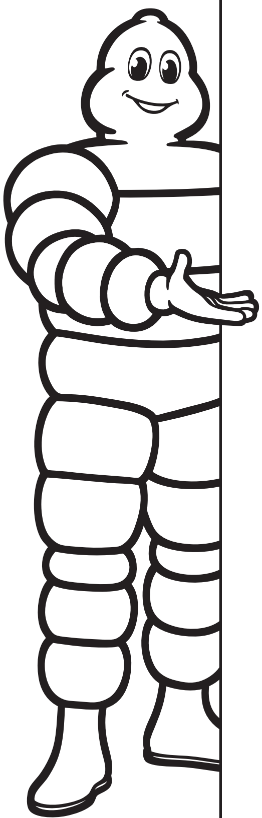
CORPORATE GOVERNANCE REPORT



This report has been prepared by the Supervisory Board in application of Article L. 226-10-1 of the French Commercial Code *(Code de commerce)* modified by Government order 2017-1162 dated July 12, 2017 introducing various measures to simplify and clarify companies' obligations. This report was approved by the Supervisory Board on February 9, 2018.

4.1 DIRECTORSHIPS AND OTHER POSITIONS HELD BY THE MANAGERS AT DECEMBER 31, 2018

Biographical details of the Managers are presented in section 2.15.4 of this Registration Document.

4.1.1 MANAGERS

Michelin is led by Jean-Dominique Senard, Managing Chairman, Florent Menegaux, Managing General Partner and Yves Chapot, General Partner.

The Managing Chairman's role is described in section 2.15.1 of this Registration Document.

Information about the Executive Committee's members is presented in section 2.15.1 b) of this Registration Document.

The Company's Bylaws stipulate that each Managing General Partner must hold at least 5,000 shares.

JEAN-DOMINIQUE SENARD
Born in 1953
8,487 shares owned as of December 31, 2018
First elected: May 13, 2011
(Managing General Partner)

Directorships and other positions held

Managing Chairman

2014-2018
Manager of Compagnie Financière Michelin SCmA
Senior Independent Director of Saint-Gobain*, Chairman of its Audit and Risk Committee

FLORENT MENEGAUX
Born in 1962
25,051 shares owned as of December 31, 2018
First elected: May 18, 2018
(Managing General Partner)

Directorships and other positions held

2014-2018
No other directorships

YVES CHAPOT
Born in 1962
5,011 shares owned as of December 31, 2018
First elected: May 18, 2018
(General Partner)

Directorships and other positions held

2014-2018
No other directorships

* *Listed company.*

4.1.2 SUPERVISORY BOARD

4.1.2 a) Members

As of December 31, 2018, the Supervisory Board comprised nine members, seven of whom were qualified as independent.

The Supervisory Board's internal rules stipulate that each member must hold at least 400 shares or 600 shares in the case of the Chairman.

OLIVIER BAZIL
Born in 1946 – French national
1,010 shares owned as of December 31, 2018
First elected: May 17, 2013
Current term expires: 2021

Directorships and other positions held

Independent member
Chairman of the Audit Committee

2014
Director of Legrand and member of the Board's Strategy and Social Responsibility Committee and Nominating and Compensation Committee
Director of Firmenich International S.A. and Chairman of its Audit Committee
Member of the Supervisory Board of Société Civile du Château Palmer
Chairman of Fritz S.A.S.
Director of Vallourec, Chairman of its Audit Committee and member of its Strategy Committee

2015-2016
Director of Legrand and member of the Board's Strategy Committee and Nominating and Governance Committee
Director of Firmenich International S.A. and Chairman of its Audit Committee
Member of the Supervisory Board of Société Civile du Château Palmer
Chairman of Fritz S.A.S.
Director of Vallourec, Chairman of its Audit Committee and member of its Strategy Committee

2017
Director of Legrand and member of the Board's Strategy Committee and Nominating and Governance Committee
Member of the Supervisory Board of Société Civile du Château Palmer
Chairman of Fritz S.A.S.
Director of Vallourec, Chairman of its Audit Committee and member of its Strategy Committee (until May 2017)

2018
Director of Legrand* and member of the Board's Strategy and Social Responsibility Committee and Nominating and Governance Committee
Member of the Supervisory Board of Société Civile du Château Palmer
Chairman of Fritz S.A.S.

BARBARA DALIBARD
Born in 1958 – French national
485 shares owned as of December 31, 2018
First elected: May 16, 2008
Current term expires: 2019

Directorships and other positions held

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

2014
Managing Chairman of SNCF Voyageurs
Chair of the Board of Directors of VSC Group
Director of Nuovo Trasporto Viaggiatori S.p.A. (NTV)
Member of the Supervisory Board of Wolters Kluwer
Director of Eurostar International Limited

2015
Managing Chairman of SNCF Voyageurs
Chair of the Board of Directors of VSC Group
Director of Nuovo Trasporto Viaggiatori S.p.A. (NTV)
Member of the Supervisory Board of Wolters Kluwer
Director of Eurostar International Limited
Member of the Board of Directors of Société Générale

2016
Managing Chairman of SNCF Voyageurs, then Managing Chairman of SITA
Chair of the Board of Directors of VSC Group
Director of Eurostar International Limited
Member of the Board of Directors of Société Générale

2017-2018
Managing Chairman of SITA

* *Listed company.*

ANNE-SOPHIE DE LA BIGNE
Born in 1960 – French national
903 shares owned as of December 31, 2018
First elected: May 17, 2013
Current term expires: 2020

Directorships and other positions held

Independent member
Member of the Audit Committee
Member of the Compensation and Appointments Committee

2014-2017
No other directorships

2018
Member of the Board of Directors of SIAE SA (since September 2018)

JEAN-PIERRE DUPRIEU
Born in 1952 – French national
510 shares owned as of December 31, 2018
First elected: May 17, 2013
Current term expires: 2020

Directorships and other positions held

Independent member
Member of the Audit Committee

2014-2015
Executive Vice President of the Air Liquide group
Director of Air Liquide Santé International
Chairman of the Board of Directors of Air Liquide Eastern Europe
Director of Air Liquide Welding

2016
Executive Vice President of the Air Liquide group
Director of Air Liquide Santé International
Chairman of the Board of Directors of Air Liquide Eastern Europe
Director of Air Liquide Welding
Independent Director of Korian and member of the Audit Committee

2017
Director of Air Liquide Welding (since June 2017)
Independent Director of Korian, Chairman of the Compensation and Appointments Committee and member of the Audit Committee

2018
Independent Director of Korian*, Chairman of the Compensation and Appointments Committee and member of the Audit Committee

ARUNA JAYANTHI
Born in 1962 – Indian national
400 shares owned as of December 31, 2018
First elected: May 22, 2015
Current term expires: 2019

Directorships and other positions held

Independent member
Member of the Compensation and Appointments Committee

2014
Director of Capgemini Technology Services Maroc S.A.
Chair of the Board of Directors of Capgemini India Private Limited
Director of Capgemini Business Services India Limited
Director of Pune Software Park Private Limited
Director of Capgemini Sverige AB
Director of IBX Norge
Director of Capgemini Norge AS

2015-2016
Director of Capgemini Norge AS
Director of Capgemini Technology Services Maroc S.A.
Chair of the Board of Directors of Capgemini India Private Limited
Director of Capgemini Business Services India Private Limited (formerly Capgemini Business Services India Limited)
Director of Pune Software Park Private Limited
Chair of the Board of Directors of Capgemini Sverige AB

2017
Director of Capgemini Norge AS
Chair of the Board of Directors of Capgemini Sverige AB
Director of Espire AS
Chair of the Supervisory Board of Capgemini Polska Sp. Z.o.o.
Director of Capgemini Technology Services India Limited

2018
Director of Capgemini Norge AS
Chair of the Board of Directors of Capgemini Sverige AB
Director of Espire AS
Chair of the Supervisory Board of Capgemini Polska Sp. Z.o.o.
Director of Capgemini Technology Services India Limited
Director of SBI Capital Markets Limited
Director of Equation Capital Partners LLP
Director of Capgemini Sverige AB
Director of Capgemini Brasil S.A.
Director of Capgemini Business Services Guatemala S.A.
Director of Capgemini Business Services (China) Limited

* *Listed company.*

THIERRY LE HÉNAFF
Born in 1963 – French national
400 shares owned as of December 31, 2018
First elected: May 18, 2018
Current term expires: 2022

Directorships and other positions held

Independent member

2014-2016
Chairman and Managing Chairman of Arkema
Chairman of the Board of Directors of Arkema France
Director of Eramet

2017-2018
Chairman and Managing Chairman of Arkema
Chairman of the Board of Directors of Arkema France

MONIQUE LEROUX
Born in 1954 – Canadian national
1,000 shares owned as of December 31, 2018
First elected: October 1, 2015
Current term expires: 2022

Directorships and other positions held

Independent member
Member of the Audit Committee

2014
Chair of the Board, President and Managing Chairman of Mouvement des Caisses Desjardins
Managing Chairman of Desjardins Sécurité Financière
Managing Chairman of Desjardins Groupe d'Assurances Générales
Chair of the Board of Directors of Fédération des Caisses Desjardins du Québec/Mouvement des Caisses Desjardins
Vice Chair of the Executive Committee and Director of the International Confederation of Popular Banks (CIBP)
Member of the Executive Committee and Director of the European Association of Cooperative Banks
Member of the Board of Directors of Crédit Industriel et Commercial (CIC)
Member of the Board of Directors of the Rideau Hall Foundation

2015
Chair of the Board, President and Managing Chairman of Mouvement des Caisses Desjardins
Managing Chairman of Desjardins Sécurité Financière
Managing Chairman of Desjardins Groupe d'Assurances Générales
Chair of the Board of Directors of Fédération des Caisses Desjardins du Québec/Mouvement des Caisses Desjardins
Vice Chair of the Executive Committee and Director of the International Confederation of Popular Banks (CIBP)
Member of the Executive Committee and Director of the European Association of Cooperative Banks
Member of the Board of Directors of Crédit Industriel et Commercial (CIC)
Member of the Board of Directors of the Rideau Hall Foundation
President of the International Cooperative Alliance (ICA)
Member of the Board of Directors of the University of Montreal
Member of the Board of Directors of Alimentation Couche-Tard

2016
Chair of the Board, President and Managing Chairman of Mouvement des Caisses Desjardins
Managing Chairman of Desjardins Sécurité Financière
Managing Chairman of Desjardins Groupe d'Assurances Générales
Chair of the Board of Directors of Invest Quebec
Member of the Executive Committee and Director of the European Association of Cooperative Banks
Member of the Board of Directors of Crédit Industriel et Commercial (CIC)
Member of the Board of Directors of the Rideau Hall Foundation
President of the International Cooperative Alliance (ICA)
Member of the Board of Directors of Alimentation Couche-Tard
Member of the Board of Directors of Bell/BCE (since April 2016)
Member of the Board of Directors of S&P Global (since October 2016)

2017
Chair of the Board of Directors of Invest Quebec
Member of the Executive Committee and Director of the European Association of Cooperative Banks
Member of the Board of Directors of Crédit Industriel et Commercial (CIC) (until May 2017)
Member of the Board of Directors of the Rideau Hall Foundation
President of the International Cooperative Alliance (ICA) (until November 2017)
Member of the Board of Directors of Alimentation Couche-Tard
Member of the Board of Directors of Bell/BCE
Member of the Board of Directors of S&P Global
Member of the Board of Lallemand (privately owned company) (since June 2017)
Strategic Advisor, Fiera Capital (since June 2017)

2018
Chair of the Board of Directors of Invest Quebec
Member of the Executive Committee and Director of the European Association of Cooperative Banks (until March 2018)
Member of the Board of Directors of the Rideau Hall Foundation
Member of the Board of Directors of Alimentation Couche-Tard
Member of the Board of Directors of Bell/BCE
Member of the Board of Directors of S&P Global
Member of the Board of Directors of Lallemand (privately owned company)
Strategic Advisor, Fiera Capital
Vice Chair of the Fiera Inc. Management Board

CYRILLE POUGHON
Born in 1975 – French national
420 shares owned as of December 31, 2018
First elected: May 16, 2014
Current term expires: 2022

Directorships and other positions held

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

2014

Secretary of the Michelin European Works Council

2015-2018

No other directorships

MICHEL ROLLIER
Born in 1944
24,392 shares owned as of December 31, 2018
First elected: May 17, 2013
Current term expires: 2021

Directorships and other positions held

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

2014-2015
Chairman of the Board of Directors of Siparex Associés
Chairman of the Supervisory Board of Somfy
Director of Lafarge
Member of the AFEP/MEDEF High Committee on Corporate Governance
Chairman of *Association Nationale des Sociétés par Actions* (ANSA)

2016
Chairman of the Board of Directors of Siparex Associés
Chairman of the Supervisory Board of Somfy
Chairman of the Remunerations Committee of Somfy SA
Director of Lafarge
Member of the AFEP/MEDEF High Committee on Corporate Governance
Chairman of *Association Nationale des Sociétés par Actions* (ANSA)
Chairman of *Plateforme de la Filière Automobile* (PFA)

2017
Chairman of the Board of Directors of Siparex Associés
Chairman of the Supervisory Board of Somfy
Chairman of the Remunerations Committee of Somfy SA
Chairman of the AFEP/MEDEF High Committee on Corporate Governance
Chairman of *Association Nationale des Sociétés par Actions* (ANSA)
Chairman of *Plateforme de la Filière Automobile* (PFA) (until December 2017)

2018
Chairman of the Supervisory Board of Somfy SA*
Chairman of the Remunerations Committee of Somfy SA*
Chairman of the Board of Directors of Siparex Associés
Chairman of the AFEP/MEDEF High Committee on Corporate Governance (until October 31, 2018)
Chairman of *Association Nationale des Sociétés par Actions* (ANSA)

* *Listed company.*

4.1.2 b) Terms of office of Supervisory Board members at December 31, 2018

Name	First elected/re-elected(1)	Current term expires(2)	Independent(3)
Olivier Bazil	May 17, 2013		
	May 19, 2017	2021	yes
Barbara Dalibard	May 16, 2008		
	May 17, 2013		
	May 22, 2015	2019	yes
Anne-Sophie de La Bigne	May 17, 2013		
	May 13, 2016	2020	yes
Jean-Pierre Duprieu	May 17, 2013		
	May 13, 2016	2020	yes
Aruna Jayanthi	May 22, 2015	2019	yes
Thierry Le Hénaff	May 18, 2018	2022	yes
Monique Leroux	October 1, 2015(4)		
	May 18, 2018	2022	Yes
Cyrille Poughon	May 16, 2014		
	May 18, 2018	2022	no
Michel Rollier (Chairman)	May 17, 2013		
	May 19, 2017	2021	no

(1) At the Annual Meeting of May 15, 2009, shareholders voted to reduce the term of Supervisory Board members from five years to four.
(2) 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.
(3) Based on the criteria set in the Supervisory Board's internal rules which correspond to those recommended in the AFEP/MEDEF Corporate Governance Code for listed companies.
(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 Ms. Parisot's term of office.

4.1.3 STATEMENTS

There are no family relationships between Michelin's Managers, any Supervisory Board members and the Chairman of SAGES (CGEM's General Partner).

To the best of the Company's knowledge, neither Michelin's Managers nor the Chairman of SAGES nor any Supervisory Board member has, in the past five years, been (i) convicted of fraud, (ii) associated with a bankruptcy, receivership or liquidation, (iii) the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

Neither Michelin's Managers nor the Chairman of SAGES nor any Supervisory Board member has a service contract with the Company or any of its subsidiaries.

There are no:

- arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which they were selected as a Manager or as a member of the Supervisory Board or as Chairman of SAGES;
- conflicts of interest between the duties to the Company of the Managers, the Supervisory Board members or the Chairman of SAGES and their private interests and/or other duties;
- restrictions accepted by these persons on the disposal of their Michelin shares within a certain period of time, except for those resulting from market abuse regulations and the specific rules applicable to the Managers.

4.2 MEMBERSHIP STRUCTURE OF THE SUPERVISORY BOARD AND APPLICATION OF THE PRINCIPLE OF GENDER EQUALITY

In accordance with the applicable law and the Company's Bylaws, the Supervisory Board may have no less than three and no more than ten members elected by the Annual Shareholders Meeting for a term of four years(1). All Supervisory Board members must be shareholders.

General Partners – regardless of whether or not they are Managers – may not take part in the vote. Supervisory Board members may be re-elected. No more than one-third of Supervisory Board members may be aged over 75.

The Supervisory Board currently has nine members, whose names are listed below along with details of their current position. This information is disclosed in accordance with Article L. 226-4-1 of the French Commercial Code introduced by French Act No. 2011-103 of January 27, 2011 concerning the balanced representation of men and women on Boards of Directors and Supervisory Boards and gender equality in the workplace:

- **Olivier Bazil,** Director of Legrand(2) and a Member of its Strategy and Nominating and Governance Committees;
- **Barbara Dalibard,** Managing Chairman of SITA;
- **Anne-Sophie de La Bigne,** Vice-President in charge of Civil Affairs in the Public Affairs Division, France, at Airbus Group(2);
- **Jean-Pierre Duprieu,** Independent Director of Korian(2), Chairman of the Compensation and Appointments Committee and member of the Audit Committee;
- **Aruna Jayanthi,** Managing Director, Asia Pacific and Latin America Business Unit at Capgemini;
- **Thierry Le Hénaff,** Chairman and Managing Chairman of Arkema(2)(3);
- **Monique Leroux,** Chair of the Board of Directors of Invest Quebec.
- **Cyrille Poughon,** France-Benelux Retail Market sales office manager, Manufacture Française des Pneumatiques Michelin;
- **Michel Rollier,** Chairman of the Supervisory Board of Somfy SA(3).

The following additional information about Supervisory Board members is provided in the sections indicated:

- information about the Supervisory Board diversity policy is provided in section 4.3.2 b) of this report;
- biographical details are provided in section 2.15.4 b) of this Registration Document;
- details of their compensation are provided in section 4.4.11 of this report;
- the list of directorships and other positions held, together with the dates on which they were first elected and their current term expires are provided in section 4.1.2 of this report.

4.3 SUPERVISORY BOARD PRACTICES

4.3.1 ROLE OF THE SUPERVISORY BOARD

The Supervisory Board exercises permanent oversight of the Company's management and assesses its quality on behalf of the shareholders, presenting a report thereon at each Annual Shareholders Meeting.

The recommendation provided under Article 4 of the AFEP/MEDEF Code, according to which material transactions outside the scope of the firm's stated strategy should be subject to prior approval by the Board of Directors, cannot apply in this instance, because of the Company's legal form as a partnership limited by shares. With this type of partnership, the Managing General Partners have unlimited personal liability and their powers are completely separate from those of the Supervisory Board, with the result that the Supervisory Board has no authority to become involved in managing the Company.

However, to (i) ensure that the Supervisory Board exercises effective oversight of the Company's management and (ii) adhere to the spirit of the AFEP/MEDEF recommendation, since 2011 the Company has amended its Bylaws(4) as well as the Supervisory Board's internal rules.

Pursuant to the internal rules, the Managers must submit to the Supervisory Board details of any planned capital projects, new commitments, asset disposals or business acquisitions representing material amounts before any final decision is made.

This means that the Supervisory Board is automatically consulted about all projects that are material for the Group. Moreover, as it expresses an opinion on such projects, it is clearly able to report to shareholders thereon if appropriate.

This exception to the full application of the AFEP/MEDEF Code's recommendations is mentioned in the table in section 4.3.2 j) prepared in accordance with the "comply or explain" rule.

(1) *Five years for members elected prior to 2009. Certain members may be elected for a two- or three-year period in order to effectively stagger the terms of office of Supervisory Board members.*
(2) *Listed company.*
(3) *Thierry Le Hénaff was elected by the Annual Shareholders Meeting of May 18, 2018. The term as Supervisory Board member of Pat Cox expired at the close of the same meeting. Pat Cox is President of Fondation Jean Monnet pour l'Europe, European Coordinator for the Scandinavian-Mediterranean Corridor transportation infrastructure project, former President of the European Parliament and former member of the Irish Parliament.*
(4) *Article 17 of the Bylaws states that "(...) The Supervisory Board is jointly and regularly informed about the Company's situation and the key issues listed in the Supervisory Board's internal rules. The Supervisory Board reports to the Shareholders Meeting on the fulfillment of its duties (...)".*

In application of the Bylaws, the Supervisory Board's internal rules and the internal rules of the Compensation and Appointments Committee, the Supervisory Board must be consulted or express an opinion (depending on the case) on all decisions concerning the Managers (election, re-election and removal from office) and the determination of the Managers' compensation.

Lastly, in accordance with its internal rules, the Supervisory Board may ask its Chairman to participate in the dialog with the Company's main shareholders concerning the matters addressed by the Board.

To enable the Supervisory Board to effectively fulfill its oversight role, its members receive quarterly reports presenting key performance indicators, as well as regular information such as copies of the Group's main press releases, research reports published by analysts who follow Michelin, and updates on the Group's business environment.

Supervisory Board meetings may be held by videoconference on the basis stipulated in the Board's internal rules.

The Supervisory Board is assisted in its oversight role by two committees, the Audit Committee and the Compensation and Appointments Committee.

4.3.2 THE SUPERVISORY BOARD'S ACTIVITIES DURING 2018

4.3.2 a) General activities

At its meetings on February 9 and July 23 respectively, the Board reviewed (i) the statutory and consolidated financial statements for the year ended December 31, 2017 and (ii) the interim financial statements for the six months ended June 30, 2018. It also examined and expressed its opinion on the financial information communicated to the markets.

The issues examined by the Supervisory Board – based in some cases on presentations made by the Managing Chairman or by members of business line management – were as follows:

- quarterly financial information and interim and annual results – based in part on a review of scorecards – and the corresponding press releases;
- the Audit Committee's report;
- internal control and risk management;
- the new corruption prevention system;
- Group strategy and the plans rolling down this strategy to each major business unit;
- the Services & Solutions strategy;
- competitor analysis;
- proposed acquisitions;
- deployment of the Group's new organization and executive governance changes;
- the Compensation and Appointments Committee's report;
- the Supervisory Board's membership;
- preparation of recommendations on the re-election of existing Supervisory Board members or the election of new members;
- changes in the membership of the Committees of the Board;
- annual assessment of Supervisory Board members' independence;
- annual self-assessment of the Board's work;
- the Managing Chairman succession plan, including finalization of the preparatory process with input from the Compensation and Appointments Committee and the Chairman of SAGES, Non-Managing General Partner;
- compensation policies;
- preparation of the Annual Shareholders Meeting.

Part of each Supervisory Board meeting takes place behind closed doors, without the Managing Chairman or any representatives of Executive Management being present.

In addition, the independent members of the Board held two closed sessions.

The Supervisory Board continued the process initiated in 2015 to enable the member representing employees to act as a neutral observer of the Group's social dialog processes in order to make an informed contribution to the Board's discussions.

In 2018, Cyrille Poughon, the member representing employees, presented to the Board the insights obtained during his visit to Levorin in Brazil, which is the leader of the local two-wheel tire market. He observed in particular that since Levorin's recent acquisition by Michelin, employee relations had improved significantly, considerable advances had been made in the area of occupational health and safety, and employees had enthusiastically welcomed the Company's new empowerment policy.

In line with legal requirements, the Company decided that the Supervisory Board of its main French subsidiary, Manufacture Française des Pneumatiques Michelin, should also continue to include an employee representative, appointed by the Company's Central Works Council.

4.3.2 b) Diversity policy

The Supervisory Board's diversity in terms of experience and backgrounds can be summed up by the fact that, in 2018:

- 45% of the Board members were women;
- 78% of the Board members were independent;
- 22% of the Board members were foreign nationals.

In line with the Group's values, the Board consistently endeavors to propose candidates from diverse backgrounds and cultures and with diverse experiences, so that its membership is balanced and aligned with its role and responsibilities.

The main terms of the diversity policy are proposed by the Compensation and Appointments Committee. The policy is applied by the Committee and the Board when preparing Supervisory Board succession plans and assessing the Board's practices. They can be assisted by recognized outside consultants.

The diversity policy is described below, as required by Article L. 225-37-4 of the French Commercial Code[(1)].

Criteria	Objectives confirmed in 2018	Implementation method	2018 results
Age limit	No more than one-third of Supervisory Board members to be aged 75 or over	No candidates aged 75 or over should be proposed for election or re-election at the Shareholders Meeting if their election or re-election would result in the one-third limit being exceeded	The candidates elected or re-elected at the Shareholders Meeting did not result in over one-third of Board members being aged 75 or over; no Supervisory Board members are aged over 75
Supervisory Board gender equality	At least 40% of Board members should be women, as required by Article L. 226-4-1 of the French Commercial Code	Board to recommend to the Shareholders Meeting to re-elect incumbent woman members and elect woman candidates to replace women who are stepping down	Martine Leroux was re-elected on the Board's recommendation; 45% of Board members are women, as was already the case before the Shareholders Meeting
Availability/ attendance	Members should demonstrate, through their availability and attendance rate at meetings of the Board and Board Committees, that they devote the necessary time and attention to their duties (going beyond the statutory requirements and the requirements of the AFEP/ MEDEF Code concerning multiple directorships)	Over half of each member's attendance fee is tied to his or her attendance rate at meetings of the Board and its Committees Incumbent Board members will not be proposed for re-election if their average attendance rate at scheduled meetings was less than 85% over the last three years of their term of office	Cyrille Poughon and Monique Leroux, both of whom attended all scheduled meetings in 2017 (100% average attendance rate), were re-elected on the Board's recommendation The Board members' overall attendance rate in 2018 was 98.3%
Qualifications/ professional experience/ international outlook/ adherence to the Group's values	Board members should offer an appropriate overall combination of academic qualifications, professional experience in the areas of manufacturing, finance, internal control, digital technology and leadership of major French listed groups with a global reach, and adherence to the Group's values	Decisions concerning candidates to be proposed for re-election or election to the Board by the Shareholders Meeting focus on maintaining the overall qualitative combination of qualifications and experience in the areas of executive management and new technologies The Chair and the majority of members of the Audit Committee are selected for their academic qualifications and international experience in finance and internal control	Monique Leroux (Audit Committee member, former Chair of the Board, President and Managing Chairman of Mouvement des Caisses Desjardins, Canada's largest cooperative financial group) was re-elected to the Board and Thierry Le Hénaff (Chairman and Managing Chairman of Arkema, graduate of *École Poytechnique* and *École Nationale des Ponts et Chaussées,* holder of a Masters' degree in industrial management from Stanford University) was elected to the Board, on the Supervisory Board's recommendation 22% of Board members are foreign nationals
Size of the Board	Number of Board members should not exceed the ten-member cap specified in the Bylaws (not including members representing employees elected in accordance with the law), to guarantee Board efficiency by fostering effective interactions between members and between the Board and the Managers	No additional members to be proposed for election at the Shareholders Meeting, except to comply with legal requirements	No additional members were proposed for election in 2018; the number of members was unchanged at nine

(1) The Company does not have any employees and the disclosures required by Article L. 225-37-4-6 of the French Commercial Code are therefore not applicable.

Criteria	Objectives confirmed in 2018	Implementation method	2018 results
Independence	At least 50% of Supervisory Board members should be independent, based on the definition in the AFEP/MEDEF Code	Incumbent independent members to be proposed for election for as long as they fulfill the independence criteria (in particular, not to have served on the Board for more than 12 years) or new independent members to be proposed for election to replace members who no longer fulfill the independence criteria	On the recommendation of the Board, Monique Leroux (independent member) re-elected and Thierry Le Hénaff elected as independent member to replace Pat Cox (who ceased to fulfill the independence criteria a few months before his term expired); 78% of Board members are independent
Employee representation	Supervisory Board should include one member representing Group employees (in line with the voluntary resolution presented and adopted at the 2014 Shareholders Meeting)	Re-election of a Board member representing employees recommended at the 2018 Shareholders Meeting	Cyrille Poughon re-elected, as recommended, to the Supervisory Board The Company is a holding company and does not have any employees. The Supervisory Board therefore decided to postpone its review of the basis for appointing additional Group employees to the Board until the final terms of the law on employee representation on company boards are known ("Pacte" bill)

4.3.2 c) Supervisory Board members' attendance rates

The Supervisory Board met nine times in 2018 – on January 21, January 24, February 9, April 25, May 18, July 5, July 23, October 8/9 and December 3 – with an average attendance rate (excluding unscheduled Board meetings and including meetings of Board Committees) of 98.3%.

The attendance rates of the individual Board members are presented in the table below:

	Participation at meetings held in 2018		
Supervisory Board members	Supervisory Board (9 meetings)	Audit Committee (4 meetings)	Compensation and Appointments Committee (4 meetings)
Olivier Bazil	9/9	4/4	N/A
Pat Cox[(1)]	4/4	N/A	3/3
Barbara Dalibard	9/9	N/A	4/4
Anne-Sophie de La Bigne	9/9	4/4	4/4
Jean-Pierre Duprieu	9/9	4/4	N/A
Aruna Jayanthi[(2)]	9/9	N/A	4/4
Thierry Le Hénaff[(3)]	4/5	N/A	N/A
Monique Leroux	9/9	3/4	N/A
Cyrille Poughon[(4)]	9/9	4/4	N/A
Michel Rollier	9/9	N/A	4/4

(1) Pat Cox participated in all meetings of the Supervisory Board and the Compensation and Appointments Committee held up to the end of his term, which expired at the close of the May 18, 2018 Annual Shareholders Meeting.
(2) Aruna Jayanthi participated in all the meetings of the Compensation and Appointments Committee held after her appointment to the Committee in January 2018.
(3) Thierry Le Hénaff participated in all the meetings of the Supervisory Board held after his election to the Board at the May 18, 2018 Annual Shareholders Meeting.
(4) Cyrille Poughon participated in all the meetings of the Audit Committee held after his appointment to the Committee in January 2018.
N/A: Not applicable.

4.3.2 d) Training for Supervisory Board members

As part of its training policy for Supervisory Board members, during the year the Company once again organized a special training program on the Group's operations. The program gave all of the members an opportunity to acquire or refresh their hands-on insight into how Michelin's various businesses are run.

The new member elected to the Board in 2018 was provided with specific information and insight about the Company, including its innovation strategy, and research and development activities.

The Supervisory Board held one of its meetings in 2018 at a major truck tire plant in India. The trip included a presentation about the plant's history and its production activities, which use advanced technologies, as well as a half-day tour of the plant and its various units.

The Supervisory Board members also learned about the plant's community outreach initiatives, including a program to improve access to medical care. The Executive Vice President responsible for the Asia, Africa, India & Middle East Region gave a presentation about the region, which comprises a very diverse range of markets and product operating conditions. The presentation gave the Supervisory Board members an opportunity to converse with local managers and the Region's management team.

These topic-specific presentations, along with those made during the year at Supervisory Board meetings by members of Executive Management and their teams, are welcomed by Supervisory Board members as a means of enhancing their understanding of all the challenges facing the Michelin Group.

4.3.2 e) Changes in the membership of the Supervisory Board in 2018

Part of the Board's work in 2018 entailed preparing for the expiration of Supervisory Board members' terms of office.

The terms of office of Pat Cox, Monique Leroux and Cyrille Poughon expired at the close of the Annual Shareholders Meeting held on May 18, 2018.

Monique Leroux and Cyrille Poughon informed the other Supervisory Board members that they wished to stand for re-election.

In accordance with best governance practices and with the agreement of the other Supervisory Board members, Pat Cox decided not to stand for re-election after serving on the Board for more than 12 years without interruption.

The Supervisory Board unanimously thanked Pat Cox for his exceptional contribution to the Board's work during his years of membership and as a member of the Compensation and Appointments Committee.

The Compensation and Appointments Committee decided to recommend Thierry Le Hénaff as new member of the Supervisory Board.

In reviewing the proposed election of Thierry Le Hénaff, the Compensation and Appointments Committee took into account the main candidate assessment criteria, covering his skills, experience, independence and availability (*i.e.*, that he does not hold too many other directorships), as well as the Board's commitment to promoting Board diversity in terms of both culture and background.

When examining the individual situations of Monique Leroux and Cyrille Poughon, the Board notably considered:

- the pros and cons of re-electing them;
- the skills and experience they bring to the Board;
- their availability and involvement in the work of the Board and its Committees;
- their independence and the absence of any conflicts of interest;
- their contribution to the complementary nature of the Board's membership.

Monique Leroux is currently Chair of the Board of Invest Quebec. She was previously Chair of the Quebec Government's Advisory Committee on the Economy and Innovation. From 2008 to 2016, she was Chair of the Board, President and Managing Chairman of Mouvement des Caisses Desjardins, Canada's largest cooperative financial group. She has been a member of Michelin's Supervisory Board since 2015 and member of its Audit Committee since 2017. Monique Leroux is considered by the Supervisory Board as being an independent member because:

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

The Board examined Monique Leroux's candidature for re-election for a four-year term, taking into account:

- the pros and cons of re-electing her;
- her excellent understanding of the challenges facing the Group;
- the skills and experience she brings to the Board;
- her experience in the areas of accounting, finance and internal control;
- her availability, attendance rate and engagement at meetings of the Supervisory Board and the Audit Committee. In 2017, her attendance rate at Board and Audit Committee meetings was 100%;
- the fact that she is an independent member of the Board and has no conflicts of interest;
- her contribution to the complementary nature of the Board's membership.

In particular, the Board considered that Monique Leroux would continue to give the Group the benefit of her experience in two areas:

- the experience she acquired at Desjardins, one of the largest North American financial institutions, leading the bank's dynamic growth while making it as one of the strongest financial institution in the world;
- her participation in many international bodies, which gives her solid insight into the global markets.

On the recommendation of the Compensation and Appointments Committee, the Supervisory Board decided to recommend that Monique Leroux be re-elected for a further four-year term. She did not take part in the Board's discussion or vote. She was re-elected at the Annual Shareholders Meeting of May 18, 2018 by a majority of 89.32% of the votes cast.

Cyrille Poughon is currently France-Benelux Retail Market sales office manager at Manufacture Française des Pneumatiques Michelin.

He was first elected to the Supervisory Board in 2014 and despite his independent mindset and conspicuous participation in Supervisory Board meetings, the Board considered that he could not be qualified as independent because of the implicit requirement for him, as a Michelin employee, to demonstrate loyalty to the Group.

He nevertheless serves on the Supervisory Board with the same powers as the other members.

The Board examined Cyrill Poughon's candidature for re-election for a four-year term, taking into account:

- the pros and cons of re-electing him;
- the skills and experience he brings to the Board;
- his experience in the areas of accounting, finance and internal control;
- his availability, attendance rate and engagement at meetings of the Supervisory Board. In 2017, his attendance rate at Board meetings was 100%;
- his contribution to the complementary nature of the Board's membership.

The Board notably considered his international vision of labor relations and the Company, his understanding of the manufacturing sector and his deep familiarity with the Group's organization.

In addition, since 2015 he has been tasked with acting as a neutral observer of the Group's social dialogue processes in order to make an informed contribution to the Board's discussions on this issue. He has already visited some of the Group's largest plants worldwide and presented his observations to the Supervisory Board along with an overview of the challenges and opportunities. These presentations have been greatly appreciated by the Supervisory Board members.

On the recommendation of the Compensation and Appointments Committee, the Supervisory Board decided to recommend that Cyrille Poughon be re-elected for a further four-year term. He did not take part in the Board's discussion or vote. He was re-elected at the Annual Shareholders Meeting of May 18, 2018 by a majority of 99.45% of the votes cast.

To replace Pat Cox, who chose not to stand for re-election, 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 Thierry Le Hénaff for election.

Thierry Le Hénaff is Chairman and Managing Chairman of Arkema and a member of the Board of Directors of *École Polytechnique*'s Foundation. He began his career with Peat Marwick Consultants and subsequently held a variety of management positions, including that of Chairman and Managing Chairman of Bostik Findley, the company created through the merger of Total's and Elf Atochem's Adhesives divisions.

The Compensation and Appointments Committee considered that Thierry Le Hénaff would contribute to the Supervisory Board:

- his managerial experience within a major international group;
- his proven ability to support the transformation of an industrial group, while making it a global leader in its main activities;
- skills and experience that are complementary to those of other Board members;
- sufficient availability and involvement in the work of the Board and its Committees;
- an absence of conflicts of interest with the Company;
- a desire to actively participate in the work of the Supervisory Board.

The Supervisory Board considered that Thierry Le Hénaff qualified as an independent member because:

- he does not have any close family ties with either the Managing Chairman 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 decided to recommend that Thierry Le Hénaff be elected for a four-year term. He was elected at the Annual Shareholders Meeting of May 18, 2018 by a majority of 99.00% of the votes cast.

4.3.2 f) Preparing recommendations for re-electing Supervisory Board members and other resolutions to be presented at the 2019 Annual Shareholders Meeting

The Supervisory Board asked the Compensation and Appointments Committee to review the situation of members whose term was due to expire at the 2018 Annual Shareholders Meeting, and the Managing Chairman succession plan.

The Committee's procedures and recommendations are presented in the Supervisory Board's report on the resolutions to be submitted to the 2019 Annual Shareholders Meeting (see section 10.2 of this Registration Document

4.3.2 g) Activities of the Senior Independent Supervisory Board Member

Although, in a partnership limited by shares *(société en commandite par actions),* none of the Managers (who are equivalent to executive directors in a joint stock corporation) may also serve as Chairman of the Supervisory Board, the Board nevertheless decided in 2017 to appoint a Senior Independent Supervisory Board Member.

This role, given to an independent Board member, mainly covers the following responsibilities specified in the Board's internal rules:

- lead the group of independent Board members;
- organize and chair meetings of independent members (executive sessions);
- receive information about self-assessments of the Board's work;
- meet with the Chairman of the Board to inform him or her of all or some of the views or wishes expressed by the independent members during executive sessions;
- report on his or her activities to the Board.

Barbara Dalibard, Chair of the Compensation and Appointments Committee and independent Board member, has served as Senior Independent Supervisory Board Member since 2017.

In 2018, she organized and chaired two executive sessions, held without any Managers (equivalent to executive directors) being present. The main issues discussed during these executive sessions were as follows:

- membership of the Supervisory Board and its Committees;
- relations between the Supervisory Board and the Managers;
- role of the independent members.

In accordance with the Board's internal rules, at the meeting on February 11, 2019, Barbara Dalibard reported to the Supervisory Board on her activities during 2018. All the Board members expressed satisfaction with the way she had fulfilled her duties.

As in 2017, she was kept informed about the detailed aspects of the process for assessing the work of the Board and its Committees (see report on the results of this self-assessment in section 4.3.2 i) of this report).

4.3.2 h) Review of Supervisory Board members' independence and any conflicts of interest

The Supervisory Board has chosen to refer to all the criteria listed in the AFEP/MEDEF Code to assess its members' independence and obtain assurance that a majority of the members are independent and without any vested interests (*i.e.*, with no relationship of any kind whatsoever with the Company or its management which might risk coloring the member's judgment[(1)]).

The Supervisory Board's internal rules also explicitly stipulate that its members are required to inform the Board of any potential or existing conflict of interest and are banned from taking part in the discussion and vote on the matters concerned.

In the first phase, the Compensation and Appointments Committee checks that each Supervisory Board member has formally declared, in relation to the provisions and abstention obligations of the Board's internal rules, that:

- they have no close family ties with the Manager or their fellow Supervisory Board members;
- they have not, in the past five years, been (i) convicted of fraud, (ii) associated with a bankruptcy, receivership or liquidation, (iii) the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities or disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer;
- they do not have a service contract with the Company or any of its subsidiaries;
- they have not been selected to serve as a Supervisory Board member pursuant to any arrangement or agreement with a principal shareholder, customer, supplier or other stakeholder;
- to the best of their knowledge, there are no restrictions on the disposal within a certain period of time of their Michelin shares, except for those resulting from insider dealing rules;
- to the best of their knowledge, there are no conflicts of interest between their obligations towards the Company in their capacity as Supervisory Board member and their personal interests and/or other obligations.

Where applicable, the Committee also checks any notifications given to the Board by its members.

In the second phase, to complete the earlier statements and observations, the Committee:

- checks that none of the Board members had been an auditor of the Company during the past five years;
- reviews the period served on the Board by members since they were first elected, in particular for members who have served on the Board for 12 or more years;
- checks that no Board member has received any variable compensation in cash or shares or any other performance-based compensation from the Company or the Group.

In addition, the Committee examines whether any Board member:

- is or has been in the past five years an employee or executive officer of the Company, or an employee or executive director of its parent or a company that the latter consolidates;
- is an executive director of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive director of the Company (currently in office or having held such office for less than five years) is a director;
- is a customer, supplier, investment banker or commercial banker:
  - that is material to the Company or the Group, or
  - that depends on the Company or the Group for a significant part of its business.

In the third phase, the Committee reviews the situation of Board members who may personally conduct significant amounts of business with the Company or be involved with undertakings that may maintain significant business relations with the Company.

In each case, the Committee starts by examining the nature of the Board member's duties in the undertaking concerned, particularly whether they hold a non-executive position such as member of the Board of Directors or Supervisory Board, whether they are qualified as independent by that undertaking and whether they share any cross-directorships with an executive officer of the Company.

Where a Board member holds an executive or management position, the Committee examines the nature and scope of the member's duties and, if the undertaking is a material competitor, customer or supplier of the Company, assesses whether the position may give rise to a conflict of interest between that undertaking and the Company.

When considered necessary, the Committee then analyses individual situations based on (i) the type of relationship that exists between the Company and the undertaking concerned and (ii) the amounts represented by financial transactions between the Company and the undertaking, applying different materiality thresholds depending on the type of relationship (revenues in relation to consolidated revenues, purchase volumes, etc.).

(1) *When the Compensation and Appointments Committee assesses the independence of one of its members, that member does not take part in the Committee's discussion and analysis of his or her situation nor in the Supervisory Board's decision regarding his or her independence.*

The Compensation and Appointments Committee conducted an independence review in early 2019. Its conclusions were presented to the Supervisory Board, which discussed and then adopted them. The review process can be summarized as follows:

The Committee examined the situation of **Anne-Sophie de La Bigne** in light of her position with Airbus as Vice President in charge of Civil Affairs in the Public Affairs Division France. The Committee noted that (i) Ms. de La Bigne does not hold an executive position at Airbus with responsibility for purchasing or selling products or services and (ii) her area of responsibility is limited to France.

The Committee nevertheless decided to examine the volume of business conducted between Michelin and the Airbus, as some of the latter's subsidiaries purchase products and/or services from Michelin.

Due to the structure of the aerospace markets served by Michelin and the companies operating in these markets, the Committee examined the revenues earned by Michelin in 2018 from the sale of products and services not only to Airbus companies but also to these companies' customers that own or lease aircraft. The sales figure was then compared to Michelin's consolidated sales for 2018.

The comparison showed that the sales in question represented a very limited part of the Group's consolidated sales for the year.

Consequently, the Committee proposed considering that Anne-Sophie de La Bigne's indirect business relationship with Michelin by virtue of her position with the Airbus was not material.

The Committee also examined the business relationship between Michelin and the Capgemini group, whose Asia-Pacific and Latin America regions have been headed by **Aruna Jayanthi** since 2018.

Transactions between the Capgemini group and Michelin represent only a very small proportion of Michelin's purchases, and their contribution to Capgemini's revenue is not material.

Consequently, the Committee proposed considering that Aruna Jayanthi's indirect business relationship with Michelin by virtue of her position with the Capgemini group was not material.

In addition, the Committee examined the business relationship between Michelin and Arkema, whose Chairman and Managing Chairman, **Thierry Le Hénaff,** was elected as a member of the Michelin Supervisory Board in 2018.

Transactions between Arkema and Michelin represent only a very small proportion of Michelin's purchases and their contribution to Arkema's revenue is not material.

Consequently, the Committee proposed considering that Thierry Le Hénaff's indirect business relationship with Michelin by virtue of his position with Arkema was not material.

Cyrille Poughon, is an employee of Manufacture Française des Pneumatiques Michelin, one of the Group's largest operating companies and its largest French subsidiary. Despite his independent mindset and conspicuous participation in Supervisory Board meetings, the Board considered that Mr. Poughon could not be qualified as independent because of the implicit requirement for him, as a Michelin employee, to demonstrate loyalty to the Group.

The Compensation and Appointments Committee decided that, to avoid any ambiguity and in the Company's interests, the Chairman of the Supervisory Board, **Michel Rollier,** Chairman of the Supervisory Board of Somfy SA, should continue to be qualified as a non-independent member of the Supervisory Board, despite the fact that he stepped down from his executive position at Michelin more than five years ago (at the Shareholders Meeting of May 11, 2012). Michel Rollier, who is a member of the Committee, did not take part in the discussion of his situation and was not involved in determining the Committee's conclusions.

Having reviewed the Compensation and Appointments Committee's analyses, the Supervisory Board decided that all of its members, with the exception of Cyrille Poughon and Michel Rollier, are independent based on the criteria in the AFEP/MEDEF Code. These independent members represent just under 78% of total Supervisory Board members, a significantly higher proportion than that recommended in the AFEP/MEDEF Code, which states that half of the Board members of widely-held corporations without controlling shareholders should be independent.

4.3.2 i) Assessment of the Supervisory Board's practices

In 2018, the assessment was performed by the Chairman of the Supervisory Board and consisted of interviewing each Board member individually based on a questionnaire that they had received beforehand.

In addition, with the agreement of the Chair of the Compensation and Appointments Committee, each Board member's personal contribution was assessed by a firm of consultants, based on individual interviews.

The self-assessment concerned the following matters:

- the Board's role and organization;
- the choice of topics addressed and the time allocated to them;
- governance;
- the Board's overall qualifications;
- the quality and quantity of information received;
- performance management;
- the Committees' practices.

As is the case every year, an exchange of views and a discussion of Board practices among its members was included on the agenda of the February 11, 2019 Supervisory Board meeting.

The self-assessment confirmed the Board members' high level of satisfaction, which was on par with that of previous years.

In particular, members appreciated the quality of the presentations made to the Board, and their very frank and open discussions with Group management.

The areas for improvement suggested by members concerned their desire to better understand the Group's corporate social responsibility and environmental challenges, as well as the processes deployed to identify key executives who have the potential to join the executive management team.

4.3.2 j) Implementation of the "comply or explain" rule

In accordance with Article L. 225-68 of the French Commercial Code and paragraph 27.1 of the AFEP/MEDEF Code and the corresponding implementation guidance, the Supervisory Board considers that it complies with the recommendations of the AFEP/MEDEF Code, as adapted to the Company's structure as a French partnership limited by shares (S.C.A.), which was adopted at the time of its formation in 1863, except as explained below:

AFEP/MEDEF Code recommendation	Explanation
Material transactions outside the scope of the firm's stated strategy should be subject to prior approval by the Board of Directors (Recommendation 1.9, first and second bullet points)	This recommendation in Article 1.9 of the AFEP/MEDEF Code (first and second bullet points) is not directly applicable because of the Company's legal form as a partnership limited by shares. With this type of partnership, the Managing General Partners have unlimited personal liability and their powers are completely separate from those of the Supervisory Board, with the result that the Supervisory Board has no authority to become involved in managing the Company. However, to (i) ensure that the Supervisory Board exercises effective oversight of the Company's management and (ii) adhere to the spirit of the AFEP/MEDEF recommendation, since 2011 the Company has amended its Bylaws(1), as well as the Supervisory Board's internal rules. Pursuant to the internal rules, the Managing Chairman must submit to the Supervisory Board details of any planned capital projects, new commitments, asset disposals or business acquisitions representing material amounts and any other investment projects (*i.e.*, other than business acquisitions) in excess of €100 million, before any final decision is made. This means that the Supervisory Board is automatically consulted about all projects that are material for the Group. Moreover, as it expresses an opinion on such projects, it is clearly able to report to shareholders thereon if appropriate. This approach complies with the spirit and aims of the recommendation.
Appointment to the Compensation Committee of a Director representing employees (Recommendation 17.1)	The Company chose to recommend that employees should be represented on the Supervisory Board and an employee of a Group company – Cyrille Poughon – was elected to the Supervisory Board at the 2014 Annual Shareholders Meeting, then re-elected at the 2018 Annual Shareholders Meeting by a majority of 99.45% of the votes cast. However, the Compensation and Appointments Committee, which determines executive compensation, does not include any member representing employees. The Company is a holding company and does not have any employees. The Supervisory Board therefore decided to postpone its review of the basis for (i) appointing an employee to sit on the Compensation and Appointments Committee and (ii) appointing additional Group employees to the Board until the final terms of the law on employee representation on company boards are known ("Pacte" bill).
Termination of employment contract in the event of becoming a company officer (Recommendation 21)	Due to their status and specific responsibilities, under the long-standing compensation policy applied to Managing General Partners, these partners cease to be covered by any employment contract that may have existed between them and a Group company prior to becoming Managing General Partner. This rule applies even if they have acquired considerable seniority with the Group. Besides, certain features of the Manager team in place since the 2018 Annual Shareholders Meeting and Yves Chapot's mandate as General Manager justify suspending Mr. Chapot's pre-existing employment contract with a Michelin Group company: ▶ Yves Chapot is not the most senior Manager; he reports to the Managing Chairman who, according to the Company's Bylaws, defines the Managers' areas of responsibility and any restrictions on their powers, as well as setting their annual objectives; ▶ the position of General Manager is therefore similar to that of a Chief Operating Officer or a member of the Management Board of a joint stock corporation. The AFEP/MEDEF Code does not recommend suspending these executives' employment contracts; ▶ Yves Chapot has acquired considerable seniority, having worked for the Michelin Group without interruption for over 26 years (since 1992); ▶ if Yves Chapot were to cease to be a Manager, any compensation for loss of office or non-compete benefit due to him would be reduced or cancelled if necessary so that the total amount payable – including the termination benefit in respect of his suspended employment contract – did not exceed his final two years' total compensation.
Payment of a non-compete benefit upon retirement or upon reaching the age of 65 (Recommendation 23.4)	In the same way as Michelin employees who have specific expertise that needs to be protected to prevent its use by a competitor in a manner that is detrimental to the Company's interests, each Manager is subject to a non-compete clause(2). In the June 2018 version of the AFEP/MEDEF Code, the recommendation concerning payment of a non-compete benefit has been modified to include the following stipulations: "(...) no non-compete benefit to be paid once the officer claims his or her pension rights" and "In any event, no benefit can be paid over the age of 65". Jean-Dominique Senard, Managing Chairman, turned 65 in 2018 and will be eligible to claim pension rights in 2019. In addition, his term will expire at the close of the Annual Shareholders Meeting to be called in 2019 to approve the 2018 financial statements. Under the Group's 2019 compensation policy, application of the non-compete clause to Jean-Dominique Senard will be waived and no benefit will be due to him. This decision complies with the new recommendation set out above. Florent Menegaux is 57 and was appointed as Manager at the 2018 Annual Shareholders Meeting. Under the 2019 compensation policy, the terms of his non-compete clause would be modified this year so that no non-compete benefit would be paid once had he claimed his pension rights or turns 65. Yves Chapot is 56 and was appointed as Manager at the 2018 Annual Shareholders Meeting. Under the 2019 compensation policy, the terms of his non-compete clause would be modified this year so that no non-compete benefit would be paid once had he claimed his pension rights or turns 65.

(1) Article 17 of the Bylaws states that "(...) The Supervisory Board is jointly and regularly informed about the Company's situation and the key issues listed in the Supervisory Board's internal rules. The Supervisory Board reports to the Shareholders Meeting on the fulfillment of its duties (...)".
(2) Please refer to sections 4.4.1 a) 7 and 4.4.2 m).

Provisions of the French Commercial Code	Explanation
Diversity policy (L. 225-37-4-6)	The Supervisory Board's diversity policy is described in section 4.3.2 b) above. The Company does not have any employees and the disclosures required by Article L. 225-37-4-6 of the French Commercial Code are therefore not applicable.

4.3.2 k) Audit Committee

/ Members

The Audit Committee has at least three members appointed for their full term as Supervisory Board members. At least two-thirds of the members must be independent. Since January 2018 the Audit Committee has comprised the following members:

- Olivier Bazil, independent member and Committee Chairman.

  Olivier Bazil was born in 1946 and is a French national. He is a Director of Legrand[(1)] and a member of Legrand's Strategy and Social Responsibility Committee and Nominating and Governance Committee. In 2017, he was also a Director of Vallourec[(1)], Chairman of Vallourec's Audit Committee and a member of its Strategy Committee.

  He has spent his entire career with Legrand[(1)], which he joined in 1973 as Deputy Company Secretary before going on to become Chief Financial Officer (1979), a Director (1989), Deputy Managing Chairman and a member of the Executive Committee (1994), and then Vice Chairman of the Board of Directors and Chief Operating Officer.

  Mr. Bazil is a graduate of HEC and holds an MBA from Harvard Business School.

- Jean-Pierre Duprieu, independent member.

  Jean-Pierre Duprieu was born in 1952 and is a French national. He is an independent Director of Korian[(1)] and Chairman of the Compensation and Appointments Committee, as well as member of the Audit Committee. He is the former Executive Vice President of the Air Liquide group[(1)] and from 2010 was in charge of supervising the group's European and Healthcare activities, as well as corporate functions, including information systems and Efficiency/Purchasing programs.

- Anne-Sophie de La Bigne, independent member.

  Anne-Sophie de La Bigne was born in 1960 and is a French national. Since 2008, she has been Vice President in charge of Civil Affairs in the Public Affairs Division, France, at Airbus[(1)].

  She began her career in 1983 as a financial controller with the Matra group before joining the Strategy & Business Development Department of the Lagardère group, where she worked from 1985 to 1999. She subsequently became Head of the Strategic Analysis Department at Aerospatiale Matra/EADS, a position she held until 2001.

  Between 2001 and 2006, she served as Vice President, Strategy and European Affairs, at Groupement des Industries Françaises Aéronautiques et Spatiales (GIFAS) and from 2006 to 2007, she was responsible for international corporate relations in the EADS[(1)] Public Affairs Division.

- Monique Leroux, independent member.

  Monique Leroux was born in 1954 and is a Canadian national. She is currently Chair of the Board of Invest Quebec and Chair of the Quebec Government's Advisory Committee on the Economy and Innovation. From 2008 to 2016, she was Chair of the Board, President and Managing Chairman of Mouvement des Caisses Desjardins, Canada's largest cooperative financial group. She has been a member of the Board of Directors of the International Cooperative Alliance since 2013, serving as its President from 2015 to 2017. In 2017, she was appointed by Canada's Prime Minister as a member of the Canada-United States Council for Advancement of Women Entrepreneurs and Business Leaders. She is also Chair of the Board of Governors of the Society for the Celebration of Montreal's 375th Anniversary. She sits on the Board of Directors of Bell (BCE), Couche-Tard (ATD), Michelin (ML-France) and S&P Global (United States), and is a Strategic Advisor to Fiera Capital.

  Monique Leroux is a Companion of the Canadian Business and Investment Industry Halls of Fame, member of the Order of Canada, Officer of the *Ordre national du Québec*, a *Chevalier* of the *Légion d'honneur* (France) and a recipient of the Woodrow Wilson Award (United States). She has been inducted as a Fellow of the Order of Certified Public Accountants and Fellow of the Institute of Corporate Directors, and holds honorary doctorates from eight Canadian universities.

- Cyrille Poughon, non-independent member (non-executive).

  Cyrille Poughon is currently France-Benelux Retail Market sales office manager at Manufacture Française des Pneumatiques Michelin. He began his career with the Michelin Group in 1996 and has held a variety of positions in sales and logistics. He served as Secretary of Michelin's European Works Council until 2014. In 2015, he followed the "Certified Corporate Director" training program organized by Sciences-Po and *Institut Français des Administrateurs.*

All of the Audit Committee's members have financial or accounting skills and, due to the extensive experience acquired during their careers, notably as part of the executive management and strategic advisory teams of large corporations, Anne-Sophie de La Bigne, Monique Leroux, Olivier Bazil, Jean-Pierre Duprieu and Thierry Le Hénaff have a deep understanding of financial and accounting matters.

/ Role and responsibilities

The main provisions of the Audit Committee's internal rules are outlined below.

The Audit Committee assists the Supervisory Board in fulfilling its oversight role. It operates as a specialized committee tasked with addressing issues related to the preparation and control of accounting and financial information in accordance with Articles L. 823-19 and L. 823-20-4 of the French Commercial Code.

The Audit Committee's role includes:

- reviewing the annual and interim financial statements, as approved by the Managing Chairman and audited by the Statutory Auditors, as well as the quarterly financial information;
- obtaining assurance that the Group's accounting methods and policies are appropriate and are applied consistently, and overseeing the quality of information given to the shareholders;
- reviewing off-balance sheet commitments;
- assessing the effectiveness of internal control and risk management systems;

(1) *Listed company.*

- reviewing all of the Group's risks, assessing the effectiveness of measures taken to control these risks and examining their accounting treatment and the related disclosures in the Group's communications;
- reviewing the Statutory Auditors' annual audit programs;
- reviewing the Quality, Audit and Risk Management Department's internal audit programs and recommending internal audits of specific financial risks;
- verifying the Statutory Auditor' independence and objectivity and expressing an opinion about their appointment or re-appointment.

/ Committee practices

The Committee's work program and meeting schedule are decided by the Supervisory Board, in agreement with management.

In view of the distance they may have to travel to attend meetings and the other business commitments not only of the Supervisory Board and Audit Committee members but also of the members of Executive Management, the Audit Committee conducts its formal review of the financial statements half a day before they are examined by the Supervisory Board.

However, to enable the Committee to perform its work as efficiently as possible:

- the documents concerning the financial statements are made available to the Committee members several days in advance;
- the Chairman of the Audit Committee meets with the Group's Chief Financial Officer in advance to review the financial statements and prepare the Committee's meeting.

This process ensures that the discussion of the financial statements by the Committee and the Board is both efficient and of a high quality, in accordance with the recommendations in the AFEP/MEDEF Code on the organization of the Audit Committees' work.

The Committee may also call on the services of independent experts. In addition, the Committee meets with the Statutory Auditors once a year without any members of management being present.

The Committee chooses the location of its meetings and may decide to conduct meetings by videoconference.

The Committee's Chairman reports on the Committee's work to the Supervisory Board several times a year.

The Audit Committee monitors issues relating to the preparation and control of accounting and financial information, in accordance with Articles L. 823-19 and L. 823-20-4 of the French Commercial Code.

The Committee met four times in 2018 – on February 8, April 24, July 23 and November 23 – with a 95.0% attendance rate.

/ Activities

During its meetings, the Audit Committee made inquiries of:

- the Group Health Coordination Director;
- the Chief Financial Officer;
- the Legal Affairs Director;
- the Deputy Chief Financial Officer;
- the Senior Vice President, Accounting;
- the Senior Vice President, Corporate Development;
- the Senior Vice President, Group Investment Portfolio;
- the Senior Vice President, Group Internal Control;
- the Executive Vice President, Audit, Quality, Internal Control and Risk Management;
- the Group Tax Affairs Director;
- the Group Budget Controller;
- the Executive Vice President, Corporate Information Systems;
- the OPE program Director;
- both Statutory Auditors.

The main purpose of the meetings held in 2018 was to review:

- the audited parent company and consolidated financial statements for the year ended December 31, 2017, and the parent company projections prepared in accordance with French law. The Committee focused on reviewing the treatment of recently acquired businesses in the consolidated financial statements, the cash-settled convertible bond issues, the creation of a retail joint venture, and 2017 key figures and non-recurring events. It noted that the audit of the accounts had gone smoothly. The Statutory Auditors reported to the Committee on their audit, noting that they would be issuing an unqualified opinion, without any emphasis of matter, on both the separate and consolidated financial statements. They also submitted their written report to the Audit Committee;
- the interim consolidated financial statements for the six months ended June 30, 2018 and the information on the parent company projections prepared in accordance with French law. The Committee performed a detailed review of the Group's results for the first half of 2018 and discussed with the Statutory Auditors the nature and conclusions of their work. The Statutory Auditors reported to the Committee on their limited review of the interim financial statements for the six months ended June 30, 2018. Their limited review report did not contain any qualifications or emphasis of matter;
- Investment projects. The Executive Vice President, Corporate Development and the Senior Vice President, Group Investment Portfolio described the project management process and presented an analysis of the results of major capital projects, as well as the related return on investment;
- the organization of information and risk management systems. The Executive Vice President, Corporate Information Systems presented the current situation of the information systems units and the risks associated with information systems activities;
- risk management processes and the internal audit program. The Executive Vice President, Audit, Quality, Internal Control and Risk Management, the Senior Vice President, Audit and the Senior Vice President, Risk Management presented the overall internal control process, the self assessments and audits carried out since the last presentation and the progress made in implementing related action plans;
- execution of the OPE Business Process Management System program. The program director outlined the various phases of the program, its deployment status and the related budget;
- the new organization's reporting and management processes. The Executive Vice President, Accounting described how IAS 8 was being applied to the new organization and the Group Budget Controller outlined the consequences of the new organization for the Group's budget management;
- the Group competitiveness plan. The Group Budget Controller and the Manufacturing Division Business Partner Controller presented an analysis of the Group's competitiveness, particularly in terms of production costs;
- the subsidiary control structure project. The Group Tax Affairs Director outlined the project, which aims to simplify the Group's legal organization chart;
- legal risk management. The Legal Affairs Director presented the legal risk management policy, the organization of the management process and the awareness-raising and training initiatives launched by the department;

- impact of new IFRS accounting standards. The Deputy Chief Financial Officer and the Senior Vice President, Accounting presented the two new standards (IFRS 16 and IFRS 23) and commented on the work needed for their application by the Group.

The Chairman of the Audit Committee reported to the Supervisory Board on the Committee's work on February 9, April 25, July 23, and December 3, 2018.

4.3.2 l) Compensation and Appointments Committee

/ Members

The Compensation and Appointments Committee has at least three members, appointed for their full term as Supervisory Board members. The Chairman and a majority of the members must be qualified as independent.

The current members of the Compensation and Appointments Committee are[1]:

- Barbara Dalibard, an independent member of the Supervisory Board since her election, Chair of the Committee since October 2015 and Senior Independent Member of the Supervisory Board since May 2017. Barbara Dalibard was born in 1958 and is a French national. She is currently Managing Chairman of SITA. Her previous positions included Managing Chairman of SNCF Voyageurs, member of the France Telecom group Management Committee in charge of enterprise communication solutions, and various management positions within France Telecom and the Alcatel group;
- Aruna Jayanthi, an independent member of the Supervisory Board since her election. Aruna Jayanthi was born in 1962 and is an Indian national. Since 2018, she has been Managing Director, Asia Pacific and Latin America Business Unit at Capgemini. She was previously Managing Chairman of a Business Services Unit providing BPO and Platform (integrated technology and operations) services (Capgemini & IGATE). From 2011 until the end of 2015, Aruna Jayanthi was Managing Chairman of Capgemini India, responsible for overseeing all of the Capgemini group's operations in India, covering Consulting, Technology and Outsourcing Services provided by some 50,000 employees;
- Anne-Sophie de La Bigne, an independent member of the Supervisory Board and member of the Audit Committee. Anne-Sophie de La Bigne was born in 1960 and is a French national. Since 2008, she has been Vice President in charge of Civil Affairs in the Public Affairs Division, France, at Airbus[2].

  Anne-Sophie de La Bigne began her career in 1983 as a financial controller with the Matra group before joining the Strategy & Business Development Department of the Lagardère group, where she worked from 1985 to 1999.

  She subsequently became Head of the Strategic Analysis Department at Aerospatiale Matra/EADS, a position she held until 2001.

  Between 2001 and 2006, she served as Vice President, Strategy and European Affairs, at Groupement des Industries Françaises Aéronautiques et Spatiales (GIFAS) and, from 2006 to 2007, she was responsible for international corporate relations in the EADS' Public Affairs Division;
- Michel Rollier, a non-executive non-independent member. Michel Rollier was born in 1944 and is a French national. He is Chairman of the Supervisory Board and is also Chairman of the Supervisory Board of Somfy SA[2]. He began his career at Aussedat-Rey (part of the International Paper group) in 1971, initially occupying the post of Financial Controller before going on to head up a business unit. He then held the position of Chief Financial Officer between 1987 and 1994 and subsequently Deputy Managing Chairman from 1994 to 1996. He joined Michelin in 1996 as Vice President, Financial & Legal Affairs and then served as Chief Financial Officer and a member of the Executive Council from 1999 to 2005. He was elected Managing General Partner by the Shareholders Meeting of May 20, 2005, serving alongside Édouard Michelin until Mr. Michelin's tragic death in 2006. Mr. Rollier stepped down as Managing General Partner in May 2011.

The Company chose to recommend that employees should be represented on the Supervisory Board and an employee of a Group company – Cyrille Poughon – was elected to the Supervisory Board at the 2014 Annual Shareholders Meeting, then re-elected at the 2018 Annual Shareholders Meeting by a majority of 99.45% of the votes cast.

The Company is a holding company and does not have any employees. The Supervisory Board therefore decided to postpone its review of the basis for (i) appointing an employee to sit on the Compensation and Appointments Committee and (ii) appointing additional Group employees to the Board until the final terms of the law on employee representation on company boards are known ("Pacte" bill).

This exception to the full application of the AFEP/MEDEF Code's recommendations is mentioned in the table in section 4.3.2 j) prepared in accordance with the "comply or explain" rule.

The main provisions of the Compensation and Appointments Committee's internal rules are outlined below.

/ Role and responsibilities

The Committee's role encompasses:

- senior management compensation policy, including the criteria used to determine:
  - fixed and variable compensation paid to members of the Executive Committee,
  - variable compensation paid to other senior executives;
- the stock option and performance share allocation policy;
- senior management appointments policy; senior management career and succession plans;
- the policy concerning the appointment of Managers, including career and succession plans, developed jointly with the Non-Managing General Partner (SAGES) in line with the Company's Bylaws.

Concerning the specific issue of the compensation paid to the Managers, in light of the legal provisions specifically applicable to partnerships limited by shares and the provisions of the Bylaws, the Committee makes proposals to the Supervisory Board about the various components of the Managers' packages which currently include (i) variable compensation that depends on one or several performance criteria and (ii) fixed compensation paid by a subsidiary in respect of their duties within the subsidiary.

The Committee's proposals help the Supervisory Board to formulate recommendations to the Non-Managing General Partner about the different components of the variable compensation payable to the Managers.

The Committee also reviews all amounts and benefits due, awarded or to be awarded to the Managers for the previous year by Group companies.

(1) Pat Cox, member of the Supervisory Board until his term expired at the close of the Annual Shareholders Meeting of May 18, 2018, participated in the Committee's work up to that date.
(2) Listed company.

As part of the review, the Committee particularly verifies that the amounts paid or awarded to the Managers are proportionate and consistent in terms of (i) the Company's performance and (ii) industry and market practice.

The Committee also ensures that the components of the Managers' compensation are balanced, by (i) assessing the components of their variable compensation calculated over one year and several years, and (ii) ensuring that their variable compensation never exceeds a reasonable percentage of their fixed compensation.

In assessing the level of the Managers' variable compensation, the Committee considers (i) the inherent variability of the Company's profits, (ii) projected future profits and (iii) in the case of Managing General Partners, the fact that they are in an unusual situation to the extent that they have unlimited joint and personal liability for the Company's debts.

In addition to working on this review process and issuing the corresponding recommendations for the Board, the Committee prepares and submits to the Board and the Non-Managing General Partner its conclusions on the components of the compensation due or paid by the Company to the Managers for the previous year, in order to help the Board prepare its report to the Annual Shareholders Meeting for the advisory vote on the Managers' compensation.

/ Committee practices

The Committee chooses the location of its meetings and may decide to conduct meetings by videoconference.

The Committee's Chairman reports on the Committee's work to the Supervisory Board several times a year.

The Compensation and Appointments Committee may invite the Executive Vice President, Personnel or any internal or external expert to attend its meetings, depending on the agenda items.

Meetings of the Committee are attended by the Managing Chairman, except when his compensation or succession plan, or the succession plans of the Supervisory Board members, are being discussed, in accordance with AFEP/MEDEF Code recommendation 17.1[(1)].

/ Activities

The Committee met four times in 2018 – on January 29, April 25, May 4 and October 8 – with a 100% attendance rate.

The Committee's work mainly consisted in reviewing the following issues:

Review of the Managers' compensation

In early 2018, the Committee analyzed and submitted to the Board its conclusions about the achievement rates for the performance criteria used to determine the variable compensation due or awarded by the Company to the Managing Chairman for 2017, so that the Board could submit its own conclusions to the Non-Managing General Partner (SAGES) for approval.

This compensation was presented at the Annual Shareholders Meeting of May 18, 2018 and was approved by a majority of 92.76% of the votes cast (6th resolution).

The Compensation and Appointments Committee also proposed the components of the Managers' 2018 variable compensation for approval by the Non-Managing General Partner.

In early 2019, the Committee analyzed the various components of the Managers' compensation and noted the achievement rates for the applicable performance criteria.

With the agreement of the Non-Managing General Partner, the Board prepared and recommended the components to be submitted to the Annual Shareholders Meeting of May 17, 2019 ("say on pay" advisory vote on the compensation due or awarded to the Managers for 2018)[(2)].

The Committee also made recommendations to the Supervisory Board concerning the compensation policy to be applied to the Managers in 2019 that was prepared by the Board with the General Partners[(3)].

Compensation of the Chairman of the Supervisory Board

Based on the Committee's recommendation, the Supervisory Board examined the compensation awarded to its Chairman and prepared and recommended the components of his compensation to be submitted to the Annual Shareholders Meeting of May 18, 2018. The "say-on-pay" advisory vote on the compensation due or awarded to the Chairman of the Supervisory Board for 2017 (7th resolution) was approved by a majority of 99.45% of the votes cast.

The Supervisory Board examined the compensation awarded to its Chairman and prepared and recommended the components to be submitted to the Annual Shareholders Meeting of May 17, 2019 for the 2018 financial year[(4)].

Supervisory Board members' independence and any conflicts of interest

The Committee performed its annual review of the Supervisory Board members' independence, by examining in particular whether there were any business relationships between the members and Michelin that could be qualified as material[(5)].

Manager and executive management succession plan

The Compensation and Appointments Committee of the Supervisory Board periodically reviews the succession plans and career plans of the Group's executive management team, Managers and current or potential future members of the Executive Committee, in order to ensure a smooth succession to these positions when the time comes or to deal with any crisis situation. The review is also designed to enable the Committee to express an opinion on proposed candidates to succeed Managers to be submitted for approval at the Annual Shareholders Meeting.

To the above ends, for several years now the Compensation and Appointments Committee, led by its Chair who is also the Senior Independent Supervisory Board Member, has analyzed the performance appraisals of key executives prepared by management with the assistance of an independent firm of consultants. The Committee has held very instructive discussions with these consultants that have enabled it to appreciate the quality of their work.

(1) This rule also results from the legal ban on a General Partner becoming involved in appointing the members of the Supervisory Board of a partnership limited by shares (see Article L. 226-4, paragraph 3 of the French Commercial Code, the Company's Bylaws and the Supervisory Board's internal rules, as well as the detailed explanations provided in section 10.2 of the 2016 Registration Document concerning the resolutions presented at the Annual Shareholders Meeting of May 19, 2017).

(2) See detailed description in sections 4.4.2 to 4.4.8 of this Registration Document.

(3) See detailed description in section 4.4.1 a) of this Registration Document.

(4) See detailed description in sections 4.4.9 and 4.4.10 of this Registration Document.

(5) See the detailed description in section 4.3.2 h) of this report.

After working actively in 2017 to prepare the appointments linked to the early-2018 deployment of the Group's new organization[1], during 2018 the Compensation and Appointments Committee focused on adapting the Group's new internal management structures and selecting their members, based on the plans submitted to the Committee by the Managing Chairman and by the two new Managers.

In addition, following the work performed in 2017 to plan the Managing Chairman's succession[2] and in accordance with the Company's Bylaws, at the Company's Supervisory Board meeting on February 9, 2018, SAGES proposed that two candidates should be put forward for election as Managers: Florent Menegaux as Managing General Partner and Yves Chapot as Manager.

On the recommendation of the Compensation and Appointments Committee, the Supervisory Board issued a unanimous opinion in favor of SAGES' proposal, which was also approved by Jean-Dominique Senard in his capacity as General Partner[3].

The Supervisory Board considered that the two candidates had considerable strengths, including:

- their respective experience;
- their deep knowledge of the Group's businesses;
- their involvement in the transformation of the Group's current organization;
- their complementary career paths and their essential skills in managing the large-scale change that will be necessary to support the Group's growth;
- the guarantee of management continuity and permanence.

These candidates were subsequently proposed for election at the Annual Shareholders Meeting of May 18, 2018, which elected them for four years.

- Florent Menegaux was elected as Managing General Partner by a majority of 99.70% of the votes cast (13th resolution);
- Yves Chapot was elected as Manager by a majority of 99.51% of the votes cast (12th resolution)[4].

In line with the Company's Bylaws, after consulting the Supervisory Board, SAGES decided on May 18, 2018 to appoint Jean-Dominique Senard as Managing Chairman for the remainder of his term as Manager, expiring at the close of the Annual Shareholders Meeting to be called to approve the 2018 financial statements. After that Meeting, the only other Managing General Partner elected by the Annual Shareholders Meeting of May 18, 2018, will take over from Jean-Dominique Senard as Managing Chairman.

Recommendations concerning the re-election of Supervisory Board members at the Annual Shareholders Meetings of May 18, 2018 and May 17, 2019

At the Supervisory Board's request, the Committee reviewed the proposed re-election of Supervisory Board members.

The Committee's work and its recommendations to the Supervisory Board are described in detail in section 10.2.1 of the 2017 Registration Document for the re-elections/elections proposed at the Annual Shareholders Meeting of May 18, 2018 and in the Supervisory Board's report on the proposed resolutions (see section 10.2.1 of this Registration Document) for the re-elections to be proposed at the Annual Shareholders Meeting of May 17, 2019.

Variable compensation policy

As in prior years, the Committee reviewed the Company's variable compensation and performance share policies, as well as changes to these policies.

(1) See detailed description in section 4.3.2 k) of the 2017 Registration Document.
(2) See detailed description in sections 4.3.2 k) and 10.2.2 of the 2017 Registration Document.
(3) See the press release published on February 9, 2018.
(4) Biographical details for each of these candidates are provided in the Managing Chairman's report on the respective resolutions submitted to the May 2018 Annual Shareholders Meeting (see section 10.1.1 of the 2017 Registration Document and the Notice of Meeting).

4.4 MANAGEMENT AND SUPERVISORY BOARD COMPENSATION

4.4.1 2019 COMPENSATION POLICIES APPLICABLE TO THE MANAGERS AND THE CHAIRMAN OF THE SUPERVISORY BOARD

4.4.1 a) Compensation policy: Managers

Articles L. 225-37-2 and L. 225-82-2 of the French Commercial Code, as updated to reflect the provisions of the "Sapin 2" Act (Act 2016-1691 dated December 9, 2016), concerning shareholder approval of (i) the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the compensation and benefits of executive and non-executive non-independent directors (*ex ante* approval) and (ii) the components of the compensation paid or awarded to said directors pursuant to these principles (*ex post* approval) are not applicable to partnerships limited by shares by virtue of Article L. 226-1 of said Code.

However, in line with its commitment to apply corporate governance best practices, fulfill shareholders' expectations and continue to comply with the explicit recommendation in the AFEP/MEDEF Code that partnerships limited by shares should apply "the same compensation rules as those applicable to joint stock corporations, subject only to any differences justified by the specific features of this legal form, particularly those relating to the status of Managing General Partner" (Article 24.1.3), the Supervisory Board and the General Partners have decided to disclose the principles and criteria applied to determine, allocate and award the components of the Managers' compensation for 2019. The Supervisory Board and the Managing Chairman also submit a resolution to the Annual Shareholders Meeting giving shareholders the opportunity to issue an advisory vote on the compensation paid or awarded to each Manager, in line with the AFEP/MEDEF Code recommendation[1] which provides for a mandatory shareholder vote (see the information and resolution presented in section 10.1.1 of this Registration Document and in the Notice of Meeting for the May 17, 2019 Annual Shareholders Meeting).

/ 2019, a transition year

In connection with the transition announced by the Company on February 9, 2018:

- Florent Menegaux was elected as Managing General Partner by the Annual Shareholders Meeting of May 18, 2018 by a majority of 99.70% of the votes cast;
- Yves Chapot was elected as Manager by the Annual Shareholders Meeting of May 18, 2018 by a majority of 99.51% of the votes cast.

Similar to 2018, the 2019 compensation policy will be applied to three Managers during only part of the year, because once Jean-Dominique Senard steps down from his position as Managing Chairman at the close of the Annual Shareholders Meeting of May 17, 2019 called to approve the 2018 financial statements, the Company will have only two Managers:

- Florent Menegaux who, as sole Managing General Partner, will succeed Jean-Dominique Senard as Managing Chairman in accordance with the Company's Bylaws;
- Yves Chapot, Manager.

For the preparation of the 2019 compensation policy for Jean-Dominique Senard, the components of his compensation were prorated based on the period that he will serve as Managing Chairman in 2019 and his compensation was also reduced to take into the account the fact that, during a short period, he will combine the positions of Managing Chairman of Michelin and Chairman of the Board of Directors of Renault. Apart from the adjustments made necessary by this transitional situation, there are no fundamental changes in the 2019 compensation policy presented below compared to the 2018 policy, and the drive to simplify certain components of the policy has been pursued.

/ Principles inherent in the position of General Partner

In their capacity as General Partners of CGEM, the Managing General Partners have unlimited personal liability for the Company's debts. As consideration for this liability, the General Partners[2] each receive a portion of the Company's profits (the "Profit Share") as provided for in the Bylaws. This means that their interests are fully aligned with those of the shareholders, as they are paid a Profit Share only if the Company makes a profit. In addition, the amount is capped at 0.6% of consolidated net profit for the year.

The Bylaws state that the allocation of Profit Shares between the General Partners is realized by agreement between them after consulting the Superviser Board.

This written agreement:

- sets the annual cap on the Profit Shares, as a percentage of profits, that can be allocated to each Managing General Partner;
- describes the Profit Share allocation terms and conditions, performance criteria and the related objectives to be met by each of the Managing General Partners.

The Managing General Partners present these objectives to the Compensation and Appointments Committee, which discusses their merits before submitting them to the Supervisory Board for approval.

In assessing the level of the Profit Shares, the Committee considers (i) the inherent variability of the Company's profits, (ii) projected future profits and (iii) the fact that General Partners are in an unusual situation to the extent that they have unlimited joint and personal liability for the Company's debts.

The agreement will reflect the variable components of the Managing General Partners' compensation described below.

At each fiscal year-end, the Compensation and Appointments Committee assesses each Managing General Partner's results in relation to the applicable objectives.

After making its recommendation to the Supervisory Board, the Compensation and Appointments Committee informs the Non-Managing General Partner (SAGES) of the amount of available Profit Shares remaining after each Managing General Partner's variable compensation has been deducted. This amount is then

(1) *Recommendation applied by the Company since it came into effect and, in 2019, in compliance with the most recent version of the AFEP/MEDEF Code dated June 2018.*

(2) *At December 31, 2018, the Company had three General Partners: Jean-Dominique Senard, Managing Chairman, Florent Menegaux, Manager, and SAGES, Non-Managing General Partner (see presentation in sections 2.15.3 and 2.15.4 c)).*

allocated to the Non-Managing General Partner (SAGES), which decides to allocate it to the contingency reserve fund set up in accordance with its Bylaws[1].

As for the General Manager although he has not unlimited personal liability for the Company's debts, his compensation also includes a performance-based variable component.

/ Principles for determining the Managers' compensation

In application of the Company's Bylaws and the internal rules of both the Supervisory Board and the Compensation and Appointments Committee, the Supervisory Board's opinion or approval is required for decisions concerning the determination of a Managers compensation.

The Managing General Partners' fixed compensation is paid to them by a subsidiary of the Company (*Manufacture Française des Pneumatiques Michelin* - MFPM), in respect of their position of General Manager within the subsidiary.

The fixed and variable compensation of the General Manager is determined by unanimous decision of the General Partners, after consulting the Supervisory Board, based on the recommendation of the Compensation and Appointments Committee.

The Committee also reviews all amounts and benefits awarded or to be awarded to the Managers for the previous year by Group companies. As part of the review, the Committee particularly verifies that the amounts paid or awarded to the Managers are proportionate and consistent in terms of (i) the Group's performance and (ii) industry and market practice.

As noted earlier, since 2014, the Committee prepares and submits to the Board and to SAGES, the Non-Managing General Partner, its conclusions on the components of the compensation due or paid by the Company to the Managers for the previous year, in order to help the Board prepare its report to the Annual Shareholders Meeting for the advisory vote on the Managers' compensation[2].

4.4.1 a) 1. Fixed compensation

The Supervisory Board's policy is to maintain the Managers' fixed compensation at a stable level that is consistent with the fixed compensation paid to the top executives of other CAC 40 companies and in harmony with the other components of his compensation.

- For Jean-Dominique Senard, Managing Chairman and Managing General Partner up to the Annual Shareholders Meeting to be called to approve the 2018 financial statements in line with this policy , the General Partner of MFPM would maintain the fixed compensation at the level of an amount: an amount corresponding to the annual fixed compensation paid to him since 2014, prorated to reflect the period served as Managing Chairman in fiscal 2019[3];
- For Florent Menegaux: in line with this policy, the General Partner of the Company would maintain the fixed compensation at the level of an amount corresponding to the annual fixed compensation set when he was elected in 2018 and unchanged since then[4];
- For Yves Chapot: in line with this policy, the General Partners of the Company would maintain the fixed compensation at the level of an amount corresponding to the annual fixed compensation set when he was elected in 2018 and unchanged since then[5].

4.4.1 a) 2. Annual and long-term variable compensation

Shared principles

To engage senior executives more deeply in the Company's performance and encourage them to act with its long-term interests in mind, the Managers variable compensation includes an annual component and a long-term component, both of which are subject to performance conditions.

This structure means that the Managers' variable compensation fluctuates partly in line with net income for the year and partly on the basis of several additional performance conditions related to factors that are essential for the deployment of Michelin's strategy.

The Supervisory Board and the Compensation and Appointment Committee take into consideration and apply the principles of compensation determination defined by the AFEP/MEDEF code recommendation n°24.1.2.

The level and terms of the Managers' compensation take into account the positions of Managing Chairman and Manager, as well as the difference in status between the Managing General Partners and the General Manager.

For the Managing General Partners, the Bylaws state that the allocation of Profit Share is the subject of an agreement between the General Partners as presented in the above section "Principles inherent in the position of General Partners".

4.4.1 a) 2.1. Annual variable compensation

Managing General Partners

In line with the simplification process launched in 2019, this component will be calculated as a direct percentage of the Managing General Partners' Profit Shares, without using the intermediate calculation grid applied in prior years.

For **Jean-Dominique Senard,** the performance criteria approved by the Supervisory Board include:

- a quantitative criterion based on net income for the year, for 8% of the Profit Share before prorating;
- quantitative criteria based on business growth, the level of overheads and growth in free cash flow (corresponding to the criteria also applied to determine the annual variable compensation of Executive Committee members and Group managers), for up to 6% of the Profit Share before prorating;
- quantifiable qualitative criteria based on the Group's strategic ambitions and managerial expectations, for up to 4% of the Profit Share.

The maximum amount receivable in respect of this annual variable compensation would:

- correspond to the amount payable if all the objectives for the selected criteria were met;
- be capped at 18% of the Profit Share before prorating; for example, if the Profit Share was equivalent to that proposed for 2018, the maximum annual variable compensation would stand at €746,832, taking into account the 2019 prorating adjustment (based on a period rounded to 5/12ths of a year).

(1) See section 2.15.3 in this Registration Document.
(2) The corresponding resolutions concerning the Managing Chairman, who was the Company's only executive director (dirigeant mandataire social exécutif) during the years concerned, were approved by the following majorities of the votes cast: 94.74% in 2014, 95.72% in 2015, 97.39% in 2016, 96.32% in 2017 and 92.76% in 2018.
(3) See detailed disclosures in section 4.4.3 a) of this Registration Document. The prorated compensation for 2019 will be based on a rounded period of 5/12ths of a year.
(4) See detailed disclosures in section 4.4.5 a) of this Registration Document.
(5) See detailed disclosures in section 4.4.7 a) of this Registration Document.

For **Florent Menegaux,** Managing General Partner since the Annual Shareholders Meeting of May 18, 2018, the performance criteria approved by the Supervisory Board take into account the fact that he will serve as Managing Chairman as from the 2019 Annual Shareholders Meeting, *i.e.*, during more than half of the year. The criteria include:

- a quantitative criterion based on net income for the year, for 6% of the Profit Share;
- quantitative criteria based on business growth, the level of overheads and growth in free cash flow (corresponding to the criteria also applied to determine the annual variable compensation of Executive Committee members and Group managers), for up to 10% of the Profit Share;
- quantifiable qualitative criteria based on the Group's strategic ambitions and managerial expectations, for up to 4% of the Profit Share.

The maximum amount receivable in respect of this annual variable compensation would:

- correspond to the amount payable if all the objectives for the selected criteria were met; and
- be capped at 20% of the Profit Share; for example, if the Profit Share was equivalent to that proposed for 2018, the maximum annual variable compensation would stand at €1,991,553.

For each Managing General Partner, the following will be applied to each criterion except 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.

For reasons of confidentiality and business secrecy, and in particular to avoid disclosing information about the Company's strategy that could be used by competitors for their advantage, the Supervisory Board has elected not to disclose details of the performance targets set for these quantitative and quantifiable criteria.

General Manager

For **Yves Chapot,** General Manager since the Annual Shareholders Meeting of May 18, 2018, the annual variable compensation will be calculated on the basis of an amount equal to one-and-a-half times his fixed compensation for 2019:

- the performance criteria proposed by the Supervisory Board include quantitative criteria based on business growth, the level of overheads and growth in free cash flow (corresponding to the criteria also applied to determine the annual variable compensation of Executive Committee members and Group managers), for up to 80% of the maximum annual variable compensation;
- quantifiable qualitative criteria based on the Group's strategic ambitions and managerial expectations, for up to 20% of the maximum annual variable compensation.

The maximum amount receivable in respect of this annual variable compensation would:

- correspond to the amount payable if all the objectives for the selected criteria were met;
- be capped at 150% of Yves Chapot's fixed compensation for 2019, representing a maximum amount of €900,000.

For the General Manager, the following will be applied to each criterion:

- a trigger point below which no compensation would 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.

For reasons of confidentiality and business secrecy, and in particular to avoid disclosing information about the Company's strategy that could be used by competitors for their advantage, the Supervisory Board has elected not to disclose details of the performance targets set for these quantitative and quantifiable criteria.

4.4.1 a) 2.2. Deferred variable component: long-term incentive bonus

A long-term incentive bonus is awarded to the Managers each year.

Since 2016, in response to shareholder expectations and the changing tire market environment, the policy concerning the Managers' long-term incentive bonuses has consisted of aligning the performance criteria with the vesting criteria for employee performance share plans (that are not open to the Managers), which concern implementation of the Group's long-term strategy as expressed in the Ambitions for 2020 (see section 1.1 of this Registration Document).

The criteria for 2019 are aligned with those applied since 2016, as updated in the presentation of the proposed resolution on employee performances share plans to be presented at the 2019 Annual Shareholders Meeting.

Managing General Partners

The Managing General Partners' long-term incentive bonus does not represent a cost for the Company because it would be deducted from their allocated Profit Shares.

In line with the simplification process launched in 2019, the Managing General Partners' long-term incentive bonus will be calculated as a direct percentage of their Profit Shares and no longer by reference to a fixed baseline as was previously the case.

Jean-Dominique Senard, will serve as Managing Chairman and Managing General Partner only up to the 2019 Annual Shareholders Meeting to be called to approve the 2018 financial statements. Due to the imminent expiry of his term of office and his appointment as Chairman of the Board of Directors of Renault, the decision was made not to award him any long-term incentive bonus for 2019.

Florent Menegaux, Managing General Partner will serve as Managing Chairman during more than half of the year. He will be awarded a long-term incentive bonus equal to up to 30% of his Profit Share for the third year of the period covered by the three performance criteria fixed by the Supervisory Board, in accordance with the General Partners which will be weighted as follows:

- growth in the Michelin share price, for up to 11% of the Profit Share;
- corporate social responsibility performance (two indicators), for up to 8% of the Profit Share;
- growth in the Business Units' operating income, for up to 11% of the Profit Share;

The following will be applied to each criterion:

- a trigger point below which no compensation will be due;
- one or several intermediate tranches between the trigger point and 100% of the objective, with the compensation prorated to the achievement rate for the objective;
- 100% the objective, corresponding to the level at which the maximum bonus for the criterion will be payable.

The long-term incentive bonus receivable at the end of the performance measurement period will be capped at two-and-a-half (2.5) times the annual fixed compensation for 2019, *i.e.*, a maximum of €2,250,000.

Detailed information, including the other factors used to calculate the performance criteria, is provided in the presentation of the 13th proposed resolution to be presented at the 2019 Annual Shareholders Meeting (see section 10.1.2 of this Registration Document).

The final amount receivable under the long-term incentive plan will be:

- deducted from Mr. Menegaux's Profit Share for the last year of the reference three-year period, to be paid after the financial statements for that year have been approved:
  - subject to the availability of Profit Shares payable out of net income for that year,
  - up to the amount of said available Profit Shares after deducting the annual variable compensation due for that year.

If the Managing Chairman were to cease to be a General Partner (for reasons other than death or disability) before his term expires and before the end of the performance assessment period, notably due to his resignation or removal from office, he would forfeit his rights to the long-term incentive bonus.

The long-term incentive bonus and related performance criteria outlined above respond to (i) the need to recognize the overall effects of the strategy implemented by the Managing Chairman, and (ii) the Supervisory Board's commitment to ensuring that the decisions made by the Managing Chairman through to the end of his term of office reflect a long-term vision.

General Manager

Yves Chapot, General Manager, does not receive any Profit Share (unlike the Managing General Partners) from which the long-term incentive bonus could be deducted. The bonus will be calculated on a baseline amount equal to 100% of his 2019 fixed compensation and by reference to three performance criteria proposed by the Supervisory Board with the following weighting:

- growth in the Michelin share price, for up to 35% of the bonus;
- corporate social responsibility performance (two indicators), for up to 30% of the bonus;
- growth in the Business Units' operating income, for up to 35% of the bonus.

For the General Manager, the following will be applied to each criterion:

- a trigger point below which no compensation will be due;
- one or several intermediate tranches between the trigger point and 100% of the objective, with the compensation to the achievement rate for the objective;
- 100% the objective, corresponding to the level at which the maximum bonus for the criterion will be payable.

The amount receivable at the end of the performance measurement period will be capped at 120% of the average of Yves Chapot's annual variable compensation for 2019, 2020 and 2021.

Detailed information, including the other factors used to calculate the performance criteria, is provided in the presentation of the 13th proposed resolution to be presented at the 2019 Annual Shareholders Meeting (see section 10.1.2 of this Registration Document).

4.4.1 a) 3. Fringe benefits and attendance fees

Each Manager has a fringe benefit in the form of a Company car.

They do not receive any attendance fees from the Company or any Group subsidiaries.

As executive officers of the Company or MFPM, the Managers are covered by health and death/disability insurance plans in the same way as the employees of the Company or MFPM.

4.4.1 a) 4. Stock options and performance shares

No stock options or performance shares are granted to the Managers by the Company or any Group subsidiaries.

Performance shares may be awarded to the Managers as an alternative to the long-term incentive bonus described in section 4.4.1 a) 2.2. If a Manager ceases to hold office before his term expires and before the end of the performance assessment period (for reasons other than death or disability), notably due to his resignation or removal from office, he will definitively forfeit the instruments initially awarded to him. If a Manager ceases to hold office on the date his term expires or, due to disability or death, before the end of the reference three-year period for determining the achievement rate for the performance criteria, he will retain the instruments initially awarded to him for an amount prorated to the time served in office during the plan period, and the reference three-year period will continue to run, during and beyond the end of his term.

4.4.1 a) 5. Pension benefits(1)

The Managers are not covered by any supplementary pension plan set up specifically for executive officers.

In their capacity as General Manager of the Company or its subsidiary MFPM, Jean-Dominique Senard, Florent Menegaux and Yves Chapot participate in the supplementary pension plan set up for MFPM and CGEM senior executives (the Michelin Executive Supplementary Pension Plan).

(1) The disclosures in this section and in section 4.4.3 e) of this Registration Document comply with the provisions of the Macron Act of August 6, 2015 and the enabling legislation dated February 23, 2016.

This plan, which is governed by Article L. 137-11 of the French Social Security Code *(Code de la sécurité sociale)* and Article 39 of the French General Tax Code *(Code général des impôts)* has the following main features:

- participants must 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 (annual average of the best three years of compensation out of the last five years preceding the beneficiary's retirement);
- the replacement rate including benefit entitlements under compulsory plans is capped at 35%;
- an evaluation is carried out in accordance with Group accounting policies;
- benefit entitlement is conditional on participants ending their career at MFPM as an executive employee or executive officer, in accordance with Article L. 137-11 of the French Social Security Code;
- 70% of the prior year's benefit obligation is funded through a contribution to an insured plan.

The reference compensation of Jean-Dominique Senard and Florent Menegaux consists solely of the fixed compensation paid to them by MFPM.

Jean-Dominique Senard, Managing Chairman, turned 65 in 2018 and can claim his pension rights in 2019.

In his capacity as Non-General General Manager of the Company, Yves Chapot participates in the supplementary pension plan whose terms are described above. His reference compensation corresponds to the total compensation paid to him by the Company.

If one or several Managers were no longer able to participate in the Michelin Executive Supplementary Pension Plan or a proposed equivalent plan, they could be given the opportunity to build up a pension fund by receiving an initial seed capital award, in cash or shares, and annual payments.

4.4.1 a) 6. Compensation for loss of office

In accordance with Article 13-2 of the Bylaws, as approved by an extraordinary resolution of the May 13, 2011 Annual Shareholders Meeting, if a Manager were to be removed from office before the end of his term as a result of a change of strategy or a change of control of the Company, provided such removal was not due to gross misconduct, he would be entitled to compensation for loss of office to be decided by the General Manager, SAGES, subject to the prior approval of the Supervisory Board. The amount of any such compensation would not exceed the equivalent of the Managers' total compensation for the two years preceding the year of his removal from office.

By decision of the Supervisory Board, it would be based on the performance criteria used to determine his annual variable compensation and would be calculated using the following formula:

[Total compensation paid over the two years preceding the loss of office] x [the average (in %) of the "contingent annual variable payment" or the annual variable compensation (as applicable) for the three years preceding the loss of office].

The compensation for loss of office would be reduced, if applicable, so that any other severance payments due to a Manager would not result in his receiving an aggregate severance package in excess of two years' compensation, as recommended in the AFEP/MEDEF Code.

4.4.1 a) 7. Non-compete clause

In the same way as Michelin employees who have specific expertise that needs to be protected to prevent its use by a competitor in a manner that is detrimental to the Company's interests, each Manager is subject to a non-compete clause.

If the Company decided to apply this non-compete clause for a period of up to two years, in line with the conditions described in chapter 4.4.2 m) of this Document:

- Jean-Dominique Senard, Managing Chairman, would be entitled to a non-compete benefit of up to 16 months' compensation based on the most recent total compensation paid to him by Group companies;
- Florent Menegaux, Managing General Partner and future Managing Chairman, would be entitled to a non-compete benefit of up to 24 months' compensation based on his most recent annual fixed compensation as Manager;
- Yves Chapot, General Manager, would be entitled to a non-compete benefit of up to 24 months' compensation based on the compensation defined in his suspended contract of employment for the position held immediately before his election as Manager. The terms of the commitment would be amended in 2019 so that the above baseline would be indexed to the average growth in compensation of Michelin Executive Committee members since his employment contract was suspended.

In accordance with the AFEP/MEDEF Code:

- the Company may waive application of this clause;
- if compensation for loss of office were to be awarded as provided for above (see "Compensation for loss of office"), the non-compete indemnity would be reduced or withheld entirely, if necessary, so that the Manager's aggregate severance package, including the non-compete indemnity referred to above, would not exceed the equivalent of the aggregate of his last two years' compensation.

In the June 2018 version of the AFEP/MEDEF Code, the recommendation concerning payment of a non-compete benefit has been modified to include the following stipulations: "(...) no non-compete benefit to be paid once the officer claims his or her pension rights" and "In any event, no benefit can be paid over the age of 65". Consequently, the compensation policy has been amended as follows:

- Jean-Dominique Senard's term of office will expire at the close of the 2019 Annual Shareholders Meeting called to approve the 2018 financial statements. Consequently, in line with the above recommendation, his non-compete clause will be waived in 2019 and no benefit will be due to him;
- Florent Menegaux is 57 and was appointed as Manager by the 2018 Annual Shareholders Meeting. The terms of his non-compete clause would be modified in 2019 so that no non-compete benefit would be paid once had he claimed his pension rights or turned 65;
- Yves Chapot is 56 and was appointed as Manager by the 2018 Annual Shareholders Meeting. The terms of his non-compete clause would be modified in 2019 so that no non-compete benefit would be paid once had he claimed his pension rights or turned 65.

4.4.1 a) 8. Exceptional compensation

There are no plans to award any exceptional compensation to any Manager.

4.4.1 a) 9. Employment contract

Due to their status and specific responsibilities, under the compensation policy applied to Managing General Partners, these partners cease to be covered by any employment contract that may have existed between them and a Group company prior to becoming Managing General Partner. This rule applies even if they have acquired considerable seniority with the Group.

Consequently, Jean-Dominique Senard and Florent Menegaux no longer have an employment contract with either the Company or any of its subsidiaries.

In addition, the features of the Manager team in place since the 2018 Annual Shareholders Meeting and Yves Chapot's mandate as Manager justify suspending his pre-existing employment contract with a Michelin Group company:

- Yves Chapot is not the most senior Manager; he reports to the Managing Chairman who, according to the Company's Bylaws, defines the Managers' areas of responsibility and any restrictions on their powers, as well as setting their annual objectives;
- the position of Manager is therefore similar to that of a Chief Operating Officer or a member of the Management Board of a joint stock corporation. The AFEP/MEDEF Code does not recommend suspending these executives' employment contract;
- Yves Chapot has acquired considerable seniority, having worked for the Michelin Group without interruption for over 26 years (since 1992);
- if Yves Chapot were to cease to be a Manager, any compensation for loss of office or non-compete benefit due to him would be reduced or cancelled if necessary so that the total amount payable – including the termination benefit in respect of his suspended employment contract – did not exceed his final two years' total compensation.

4.4.1 b) Compensation policy: Chairman of the Supervisory Board

Articles L. 225-37-2 and L. 225-82-2 of the French Commercial Code, as updated to reflect the provisions of the "Sapin 2" Act (Act 2016-1691 dated December 9, 2016), concerning shareholder approval of (i) the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the compensation and benefits of executive and non-executive non-independent directors (*ex ante* approval) and (ii) the components of the compensation paid or awarded to said directors pursuant to these principles (*ex post* approval) are not applicable to partnerships limited by shares by virtue of Article L. 226-1 of said Code.

However, in line with its commitment to apply corporate governance best practices, fulfill shareholders' expectations and continue to comply with the explicit recommendation in the AFEP/MEDEF Code that partnerships limited by shares should apply "the same compensation rules as those applicable to joint stock corporations, subject only to any differences justified by the specific features of this legal form, particularly those relating to the status of Managing General Partner" (Article 24.1.3), the Supervisory Board has decided to disclose the principles and criteria applied to determine, allocate and award the components of its Chairman's compensation for 2019.

The Supervisory Board also submits a resolution to the Annual Shareholders Meeting giving shareholders the opportunity to issue an advisory vote on the compensation paid and awarded to the Chairman of the Supervisory Board, in line with the AFEP/MEDEF Code recommendation[1] which provides for a mandatory shareholder vote (see the information and resolution presented in section 10.1.1 of this Registration Document and in the Notice of Meeting for the May 17, 2019 Annual Shareholders Meeting).

4.4.1 b) 1. Attendance fees

Of the total attendance fees voted by the Annual Shareholders Meeting of May 13, 2016, the Supervisory Board decided to allocate fees of €90,000 to Michel Rollier as from 2016, representing compensation for his responsibilities and tasks as Chairman of the Supervisory Board and member of the Compensation and Appointments Committee.

As is the case for the other Supervisory Board members and as in prior years, most of the fee (60%) is contingent on Michel Rollier's attendance rate at meetings of the Supervisory Board and the Compensation and Appointments Committee, as provided for in the Board's internal rules.

His attendance rate in 2018 was 100%.

At the 2019 Annual Shareholders Meeting, the Supervisory Board plans to propose increasing the total compensation paid to Supervisory Board members (corresponding to attendance fees) from €555,000 to €770,000 (12th resolution), to take into account:

- the growing demands placed on members in terms of professionalization, engagement and availability, particularly in connection with the activities of the Committees of the Board (Audit Committee, and Compensation and Appointments Committee) and the Senior Independent Member;
- the significant gap between the average fees paid to Supervisory Board members and the members of the Supervisory Boards and Boards of Directors of other CAC 40 companies;
- the increase in the number of members sitting on the Audit Committee;
- the 50% increase in the number of Supervisory Board meetings held between 2016 (date of the last attendance fee increase) and 2018;
- the need to retain and continue to attract Supervisory Board members with the recognized experience and first-rate skills required to represent shareholders in a group that has a broad international footprint following its recent acquisitions.

Effective from 2019, subject to approval of the above resolution by the Annual Shareholders Meeting, the compensation awarded to the Chairman of the Supervisory Board would be increased in roughly the same proportions as the total attendance fees, with most of the fee still based on the Chairman's attendance rate at Board meetings.

4.4.1 b) 2. Other components of compensation

As Michel Rollier does not hold any other positions within the Company or the Michelin Group, he does not receive any other compensation from the Company or its subsidiaries.

(1) *Recommendation applied by the Company since it came into effect and, in 2019, in compliance with the most recent version of the AFEP/MEDEF Code dated June 2018.*

4.4.2 SUMMARY INFORMATION CONCERNING THE MANAGERS, THE CHAIRMAN OF THE SUPERVISORY BOARD AND THE SUPERVISORY BOARD MEMBERS

The data and tables in this section:

- present the compensation of Jean-Dominique Senard, Managing Chairman, Florent Menegaux, Managing General Partner, and Yves Chapot, General Manager, who all qualify as executive directors *(dirigeants mandataires sociaux exécutifs),* Michel Rollier, Chairman of the Supervisory Board and sole non-executive non-independent director *(dirigeant mandataire social non exécutif),* and the Supervisory Board members who are qualified as non-executive directors *(mandataires sociaux non exécutifs);*
- have been prepared in accordance with the AFEP/MEDEF Code (June 2018) and related implementation guidelines;
- comply with AMF recommendation 2012-02 (as updated on November 30, 2018) on "corporate governance and executive compensation in companies that refer to the AFEP/MEDEF Code – Consolidated presentation of the recommendations contained in the AMF's annual reports".

The Supervisory Board and the General Partners have decided for 2019 to give the Annual Shareholders Meeting the opportunity to issue an advisory vote on the compensation paid and awarded to the Managing Chairman, the Managers and the Chairman of the Supervisory Board[(1)], in line with the AFEP/MEDEF Code recommendation[(2)] which provides for a mandatory shareholder vote.

The information required by shareholders for the purpose of their advisory vote on the components of the 2018 compensation of the Managing Chairman and the Chairman of the Supervisory Board is presented in this Corporate Governance Report, including sections 4.4.4, 4.4.6, 4.4.8 and 4.4.10 of this Registration Document.

4.4.2 a) Compensation, stock options and performance shares awarded to the Managers (in €) (based on Table 1 in the AFEP/MEDEF Code)

Jean-Dominique Senard, Managing Chairman and Managing General Partner with unlimited personal liability for the Company's debts	**2018**	**2017**
Compensation due for the year	4,233,459	3,799,658
Value of stock options granted during the year	0	0
Value of performance shares granted during the year	0	0
Value of other long-term compensation plans[(1)]	0	0
TOTAL	**4,233,459**	**3,799,658**
Reference CGEM consolidated net income	*1,659,627,524*	*1,692,941,994*

(1) A long-term incentive bonus was awarded in 2018. No liability was recognized for this bonus in the Company's financial statements. See page 149 of this Registration Document for details.

Florent Menegaux, Managing General Partner since May 18, 2018 with unlimited personal liability for the Company's debts[(1)]	**2018**
Compensation due for the year	1,228,544
Value of stock options granted during the year	0
Value of performance shares granted during the year	0
Value of other long-term compensation plans[(2)]	0
TOTAL	**1,228,544**
Reference CGEM consolidated net income	*1,659,627,524*

(1) Florent Menegaux was elected as Managing General Partner on May 18, 2018 and the amounts reported in the above table correspond to the prorated compensation due for the period following his election, i.e., from May 18 to December 31, 2018. The components of this compensation, defined on an annual basis, are presented along with the related amounts in section 4.4.5 of this Registration Document.
For the period from January 1 to May 17, 2018, the compensation due to Florent Menegaux under his employment contract with the Company's subsidiary MFPM, amounted to €1,356,138 and corresponded mainly to (i) deferred payment of variable compensation and miscellaneous bonuses for 2017, (ii) prorated fixed and variable compensation for 2018 and (iii) settlement of his accrued vacation pay entitlement.

(2) A long-term incentive bonus was awarded in 2018. No liability was recognized for this bonus in the Company's financial statements. See section 4.4.5 b) of this Registration Document for details.

(1) In connection with the compensation policy described in section 4.4.1 and in the Notice of Meeting for the May 17, 2019 Annual Shareholders Meeting.
(2) Recommendation applied by the Company since it came into effect and, in 2019, in compliance with the most recent version of the AFEP/MEDEF Code dated June 2018.

Yves Chapot, General Manager since May 18, 2018[(1)]	2018
Compensation due for the year	640,923
Value of stock options granted during the year	0
Value of performance shares granted during the year	0
Value of other long-term compensation plans[(2)]	94,200
TOTAL	**735,123**

(1) Yves Chapot was elected as General Manager on May 18, 2018 and the amounts reported in the above table correspond to the prorated compensation due for the period following his election. The components of this compensation, defined on an annual basis, are presented along with the related amounts in section 4.4.7 of this Registration Document.
For the period from January 1 to May 31, 2018, the compensation due to Yves Chapot under his employment contract with the Company's subsidiary MFPM, amounted to €687,840 and corresponded mainly to (i) deferred payment of variable compensation and miscellaneous bonuses for 2017, (ii) prorated fixed and variable compensation for 2018 and (iii) settlement of his accrued vacation pay entitlement.
(2) A long-term incentive bonus was awarded in 2018. No liability was recognized for this bonus in the Company's financial statements. See section 4.4.7 b) of this Registration Document for details.

4.4.2 b) Compensation due and paid to Jean-Dominique Senard (in €) (based on Table 2 in the AFEP/MEDEF Code)

Jean-Dominique Senard, Managing Chairman and Managing General Partner with unlimited personal liability for the Company's debts	2018		2017	
	Due	Paid[(1)]	Due	Paid[(1)]
Fixed compensation[(2)]	1,100,000	1,100,000	1,100,000	1,100,000
Annual variable compensation	1,762,524[(3)]	1,696,328[(4)]	1,696,328[(4)]	1,700,597[(5)]
Long-term variable compensation	1,362,465	994,860	994,860	495,116
Exceptional compensation	0	0	0	0
Attendance fees	0	0	0	0
Fringe benefit (car)	8,470	8,470	8,470	8,076
TOTAL	**4,233,459**	**3,799,658**	**3,799,658**	**3,303,789**
Reference CGEM consolidated net income	*1,659,627,524*	*1,692,941,994*	*1,692,941,994*	*1,667,252,073*

(1) This table does not include amounts paid that are due solely for years prior to 2017 (see section 4.4.3 c) of this Registration Document).
(2) Compensation paid by Manufacture Française des Pneumatiques Michelin (MFPM), a controlled entity, in consideration of his role as General Manager of the Company.
(3) Amount before withholding tax estimated based on applying the performance criteria. It is proportional to CGEM's 2018 consolidated earnings and is proposed with the endorsement of the Supervisory Board and the agreement of SAGES, Non-Managing General Partner. It is subject to approval of the Profit Shares by CGEM shareholders at the next Annual Meeting on May 17, 2019 (see section 4.4.3 b). It includes the estimated €50,000 statutory share of the 2018 profit of Compagnie Financière Michelin SCmA (CFM) (Profit Share) that is payable by that company subject to approval by its shareholders at the 2019 Annual Meeting. This Profit Share is entirely variable to the extent that it depends on CFM's profit for the year.
(4) Including €50,000 received from CFM, a controlled entity. These Profit Shares are entirely variable as they are contingent on the profit generated by each of the two companies (CFM and CGEM) in 2017.
(5) Entirely variable Profit Shares contingent on profit generated in 2016. Paid by CGEM and CFM in 2017 following approval of the related resolutions at their 2017 Annual Shareholders Meetings.

4.4.2 c) Compensation due and paid to Florent Menegaux (in €) (based on Table 2 in the AFEP/MEDEF Code)

Florent Menegaux, Managing General Partner since May 18, 2018 with unlimited personal liability for the Company's debts[(1)]	2018 Due	2018 Paid
Fixed compensation[(2)]	554,672	554,672
Annual variable compensation	668,479[(3)]	0
Long-term variable compensation	0	0
Exceptional compensation	0	0
Attendance fees	0	0
Fringe benefit (car)	5,392	5,392
TOTAL	**1,228,544**	**560,004**
Reference CGEM consolidated net income	*1,659,627,524*	*1,692,941,994*

(1) Florent Menegaux was elected as Managing General Partner on May 18, 2018 and the amounts reported in the above table correspond to the prorated compensation due for the period following his election, i.e., from May 18 to December 31, 2018. The components of this compensation, defined on an annual basis, are presented along with the related amounts in section 4.4.5 of this Registration Document. The amounts due for the period from January 1 to May 17, 2018 under his employment contract and not related to his position as Manager, are disclosed in the second table in section 4.4.2 a), Note 1.

(2) Compensation paid by Manufacture Française des Pneumatiques Michelin (MFPM), a controlled entity, in consideration of his role as General Manager of the Company as from May 18, 2018. The components of this compensation, defined on an annual basis, are presented along with the related amounts in section 4.4.5 a) of this Registration Document.

(3) Amount before withholding tax estimated based on applying the performance criteria. It is proportional to CGEM's 2018 consolidated earnings and is proposed with the endorsement of the Supervisory Board and the agreement of SAGES, Non-Managing General Partner. It is subject to approval of the Profit Shares by CGEM shareholders at the next Annual Meeting on May 17, 2019 (see section 4.4.5 b).

4.4.2 d) Compensation due and paid to Yves Chapot (in €) (based on Table 2 in the AFEP/MEDEF Code)

Yves Chapot, General Manager since May 18, 2018[(1)]	2018 Due	2018 Paid
Fixed compensation	372,808	372,808
Annual variable compensation	263,763[(2)]	0
Long-term variable compensation	0	0
Exceptional compensation	0	0
Attendance fees	0	0
Fringe benefit (car)	4,352	4,352
TOTAL	**640,923**	**377,160**

(1) Yves Chapot was elected as General Manager on May 18, 2018 and the amounts reported in the above table correspond to the prorated compensation due for the period following his election. The components of this compensation, defined on an annual basis, are presented along with the related amounts in section 4.4.7 of this Registration Document. The amounts due for the period from January 1 to May 31, 2018 under his employment contract and not related to his position as Manager, are disclosed in the third table in section 4.4.2 a), Note 1.

(2) Amount estimated based on applying the 2018 performance criteria proposed with the endorsement of the Supervisory Board and the agreement of the General Partners (see section 4.4.7 b).

4.4.2 e) Attendance fees and other compensation received by the non-executive members of Supervisory Board (based on Table 3 in the AFEP/MEDEF Code)

See the table in section 4.4.11 below.

4.4.2 f) Stock options granted during the year to the Managers by the issuer and any other Group company (based on Table 4 in the AFEP/MEDEF Code)[(1)]

No stock options were granted by the Company in 2018 to the Managers.

No stock options have been granted to the Managers since 2012.

	Plan no. and date	Type of options (purchase or subscription)	Value of the options calculated by the method used for the consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
Jean-Dominique Senard	-	-	0	0	-	-
Florent Menegaux	-	-	0	0	-	-
Yves Chapot	-	-	0	0	-	-

4.4.2 g) Stock options exercised during the year by the Managers (based on Table 5 in the AFEP/MEDEF Code)[(1)]

	Plan no. and date	Number of options exercised during the year	Exercise price
Jean-Dominique Senard	-	0	-
Florent Menegaux	Plan 11 dated November 23, 2009 (stock options granted in his capacity as an employee of a Group company) Plan 12 dated May 12, 2010 (stock options granted in his capacity as an employee of a Group company)	11,514 8,000	€51.16 €52.13
Yves Chapot	Plan 13 dated May 19, 2011 (stock options granted in his capacity as an employee of a Group company)	853	€66.00

4.4.2 h) Performance shares granted during the year to the Managers by the issuer and any other Group company (based on Table 6 in the AFEP/MEDEF Code)[(2)]

None of the 129,270 performance share rights granted on November 22, 2018 pursuant to the authorization given at the May 13, 2016 Annual Shareholders Meeting were granted to the Managers.

	Plan no. and date	Number of performance share rights granted during the year	Value of the performance shares calculated by the method used for the consolidated financial statements	Vesting date	End of lock-up period	Performance conditions
Jean-Dominique Senard	-	0	0	-	-	-
Florent Menegaux	-	0	0	-	-	-
Yves Chapot	-	0	0	-	-	-

(1) Refer also to the Managers' Special Report and to the details of current plans, as presented in the table in section 5.5.3 concerning stock options.
(2) Refer also to the Managers' Special Report and to the details of current plans in section 5.5.4 concerning performance shares.

4.4.2 i) Performance shares granted to the Managers for which the lock-up period ended during the year (based on Table 7 in the AFEP/MEDEF Code)(1)

	Plan no. and date	Number of performance shares for which the lock-up period ended during the year	Vesting conditions
Jean-Dominique Senard	-	0	-
Florent Menegaux	Plan 5 (Excellence Management) dated November 27, 2014 (performance shares granted in his capacity as an employee of a Group company)	1,903	The performance condition achievement rates are disclosed in section 5.5.4 c) of this Registration Document.
Yves Chapot	Plan 5 (Excellence Management) dated November 27, 2014 (performance shares granted in his capacity as an employee of a Group company)	500	The performance condition achievement rates are disclosed in section 5.5.4 c) of this Registration Document.

4.4.2 j) Past awards of stock options – Information about stock options (based on Table 8 in the AFEP/MEDEF Code)

See the table in section 5.5.3 a) below.

4.4.2 k) Past awards of performance shares – Information about performance shares (based on Table 9 in the AFEP/MEDEF Code)

See the table in section 5.5.4 a) below.

4.4.2 l) Long-term variable compensation awarded to the Managers (based on Table 10 in the AFEP/MEDEF Code)

See the table in section 4.4.3 c), 4.4.5 b) and 4.4.7 b) below.

(1) Refer also to the Managers' Special Report and to the details of current plans in section 5.5.4 concerning performance shares.

4.4.2 m) Managers' employment contracts, supplementary pension benefits and other benefits (based on Table 11 in the AFEP/MEDEF Code)

Manager	Employment contract		Supplementary pension benefits		Benefits or advantages due or likely to be due as a result of terminations or changes of office		Non-compete indemnity	
	Yes	No	Yes	No	Yes	No	Yes	No
Jean-Dominique Senard								
Position: Managing Chairman and Managing General Partner								
Start date of term of office: 2011								
Expiration of term of office: 2019[(1)]		X	X[(3)]		X[(4)]		X[(5)]	
Florent Menegaux								
Position: Managing General Partner								
Start date of term of office: 2018								
Expiration of term of office: 2022		X[(2)]	X[(3)]		X[(4)]		X[(6)]	
Yves Chapot								
Position: General Manager								
Start date of term of office: 2018								
Expiration of term of office: 2022	X[(7)]		X[(3)]		X[(4)]		X[(8)]	

(1) See section 2.15.1 a) of the 2017 Registration Document.
(2) Florent Menegaux has resigned from the position that was the subject of his pre-existing employment contract.
(3) Defined benefit pension plan set up for senior executives of MFPM and CGEM. For detailed explanations, see sections 4.4.3 e), 4.4.5 d) and 4.4.7 d).
(4) Benefit defined in the CGEM Bylaws:
– set by the General Manager with the endorsement of the Supervisory Board;
– only payable in the event of forced departure due to a change of strategy or of control;
– capped at two years' fixed and variable compensation (this cap includes any other benefits payable on termination of office such as a non-compete indemnity);
– subject to performance conditions (see section 4.4.1 a) 6 for details).
(5) Indemnity payable in his capacity as an executive officer of MFPM:
– with the possibility for the Board to waive implementation of the non-compete clause;
– capped at 16 months' worth of the most recent aggregate compensation paid to him by MFPM;
– deducted, where appropriate, from the cap equal to two years' fixed and variable compensation applicable to all termination benefits, including compensation for loss of office payable in the event of a forced departure due to a change in the Company's strategy or control (for detailed explanations, see section 4.4.1 a) 7).
(6) Indemnity payable in his capacity as an executive officer of MFPM:
– with the possibility for the Board to waive implementation of the non-compete clause;
– capped at 24 months' worth of the most recent fixed compensation paid to him by MFPM;
– deducted, where appropriate, from the cap equal to two years' fixed and variable compensation applicable to all termination benefits, including compensation for loss of office payable in the event of a forced departure due to a change in the Company's strategy or control (for detailed explanations, see section 4.4.1 a) 7).
(7) Suspended employment contract with MFPM.
(8) Indemnity payable under his suspended employment contract with MFPM:
– with the possibility for the Board to waive implementation of the non-compete clause;
– capped at 24 months' worth of the most recent aggregate compensation paid to him by MFPM;
– deducted, where appropriate, from the cap equal to two years' fixed and variable compensation applicable to all termination benefits, including compensation for loss of office payable in the event of a forced departure due to a change in the Company's strategy or control (for detailed explanations, see section 4.4.1 a) 7).

4.4.3 AMOUNTS ALLOCATED TO JEAN-DOMINIQUE SENARD, MANAGING CHAIRMAN AND GENERAL PARTNER

In his capacity as a General Partner of CGEM, Jean-Dominique Senard has unlimited personal liability for the Company's debts. As consideration for this liability, the General Partners[1] each receive a portion of the Company's profits as provided for in the Bylaws[2]. This means that their interests are fully aligned with those of the shareholders, as they are paid this consideration only if the Company makes a profit.

As in prior years, the Compensation and Appointments Committee of the Supervisory Board has reviewed all the components of the compensation due, awarded or to be awarded to Jean-Dominique Senard, Managing Chairman, pursuant to the 2018 compensation policy. This policy is described in the Corporate Governance Report incorporated in the 2017 Registration Document[3] and was presented to the Annual Shareholders Meeting of May 18, 2018 by the Chair of the Compensation and Appointments Committee[4].

4.4.3 a) Fixed compensation

In 2018, Jean-Dominique Senard received fixed compensation of €1,100,000 from Manufacture Française des Pneumatiques Michelin (MFPM) for his role as the Company's General Manager, unchanged since 2014.

4.4.3 b) Variable compensation

/ Annual variable compensation

Shared features

These components have been determined in application of the 2018 compensation policy.

The annual variable components of Jean-Dominique Senard's compensation are paid out of the Profit Shares allocated to the two General Partners, which amounted to €9,957,765.14 for 2018[5].

Based on the Group's consolidated net income of €1,659,628 thousand[5], the Compensation and Appointments Committee has noted that the Consolidated Calculation Base of 0.6% of consolidated net income amounts to €9,957,765.14 for 2018.

Given the mutually agreed division of the Profit Share between the General Partners, and the results achieved in 2018 in relation to the performance conditions, as presented below, the total amount payable to Mr. Senard stands at €1,762,524 (after rounding).

Single-Criterion Annual Variable Component

The Compensation and Appointments Committee has noted that the Single-Criterion Annual Variable Component, set at 8% of the Consolidated Calculation Base, amounts to €796,621.21 for 2018[6], *i.e.*, 72.4% of the fixed compensation.

Multi-Criteria Annual Variable Component

The following tables present, *inter alia,* the achievement rate for each criterion.

Quantitative criteria	Annual growth in sales volume	Annual savings from the Efficiency project to reduce overheads	Annual free cash flow
Indicator	Volume (tonnes)	Appropriate SG&A/ gross margin ratio	Amount
Target[(1)]	Proportionate to observed increase	Achieved in stages from a minimum ratio	Achieved in stages from a minimum amount
Indicator: 2018 Actual	0.90%	55%	€1,214 million
Maximum value (in 100ths)	50	25	25
Achievement rate	12.90	25	25

(1) For reasons of confidentiality and business secrecy, and more particularly to avoid disclosing information about the Company's strategy that could be used by competitors for their advantage, the Supervisory Board has elected not to disclose details of these performance targets to these quantitative and measurable criteria.

(1) At December 31, 2018, the Company had three General Partners: Jean-Dominique Senard, Managing Chairman, Florent Menegaux, Managing General Partner and SAGES, Non-Managing General Partner (see sections 2.15.3 and 2.15.4 c) of this Registration Document).
(2) See Article 30 of the Bylaws, reproduced in section 4.6.5 below.
(3) See section 4.4.1 a) of the 2017 Registration Document, pages 122 to 126.
(4) See the information/presentations on the May 18, 2018 Annual Shareholders Meeting on the Company's website www.michelin.com.
(5) See the 2nd and 3rd resolutions presented to the Annual Shareholders Meeting of May 17, 2019.
(6) This amount is net of the sum payable by CFM as compensation for Mr. Senard's role as Managing General Partner of this subsidiary, estimated at €50,000.

Quantifiable qualitative criteria	Digital strategy	CSR/Environment & human rights	Manager transition	Group organization
Maximum value (in 50ths)	12.50	12.50	12.50	12.50
Achievement rate	12.08	12.50	12.50	7.50
Condition: Triggered when a criterion threshold is reached			When the cumulative achievement rate for the five criteria is at least 50/150ths: Achieved	

Overall achievement rate (quantitative and qualitative criteria)	107/150ths(1)
Amount awarded according to quantifiable qualitative criteria *(in €)*	965,903.22
As a % of fixed compensation	87.80%

(1) Result rounded down by decision of the Supervisory Board. Jean-Dominique Senard would be awarded the maximum 14% of the Consolidated Calculation Base for this component only if the cumulative achievement rate for the seven criteria was 150/150ths.

The Compensation and Appointments Committee carefully reviewed achievement rates for each of the quantitative and qualitative criteria.

Concerning the qualitative criteria, the Committee's conclusions were as follows:

- for the "Continued active deployment of the Group's digital strategy" criterion, the Committee noted that substantially all of the objectives based on quantifiable indicators had been met:
  - best operating practices have been deployed in production/digital manufacturing,
  - a technology and innovation center has been set up in Pune, India, that will be instrumental in helping the Group move up a gear in its digital transformation,
  - deployment of internal digital training for Group employees has been accelerated and global customer and employee relations have been transformed through the successful installation of dedicated digital platforms,
  - deployment of connected initiatives has also been accelerated, allowing the Group to become a leading provider of connected mobility services (connected vehicles, platform integration);
- for the "Corporate social responsibility and environmental responsibility" criterion (environment, human rights, CSR governance), the Committee noted that the objectives based on quantifiable indicators had been met:
  - environment objective: the Group has set a Science-Based Target for CO_2 emissions,
  - Human Rights objective: the Total Case Incident Rate (TCIR) has improved,
  - Group CSR Governance: dedicated governance structures have been deployed within the Group covering the environment, human rights and sustainable mobility;
- for the "Managers transition plan" criterion, the Committee noted that the objective concerning the transfer of powers to the new Managers had been met, as well as the objective of supporting Florent Menegaux as he prepares to take up the position of Managing Chairman;
- for the "Stabilization of the Group's organization" criterion, the Committee noted that Jean-Dominique Senard had met substantially all of the objectives designed to ensure that the new organization in place since January 1, 2018 is both robust and stable. The objective concerning the organization's cohesiveness was considered to have been partly met.

In conclusion of its analysis concerning the Multi-Criteria Annual Variable Component, the Committee recommended to the Supervisory Board that cumulative actual performance in relation to these quantifiable qualitative criteria should be rated as 107/150ths. Based on the Consolidated Calculation Base of €9,957,765.14, application of this cumulative achievement rate to the assessment grid defined by the Supervisory Board resulted in a Multi-Criteria Annual Variable Component of €965,903.22 for 2018.

After discussing the matter during its meeting on February 11, 2019, the Supervisory Board approved the Compensation and Appointments Committee's recommendations.

The Chair of the Compensation and Appointments Committee then submitted its recommendations to the General Partners, which approved them.

/ Cash-settled deferred variable compensation awarded in 2018 (long-term incentive bonus)

This long-term incentive bonus was determined in application of the 2018 compensation policy.

It was set at €1,080,000, representing a significant decrease compared to the bonuses awarded in prior years due to the nomination of a second Managing General Partner during the year.

This amount will be modulated by the application, over the three years 2018-2020, of criteria set by the Supervisory Board which are also applicable to performance share grants for Group employees. The criteria are: Michelin's comparative stock market performance, the environmental performance of manufacturing operations, employee engagement and growth in operating income. These criteria reflect implementation of the Ambitions for 2020 described in section 1.1 of this Registration Document[1].

The long-term incentive bonus performance criteria and objectives were presented at the Annual Shareholders Meeting of May 13, 2016 and were approved by a majority of 99.60% of the votes cast (25th resolution). For 2018, the decision was made to toughen up the trigger point and maximum objective for the "Michelin Environmental Footprint" indicator. The trigger point (below which the indicator will be 0) has been lowered to 53 from 63 previously, and the maximum objective (representing the point at which the maximum bonus for the criterion would be received) has been lowered to 51 from 60 previously.

The amount obtained after applying the performance criteria will be:

- prorated to reflect the period served as Managing Chairman during the three years 2018-2020;
- capped at 150% of the annual average of the Annual Variable Components paid for the years 2018-2020, as prorated to reflect the period served as Managing Chairman during the three years.

The Supervisory Board noted that, as this is a long-term incentive plan, no amount was due in respect of 2018.

Details of the performance criteria and related intermediate achievement rates are presented in Table 1.3 of section 4.4.3 c) of this Registration Document.

The long-term incentive bonus is subject to the shareholders' "say-on-pay" advisory vote on 2018 compensation.

No liability is recognized for the bonus in CGEM's financial statements because (i) it does not represent a commitment given by CGEM or any other Group company, and (ii) its payment is subject to several conditions that are uncertain of being fulfilled (including the availability of sufficient Profit Shares at the end of the long-term period) and achievement of certain performance criteria.

There is no way of reliably simulating the amount to be paid with respect to this incentive bonus in 2021, as the bonus:

- is not paid by Michelin but is deducted from the General Partners' Profit Shares, with the result that no liability is recognized in the Company's financial statements;
- is subject to the achievement of highly uncertain conditions and criteria, as indicated above, over a period of three years, of which only one has passed.

If the Managing Chairman were to cease to be a General Partner (for reasons other than death or disability) before his term expires and before the end of the performance assessment period, notably due to his resignation or removal from office, he would forfeit his rights to the long-term incentive bonus.

If the Managing Chairman ceases to hold office on the date his term expires (in May 2019), for reasons other than death or disability, and his term expires before the end of the reference three-year period for determining the achievement rate for the performance criteria, the three-year period will continue to run until the end of 2020.

The incentive bonus would be paid at the end of said three-year period, for an amount prorated to the actual period served as Managing Chairman during the period.

As for the incentive bonus awarded in 2017, Jean-Dominique Senard will be required to invest in Michelin shares 20% of the actual amounts received at the end of the three-year period for the 2018 incentive bonus. He will be required to hold these shares for at least three years as from the date on which he steps down from the position of Managing Chairman, after which the shares may be sold on a phased basis.

(1) These criteria and the related objectives are presented in the 2015 Registration Document (pages 299-301) and in section 5.5.4 of this Registration Document.

4.4.3 c) Cash-settled long-term incentive bonus

/ 1 – Cash-settled long-term incentive bonuses awarded since 2014[(1)]

1.1 – Cash-settled long-term incentive bonus awarded in 2016 and payable in 2019

Criteria	Growth in the Michelin share price compared with that of the CAC 40 index over the 2016-2018[(1)] period	Michelin Environmental site Footprint (as measured by the "MEF" indicator)[(2)]	Employee Engagement Rate (as measured by the annual "Moving Forward Together" survey)	Growth in consolidated operating income *(in € millions, before non-recurring items, at constant exchange rates and accounting methods)*
Type of criterion	Financial performance	Environmental and CSR performance	Environmental and CSR performance	Business performance
Weighting	35%	15%	15%	35%
Maximum objective	If the gain in Michelin's share price is at least 15 points more than the gain in the CAC 40[(1)], the achievement rate will be 100% and the maximum 35% of the maximum potential bonus will be received	If the average MEF over three years is less than 60, the achievement rate will be 100% and the maximum 15% of the maximum potential bonus will be received	If the average engagement rate exceeds 80%, the achievement rate will be 100% and the maximum 15% of the maximum potential bonus will be received	If average annual growth in operating income exceeds €150 million, the achievement rate will be 100% and the maximum 35% of the maximum potential bonus will be received
Target objective	If the gain in Michelin's share price is between 0 and 15 points more than the gain in the CAC 40[(1)], the result will be: (gain in the Michelin share price gain in the CAC 40 index) x (35%/15)	If the average MEF over three years is between 60 and 63, the result will be: (63 - average MEF)/ (63 - 60)*15%	If the average engagement rate is between 77% and 80%, the result will be: (average engagement rate - 77%)/ (80% - 77%)*15%.	If average annual growth in operating income is between €70 million and €150 million, the result will be: (operating income - €70 million)/(€150 million - €70 million)*15%
Trigger point	If the gain in Michelin's share price is less than the gain in the CAC 40[(1)], the achievement rate will be 0%	If the average MEF over three years is more than 63, the indicator will be 0%	If the average engagement rate is less than 77%, the indicator will be 0%	If average annual growth in operating income is less than €150 million, the indicator will be 0%
Indicator: achieved	Growth in the Michelin share price[(1)] = 10.5% Growth in the CAC 40[(1)] = 9% The growth differential is 1.5 points, giving an achievement rate of 3.5% out of 35% for this criterion	2016 = 56.9 2017 = 53 2018 = 49.3 The average MEF is 52.93 giving an achievement rate of 15% out of 15% for this criterion	2016 = 80% 2017 = 80% 2018 = 80% The average engagement rate is 80%, giving an achievement rate of 15% out of 15% for this criterion	2016 = +€243 million 2017 = +€138 million 2018 = +€289 million Operating income grew by an average of €223.33 million, giving an achievement rate of 35% out of 35% for this criterion
Base amount	€1,800,000, as increased or reduced by the % change in the Michelin share price over the 2016-2018 period (+10.5%)[(1)]			
Ceiling	▶ 150% of the average of the annual variable and multi-criteria variable compensation paid to Mr. Senard for 2016, 2017 and 2018 ▶ Amount of Profit Shares available for distribution in 2019 out of 2018 profit, after deducting annual variable and multi-criteria variable compensation due for 2018			
Amount due	€1,362,465			
Payment year	2019, after approval of the 2018 financial statements			
Commitment	Commitment to invest in Michelin shares 20% of the long-term incentive bonus received at the end of the three-year period and to retain these shares for as long as Mr. Senard remains in office, after which the shares may be sold on a phased basis over four years			

(1) Average share price for the second half of 2018 compared to the average share price for the second half of 2015.
(2) Michelin site Environmental Footprint (MEF) indicator: energy use, water withdrawals, CO_2 emissions, volatile organic compound emissions, amount of waste produced and amount of waste landfilled.

(1) No liability is recognized for these incentive bonuses in the Company's financial statements because they are deducted from the General Partners' Profit Shares which in turn are paid out of the Company's profit for the last related year.

The long-term incentive bonus was presented at the Annual Shareholders Meeting of May 19, 2017 and was approved by a majority of 96.32% of the votes cast (6th resolution).

Based on the achievement rates for the bonus criteria observed by the Compensation and Appointments Committee (see above table), the Supervisory Board noted that the gross long-term incentive bonus payable in 2019 amounted to €1,362,465 (before withholding tax).

Jean-Dominique Senard is committed to investing 20% of the incentive bonus in Michelin shares, and to holding the shares for a fixed period extending beyond the date when he steps down from his position as Managing Chairman, with any subsequent sales to be carried out on a phased basis over four years.

1.2 – Cash-settled long-term incentive bonus awarded in 2017

Criteria	**Growth in the Michelin share price compared with that of the CAC 40 index over the 2017-2019[(1)] period**	**Michelin site Environmental Footprint (as measured by the "MEF" indicator)[(2)]**	**Employee Engagement Rate (as measured by the annual "Moving Forward Together" survey)**	**Growth in consolidated operating income** *(in € millions, before non-recurring items, at constant exchange rates and accounting methods)*
Type of criterion	Financial performance	Environmental and CSR performance	Environmental and CSR performance	Business performance
Weighting	35%	15%	15%	35%
Maximum objective	If the gain in Michelin's share price is at least 15 points more than the gain in the CAC 40[(1)], the achievement rate will be 100% and the maximum 35% of the maximum potential bonus will be received	If the average MEF over three years is less than 60, the achievement rate will be 100% and the maximum 15% of the maximum potential bonus will be received	If the average engagement rate exceeds 80%, the achievement rate will be 100% and the maximum 15% of the maximum potential bonus will be received	If average annual growth in operating income exceeds €150 million, the achievement rate will be 100% and the maximum 35% of the maximum potential bonus will be received
Target objective	If the gain in Michelin's share price is between 0 and 15 points more than the gain in the CAC 40[(1)], the result will be: (gain in the Michelin share price – gain in the CAC 40 index) x (35%/15)	If the average MEF over three years is between 60 and 63, the result will be: (63 - average MEF)/(63 - 60)*15%	If the average engagement rate is between 77% and 80%, the result will be: (average engagement rate - 77%)/(80% - 77%)*15%	If average annual growth in operating income is between €70 million and €150 million, the result will be: (operating income - €70 million)/(€150 million - €70 million)*15%
Trigger point	If the gain in Michelin's share price is less than the gain in the CAC 40[(1)], the achievement rate will be 0%	If the average MEF over three years is more than 63, the indicator will be 0%	If the average engagement rate is less than 77%, the indicator will be 0%	If average annual growth in operating income is less than €150 million, the indicator will be 0%
Indicator: intermediate assessment	Growth in the Michelin share price[(3)] = 1.9% Growth in the CAC 40[(3)] = 15.8%	2017 = 53 2018 = 49.3	2017 = 80% 2018 = 80%	2017 = +€138 million 2018 = +€289 million
Base amount	€1,800,000, as increased or reduced by the % change in the Michelin share price over the 2017-2019 period			
Ceiling	▶ 150% of the annual average of the annual variable and multi-criteria variable compensation paid to Mr. Senard for 2017, 2018 and 2019 ▶ Amount of Profit Shares available for distribution in 2020 out of 2019 profit, after deducting single-criterion and multi-criteria variable compensation due for 2019			
Payment year	2020, after approval of the 2019 financial statements			
Commitment	Commitment to invest in Michelin shares 20% of the long-term incentive bonus received at the end of the three-year period and to retain these shares for as long as Mr. Senard remains in office, after which the shares may be sold on a phased basis over three years			

(1) Average share price for the second half of 2019 compared to the average share price for the second half of 2016.
(2) Michelin site Environmental Footprint (MEF) indicator: energy use, water withdrawals, CO_2 emissions, volatile organic compound emissions, amount of waste produced and amount of waste landfilled.
(3) Average share price for the second half of 2018 compared to the average share price for the second half of 2016.

The awarding of the long-term incentive bonus performance was presented at the Annual Shareholders Meeting of May 18, 2018 and was approved by a majority of 92.76% of the votes cast (6th resolution).

The Compensation and Appointments Committee noted the above intermediate assessment of performance in relation to the various criteria.

Mr. Senard is committed to investing 20% of the incentive bonus in Michelin shares, which he will continue to hold for as long as he remains in office, with any subsequent sales to be carried out on a phased basis over three years.

1.3 – Cash-settled long-term incentive bonus awarded in 2018

Criteria	Growth in the Michelin share price compared with that of the CAC 40 index over the 2018-2020(1) period	Michelin site Environmental Footprint (as measured by the "MEF" indicator)(2)	Employee Engagement Rate (as measured by the annual "Moving Forward Together" survey)	Growth in consolidated operating income *(in € millions, before non-recurring items, at constant exchange rates and accounting methods)*
Type of criterion	Financial performance	Environmental and CSR performance	Environmental and CSR performance	Business performance
Weighting	35%	15%	15%	35%
Maximum objective	If the gain in Michelin's share price is at least 15 points more than the gain in the CAC 40(1), the achievement rate will be 100% and the maximum 35% of the maximum potential bonus will be received	If the average MEF over three years is less than 51, the achievement rate will be 100% and the maximum 15% of the maximum potential bonus will be received	If the average engagement rate exceeds 80%, the achievement rate will be 100% and the maximum 15% of the maximum potential bonus will be received	If average annual growth in operating income exceeds €150 million, the achievement rate will be 100% and the maximum 35% of the maximum potential bonus will be received
Target objective	If the gain in Michelin's share price is between 0 and 15 points more than the gain in the CAC 40(1), the result will be: (gain in the Michelin share price gain in the CAC 40 index) x (35%/15)	If the average MEF over three years is between 51 and 53, the result will be: (53 - average MEF)/(53 - 51)*15%.	If the average engagement rate is between 77% and 80%, the result will be: (average engagement rate - 77%)/(80% - 77%)*15%	If average annual growth in operating income is between €70 million and €150 million, the result will be: (operating income - €70 million)/(€150 million - €70 million)*15%
Trigger point	If the gain in Michelin's share price is less than the gain in the CAC 40(1), the achievement rate will be 0%	If the average MEF over three years is more than 53, the indicator will be 0%	If the average engagement rate is less than 77%, the indicator will be 0%	If average annual growth in operating income is less than €150 million, the indicator will be 0%
Indicator: intermediate assessment	Growth in the Michelin share price(3) = -18.0% Growth in the CAC 40(3) = -1.4%	2018 = 49.3	2018 = 80%	2018 = +€289 million
Base amount	€1,080,000			
Ceiling	▶ 150% of the annual average of the annual variable and multi-criteria variable compensation paid to Mr. Senard for 2018, 2019 and 2020 ▶ Amount of Profit Shares available for distribution in 2021 out of 2020 profit, after deducting single-criterion and multi-criteria variable compensation due for 2020			
Payment year	2021, after approval of the 2020 financial statements			
Commitment	Commitment to invest in Michelin shares 20% of the long-term incentive bonus received at the end of the three-year period and to retain these shares for as long as Mr. Senard remains in office, after which the shares may be sold on a phased basis over three years			

(1) Average share price for the second half of 2020 compared to the average share price for the second half of 2017.
(2) Michelin site Environmental Footprint (MEF) indicator: energy use, water withdrawals, CO_2 emissions, volatile organic compound emissions, amount of waste produced and amount of waste landfilled; for 2018, the trigger point and maximum objective for this criterion were made considerably tougher.
(3) Average share price for the second half of 2018 compared to the average share price for the second half of 2017.

The Compensation and Appointments Committee noted the above intermediate assessment of performance in relation to the various criteria.

Mr. Senard is committed to investing 20% of the incentive bonus in Michelin shares, which he will continue to hold for as long as he remains in office, with any subsequent sales to be carried out on a phased basis over three years.

1.4 – Cash-settled long-term incentive bonus awarded in 2014 and paid in 2017

This long-term incentive bonus was presented at the Annual Shareholders Meeting of May 22, 2015 and was approved by a majority of 95.72% of the votes cast (6th resolution).

Payment of the bonus was approved at the Annual Shareholders Meeting of May 19, 2017 by a majority of 96.32% of the votes cast (6th resolution) (details of this long-term incentive bonus are provided in Table 1.1 of section 4.3.2 c) of the 2016 Registration Document, page 114).

In accordance with the terms of the bonus award, Mr. Senard acquired 690 Michelin shares[(1)], corresponding to approximately 20% of the bonus amount.

1.5 – Cash-settled long-term incentive bonus awarded in 2015 and paid in 2018

The long-term incentive bonus was presented at the Annual Shareholders Meeting of May 13, 2016 and was approved by a majority of 97.39% of the votes cast (6th resolution).

Payment of the bonus was approved at the Annual Shareholders Meeting of May 18, 2018 by a majority of 92.76% of the votes cast (6th resolution) (details of this long-term incentive bonus are provided in Table 1.1 of section 4.4.3 c) of the 2017 Registration Document, page 133).

In accordance with the terms of the bonus award, Mr. Senard acquired 1,800 Michelin shares[(2)], corresponding to approximately 20% of the bonus amount.

/ 2 – Cash-settled long-term incentive bonuses awarded between 2009 and 2011 (plans closed in 2012)

Grant year	2009	2010	2011
Amount awarded *(before indexation, in €)*	0 (waived)	368,034.00	0 (waived)
Exercise period	-	April 30, 2015 to April 29, 2019	-
Gross amount paid in 2018 *(in €)*	0	736,067.00	0
Incentive bonuses cancelled/expired	0	0	0
Long-term incentive bonuses outstanding at December 31, 2018 *(in €)*	0	0	0

The long-term incentive bonus awarded in 2009 was calculated on the basis of Mr. Senard's annual variable compensation. However, given the recessionary economic environment and the various measures implemented by the Group in response during 2009, he waived his right to this compensation.

Mr. Senard's 2010 long-term incentive bonus (2010 ILT) was equal to the average amount, in €, of the variable compensation paid to him for 2008, 2009 and 2010, representing €368,034.00.

The 2010 ILT is indexed to the long-term change in the Michelin share price, as determined by comparing the average share price for the quarter preceding the 2010 ILT award date to the average price for the quarter preceding the date when Mr. Senard elects to cash in the 2010 ILT.

The adjustment may be positive or negative, depending on whether the average share price rises or falls, and is capped at 100% of the variable compensation used as the basis for calculating the 2010 ILT.

Payment of the 2010 ILT is deferred because it may only be cashed in between the fifth and ninth anniversaries of the reference year, unless Mr. Senard is removed from office due to mismanagement.

Mr. Senard cashed in his 2010 ILT on June 13, 2018. During the indexation period, the average Michelin share price grew by 100.54% and he was therefore paid a gross amount of €736,067.00 after applying the maximum indexation adjustment.

In 2012, Mr. Senard waived his rights to his 2011 ILT calculated on the same basis as the 2010 ILT (*i.e.*, the average amount, in €, of the variable compensation paid to him in respect of 2009, 2010 and 2011).

4.4.3 d) Fringe benefits, stock options, performance shares, attendance fees

In line with the Group's 2018 compensation policy[(3)], Mr. Senard did not receive any attendance fees in 2018 from the Company or any controlled entities, or any benefits other than those listed above. No stock options or performance shares were granted to him during the year by the Company or any controlled entities.

Mr. Senard has a fringe benefit in the form of a Company car (see table 4.4.2 b).

4.4.3 e) Pension benefits

The Managers are not covered by any supplementary pension plan set up specifically for executive officers.

The pension plan's structure and rules are described in section 4.4.4 of this document. The description complies with the provisions of the Macron Act of August 6, 2015 and the enabling legislation dated February 23, 2016.

The plan rules are unchanged from 2017.

Mr. Senard's reference compensation for 2018 was made up solely of the fixed compensation paid by MFPM[(4)].

Based on the assumptions set out in the Macron Act enabling legislation dated February 23, 2016, the estimated amount of annual income he will receive under this plan is €165,000. The benefits will be taxed at the rate of 32%.

As the reference compensation represented less than half of the aggregate amount received by Mr. Senard for 2018 (fixed compensation and variable Profit Share), the actual gross replacement rate represented by pension benefits paid under the plan will be well below the 45% ceiling recommended in the AFEP/MEDEF Code.

4.4.3 f) Compensation for loss of office

No compensation for loss of office was paid in 2018[(5)].

4.4.3 g) Non-compete clause

No non-compete indemnity was paid in 2018[(5)].

(1) See statement in section 4.5 of this Registration Document.
(2) See statement in section 4.5 of this Registration Document.
(3) See section 4.4.1 a) of the 2017 Registration Document.
(4) See detailed disclosures in section 4.4.3 a) of this Registration Document.
(5) See detailed disclosures in section 4.4.2 m) of this Registration Document.

4.4.4 ADVISORY VOTE ON THE COMPONENTS OF THE COMPENSATION DUE OR AWARDED TO JEAN-DOMINIQUE SENARD, MANAGING CHAIRMAN, IN RESPECT OF 2018 AND SUBMITTED TO SHAREHOLDERS AT THE MAY 17, 2019 ANNUAL MEETING

Articles L. 225-37-2 and L. 225-82-2 of the French Commercial Code, as updated to reflect the provisions of the "Sapin 2" Act (Act 2016-1691 dated December 9, 2016), concerning shareholder approval of (i) the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the compensation and benefits of executive and non-executive non-independent directors (*ex ante* approval) and (ii) the components of the compensation paid or awarded to said directors pursuant to these principles (*ex post* approval) are not applicable to partnerships limited by shares by virtue of Article L. 226-1 of said Code.

However, in line with its commitment to apply corporate governance best practices, fulfill shareholders' expectations and continue to comply with the explicit recommendation in the AFEP/MEDEF Code that partnerships limited by shares should apply "the same compensation rules as those applicable to joint stock corporations, subject only to any differences justified by the specific features of this legal form, particularly those relating to the status of Managing General Partner" (Article 24.1.3), the Supervisory Board and the General Partners have decided for 2019 to give the Annual Shareholders Meeting the opportunity to issue an advisory vote on the compensation due or awarded to the Managing Chairman/Managing General Partner[(1)], in line with the AFEP/MEDEF Code recommendation[(2)] which provides for a mandatory shareholder vote.

In line with the recommendation of the Compensation and Appointments Committee, the Supervisory Board has issued a favorable opinion on the total compensation due or awarded to Jean-Dominique Senard in respect of 2018 and recommends that the shareholders cast a favorable advisory vote thereon.

The components of Mr. Senard's compensation will therefore be presented to shareholders at the Annual Meeting on May 17, 2019 (6th resolution).

All of the amounts indicated are based on the standard tables provided in the AFEP/MEDEF Code, which are set out in sections 4.4.2 and 4.4.3 above.

Compensation due or awarded for 2018	Amounts (or accounting value) submitted for shareholder approval *(in €)*	Presentation
Fixed compensation	1,100,000	**Unchanged from the previous year.** This corresponds to the gross annual fixed compensation due by Manufacture Française des Pneumatiques Michelin (MFPM), a controlled entity, as consideration for the duties performed by Mr. Senard in his capacity as General Manager of that company. Its amount was set by MFPM's General Partner in 2014 and has not been changed since then. For more information see section 4.4.3 a), Fixed compensation of this Registration Document, page 146, and section 4.4.1 a) on compensation in the 2017 Registration Document, pages 122 to 126.
Annual variable compensation	1,762,524	**The structure of these components and their payment mechanisms are unchanged from 2017.** **Shared features** The basis used to calculate the Annual Variable Components (the Consolidated Calculation Base) corresponds to 0.6% of the Group's consolidated net income. The Annual Variable Components of Mr. Senard's compensation are paid out of the share of profit (Profit Share) allocated to the General Partners of CGEM – Jean-Dominique Senard, Florent Menegaux and SAGES – that is split between them on a mutually agreed basis. The consolidated net income to be presented at the Annual Shareholders Meeting on May 17, 2019, amounts to €1,659,628 thousand. The Compensation and Appointments Committee has therefore noted that the Consolidated Calculation Base for 2018 is €9,957,765.14. Given the mutually agreed division of the Profit Share between the General Partners, and the performance achieved in 2018 with respect to the conditions governing the Annual Variable Components, as described below, the total amount payable to Mr. Senard represents €1,762,524 (after rounding, before withholding tax), breaks down as follows: **Single-Criterion Annual Variable Component** This component is equal to 8% of the Consolidated Calculation Base. The Compensation and Appointments Committee has noted that the Single-Criterion Annual Variable Component amounts to €796,621.21 for 2018.

(1) In line with the 2018 compensation policy described in the Corporate Governance Report incorporated in section 4.4.1 a) of the 2017 Registration Document, pages 122 to 126.
(2) Recommendation applied by the Company since it came into effect and, in 2019, in compliance with the most recent version of the AFEP/MEDEF Code dated June 2018.

<table>
<tr><th>Compensation due or awarded for 2018</th><th>Amounts (or accounting value) submitted for shareholder approval (in €)</th><th>Presentation</th></tr>
<tr><td>Annual variable compensation (continued)</td><td>1,762,524</td><td>Multi-Criteria Annual Variable Component

This component corresponds to between 0% and 14% of the Consolidated Calculation Base, depending on achievement rates for seven criteria.

The Compensation and Appointments Committee carefully reviewed each of the quantitative and qualitative criteria applicable to this component(1).

Based on this review, the Committee concluded that the overall achievement rate for the three quantitative criteria (which are the same as those applied to determine the 2018 variable compensation of the Executive Committee members and Group managers) was 62.90/100ths, with:
▶ annual growth in sales volumes (tonnes): 12.90/50ths;
▶ efficiency project (annual reduction in operating costs): 25/25ths;
▶ annual growth in free cash flow: 25/25ths.
Concerning the four qualitative criteria, the Committee's conclusions were as follows:
▶ for the "Continued active deployment of the Group's digital strategy" criterion, the Committee noted that substantially all of the objectives based on quantifiable indicators had been met (12.08/12.50ths):
– best operating practices have been deployed in production/digital manufacturing,
– a technology and innovation center has been set up in Pune, India, that will be instrumental in helping the Group move up a gear in its digital transformation,
– deployment of internal digital training for Group employees has been accelerated and global customer and employee relations have been transformed through the successful installation of dedicated digital platforms,
– deployment of connected initiatives has also been accelerated, allowing the Group to become a leading provider of connected mobility services (connected vehicles, platform integration);
▶ for the "Corporate social responsibility and environmental responsibility" criterion (environment, human rights, CSR governance), the Committee noted that the objectives based on quantifiable indicators had been met (12.50/12.50ths):
– environment objective: the Group has set a Science-Based Target for CO_2 emissions,
– Human Rights objective: the Total Case Incident Rate (TCIR) has improved,
– Group CSR Governance: dedicated governance structures have been deployed within the Group covering the environment, human rights and sustainable mobility;
▶ for the "Managers transition plan" criterion, the Committee noted that the objective concerning the transfer of powers to the new Managers had been met (12.50/12.50ths), as well as the objective of supporting Florent Menegaux as he prepares to take up the position of Managing Chairman;
▶ for the "Stabilization of the Group's organization" criterion, the Committee noted that Jean-Dominique Senard had met substantially all of the objectives (7.50/12.50ths) designed to ensure that the new organization in place since January 1, 2018 is both robust and stable. The objective concerning the organization's cohesiveness was considered to have been partly met.
The Compensation and Appointments Committee therefore considered that the overall achievement rate for the qualitative criteria was 44.58/50ths.

In conclusion of its analysis concerning the Multi-Criteria Annual Variable Component, the Committee recommended to the Supervisory Board that cumulative actual performance in relation to these quantitative and qualitative criteria should be rated as 107/150ths. Based on the Consolidated Calculation Base of €9,957,765.14, application of this cumulative achievement rate to the assessment grid defined by the Supervisory Board resulted in a Multi-Criteria Annual Variable Component of €965,903.22 for 2018.

For more information, see section 4.4.3 b), Variable compensation of this Registration Document, pages 146 and 147, and section 4.4.1 a) on compensation in the 2017 Registration Document, pages 122 to 126.</td></tr>
</table>

(1) For reasons of confidentiality and business secrecy, and more particularly to avoid disclosing information about the Company's strategy that could be used by competitors for their advantage, the Supervisory Board has elected not to disclose details of these performance targets to these quantitative and measurable criteria.

<table>
<tr><th>Compensation due or awarded for 2018</th><th>Amounts (or accounting value) submitted for shareholder approval (in €)</th><th>Presentation</th></tr>
<tr><td>Cash-settled deferred variable compensation awarded in 2018</td><td>No cash-settled deferred variable compensation was due for 2018</td><td>The structure of these components and their payment mechanisms are unchanged from 2017, but the base amount is significantly lower.
The base amount used to calculate Jean-Dominique Senard's deferred compensation for 2018 is €1,080,000. This is significantly lower than that for 2017 due to the election during the year of a second Managing General Partner.
The amount will be modulated by the application of the following three criteria set by the Supervisory Board and applicable over the three-year period:
▶ growth in the Michelin share price;
▶ environmental and corporate social responsibility performance: employee engagement and environmental performance of manufacturing operations (as measured by the MEF);
▶ growth in operating income(1).
These criteria are the same as those applicable to the 2018 performance share plan for Group employees, which is not open to Mr. Senard. They concern implementation of the Group's long-term strategy as expressed in the Ambitions for 2020.
For 2018, the decision was made to set considerably tougher MEF targets.
The achievement rate under this long-term incentive plan will be equal to 100% only if the targets for all three criteria are met in full.
The long-term incentive bonus is not due by the Company but would be deducted from the General Partners' allocated Profit Shares.
The final amount receivable under the long-term incentive plan will be:
▶ capped at 150% of the average of the Annual Variable Components paid to Mr. Senard for 2018, 2019 and 2020;
▶ paid out of the Profit Shares allocated to the General Partners in respect of 2020 and payable in 2021 after the 2020 financial statements have been approved:
– subject to the availability of Profit Shares payable in 2021 out of 2020 profit,
– up to the amount of said available Profit Shares after deducting the Single-Criterion and Multi-Criteria Annual Variable Components due for 2020.
If Mr. Senard were to cease to be a General Partner (for reasons other than death or disability) before his term expires and before the end of the performance assessment period, notably due to his resignation or removal from office, he would forfeit his rights to the long-term incentive bonus.
If the Managing Chairman ceases to hold office on the date his term expires (in May 2019), for reasons other than death or disability, and his term expires before the end of the reference three-year period for determining the achievement rate for the performance criteria, the three-year period will continue to run until the end of 2020.
The incentive bonus would be paid at the end of said three-year period, for an amount prorated to the actual period served as Managing Chairman during the three years.
As for the incentive bonus awarded in 2017, Mr. Senard will be required to invest in Michelin shares 20% of the actual amounts received at the end of the three-year period for the 2018 incentive bonus. He will be required to hold these shares for at least three years as from the date on which he steps down from the position of Managing Chairman, after which the shares may be sold on a phased basis.
The Supervisory Board noted that, as this is a long-term incentive plan, no amount was due in respect of 2018.
For more information, see section 4.4.3 c), Variable compensation of this Registration Document, pages 149 and 150, and section 4.4.1 a) on compensation in the 2017 Registration Document, pages 122 to 126.</td></tr>
</table>

(1) Consolidated operating income based on a comparable consolidation scope and at constant exchange rates and accounting methods, excluding non-recurring items, as adjusted if necessary for the effects of any exceptional events.

Compensation due or awarded for 2018	Amounts (or accounting value) submitted for shareholder approval *(in €)*	Presentation
Cash-settled differed variable compensation awarded in 2016 and due in 2019 in respect of 2018	1,362,465	**The long-term incentive bonus was presented at the Annual Shareholders Meeting of May 19, 2017 and was approved by a majority of 96.32% of the votes cast (6th resolution).** 2018 was the last calculation year for this bonus and the Compensation and Appointments Committee therefore noted the achievement rates for each of the performance criteria, as follows: ▶ growth in the Michelin share price compared with that of the CAC 40 index: the growth differential was 1.5 points, giving an achievement rate of 3.5% out of a possible 35%; ▶ improvement in the Michelin Environmental Footprint (MEF): the average MEF was 52.93 giving an achievement rate of 15% out of 15% for this criterion; ▶ employee engagement ("Moving Forward Together" survey): the average engagement rate was 80%, giving an achievement rate of 15% out of 15% for this criterion; ▶ growth in operating income: average operating income for the three-year period was €223.33 million, giving an achievement rate of 35% out of 35% for this criterion. Based on these results, the Supervisory Board noted that the gross long-term incentive bonus payable in 2019 amounted to €1,362,465 (before withholding tax). Mr. Senard is committed to investing 20% of the incentive bonus in Michelin shares, and to holding the shares for a fixed period extending beyond the expiry of his term as Managing General Partner, with any subsequent sales to be carried out on a phased basis over four years. For more information, see in section 4.4.3 c) of this Registration Document, pages 149 and 150, and section 4.4.1 a) on compensation in the 2017 Registration Document, pages 124 and 125.
Stock options, performance shares and other share-based payments	N/A	No stock options granted. No performance shares granted. No other share-based payments.
Exceptional compensation	N/A	No exceptional compensation.
Attendance fees	N/A	Mr. Senard does not receive any attendance fees.
Value of fringe benefits	8,470	Company car.

(1) For reasons of confidentiality and business secrecy, and more particularly to avoid disclosing information about the Company's strategy that could be used by competitors for their advantage, the Supervisory Board has elected not to disclose details of these performance targets to these quantitative and quantifiable criteria.
(2) Consolidated operating income based on a comparable consolidation scope and at constant exchange rates and accounting methods, excluding non-recurring items, as adjusted if necessary for the effects of any exceptional events.

Components of compensation due or awarded for 2018 which have been submitted for shareholder approval in accordance with the procedures applicable to related-party agreements and commitments(1)	Amounts submitted for shareholder approval *(in €)*	Presentation
Compensation for loss of office	No compensation for loss of office was due for 2018	**The detailed information in this section is unchanged from 2017.** In accordance with Article 13-2 of the Bylaws, as approved by an extraordinary resolution of the May 13, 2011 Annual Shareholders Meeting, if Mr. Senard were to be removed from office before the end of his term as a result of a change of strategy or a change of control of the Company, provided such removal was not due to gross misconduct, he would be entitled to compensation for loss of office to be decided by the Non-Managing General Partner and subject to the prior approval of the Supervisory Board. The amount of any such compensation would not exceed the equivalent of Mr. Senard's total compensation for the two years preceding the year of his removal from office. It would be subject to the performance conditions decided by the Supervisory Board. The final compensation would be reduced, if applicable, so that any other severance payments due to Mr. Senard would not result in his receiving an aggregate severance package in excess of two years' compensation, as recommended in the AFEP/MEDEF Code. For more information see section 4.4.1 a) 6 on compensation in the 2017 Registration Document, page 126 and section 4.4.2 m) of this Registration Document, page 145.

Components of compensation due or awarded for 2018 which have been submitted for shareholder approval in accordance with the procedures applicable to related-party agreements and commitments[(1)]	Amounts submitted for shareholder approval *(in €)*	Presentation
Non-compete indemnity	No indemnity was due under a non-compete clause in 2018	**The detailed information in this section is unchanged from 2017.** In the same way as Michelin employees who have specific expertise that needs to be protected to prevent its use by a competitor in a manner that is detrimental to the Company's interests, Mr. Senard is subject to a non-compete clause. The Company is, however, entitled to waive the application of this clause. If the Company were to decide to apply this non-compete clause over a period of up to two years, it would have to pay to Mr. Senard the equivalent of up to 16 months' compensation based on the most recent aggregate compensation paid to him by Group companies. The non-compete indemnity would be reduced or canceled, if necessary, so that Mr. Senard's total severance package did not exceed the equivalent of the aggregate of his last two years' compensation, as recommended in the AFEP/MEDEF Code. For more information see section 4.4.1 a) 7 on compensation in the 2017 Registration Document, page 126 and section 4.4.2 m) of this Registration Document, page 145.
Supplementary pension benefits	No supplementary pension benefits were due for 2018	**The pension plan structure and rules are unchanged from 2017.** This description complies with the provisions of the Macron Act of August 6, 2015 and the enabling legislation dated February 23, 2016. Mr. Senard is not a member of any pension plan set up specifically for executive officers. In his capacity as General Manager of MFPM, Mr. Senard participates in the supplementary pension plan set up for MFPM senior executives (the Michelin Executive Supplementary Pension Plan). This plan, which is governed by Article L. 137-11 of the French Social Security Code and Article 39 of the French General Tax Code and is not restricted to General Managers (executive officers), has the following main features: ▶ participants must 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 (annual average of the best three years of compensation out of the last five years preceding the beneficiary's retirement); ▶ the replacement rate including benefit entitlements under compulsory plans is capped at 35%; ▶ an evaluation is carried out in accordance with Group accounting policies; ▶ benefit entitlement is conditional on participants ending their career at MFPM as an executive employee or executive officer, in accordance with Article L. 137-11 of the French Social Security Code; ▶ 70% of the prior year's benefit obligation is funded through a contribution to an insured plan. Mr. Senard's reference compensation is made up solely of the fixed compensation paid by MFPM (see section 4.4.3 a) of this Registration Document). Based on the assumptions set out in the Macron Act enabling legislation dated February 23, 2016, the estimated amount of annual income he will receive under this plan is €165,000. The benefits will be taxed at the rate of 32%. As the reference compensation represented less than half of the aggregate amount received by Mr. Senard for 2018 (fixed compensation and variable Profit Share), the actual gross replacement rate represented by pension benefits paid under the plan will be well below the 45% ceiling recommended in the AFEP/MEDEF Code.

(1) Unlike for joint stock corporations (sociétés anonymes, or S.A.s) the provisions concerning "related-party commitments" set out in Article L. 225-42-1 of the French Commercial Code do not apply to commitments given by a partnership limited by shares (société en commandite par actions, or S.C.A.) to its Managers (Article L. 226-10 of said Code states that Articles L. 225-38 to L. 225-43 thereof apply to partnerships limited by shares with respect to related-party agreements but does not mention related-party commitments).

The fact that the specific system applicable to S.A.s concerning related-party commitments does not apply to S.C.A.s is corroborated by Article L. 226-10-1 of the French Commercial Code, which states that the Chairman of the Supervisory Board is required to prepare a report reviewed by the Statutory Auditors whose content explicitly excludes information related to the "principles and rules concerning the compensation and benefits granted to executive officers", whereas this information is compulsory for S.A.s pursuant to Articles L. 225-37 and L. 225-68 of the French Commercial Code. This difference in the applicable legal regimes does not have any effect on (i) the rules concerning public disclosures of the amounts and underlying principles relating to the compensation of the Company's executive officers and (ii) the application, adapted to the context, of the AFEP/MEDEF Code's recommendations.

4.4.5 AMOUNTS ALLOCATED TO FLORENT MENEGAUX, MANAGING GENERAL PARTNER SINCE MAY 18, 2018

Florent Menegaux was elected as Managing General Partner by the Annual Shareholders Meeting of May 18, 2018 (13th resolution) by a majority of 99.70% of the votes cast[(1)].

In his capacity as General Partner of CGEM[(2)], he has unlimited personal liability for the Company's debts. As consideration for this liability, the General Partners each receive a portion of the Company's profits as provided for in the Bylaws[(3)]. This means that their interests are fully aligned with those of the shareholders, as they are paid this consideration only if the Company makes a profit.

The Compensation and Appointments Committee of the Supervisory Board has reviewed all the components of the compensation due, awarded or to be awarded to Florent Menegaux in his capacity as Managing General Partner as from May 18, 2018, pursuant to the 2018 compensation policy. This policy is described in the Corporate Governance Report reproduced in the 2017 Registration Document[(4)] and was presented to the Annual Shareholders Meeting of May 18, 2018 by the Chair of the Compensation and Appointments Committee[(5)].

4.4.5 a) Fixed compensation

For the Managing General Partner elected in 2018, the 2018 compensation policy provides for the payment of fixed compensation (i) in an amount that is significantly lower than that of the Managing Chairman, (ii) prorated based on the period served as Managing General Partner in 2018.

In line with this policy, Florent Menegaux's annual fixed compensation was set at €900,000. His prorated fixed compensation for the period from his election as Managing General Partner on May 18, 2018 to December 31, 2018 amounted to €554,672[(6)].

4.4.5 b) Variable compensation

/ Annual variable compensation

Shared features

These components have been determined in application of the 2018 compensation policy.

The annual variable components of Mr. Menegaux's compensation are paid out of the Profit Shares allocated to the two General Partners, which amounted to €9,957,765.14 for 2018[(7)].

Based on the Group's consolidated net income of €1,659,628 thousand[(7)], the Compensation and Appointments Committee has noted that the Consolidated Calculation Base of 0.6% of consolidated net income amounts to €9,957,765.14 for 2018.

Given the mutually agreed division of the Profit Share between the General Partners, and the results achieved in 2018 in relation to the performance conditions, as presented below, the total amount payable to Mr. Menegaux stands at €668,479 (after rounding).

Single-Criterion Annual Variable Component

For the Managing General Partner elected in 2018, the 2018 compensation policy provides for the Single Criterion Annual Variable Component to be (i) calculated on a significantly lower Consolidated Calculation Base than that applicable to the Managing Chairman and (ii) prorated based on the period served as Managing General Partner in fiscal 2018.

In line with this policy and based on the Supervisory Board's recommendation, the General Partners set the Single Criterion Annual Variable Component at 5% of the Consolidated Calculation Base.

The Compensation and Appointments Committee has noted that the Single-Criterion Annual Variable Component amounts to €312,374 for 2018, representing 56.3% of Florent Menegaux's prorated fixed compensation for the year.

Multi-Criteria Annual Variable Component

For the Managing General Partner elected in 2018, the 2018 compensation policy provides for the Multi-Criteria Annual Variable Component to be (i) calculated on a significantly lower Consolidated Calculation Base than that applicable to the Managing Chairman and (ii) prorated based on the period served as Managing General Partner in fiscal 2018.

In line with this policy and based on the Supervisory Board's recommendation, the General Partners set the Multi-Criteria Annual Variable Component at between 0% and 8.50% of the Consolidated Calculation Base.

(1) As a result of his election, Mr. Menegaux resigned from the position covered by his employment contract with MFPM without receiving any termination benefit under the contract.
(2) At December 31, 2018, the Company had three General Partners: Jean-Dominique Senard, Managing Chairman, Florent Menegaux, Managing General Partner, and SAGES, Non-Managing General Partner (see sections 2.15.3 and 2.15.4 c)) of this Registration Document).
(3) See Article 30 of the Bylaws, reproduced in section 4.6.5 below.
(4) See section 4.4.1 a) of the 2017 Registration Document, pages 122 to 126.
(5) See the information/presentations on the May 18, 2018 Annual Shareholders Meeting on the Company's website www.michelin.com.
(6) Compensation paid by Manufacture Française des Pneumatiques Michelin (MFPM) in consideration of his role as General Manager of the Company as from May 18, 2018.
(7) See the 2nd and 3rd resolutions presented to the Annual Shareholders Meeting of May 17, 2019.

The achievement rates for the different criteria were as follows:

Quantitative criteria	Annual growth in sales volume	Annual savings from the Efficiency project to reduce overheads	Annual free cash flow
Indicator	Volume (tonnes)	Appropriate SG&A/ gross margin ratio	Amount
Target[(1)]	Proportionate to observed increase	Achieved in stages as from a minimum ratio	Achieved in stages from a minimum as amount
Indicator: 2018 Actual	0.90%	55%	€1,214 million
Maximum value (in 100ths)	50	25	25
Achievement rate	12.90	25	25

(1) For reasons of confidentiality and business secrecy, and more particularly to avoid disclosing information about the Company's strategy that could be used by competitors for their advantage, the Supervisory Board has elected not to disclose details of these performance targets to these quantitative and quantifiable criteria.

Quantifiable qualitative criteria	Digital strategy	CSR/Environment & human rights	Manager transition – Strategic goals	Group organization
Maximum value *(in 50ths)*	12.50	12.50	12.50	12.50
Achievement rate	12.08	12.50	12.50	7.50

Condition: Triggered when a criterion threshold is reached	When the cumulative achievement rate for the fiver criteria is a least 50/150ths: achieved

Overall achievement rate (quantitative and qualitative criteria)	107/150ths(1)
Amount awarded according to quantifiable qualitative criteria *(in €)*	356,106.00
As a % of fixed compensation	64.2%

(1) Result rounded down by decision of the Supervisory Board. Florent Menegaux would be awarded the maximum 8.50% of the Consolidated Calculation Base for this component only if the cumulative achievement rate for the seven criteria was 150/150ths.

The Compensation and Appointments Committee carefully reviewed achievement rates for each of the quantitative and qualitative criteria.

Concerning the qualitative criteria, the Committee's conclusions were as follows:

- for the "Continued active deployment of the Group's digital strategy" criterion, the Committee noted that substantially all of the objectives based on quantifiable indicators had been met:
  - best operating practices have been deployed in production/ digital manufacturing,
  - a technology and innovation center has been set up in Pune, India, that will be instrumental in helping the Group move up a gear in its digital transformation,
  - deployment of internal digital training for Group employees has been accelerated and global customer and employee relations have been transformed through the successful installation of dedicated digital platforms,
  - deployment of connected initiatives has also been accelerated, allowing the Group to become a leading provider of connected mobility services (connected vehicles, platform integration);
- for the "Corporate social responsibility and environmental responsibility" criterion (environment, human rights, CSR governance), the Committee noted that the objectives based on quantifiable indicators had been met:
  - environment objective: the Group has set a Science-Based Target for CO_2 emissions,
  - Human Rights objective: the Total Case Incident Rate (TCIR) has improved,
  - Group CSR Governance: dedicated governance structures have been deployed within the Group covering the environment, human rights and sustainable mobility;
- for the "Manager transition plan" criterion, the Committee noted that Florent Menegaux had met his objectives concerning his integration, as future Managing Chairman, in the economic, social and media environment, gradual assertion of his leadership and presentation of the Group's strategic goals to the governance structures;
- for the "Stabilization of the Group's organization" criterion, the Committee noted that Florent Menegaux had met substantially all of the objectives designed to ensure that the new organization in place since January 1, 2018 is both robust and stable. The objective concerning the organization's cohesiveness was considered as partly met.

In conclusion of its analysis concerning the Multi-Criteria Annual Variable Component, the Committee recommended to the Supervisory Board that cumulative actual performance in relation to these quantitative and qualitative criteria should be rated as 107/150ths. Based on the Consolidated Calculation Base of €9,957,765.14, application of this cumulative achievement rate to the assessment grid defined by the Supervisory Board resulted in a Multi-Criteria Annual Variable Component of €356,106 for 2018.

After discussing the matter during its meeting on February 11, 2019, the Supervisory Board approved the Compensation and Appointments Committee's recommendations.

The Chair of the Compensation and Appointments Committee then submitted its recommendations to the General Partners, which approved them.

/ Cash-settled deferred variable compensation awarded in 2018 (long-term incentive bonus)

For the Managing General Partner elected in 2018, the 2018 compensation policy provides for the long-term incentive bonus to be (i) calculated on a significantly lower base than that applicable to the Managing Chairman and (ii) prorated based on the period served as Managing General Partner in fiscal 2018.

In response to shareholder expectations and the changing tire market environment, the policy applied consistently since 2016 for the Managing Chairman has consisted of aligning these criteria with the vesting criteria for employee performance share plans, which concern implementation of the Group's long-term strategy as expressed in the Ambitions for 2020 (see section 1.1 of this Registration Document).

In line with this policy and based on the Supervisory Board's recommendation, the General Partners set the Managing General Partner's long-term incentive bonus at €720,000.

This amount will be modulated by the application, over the three years 2018-2020, of criteria set by the Supervisory Board which are also applicable to performance share grants for Group employees. The criteria are: Michelin's comparative stock market performance, the environmental performance of manufacturing operations, employee engagement and growth in operating income. These criteria reflect implementation of the Ambitions for 2020 described in section 1.1 of this Registration Document[1].

The long-term incentive bonus performance criteria and objectives were presented at the Annual Shareholders Meeting of May 13, 2016 and were approved by a majority of 99.60% of the votes cast (25th resolution). For 2018, the decision was made to toughen up the trigger point and maximum objective for the "Michelin Environmental Footprint" indicator. The trigger point (below which the indicator will be 0) has been lowered to 53 from 63 previously, and the maximum objective (representing the point at which the maximum bonus for the criterion would be received) has been lowered to 51 from 60 previously.

The amount obtained after applying the performance criteria will be:

- prorated to reflect the period served as Managing General Partner during the three years 2018-2020;
- capped at 150% of the annual average of the Annual Variable Components paid for the years 2018-2020, as prorated to reflect the period served as Managing General Partner during the three years.

The Supervisory Board noted that, as this is a long-term incentive plan, no amount was due in respect of 2018.

The long-term incentive bonus is subject to the shareholders' "say-on-pay" advisory vote on 2018 compensation.

No liability is recognized for the bonus in CGEM's financial statements because (i) it does not represent a commitment given by CGEM or any other Group company, and (ii) its payment is subject to several conditions that are uncertain of being fulfilled (including the availability of sufficient Profit Shares at the end of the long-term period) and achievement of certain performance criteria.

There is no way of reliably simulating the amount to be paid with respect to this incentive bonus in 2021, as the bonus:

- is not paid by Michelin but is deducted from the General Partners' Profit Shares, with the result that no liability is recognized in the Company's financial statements;
- is subject to the achievement of highly uncertain conditions and criteria, as indicated above, over a period of three years, of which only one has passed.

If the Managing General Partner were to cease to be a General Partner (for reasons other than death or disability) before his term expires and before the end of the performance assessment period, notably due to his resignation or removal from office, he would forfeit his rights to the long-term incentive bonus.

The incentive bonus would be paid at the end of said three-year period, for an amount prorated to the actual time served as Managing General Partner during the period.

As for the incentive bonus awarded to Jean-Dominique Senard, Florent Menegaux is required to invest in Michelin shares 20% of the actual amounts received at the end of the three-year period for the 2018 incentive bonus and to hold the shares for a fixed period that may extend beyond the expiry of his term as Managing General Partner, with any subsequent sales to be carried out on a phased basis over four years.

(1) *These criteria and the related objectives are presented in the 2015 Registration Document (pages 299-301) and in section 5.5.4 of this Registration Document.*

The table below provides details of the long-term incentive bonus performance criteria and related intermediate achievement rates:

Criteria	**Growth in the Michelin share price compared with that of the CAC 40 index over the 2018-2020[(1)] period**	**Michelin site Environmental Footprint (as measured by the "MEF" indicator)[(2)]**	**Employee engagement rate (as measured by the annual "Moving Forward Together" survey)**	**Growth in consolidated operating income** *(in € millions, before non-recurring items, at constant exchange rates and accounting methods)*
Type of criterion	Financial performance	Environmental and CSR performance	Environmental and CSR performance	Business performance
Weighting	35%	15%	15%	35%
Maximum objective	If the gain in Michelin's share price is at least 15 points more than the gain in the CAC 40[(1)], the achievement rate will be 100% and the maximum 35% of the maximum potential bonus will be received	If the average MEF over three years is less than 51, the achievement rate will be 100% and the maximum 15% of the maximum potential bonus will be received	If the average engagement rate exceeds 80%, the achievement rate will be 100% and the maximum 15% of the maximum potential bonus will be received	If average annual growth in operating income exceeds €150 million, the achievement rate will be 100% and the maximum 35% of the maximum potential bonus will be received
Target objective	If the gain in Michelin's share price is between 0 and 15 points more than the gain in the CAC 40[(1)], the result will be: (gain in the Michelin share price gain in the CAC 40 index) x (35%/15)	If the average MEF over three years is between 51 and 53, the result will be: (53 - average MEF)/(53 - 51)*15%	If the average engagement rate is between 77% and 80%, the result will be: (average engagement rate - 77%)/(80% - 77%)*15%	If average annual growth in operating income is between €70 million and €150 million, the result will be: (operating income - €70 million)/(€150 million - €70 million)*15%
Trigger point	If the gain in Michelin's share price is less than the gain in the CAC 40[(1)], the achievement rate will be 0%	If the average MEF over three years is more than 53, the indicator will be 0%	If the average engagement rate is less than 77%, the indicator will be 0%	If average annual growth in operating income is less than €150 million, the indicator will be 0%.
Indicator: intermediate assessment	Growth in the Michelin share price[(3)] = -18.0% Growth in the CAC 40[(3)] = -1.4%	2018 = 49.3	2018 = 80%	2018 = +€289 million
Base amount	€720,000			
Ceiling	▶ 150% of the annual average of the annual variable and multi-criteria variable compensation paid to Mr. Menegaux for 2018, 2019 and 2020 ▶ Amount of Profit Shares available for distribution in 2021 out of 2020 profit, after deducting single-criterion and multi-criteria variable compensation due for 2020			
Payment year	2021, after approval of the 2020 financial statements			
Commitment	Commitment to invest in Michelin shares 20% of the long-term incentive bonus received at the end of the three-year period and to retain these shares for as long as Mr. Menegaux remains in office, after which the shares may be sold on a phased basis over four years			

(1) Average share price for the second half of 2020 compared to the average share price for the second half of 2017.
(2) Michelin site Environmental Footprint (MEF) indicator: energy use, water withdrawals, CO_2 emissions, volatile organic compound emissions, amount of waste produced and amount of waste landfilled; for 2018, the trigger point for these criteria was made considerably tougher.
(3) Average share price for the second half of 2018 compared to the average share price for the second half of 2017.

4.4.5 c) Fringe benefits, stock options, performance shares, attendance fees

In line with the 2018 compensation policy, Mr. Menegaux did not receive any attendance fees in 2018 from the Company or any controlled entities, or any benefits other than those listed above.

Mr. Menegaux has a fringe benefit in the form of a Company car (see table 4.4.2 c).

4.4.5 d) Supplementary pension benefits

The Managers are not covered by any supplementary pension plan set up specifically for executive officers.

In his capacity as General Manager of the subsidiary MFPM, Mr. Menegaux participates in the supplementary pension plan set up for MFPM and CGEM senior executives (the Michelin Executive Supplementary Pension Plan).

This plan, which is governed by Article L. 137-11 of the French Social Security Code and Article 39 of the French General Tax Code, is described in the section 4.4.6 in this Registration Document.

The plan rules are unchanged from 2017.

Mr. Menegaux's reference compensation for 2018 in his capacity as executive director was made up solely of the annual fixed compensation paid by the subsidiary MFPM[1].

Based on the assumptions set out in the Macron Act enabling legislation dated February 23, 2016, the estimated amount of annual income he will receive under this plan is €135,000. The benefits will be taxed at the rate of 32%.

The actual gross replacement rate represented by pension benefits paid under the plan will be well below the 45% ceiling recommended in the AFEP/MEDEF Code.

4.4.5 e) Compensation for loss of office

No compensation for loss of office was paid in 2018[2].

4.4.5 f) Non-compete indemnity

No non-compete indemnity was paid in 2018[2].

4.4.6 ADVISORY VOTE ON THE COMPONENTS OF THE COMPENSATION DUE OR AWARDED TO FLORENT MENEGAUX, ELECTED AS MANAGING GENERAL PARTNER ON MAY 18, 2018, IN RESPECT OF 2018 AND SUBMITTED TO SHAREHOLDERS AT THE MAY 17, 2019 ANNUAL MEETING

Articles L. 225-37-2 and L. 225-82-2 of the French Commercial Code, as updated to reflect the provisions of the "Sapin 2" Act (Act 2016-1691 dated December 9, 2016), concerning shareholder approval of (i) the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the compensation and benefits of executive and non-executive non-independent directors (*ex ante* approval) and (ii) the components of the compensation paid or awarded to said directors pursuant to these principles (*ex post* approval) are not applicable to partnerships limited by shares by virtue of Article L. 226-1 of said Code.

However, in line with its commitment to apply corporate governance best practices, fulfill shareholders' expectations and continue to comply with the explicit recommendation in the AFEP/MEDEF Code that partnerships limited by shares should apply "the same compensation rules as those applicable to joint stock corporations, subject only to any differences justified by the specific features of this legal form, particularly those relating to the status of Managing General Partner" (Article 24.1.3), the Supervisory Board and the General Partners have decided for 2019 to give the Annual Shareholders Meeting the opportunity to issue an advisory vote on the compensation due or awarded to the Managing General Partner[3], in line with the AFEP/MEDEF Code recommendation[4] which provides for a mandatory shareholder vote.

In line with the recommendation of the Compensation and Appointments Committee, the Supervisory Board has issued a favorable opinion on the total compensation due or awarded to Florent Menegaux in respect of 2018 and recommends that the shareholders cast a favorable advisory vote thereon.

The components of Mr. Menegaux's compensation will therefore be presented to shareholders at the Annual Meeting on May 17, 2019 (7th resolution).

All of the amounts indicated are based on the standard tables provided in the AFEP/MEDEF Code, which are set out in sections 4.4.2 and 4.4.5 above.

(1) *See detailed disclosures in section 4.4.5 a) of this Registration Document.*
(2) *See detailed disclosures in section 4.4.2 m) of this Registration Document.*
(3) *In line with the 2018 compensation policy described in the Corporate Governance Report incorporated in section 4.4.1 a) of the 2017 Registration Document, pages 122 to 126.*
(4) *Recommendation applied by the Company since it came into effect and, in 2019, in compliance with the most recent version of the AFEP/MEDEF Code dated June 2018.*

Compensation due or awarded for 2018	Amounts (or accounting value) submitted for shareholder approval *(in €)*	Presentation
Fixed compensation	554,672	This corresponds to the gross annual fixed compensation due by Manufacture Française des Pneumatiques Michelin (MFPM), a controlled entity, as consideration for the duties performed by Mr. Menegaux in his capacity as General Manager of that company. The 2018 compensation policy provides for the payment to Mr. Menegaux of fixed compensation (i) in an amount that is significantly lower than that of the Managing Chairman, (ii) prorated based on the period served as Managing General Partner in fiscal 2018. For more information see section 4.4.5 a) Fixed compensation of this Registration Document, page 158, and section 4.4.1 a) on compensation in the 2017 Registration Document, pages 122 to 126.
Annual variable compensation	668,479	**Shared features** The basis used to calculate the Annual Variable Components (the Consolidated Calculation Base) corresponds to 0.6% of the Group's consolidated net income. The Annual Variable Components of Mr. Menegaux's compensation are paid out of the share of profit (Profit Share) allocated to the General Partners of CGEM – Jean-Dominique Senard, Florent Menegaux and SAGES – that is split between them on a mutually agreed basis. The consolidated net income to be presented at the Annual Shareholders Meeting on May 17, 2019, amounts to €1,659,628 thousand. The Compensation and Appointments Committee has therefore noted that the Consolidated Calculation Base for 2018 is €9,957,765.14. Given the mutually agreed division of the Profit Share between the General Partners, and the performance achieved in 2018 with respect to the conditions governing the Annual Variable Components, as described below, the total amount payable to Mr. Menegaux represents €668,479 (after rounding, before withholding tax), as follows: **Single-Criterion Annual Variable Component** This component is equal to 5% of the Consolidated Calculation Base. The Compensation and Appointments Committee has noted that the Single-Criterion Annual Variable Component amounts to €312,374 for 2018. **Multi-Criteria Annual Variable Component** This component corresponds to between 0% and 8.50% of the Consolidated Calculation Base, depending on the achievement rates for seven criteria. The Compensation and Appointments Committee carefully reviewed each of the quantitative and qualitative criteria applicable to this component[(1)]. Based on this review, the Committee concluded that the overall achievement rate for the three quantitative criteria (which are the same as those applied to determine the 2018 variable compensation of the Executive Committee members and Group managers) was 62.90/100$^{\text{ths}}$, with: ▶ annual growth in sales volumes (tonnes): 12.90/50$^{\text{ths}}$; ▶ efficiency project (annual reduction in operating costs): 25/25$^{\text{ths}}$; ▶ annual growth in free cash flow: 25/25$^{\text{ths}}$. Concerning the four qualitative criteria, the Committee's conclusions were as follows: ▶ for the "Continued active deployment of the Group's digital strategy" criterion, the Committee noted that substantially all of the objectives based on quantifiable indicators had been met (12.08/12.50$^{\text{ths}}$): – best operating practices have been deployed in production/digital manufacturing, – a technology and innovation center has been set up in Pune, India, that will be instrumental in helping the Group move up a gear in its digital transformation, – deployment of internal digital training for Group employees has been accelerated and global customer and employee relations have been transformed through the successful installation of dedicated digital platforms, – deployment of connected initiatives has also been accelerated, allowing the Group to become a leading provider of connected mobility services (connected vehicles, platform integration); ▶ for the "Corporate social responsibility and environmental responsibility" criterion (environment, human rights, CSR governance), the Committee noted that the objectives based on quantifiable indicators had been met (12.50/12.50$^{\text{ths}}$): – environment objective: the Group has set a Science-Based Target for CO_2 emissions, – Human Rights objective: the Total Case Incident Rate (TCIR) has improved, – Group CSR Governance: dedicated governance structures have been deployed within the Group covering the environment, human rights and sustainable mobility; ▶ for the "Manager transition plan" criterion, the Committee noted that Florent Menegaux had met his objectives (12.50/12.50$^{\text{ths}}$) concerning his integration, as future Managing Chairman, in the economic, social and media environment, gradual assertion of his leadership and presentation of the Group's strategic goals to the governance structures;

Compensation due or awarded for 2018	Amounts (or accounting value) submitted for shareholder approval *(in €)*	Presentation
Annual variable compensation (continued)	668 479	▶ for the "Stabilization of the Group's organization" criterion, the Committee noted that Florent Menegaux had met substantially all of the objectives (7.50/12.50ths) designed to ensure that the new organization in place since January 1, 2018 is both robust and stable. The objective concerning the organization's cohesiveness was considered to have been partly met. The Compensation and Appointments Committee therefore considered that the overall achievement rate for the qualitative criteria was 44.58/50ths. In conclusion of its analysis concerning the Multi-Criteria Annual Variable Component, the Committee recommended to the Supervisory Board that cumulative actual performance in relation to these quantitative and qualitative criteria should be rated as 107/150ths. Based on the Consolidated Calculation Base of €9,957,765.14, application of this cumulative achievement rate to the assessment grid defined by the Supervisory Board resulted in a Multi-Criteria Annual Variable Component of €356,106 for 2018. For more information see section 4.4.5 b) Variable compensation of this Registration Document, pages 158 and 159, and section 4.4.1 a) on compensation in the 2017 Registration Document, pages 122 to 126.
Cash-settled deferred variable compensation awarded in 2018	No cash-settled deferred variable compensation was due for 2018	This long-term incentive bonus is calculated using a reduced base amount of €720,000 due to the presence of two Managing General Partners during the management transition period. This amount will be modulated by the application of the following three criteria set by the Supervisory Board and applicable over the three-year period: ▶ growth in the Michelin share price; ▶ environmental and corporate social responsibility performance: employee engagement and environmental performance of manufacturing operations (as measured by the MEF); ▶ growth in operating income(2). These criteria are the same as those applicable to the 2018 performance share plan for Group employees, which is not open to Florent Menegaux. They concern implementation of the Group's long-term strategy as expressed in the Ambitions for 2020. For 2018, the decision was made to set considerably tougher MEF targets. The achievement rate under this long-term incentive plan will be equal to 100% only if the targets for all three criteria are met in full. The long-term incentive bonus is not due by the Company but would be deducted from the General Partners' allocated Profit Shares. The final amount receivable under the long-term incentive plan will be: ▶ capped at 150% of the average of the Annual Variable Components paid to Mr. Menegaux for 2018, 2019 and 2020; ▶ paid out of the Profit Shares allocated to the General Partners in respect of 2020 and payable in 2021 after the 2020 financial statements have been approved: – subject to the availability of Profit Shares payable in 2021 out of 2020 profit, – up to the amount of said available Profit Shares after deducting the Single-Criterion and Multi-Criteria Annual Variable Components due for 2020. If Mr. Menegaux were to cease to be a General Partner (for reasons other than death or disability) before his term expires and before the end of the performance assessment period, notably due to his resignation or removal from office, he would forfeit his rights to the long-term incentive bonus. The incentive bonus would be paid at the end of said three-year period, for an amount prorated to the term as Managing General Partner. As for the incentive bonus awarded to Jean-Dominique Senard, Florent Menegaux will be required to invest in Michelin shares 20% of the actual amounts received at the end of the three-year period for the 2018 incentive bonus. He will be required to hold these shares for at least four years as from the date on which he steps down from the position of Managing General Partner, after which the shares may be sold on a phased basis. The Supervisory Board noted that, as this is a long-term incentive plan, no amount was due in respect of 2018. For more information, see section 4.4.5 b) Variable compensation in this Registration Document, pages 158 and 161, and section 4.4.1 a) Compensation policy: Managing Chairman in the 2017 Registration Document, pages 122 to 126.
Stock options, performance shares and other share-based payments	N/A	No stock options granted. No performance shares granted. No other share-based payments.
Exceptional compensation	N/A	No exceptional compensation.
Attendance fees	N/A	Florent Menegaux does not receive any attendance fees.
Value of fringe benefits	5,392	Company car.

(1) For reasons of confidentiality and business secrecy, and more particularly to avoid disclosing information about the Company's strategy that could be used by competitors for their advantage, the Supervisory Board has elected not to disclose details of these performance targets to these quantitative and quantifiable criteria.
(2) Consolidated operating income based on a comparable consolidation scope and at constant exchange rates and accounting methods, excluding non-recurring items, as adjusted if necessary for the effects of any exceptional events.

Components of compensation due or awarded for 2018 which have been submitted for shareholder approval in accordance with the procedures applicable to related-party agreements and commitments[1]	Amounts submitted for shareholder approval *(in €)*	Presentation
Compensation for loss of office	No compensation for loss of office was due for 2018	In accordance with Article 13-2 of the Bylaws, as approved by an extraordinary resolution of the May 13, 2011 Annual Shareholders Meeting, if Florent Menegaux were to be removed from office before the end of his term as a result of a change of strategy or a change of control of the Company, provided such removal was not due to gross misconduct, he would be entitled to compensation for loss of office to be decided by the Non-Managing General Partner and subject to the prior approval of the Supervisory Board. The amount of any such compensation would not exceed the equivalent of Mr. Menegaux's total compensation for the two years preceding the year of his removal from office. It would be based on performance conditions decided by the Supervisory Board. The final compensation would be reduced, if applicable, so that any other severance payments due to Mr. Menegaux would not result in his receiving an aggregate severance package in excess of two years' compensation, as recommended in the AFEP/MEDEF Code. For more information see section 4.4.1 a) 6 on compensation in the 2017 Registration Document (page 126), and section 4.4.2 m) (page 145) in this Document.
Non-compete indemnity	No indemnity was due under a non-compete clause in 2018	In the same way as Michelin employees who have specific expertise that needs to be protected to prevent its use by a competitor in a manner that is detrimental to the Company's interests, Mr. Menegaux is subject to a non-compete clause in his capacity as General Manager of the subsidiary MFPM. The Supervisory Board is, however, entitled to waive the application of this clause. If the Company were to decide to apply this non-compete clause over a period of up to two years, it would have to pay to Mr. Menegaux the equivalent of up to 24 months' compensation based on the most recent fixed compensation paid to him by the subsidiary MFPM. The non-compete indemnity would be reduced or canceled, if necessary, so that Mr. Menegaux's total severance package did not exceed the equivalent of the aggregate of his last two years' compensation, as recommended in the AFEP/MEDEF Code. For more information see section 4.4.1 a) 7 on compensation in the 2017 Registration Document (page 126), and section 4.4.2 m) (page 145) in this Document.
Supplementary pension benefits	No supplementary pension benefits were due for 2018	This description complies with the provisions of the Macron Act of August 6, 2015 and the enabling legislation dated February 23, 2016. Mr. Menegaux is not a member of any pension plan set up specifically for executive officers. In his capacity as General Manager of MFPM, Mr. Menegaux participates in the supplementary pension plan set up for MFPM and CGEM senior executives (the Michelin Executive Supplementary Pension Plan). This plan, which is governed by Article L. 137-11 of the French Social Security Code and Article 39 of the French General Tax Code has the following main features: ▶ participants must 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 (annual average of the best three years of compensation out of the last five years preceding the beneficiary's retirement); ▶ the replacement rate including benefit entitlements under compulsory plans is capped at 35%; ▶ an evaluation is carried out in accordance with Group accounting policies; ▶ benefit entitlement is conditional on participants ending their career at MFPM as an executive employee or executive officer, in accordance with Article L. 137-11 of the French Social Security Code; ▶ 70% of the prior year's benefit obligation is funded through a contribution to an insured plan. Mr. Menegaux's reference compensation for 2018 in his capacity as executive director was made up solely of the annual fixed compensation paid by MFPM[2]. Based on the assumptions set out in the Macron Act enabling legislation dated February 23, 2016, the estimated amount of annual income he will receive under this plan is €135,000. The actual gross replacement rate represented by pension benefits paid under the plan will be well below the 45% ceiling recommended in the AFEP/MEDEF Code.

(1) Unlike for joint stock corporations (sociétés anonymes, or S.A.s) the provisions concerning "related-party commitments" set out in Article L. 225-42-1 of the French Commercial Code do not apply to commitments given by a partnership limited by shares (société en commandite par actions, or S.C.A.) to its Managers (Article L. 226-10 of said Code states that Articles L. 225-38 to L. 225-43 thereof apply to partnerships limited by shares with respect to related-party agreements but does not mention related-party commitments).

The fact that the specific system applicable to S.A.s concerning related-party commitments does not apply to S.C.A.s is corroborated by Article L. 226-10-1 of the French Commercial Code, which states that the Chairman of the Supervisory Board is required to prepare a report reviewed by the Statutory Auditors whose content explicitly excludes information related to the "principles and rules concerning the compensation and benefits granted to executive officers", whereas this information is compulsory for S.A.s pursuant to Articles L. 225-37 and L. 225-68 of the French Commercial Code. This difference in the applicable legal regimes does not have any effect on (i) the rules concerning public disclosures of the amounts and underlying principles relating to the compensation of the Company's executive officers and (ii) the application, adapted to the context, of the AFEP/MEDEF Code's recommendations.

(2) See section 4.4.5 a) of this Registration Document.

4.4.7 AMOUNTS ALLOCATED TO YVES CHAPOT, GENERAL MANAGER SINCE MAY 18, 2018

Yves Chapot was elected as General Manager by the Annual Shareholders Meeting of May 18, 2018 (12th resolution) by a majority of 99.51% of the votes cast[(1)].

The Compensation and Appointments Committee of the Supervisory Board has reviewed all the components of the compensation due, awarded or to be awarded to Yves Chapot in his capacity as General Manager as from May 18, 2018[(2)], pursuant to the 2018 compensation policy. This policy is described in the Corporate Governance Report reproduced in the 2017 Registration Document[(1)] and was presented to the Annual Shareholders Meeting of May 18, 2018 by the Chair of the Compensation and Appointments Committee[(3)].

4.4.7 a) Fixed compensation

For the General Manager elected in 2018, the 2018 compensation policy provides for the payment of fixed compensation (i) in an amount that is significantly lower than that of the Managing Chairman, (ii) prorated based on the period served as General Manager in 2018.

In line with this policy, Yves Chapot's annual fixed compensation was set at €600,000. His prorated fixed compensation for the period from his election as General Manager amounted to €372,808.

4.4.7 b) Variable compensation

/ Annual variable compensation

Under the 2018 compensation policy, the General Manager elected in 2018 is entitled to Multi-Criteria Annual Variable Compensation equivalent to that awarded to the Managing Chairman and the Managing General Partner. This compensation (i) would be significantly less than that awarded to the Managing Chairman and the Managing General Partner, (ii) would not be deducted from the Profit Shares allocated to General Partners and (iii) would be prorated to the period served as General Manager during 2018.

In line with this policy and based on the Supervisory Board's recommendation, the General Partners set the Multi-Criteria Annual Variable Compensation at a maximum of 120% of the fixed compensation received by Yves Chapot in 2018 in his capacity as Manager. The actual compensation amount will depend on performance in relation to five criteria.

Mr. Chapot will be awarded the maximum amount only if the targets and cumulative achievement rate for the following five criteria which are described below is 100/100ths:

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
Indicator	Amount	% of sales	Number of units
Target[(1)]	Achieved in stages as from a minimum amount, limited by a cap	Achieved in stages as from a minimum ratio, limited by a cap	Achieved in stages as from a minimum volume, limited by a cap
Indicator: 2018 Actual	+€265 million	20.50%	€154.9 million
Maximum value (in 70ths)	30	20	20
Achievement rate	24.75	12.86	0

(1) For reasons of confidentiality and business secrecy, and more particularly to avoid disclosing information about the Company's strategy that could be used by competitors for their advantage, the Supervisory Board has elected not to disclose details of these performance targets to these quantitative and quantifiable criteria.

(1) See section 4.4.1 a) of the 2017 Registration Document, pages 122 to 126.
(2) The employment contract between the subsidiary MFPM and Yves Chapot was suspended as from May 18, 2018 for the duration of his term as General Manager (see section 4.4.2 m) of this Registration Document, page 145).
(3) See the information/presentations on the May 18, 2018 Annual Shareholders Meeting on the Company's website www.michelin.com.

Quantifiable qualitative criteria	Organizational transition – Strategic goals	Customer Service initiative
Maximum value (in 30ths)	15	15
Achievement rate	15	5.78

Overall achievement rate (quantifiable qualitative criteria)	58.39/100ths(1)
Amount awarded based on quantifiable qualitative criteria *(in €)*	263,763
As a % of fixed compensation	70.75%

(1) Result rounded by decision of the Supervisory Board. Mr. Chapot will be awarded the maximum amount if the cumulative achievement rate for the five criteria is 100/100ths.

The Compensation and Appointments Committee carefully reviewed achievement rates for each of the quantitative and qualitative criteria.

Concerning the qualitative criteria, the Committee's conclusions were as follows:

- for the "Organizational transition – Strategic goals" criterion, the Committee noted that the objective of presenting the organizational transition and the strategic goals to the Group's governance bodies had been met;
- for the "Deployment of the Customer Service initiative" criterion, the Committee noted that part of the objective related to the Net Promoter Score (NPS) indicator had been met.

In conclusion of its analysis concerning the Multi-Criteria Annual Variable Component, the Committee recommended to the Supervisory Board that cumulative actual performance in relation to these quantitative and qualitative criteria should be rated as 58.39/100ths. Given the Calculation Base of 120% of Yves Chapot's annual fixed compensation (€600,000, prorated to the period served in 2018), the Multi-Criteria Annual Variable Component for 2018 amounts to €263,763.

After discussing the matter during its meeting on February 11, 2019, the Supervisory Board approved the Compensation and Appointments Committee's recommendation.

The Chair of the Compensation and Appointments Committee then submitted its recommendations to the General Partners (SAGES and Mr. Senard), which approved them.

/ Cash-settled deferred variable compensation awarded in 2018 (long-term incentive bonus)

Under the 2018 compensation policy, the long-term incentive bonus awarded to the General Manager elected during the year was determined considering that: the amount of the bonus (i) would be significantly less than that of the Managing Chairman and the Managing General Partner, (ii) would not be deducted from any Profit Share, and (iii) would be prorated to the period served by the new General Manager during the fiscal year.

In line with this policy and based on the Supervisory Board's recommendation, the General Partners set the General Manager's long-term incentive bonus at €600,000.

This amount will be modulated by the application, over the three years 2018-2020, of criteria set by the Supervisory Board which are also applicable to performance share grants for Group employees. The criteria are: Michelin's comparative stock market performance, the environmental performance of manufacturing operations, employee engagement and growth in operating income. These criteria reflect implementation of the Ambitions for 2020 described in section 1.1 of this Registration Document[1].

The long-term incentive bonus performance criteria and objectives were presented at the Annual Shareholders Meeting of May 13, 2016 and were approved by a majority of 99.60% of the votes cast (25th resolution). For 2018, the decision was made to toughen up the trigger point and maximum objective for the "Michelin site Environmental Footprint" indicator. The trigger point (below which the indicator will be 0) has been lowered to 53 from 63 previously, and the maximum objective (representing the point at which the maximum bonus for the criterion would be received) has been lowered to 51 from 60 previously.

The amount obtained after applying the performance criteria will be:

- prorated to reflect the period served as Manager during the three years 2018-2020;
- capped at 120% of the annual average of the Annual Variable Components paid for the years 2018-2020, as prorated to reflect the period served as Manager during the three years.

The Supervisory Board noted that, as this is a long-term incentive plan, no amount was due in respect of 2018.

The incentive bonus would be paid at the end of the three-year period, for an amount prorated to the actual period served as Manager during the three years.

The long-term incentive bonus is subject to the shareholders' "say-on-pay" advisory vote on 2018 compensation.

(1) These criteria and the related objectives are presented in the 2015 Registration Document (pages 299-301) and in section 5.5.4 of this Registration Document.

The table below provides details of the long-term incentive bonus performance criteria and related intermediate achievement rates:

Criteria	Growth in the Michelin share price compared with that of the CAC 40 index over the 2018-2020[1] period	Michelin site Environmental Footprint (as measured by the "MEF" indicator)[2]	Employee engagement rate (as measured by the annual "Moving Forward Together" survey)	Growth in consolidated operating income *(in € millions, before non-recurring items, at constant exchange rates and accounting methods)*
Type of criterion	Financial performance	Environmental and CSR performance	Environmental and CSR performance	Business performance
Weighting	35%	15%	15%	35%
Maximum objective	If the gain in Michelin's share price is at least 15 points more than the gain in the CAC 40[1], the achievement rate will be 100% and the maximum 35% of the maximum potential bonus will be received	If the average MEF over three years is less than 51, the achievement rate will be 100% and the maximum 15% of the maximum potential bonus will be received	If the average engagement rate exceeds 80%, the achievement rate will be 100% and the maximum 15% of the maximum potential bonus will be received	If average annual growth in operating income exceeds €150 million, the achievement rate will be 100% and the maximum 35% of the maximum potential bonus will be received
Target objective	If the gain in Michelin's share price is between 0 and 15 points more than the gain in the CAC 40[1], the result will be: (gain in the Michelin share price gain in the CAC 40 index) x (35%/15)	If the average MEF over three years is between 51 and 53, the result will be: (53 - average MEF)/(53 - 51)*15%	If the average engagement rate is between 77% and 80%, the result will be: (average engagement rate - 77%)/(80% - 77%)*15%	If average annual growth in operating income is between €70 million and €150 million, the result will be: (operating income - €70 million)/(€150 million - €70 million)*15%
Trigger point	If the gain in Michelin's share price is less than the gain in the CAC 40[1], the achievement rate will be 0%	If the average MEF over three years is more than 53, the indicator will be 0%	If the average engagement rate is less than 77%, the indicator will be 0%	If average annual growth in operating income is less than €150 million, the indicator will be 0%
Indicator: intermediate assessment	Growth in the Michelin share price[3] = -18.0% Growth in the CAC 40[3] = -1.4%	2018 = 49.3	2018 = 80%	2018 = +€289 million
Base amount	€600,000			
Ceiling	120% of the annual average of the annual variable compensation paid to Mr. Chapot for 2018, 2019 and 2020			
Payment year	2021, after approval of the 2020 financial statements			

(1) Average share price for the second half of 2020 compared to the average share price for the second half of 2017.
(2) Michelin site Environmental Footprint (MEF) indicator: energy use, water withdrawals, CO_2 emissions, volatile organic compound emissions, amount of waste produced and amount of waste landfilled; for 2018, the trigger point for these criteria was made considerably tougher.
(3) Average share price for the second half of 2018 compared to the average share price for the second half of 2017.

The liability recognized for the long-term incentive bonus in the Company's accounts at December 31, 2018 breaks down as follows:

- €60,000 corresponding to the theoretical bonus;
- €34,200 for payroll taxes, based on current rules and rates.

4.4.7 c) Fringe benefits, stock options, performance shares, attendance fees

In line with the 2018 compensation policy, Yves Chapot did not receive any attendance fees in 2018 from the Company or any controlled entities, any benefits other than those listed above, or any stock options or performance shares from the Company or any controlled entities.

Mr. Chapot has a fringe benefit in the form of a Company car (see table 4.4.2 d).

4.4.7 d) Supplementary pension benefits

The Managers are not covered by any supplementary pension plan set up specifically for executive officers.

In his capacity as General Manager of CGEM, Yves Chapot participates in the supplementary pension plan set up for MFPM and CGEM senior executives (the Michelin Executive Supplementary Pension Plan).

This plan, which is governed by Article L. 137-11 of the French Social Security Code and Article 39 of the French General Tax Code, is described in the section 4.4.8.

Mr. Chapot's reference compensation for 2018 in his capacity as executive director was made up of his annual fixed compensation and his annual variable compensation[1].

Based on the assumptions set out in the Macron Act enabling legislation dated February 23, 2016, the estimated amount of annual income he will receive under this plan is €110,544. The benefits will be taxed at the rate of 32%.

The actual gross replacement rate represented by pension benefits paid under the plan will be well below the 45% ceiling recommended in the AFEP/MEDEF Code.

4.4.7 e) Compensation for loss of office

No compensation for loss of office was paid in 2018[2].

4.4.7 f) Non-compete indemnity

No non-compete indemnity was paid in 2018[2].

4.4.8 ADVISORY VOTE ON THE COMPONENTS OF THE COMPENSATION DUE OR AWARDED TO YVES CHAPOT, ELECTED AS GENERAL MANAGER ON MAY 18, 2018, IN RESPECT OF 2018 AND SUBMITTED TO SHAREHOLDERS AT THE MAY 17, 2019 ANNUAL MEETING

Articles L. 225-37-2 and L. 225-82-2 of the French Commercial Code, as updated to reflect the provisions of the "Sapin 2" Act (Act 2016-1691 dated December 9, 2016), concerning shareholder approval of (i) the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the compensation and benefits of executive and non-executive non-independent directors (*ex ante* approval) and (ii) the components of the compensation paid or awarded to said directors pursuant to these principles (*ex post* approval) are not applicable to partnerships limited by shares by virtue of Article L. 226-1 of the Code.

However, in line with its commitment to apply corporate governance best practices, fulfill shareholders' expectations and continue to comply with the explicit recommendation in the AFEP/MEDEF Code that partnerships limited by shares should apply "the same compensation rules as those applicable to joint stock corporations, subject only to any differences justified by the specific features of this legal form, particularly those relating to the status of Managing General Partner" (Article 24.1.3), the Supervisory Board and the General Partners have decided for 2019 to give the Annual Shareholders Meeting the opportunity to issue an advisory vote on the compensation due or awarded to the Managers[3], in line with the AFEP/MEDEF Code recommendation[4] which provides for a mandatory shareholder vote.

In line with the recommendation of the Compensation and Appointments Committee, the Supervisory Board has issued a favorable opinion on the total compensation due or awarded to Yves Chapot in respect of 2018 and recommends that the shareholders cast a favorable advisory vote thereon.

The components of Mr. Chapot's compensation will therefore be presented to shareholders at the Annual Meeting on May 17, 2019 (8th resolution).

All of the amounts indicated are based on the standard tables provided in the AFEP/MEDEF Code, which are set out in sections 4.4.2 and 4.4.7 above.

(1) See detailed disclosures in sections 4.4.7 a) and 4.4.7 b) of this Registration Document.
(2) See detailed disclosures in section 4.4.2 m) of this Registration Document.
(3) In line with the 2018 compensation policy described in the Corporate Governance Report incorporated in section 4.4.1 a) of the 2017 Registration Document, pages 122 to 126.
(4) Recommendation applied by the Company since it came into effect and, in 2019, in compliance with the most recent version of the AFEP/MEDEF Code dated June 2018.

Compensation due or awarded for 2018	Amounts (or accounting value) submitted for shareholder approval *(in €)*	Presentation
Fixed compensation	372,808	For the General Manager elected in 2018, the 2018 compensation policy provides for the payment of fixed compensation (i) in an amount that is significantly lower than that of the Managing Chairman, (ii) prorated based on the period served as General Manager in 2018. In line with this policy, Yves Chapot's annual fixed compensation was set at €600,000. His prorated fixed compensation for the period from his election as Manager amounted to €372,808. For more information, see section 4.4.7 a) Fixed compensation in this Registration Document, page 166 and section 4.4.1 a) Compensation policy: Managing Chairman in the 2017 Registration Document, pages 122 to 126.
Annual variable compensation	263,763	Under the 2018 compensation policy, the General Manager elected in 2018 is entitled to Multi-Criteria Annual Variable Compensation equivalent to that awarded to the Managing Chairman and the Managing General Partner. This compensation (i) would be significantly less than that awarded to the Managing Chairman and the Managing General Partner, (ii) would not be deducted from the Profit Shares allocated to General Partners and (iii) would be prorated to the period served as General Manager during 2018. In line with this policy and based on the Supervisory Board's recommendation, the General Partners set the Multi-Criteria Annual Variable Compensation at a maximum of 120% of the fixed compensation received by Yves Chapot in 2018 in his capacity as General Manager. The actual compensation amount will depend on performance in relation to five criteria. Mr. Chapot will be awarded the maximum amount if the cumulative achievement rate for the five criteria is 100/100ths. The Compensation and Appointments Committee carefully reviewed each of the quantitative and qualitative criteria applicable to this component(1). Based on this review, the Committee concluded that the overall achievement rate for the three quantitative criteria was 37.61/70ths, with: ▶ growth in consolidated operating income from recurring activities: 24.75/30ths; ▶ level of consolidated inventories of finished and semi-finished products: 12.86/20ths; ▶ annual level of tire sales volume (in million units) by the unit comprising the Group's "Automotive" businesses: 0/20ths. Concerning the two qualitative criteria, the Committee's conclusions were as follows: ▶ for the "Organizational transition – Strategic goals" criterion, the Committee noted that the objective of presenting the organizational transition and the strategic goals to the Group's governance bodies had been met (15/15ths); ▶ for the "Deployment of the Customer Service initiative" criterion, the Committee noted that part of the objective related to the Net Promoter Score (NPS) indicator had been met (5.78/15ths). The Compensation and Appointments Committee therefore considered that the overall achievement rate for the qualitative criteria was 20.78/30ths. In conclusion of its analysis, the Committee recommended to the Supervisory Board that cumulative actual performance in relation to these quantifiable qualitative criteria should be rated as 58.39/100ths. Given the Calculation Base of 120% of Yves Chapot's annual fixed compensation (€600,000, prorated), the Multi-Criteria Annual Variable Component for 2018 amounts to €263,763. For more information, see section 4.4.7 b), Variable compensation of this Registration Document, pages 166 to 168, and section 4.4.1 a) on compensation in the 2017 Registration Document, pages 122 to 126.

(1) For reasons of confidentiality and business secrecy, and more particular to avoid disclosing information about the Company's strategy that could be used by competitors for their advantage, the Supervisory Board has elected not to disclose details of these performance targets to these quantitative and quantifiable criteria.

Compensation due or awarded for 2018	Amounts (or accounting value) submitted for shareholder approval *(in €)*	Presentation
Cash-settled deferred variable compensation awarded in 2018	- No cash-settled deferred variable compensation was due for 2018 - Amount €94,200	This long-term incentive bonus is calculated on a base amount of €600,000. This amount will be modulated by the application of the following three criteria set by the Supervisory Board and applicable over the three-year period: ▶ growth in the Michelin share price; ▶ environmental and corporate social responsibility performance: employee engagement and environmental performance of manufacturing operations (as measured by the MEF); ▶ growth in operating income(2). These criteria are the same as those applicable to the 2018 performance share plan for Group employees, which is not open to Mr. Chapot. They concern implementation of the Group's long-term strategy as expressed in the Ambitions for 2020. For 2018, the decision was made to set considerably tougher MEF targets. The achievement rate under this long-term incentive plan will be equal to 100% only if the targets for all three criteria are met in full. Capped at 120% of the annual average of the Annual Variable Components paid for the years 2018-2020, as prorated to reflect the period served as General Manager during the three years. The incentive bonus would be paid at the end of the three-year period, for an amount prorated to the actual period served as Manager during the three years. The Supervisory Board noted that, as this is a long-term incentive plan, no amount was due in respect of 2018. The liability recognized for the long-term incentive bonus in the Company's accounts at December 31, 2018 breaks down as follows: ▶ €60,000 corresponding to the theoretical bonus; ▶ €34,200 for payroll taxes, based on current rules and rates. For more information, see section 4.4.7 b), Variable compensation of this Registration Document, pages 166 to 168, and section 4.4.1 a) on compensation in the 2017 Registration Document, pages 122 to 126.
Stock options, performance shares and other share-based payments	N/A	No stock options granted. No performance shares granted. No other share-based payments.
Exceptional compensation	N/A	No exceptional compensation.
Attendance fees	N/A	Yves Chapot does not receive any attendance fees.
Value of fringe benefits	4,352	Company car.

(1) For reasons of confidentiality and business secrecy, and in particular to avoid disclosing information about the Company's strategy that could be used by competitors for their advantage, the Supervisory Board has elected not to disclose details of these performance targets to these quantitative and quantifiable criteria.
(2) Consolidated operating income based on a comparable consolidation scope and at constant exchange rates and accounting methods, excluding non-recurring items, as adjusted if necessary for the effects of any exceptional events.

Components of compensation due or awarded for 2018 which have been submitted for shareholder approval in accordance with the procedures applicable to related-party agreements and commitments[1]	Amounts submitted for shareholder approval *(in €)*	Presentation
Compensation for loss of office	No compensation for loss of office was due for 2018	In accordance with Article 13-2 of the Bylaws, as approved by an extraordinary resolution of the May 13, 2011 Annual Shareholders Meeting, if Mr. Chapot were to be removed from office before the end of his term as a result of a change of strategy or a change of control of the Company, provided such removal was not due to gross misconduct, he would be entitled to compensation for loss of office to be decided by the Non-Managing General Partner and subject to the prior approval of the Supervisory Board. The amount of any such compensation would not exceed the equivalent of Mr. Chapot's total compensation for the two years preceding the year of his removal from office. It would be based on performance conditions decided by the Supervisory Board. The final compensation would be reduced, if applicable, so that any other severance payments due to Mr. Chapot would not result in his receiving an aggregate severance package in excess of two years' compensation, as recommended in the AFEP/MEDEF Code. For more information, see section 4.4.1 a) 6 on compensation in the 2017 Registration Document (page 126), and in section 4.4.2 m) (page 145) of this Document.
Non-compete indemnity	No indemnity was due under a non-compete clause in 2018	In the same way as Michelin employees who have specific expertise that needs to be protected to prevent its use by a competitor in a manner that is detrimental to the Company's interests, Mr. Chapot is subject to a non-compete clause under his suspended employment contract with the subsidiary MFPM. The Supervisory Board is, however, entitled to waive the application of this clause. If the Company were to decide to apply this non-compete clause over a period of up to two years, it would have to pay to Mr. Chapot the equivalent of up to 24 months' compensation based on the most recent fixed compensation paid to him by the subsidiary MFPM. The non-compete indemnity would be reduced or canceled, if necessary, so that Mr. Chapot's total severance package did not exceed the equivalent of the aggregate of his last two years' compensation, as recommended in the AFEP/MEDEF Code. For more information, see section 4.4.1 a) 7 on compensation in the 2017 Registration Document (page 126), and in section 4.4.2 m) (page 145) of this Document.
Supplementary pension benefits	No supplementary pension benefits were due for 2018	This description complies with the provisions of the Macron Act of August 6, 2015 and the enabling legislation dated February 23, 2016. Mr. Chapot is not a member of any pension plan set up specifically for executive officers. In his capacity as General Manager of CGEM, Yves Chapot participates in the supplementary pension plan set up for MFPM and CGEM senior executives (the Michelin Executive Supplementary Pension Plan). This plan, which is governed by Article L. 137-11 of the French Social Security Code and Article 39 of the French General Tax Code has the following main features: ▶ participants must 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 (annual average of the best three years of compensation out of the last five years preceding the beneficiary's retirement); ▶ the replacement rate including benefit entitlements under compulsory plans is capped at 35%; ▶ an evaluation is carried out in accordance with Group accounting policies; ▶ benefit entitlement is conditional on participants ending their career at MFPM as an executive employee or executive officer, in accordance with Article L. 137-11 of the French Social Security Code; ▶ 70% of the prior year's benefit obligation is funded through a contribution to an insured plan. Mr. Chapot's reference compensation for 2018 in his capacity as executive director was made up of his annual fixed compensation and his annual variable compensation[2]. Based on the assumptions set out in the Macron Act enabling legislation dated February 23, 2016, the estimated amount of annual income he will receive under this plan is €110,544. The actual gross replacement rate represented by pension benefits paid under the plan will be well below the 45% ceiling recommended in the AFEP/MEDEF Code.

(1) Unlike for joint stock corporations (sociétés anonymes, or S.A.s) the provisions concerning "related-party commitments" set out in Article L. 225-42-1 of the French Commercial Code do not apply to commitments given by a partnership limited by shares (société en commandite par actions, or S.C.A.) to its Managers (Article L. 226-10 of said Code states that Articles L. 225-38 to L. 225-43 thereof apply to partnerships limited by shares with respect to related-party agreements but does not mention related-party commitments).
The fact that the specific system applicable to S.A.s concerning related-party commitments does not apply to S.C.A.s is corroborated by Article L. 226-10-1 of the French Commercial Code, which states that the Chairman of the Supervisory Board is required to prepare a report reviewed by the Statutory Auditors whose content explicitly excludes information related to the "principles and rules concerning the compensation and benefits granted to executive officers", whereas this information is compulsory for S.A.s pursuant to Articles L. 225-37 and L. 225-68 of the French Commercial Code. This difference in the applicable legal regimes does not have any effect on (i) the rules concerning public disclosures of the amounts and underlying principles relating to the compensation of the Company's executive officers and (ii) the application, adapted to the context, of the AFEP/MEDEF Code's recommendations.
(2) See detailed disclosures in sections 4.4.7 a) and 4.4.7 b) of this Registration Document.

4.4.9 AMOUNTS ALLOCATED TO MICHEL ROLLIER, CHAIRMAN OF THE SUPERVISORY BOARD

The Compensation and Appointments Committee of the Supervisory Board has reviewed all the components of the compensation due, awarded or to be awarded to Michel Rollier, Chairman of the Supervisory Board and sole non-independent non-executive director, pursuant to the compensation policy described in the Supervisory Board's report presented in section 10.2 of the 2017 Registration Document.

4.4.9 a) Attendance fees

In 2018, Michel Rollier received total attendance fees of €90,000 in respect of 2017.

Based on the allocation and payment policy decided by the Supervisory Board in 2017, attendance fees totaling €90,000 have been awarded to Mr. Rollier for 2018, payable in 2019.

4.4.9 b) Other components of compensation

No other compensation was paid or awarded to Michel Rollier for 2018.

4.4.10 ADVISORY VOTE ON THE COMPONENTS OF THE COMPENSATION DUE OR AWARDED TO MICHEL ROLLIER, CHAIRMAN OF THE SUPERVISORY BOARD, IN RESPECT OF 2018 AND SUBMITTED TO SHAREHOLDERS AT THE MAY 17, 2019 ANNUAL MEETING

Articles L. 225-37-2 and L. 225-82-2 of the French Commercial Code, as updated to reflect the provisions of the "Sapin 2" Act (Act 2016-1691 dated December 9, 2016), concerning shareholder approval of (i) the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the compensation and benefits of executive and non-executive non-independent directors (*ex ante* approval) and (ii) the components of the compensation paid or awarded to said directors pursuant to these principles (*ex post* approval) are not applicable to partnerships limited by shares by virtue of Article L. 226-1 of the Code.

However, in line with its commitment to apply corporate governance best practices, fulfill shareholders' expectations and, as in 2017 and 2018, comply with the explicit recommendation in the AFEP/MEDEF Code that partnerships limited by shares should apply "the same compensation rules as those applicable to joint stock corporations, subject only to any differences justified by the specific features of this legal form, particularly those relating to the status of Managing General Partner" (Article 24.1.3), the Supervisory Board and the General Partners have decided for 2019 to give the Annual Shareholders Meeting the opportunity to issue an advisory vote on the compensation due or awarded to the Chairman of the Supervisory Board[(1)], in line with the AFEP/MEDEF Code recommendation[(2)] which provides for a mandatory shareholder vote.

The components and amounts of Michel Rollier's 2018 compensation are the same as for the compensation due or awarded for 2017.

In line with the recommendation of the Compensation and Appointments Committee, the Supervisory Board has decided the allocation of total attendance fees and recommends that the shareholders cast a favorable advisory vote on the total compensation due or awarded to Michel Rollier for 2018.

The components of Mr. Rollier's compensation will therefore be presented to shareholders at the Annual Meeting on May 17, 2019 (9th resolution).

(1) In line with the compensation policy described in the Corporate Governance Report reproduced in section 4.4.1 b) of the 2017 Registration Document, pages 126 to 127.
(2) Recommendation applied by the Company since it came into effect and, in 2019, in compliance with the most recent version of the AFEP/MEDEF Code dated June 2018.

All of the amounts indicated are based on the standard tables provided in the AFEP/MEDEF Code, which are set out in sections 4.4.2 and 4.4.5 above.

Compensation due or awarded for 2018	Amounts (or accounting value) submitted for shareholder approval *(in €)*	Presentation
Fixed compensation	N/A	No fixed compensation.
Annual variable compensation	N/A	No annual variable compensation.
Cash-settled deferred variable compensation	N/A	No cash-settled deferred variable compensation.
Stock options, performance shares and other share-based payments	N/A	No stock options granted. No performance shares granted. No other share-based payments.
Exceptional compensation	N/A	No exceptional compensation.
Attendance fees	90,000	Total amount allocated in respect of his duties as Chairman of the Supervisory Board and member of the Compensation and Appointments Committee. Mr. Rollier's attendance rate at meetings of the Supervisory Board and the Committee of which he is amember was 100% in 2018. For more information, see section 4.4.9 of this Registration Document, page 173.
Value of fringe benefits	N/A	No fringe benefits.

Components of compensation due or awarded for 2018 which have been or are being submitted for shareholder approval under the procedure applicable to related-party agreements and commitments	Amounts submitted for shareholder approval *(in €)*	Presentation
Compensation for loss of office	N/A	No commitment for the payment of compensation for loss of office.
Non-compete indemnity	N/A	No commitment for the payment of a non-compete indemnity.
Supplementary pension benefits	N/A	No commitment for the payment of supplementary pension benefits.

4.4.11 COMPENSATION RECEIVED BY THE MEMBERS OF THE SUPERVISORY BOARD IN 2018

ATTENDANCE FEES AND OTHER COMPENSATION RECEIVED BY THE NON-EXECUTIVE MEMBERS OF THE SUPERVISORY BOARD IN 2018 (BASED ON TABLE 3 IN THE AFEP/MEDEF CODE)

Non-executive Supervisory Board members	Amount paid in 2018 (for 2017)	Amount paid in 2017 (for 2016)
Olivier Bazil		
Attendance fees	65,000	65,000
Other compensation	0	0
Pat Cox[1]		
Attendance fees	56,400	56,400
Other compensation	0	0
Barbara Dalibard		
Attendance fees	65,000	65,000
Other compensation	0	0
Anne-Sophie de La Bigne		
Attendance fees	58,333	55,000
Other compensation	0	0
Jean-Pierre Duprieu		
Attendance fees	52,000	55,000
Other compensation	0	0
Aruna Jayanthi		
Attendance fees	44,143	55,000
Other compensation	0	0
Monique Leroux		
Attendance fees	60,000	50,000
Other compensation	0	0
Thierry Le Hénaff[2]		
Attendance fees	N/A	N/A
Other compensation	0	0
Cyrille Poughon		
Attendance fees	45,000	45,000
Other compensation	0	0
Michel Rollier		
Attendance fees	90,000	90,000
Other compensation	0	0
TOTAL	**535,876**[3]	**536,400**

(1) Supervisory Board member until May 2018.
(2) Supervisory Board member since May 2018.
(3) Out of total annual fees of up to €555,000 approved by the Annual Shareholders Meeting of May 13, 2016 (10th resolution, adopted by a majority of 99.54% of the votes cast).

4.4.12 TOTAL COMPENSATION AWARDED TO THE GROUP EXECUTIVE COMMITTEE

In 2018, the members of the Group Executive Committee received aggregate gross compensation of €10,953,109 (including €3,921,828 corresponding to the variable component for 2017 paid during the first half of 2018). In 2017, the gross aggregate compensation received by Group Executive Committee members totaled €12,701,293 (including €3,385,724 corresponding to the variable component for 2016 paid during the first half of 2017).

The Group Executive Committee members do not receive any attendance fees as members of the Boards of any Group companies.

4.5 TRADING IN MICHELIN SHARES BY MANAGERS, GENERAL PARTNERS AND SUPERVISORY BOARD MEMBERS AND THEIR CLOSE RELATIVES IN 2018

/ Managers

Jean-Dominique Senard

1,800 shares purchased on July 31, 2018 at a unit price of €110.64 a share.

Florent Menegaux

11,514 shares acquired on April 5, 2018 at a unit price of €51.16 a share upon exercise of stock options, and 6,000 shares acquired on April 5, 2018 at a unit price of €52.13 a share upon exercise of stock options.

2,000 shares acquired on April 10, 2018 at a unit price of €52.13 a share upon exercise of stock options.

1,903 shares acquired on November 27, 2018 without consideration under the performance share plan.

Yves Chapot

853 shares acquired on December 27, 2018 at a unit price of €66.00 a share upon exercise of stock options.

500 shares acquired on November 27, 2018 without consideration under the performance share plan.

/ Supervisory Board

Thierry Le Hénaff

90 shares purchased on February 22, 2018 at a unit price of €125.70 a share.

310 shares purchased on April 12, 2018 at a unit price of €119.95 a share.

Cyrille Poughon

6 shares purchased on November 16, 2018 at a unit price of €82.31 under the employee savings plan and 4 shares acquired without consideration (employer's matching contribution).

/ SAGES (Non-Managing General Partner)

31,775 shares purchased on December 21, 2018 at a unit price of €84.48 a share.

To the best of the Company's knowledge, no other transactions in the Company's shares were carried out by the Managing Chairman, the Managers, SAGES, Supervisory Board members or their close relatives during the year.

4.6 ARTICLES OF INCORPORATION, BYLAWS AND SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

The Bylaws, in French and English, can be downloaded from the Company's website (www.michelin.com).

4.6.1 GENERAL PARTNERS (ARTICLE 1 OF THE BYLAWS)

- Jean-Dominique Senard (Managing Chairman, Managing General Partner).
- Florent Menegaux (Managing General Partner).
- Société Auxiliaire de Gestion – SAGES (registered in the Clermont-Ferrand Trade and Companies Register under number 870 200 466), a simplified joint stock company chaired by Jacques de Chateauvieux (please refer to the presentation and role of this company, sections 2.15.3 and 2.15.4 c) above).

4.6.2 CORPORATE PURPOSE (ARTICLE 2 OF THE BYLAWS)

All operations and activities directly or indirectly linked to the production, manufacture and sale of rubber, at all stages of manufacture, in all forms and for all uses.

All industrial, commercial and financial operations, related in particular to:

- tires, tire components, tire accessories and manufactured rubber in general;
- mechanical engineering in all its applications, and in particular motor vehicles and industrial vehicles, components, spare parts and accessories;
- the production, sale and use of natural or synthetic chemicals and their derivatives, in particular the various sorts of elastomers, plastics, fibers and resins, and generally all activities and products of the chemicals industry, especially as related to the products and operations described above;
- the filing, acquisition, use, transfer or sale of any intangible property rights, and in particular patents and related rights, trademarks and manufacturing processes relating to the corporate purpose.

To be carried out directly, as well as through equity interests, the creation of new companies, joint ventures *(sociétés en participation)* and economic interest groups *(groupements d'intérêt économique)*, contributions, partnerships *(commandites)*, the subscription, purchase or exchange of securities, or interests, in all businesses whose activities relate to the aforementioned purposes, or by way of merger or otherwise.

And generally, all commercial, industrial, real estate, securities and financial transactions related directly or indirectly in whole or in part to any of the purposes specified above or to any similar or related purposes.

4.6.3 MANAGERS (ARTICLE 10 OF THE BYLAWS)

The Company is led by a Managing Chairman and managed by one or more Managers, who are individuals and who may or may not be General Partners.

4.6.4 FISCAL YEAR (ARTICLE 29 OF THE BYLAWS)

The Company's fiscal year begins on January 1 and ends on December 31.

4.6.5 STATUTORY ALLOCATION OF PROFITS (ARTICLE 30 OF THE BYLAWS)

An amount equivalent to 12% of net profit for the year is allocated to the General Partners, from which are deducted the dividends and reserves distributed by the subsidiaries Manufacture Française des Pneumatiques Michelin (MFPM) and Compagnie Financière Michelin SCmA (CFM). The allocated amount is capped at 0.6% of consolidated net profit for the year, with any excess being allocated to profit available for appropriation. Net profit comprises net revenue for the year less general and administrative costs and all other expenses of the Company, including any depreciation, amortization and provisions deemed necessary. Net profit remaining after the 12% allocation to the General Partners, plus any retained earnings brought forward from the prior year, is attributable to shareholders.

The shareholders may decide to make deductions from this attributable net profit to be used, as recommended by the Managing Chairman, to create or increase one or more reserve or contingency funds, over which the General Partners shall not have any rights.

Any attributable net profit remaining after the above deduction shall be distributed to shareholders.

4.6.6 SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

/ Notices of Meeting (Article 21 of the Bylaws)

Notices of meeting are issued in such form and with such advance notice as is prescribed by law.

/ Conditions of attendance (Articles 22 and 24 of the Bylaws)

Shareholders may attend General Meetings regardless of how many shares they own, provided such shares are fully paid up and are registered in the Company's share register at least three days before the date of the Meeting.

/ Exercising voting rights – attribution of double voting rights (Article 22 of the Bylaws)

Owners or proxies of owners of fully paid-up shares registered in the name of the same holder for at least four years shall have two votes per share, without limitation.

In the event of a capital increase paid up by capitalizing reserves, income or additional paid-in capital, the resulting bonus shares distributed in respect of registered shares carrying double voting rights shall similarly carry double voting rights.

Transfer through inheritance, liquidation of marital assets, *inter vivos* transfers to a spouse or to a relative in the ascending or descending line shall not result in the loss of double voting rights or a break in the qualifying period described above.

Shares transferred for any other reason shall lose their double voting rights ipso jure.

/ Statutory disclosure thresholds

The Bylaws do not provide for any disclosure to the Company when certain shareholding thresholds are exceeded.

Further information is provided on the Company's website www.michelin.com.

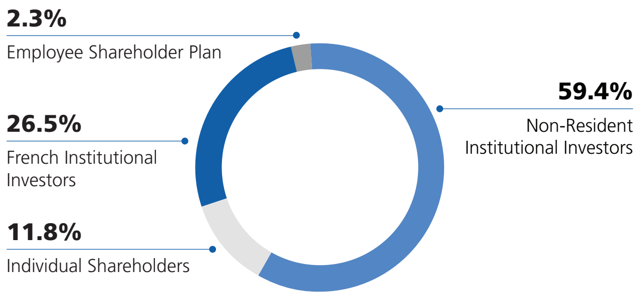
4.7 OWNERSHIP STRUCTURE AND VOTING RIGHTS

At December 31, 2018:

- share capital: €359,695,264;
- shares outstanding: 179,847,632 all fully paid up;
- voting rights outstanding: 246,076,593.

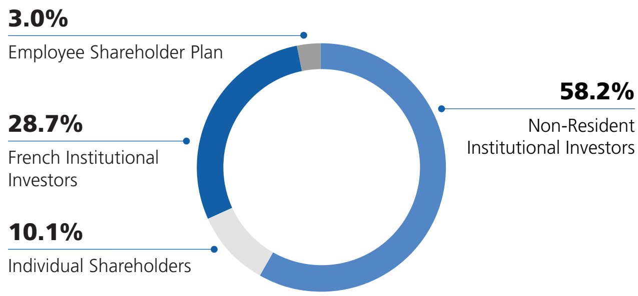
SHARE OWNERSHIP

(at December 31, 2018)



VOTING RIGHTS

(at December 31, 2018)



Shares held in the same name for at least four years carry double voting rights.

At December 31, 2018, 179,847,632 shares were held by the public, corresponding to 100% of the voting rights.

At the date of filing and to the best of the Company's knowledge:

- as of February 14, 2019, BlackRock Inc. held 5.00% of the capital and 3.68% of the voting rights;
- as of April 4, 2016, Mage Invest held 3.8% of the capital and 5.1% of the voting rights;
- no other shareholder directly or indirectly holds more than 5% of the capital and voting rights;
- there are no shareholders' agreements or pacts.

There has been no material change in the Company's ownership structure over the last three years.

4.8 FINANCIAL AUTHORIZATIONS

4.8.1 GRANTED BY THE ANNUAL SHAREHOLDERS MEETING OF MAY 13, 2016

/ Issuance of shares and share equivalents with pre-emptive subscription rights

Corporate action	Resolution	Duration *(expiry date)*	Maximum issue amount, based on a share price of €87[(1)] *(in €)*	Maximum aggregate par value of shares *(in €)*	Utilization during the year
Issuance of shares and/or securities carrying rights to shares	16th	26 months (July 2018)	▶ €5.52 billion (shares) ▶ €2.50 billion[(4)] (securities carrying rights to shares)	€127 million[(2)(3)] (less than 35% of issued capital)	None
Issuance of new shares by capitalizing reserves	20th	26 months (July 2018)	€3.48 billion	€80 million	None

(1) CGEM share price at December 31, 2018, rounded up to the nearest whole number.
(2) With the aggregate par value of shares issued in connection with all of the authorized transactions not to exceed €127 million, excluding any shares issued under the 20th, 22nd and 25th resolutions (23rd resolution).
(3) This amount may be raised by up to 15% if the issue is oversubscribed, subject to the ceilings set respectively in the 16th, 17th and 18th resolutions (19th resolution).
(4) With the aggregate nominal amount of all debt securities, with or without rights to shares, authorized by the 15th, 16th, 17th, 18th, 19th and 21st resolutions not to exceed €2.5 billion (23rd resolution).

/ Issuance of shares and share equivalents without pre-emptive subscription rights

Corporate action	Resolution	Duration *(expiry date)*	Maximum issue amount, based on a share price of €87[(1)] *(in €)*	Maximum aggregate par value of shares *(in €)*	Utilization during the year
Issuance of shares and/or securities carrying rights to shares	17th	26 months (July 2018)	▶ €1.57 billion (shares) ▶ €1 billion[(4)] (securities carrying rights to shares)	€36 million[(2)(3)] (less than 10% of issued capital)	None
Issuance of shares and/or securities carrying rights to shares through an offer governed by Article L. 411-2 of the French Monetary and Financial Code *(Code monétaire et financier)*	18th	26 months (July 2018)	▶ €1.57 billion (shares) ▶ €1 billion[(4)] (securities carrying rights to shares)	€36 million[(2)(3)(5)] (less than 10% of issued capital)	None
Issuance of ordinary shares in connection with a stock-for-stock offer or in payment of contributed assets	21st	26 months (July 2018)	€2.16 billion	€36 million[(5)]	None

(1) CGEM share price at December 31, 2018, rounded up to the nearest whole number.
(2) With the aggregate par value of shares issued in connection with all of the authorized transactions not to exceed €127 million, excluding any shares issued under the 20th, 22nd and 25th resolutions (23rd resolution).
(3) This amount may be raised by up to 15% if the issue is oversubscribed, subject to the ceilings set respectively in the 16th, 17th and 18th resolutions (19th resolution).
(4) With the aggregate nominal amount of all debt securities, with or without rights to shares, authorized by the 15th, 16th, 17th, 18th, 19th and 21st resolutions not to exceed €2.5 billion (23rd resolution).
(5) Amount to be included in the maximum total capital increase authorized under the 17th resolution.

/ Debt securities without rights to shares/other debt securities

Corporate action	Resolution	**Duration** *(expiry date)*	**Maximum nominal amount authorized** *(in €)*	Utilization during the year
Issuance of bonds	15th	26 months (July 2018)	€2.5 billion(1)	$600 million(2)

(1) With the aggregate nominal amount of all debt securities, with or without rights to shares, authorized by the 15th, 16th, 17th, 18th, 19th and 21st resolutions not to exceed €2.5 billion (23rd resolution).
(2) Please refer to page 328 of this Document.

/ Employee share issues

Corporate action	Resolution	**Duration** *(expiry date)*	Comments	Utilization during the year
Issuance of new ordinary shares	22nd	26 months (July 2018)	Less than 2% of issued capital	None
Performance share grants	25th	38 months (July 2019)	▶ Excluding the Managers ▶ Performance conditions over three years ▶ Capped at 0.5% of issued capital	Issuance of 129,270 rights(1)

(1) Please refer to section 5.5.4 c).

4.8.2 GRANTED BY THE ANNUAL SHAREHOLDERS MEETING OF MAY 19, 2017

/ Share buyback program

Corporate action	Resolution	**Duration** *(expiry date)*	Limitations	Utilization during the year
Share buyback program	5th	18 months (November 2018)	▶ Statutory limit of 10% of issued capital ▶ Maximum purchase price: €160	Buyback of 171,609 shares(1)
Share cancellations	10th	18 months (November 2018)	10% of issued capital	None

(1) Please refer to section 5.5.6.

4.8.3 GRANTED BY THE ANNUAL SHAREHOLDERS MEETING OF MAY 18, 2018

/ Issuance of shares and share equivalents with pre-emptive subscription rights

Corporate action	Resolution	Duration *(expiry date)*	Maximum issue amount, based on a share price of €87(1) *(in €)*	Maximum aggregate par value of shares *(in €)*	Utilization during the year
Issuance of shares and/or securities carrying rights to shares	14th	26 months (July 2020)	▶ €5.48 billion (shares) ▶ €2.50 billion(4) (securities carrying rights to shares)	€126 million(2)(3) (less than 35% of issued capital)	None
Issuance of new shares by capitalizing reserves	20th	26 months (July 2018)	€3.48 billion	€80 million	None

(1) CGEM share price at December 31, 2018, rounded up to the nearest whole number.
(2) With the aggregate par value of shares issued in connection with all of the authorized transactions not to exceed €126 million, excluding any shares issued under the 18th and 20th resolutions (21st resolution).
(3) This amount may be raised by up to 15% if the issue is oversubscribed, subject to the ceilings set respectively in the 14th, 15th and 16th resolutions (17th resolution).
(4) With the aggregate nominal amount of all debt securities, with or without rights to shares, authorized by the 14th, 15th, 16th, 17th, 19th and 20th resolutions not to exceed €2.5 billion (21st resolution).

/ Issuance of shares and share equivalents without pre-emptive subscription rights

Corporate action	Resolution	Duration *(expiry date)*	Maximum issue amount, based on a share price of €87(1) *(in €)*	Maximum aggregate par value of shares *(in €)*	Utilization during the year
Issuance of shares and/or securities carrying rights to shares	15th	26 months (July 2018)	▶ €1.57 billion (shares) ▶ €1 billion(4) (securities carrying rights to shares)	€36 million(2)(3) (less than 10% of issued capital)	None
Issuance of shares and/or securities carrying rights to shares through an offer governed by Article L. 411-2 of the French Monetary and Financial Code *(Code monétaire et financier)*	16th	26 months (July 2018)	▶ €1.57 billion (shares) ▶ €1 billion(4) (securities carrying rights to shares)	€36 million(2)(3)(5) (less than 10% of issued capital)	None
Issuance of ordinary shares in connection with a stock-for-stock offer or in payment of contributed assets	19th	26 months (July 2018)	€1.57 billion	€36 million(5)	None

(1) CGEM share price at December 31, 2018, rounded up to the nearest whole number.
(2) With the aggregate par value of shares issued in connection with all of the authorized transactions not to exceed €126 million, excluding any shares issued under the 18th and 20th resolutions (21st resolution).
(3) This amount may be raised by up to 15% if the issue is oversubscribed, subject to the ceilings set respectively in the 14th, 15th and 16th resolutions (17th resolution).
(4) With the aggregate nominal amount of all debt securities, with or without rights to shares, authorized by the 14th, 15th, 16th, 17th, 19th and 20th resolutions not to exceed €2.5 billion (21st resolution).
(5) Amount to be included in the maximum total capital increase authorized under the 21st resolution.

/ Debt securities without rights to shares/other debt securities

Corporate action	Resolution	Duration *(expiry date)*	Maximum nominal amount authorized *(in €)*	Utilization during the year
Issuance of bonds	8th	26 months (July 2020)	€5 billion	€2.5 billion(1)

(1) Please refer to section 7 page 328.

/ Employee share issues

Corporate action	Resolution	Duration *(expiry date)*	Comments	Utilization during the year
Issuance of new ordinary shares	20th	26 months (July 2020)	Less than 2% of issued capital	Issuance of 578,639 shares(1)

(1) Please refer to section 5.5.4.

/ Share buyback program

Corporate action	Resolution	Duration *(expiry date)*	Limitations	Utilization during the year
Share buyback program	5th	18 months (November 2019)	▶ Statutory limit of 10% of issued capital ▶ Maximum purchase price: €180	Buyback of 476,622 shares(1)
Share cancellations	22nd	18 months (November 2019)	10% of issued capital	Cancellation of 648,231 shares(1)

(1) Please refer to sections 5.5.1 and 5.5.6.

4.9 CHANGE OF CONTROL

Because the Company is organized as a *société en commandite par actions* (partnership limited by shares), any shareholder gaining control of the capital and corresponding voting rights could not exercise control over the Company without the approval, in accordance with the Bylaws, of the Non-Managing General Partner and/or, as the case may be, all of the General Partners and/or the Supervisory Board, which would be required to make the following decisions:

- election of new Managers;
- amendment of the Bylaws;
- election of new General Partners.

4.10 STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 226-10-1 OF THE FRENCH COMMERCIAL CODE ON THE CORPORATE GOVERNANCE REPORT

In accordance with French professional auditing standard NEP 9510[1], the Statutory Auditors' review of the Supervisory Board's corporate governance report, pursuant to Article L. 225-235 of the French Commercial Code, is described in the Statutory Auditors' report on the annual financial statements presented in section 8.3 herein.

(1) Norme d'exercice professionnel *9510 (approved by the government order of October 1, 2018 published in France's Journal Officiel, edition no. 0232, on October 7, 2018) on the subject of the Statutory Auditor's procedures relating to the management report, other documents on the audited entity's financial position and financial statements and information included in the corporate governance report, as communicated to the members of the governance body called on to approve the financial statements.*