

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.

In 2019, the Compensation and Appointments Committee continued to examine the membership of the Group's new internal management structures set up in 2018. It also reviewed the succession plans drawn up for these structures' members, and worked on adapting the new structures based on the plans submitted to the Committee by the Managing Chairman and by the two new Managers.

Recommendations concerning the re-election of Supervisory Board members at the Annual Shareholders Meetings of May 17, 2019 and June 23, 2020

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 2018 Registration Document for the re-elections/elections proposed at the Annual Shareholders Meeting of May 17, 2019 and in the Supervisory Board's report on the proposed resolutions (see section 7.2.1 of this Universal Registration Document) for the re-elections to be proposed at the Annual Shareholders Meeting of June 23, 2020.

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.

3.4 MANAGEMENT AND SUPERVISORY BOARD COMPENSATION POLICIES FOR 2020

3.4.1 GENERAL PRINCIPLES

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

In application of Directive (EU) No. 2017/828 dated May 17, 2017 (the "Directive"), French Act No. 2019-486 dated May 22, 2019 (the "PACTE Act"), Government Order 2019-1234 dated November 27, 2019 for the application of the Directive and the PACTE Act, and Decree No. 2019-1235 dated November 27, 2019 transposing the Directive into French law, at the Annual Shareholders Meeting of June 23, 2020, the General Partners and, on the recommendation of its Compensation and Appointments Committee, the Supervisory Board will ask shareholders to approve the 2020 Compensation Policy applicable to (i) the Managers and (ii) the Supervisory Board.

The Compensation Policy applicable to the Managers and the Supervisory Board is prepared and revised in accordance with the relevant laws and regulations.

Article L. 226-8-1 of the French Commercial Code stipulates that the Compensation Policy applicable to the Managers and the Supervisory Board must be compatible with the Company's corporate interests. It must contribute to its marketing strategy as well as the long-term sustainability of the business.

This Compensation Policy establishes a competitive framework aligned with the Group's strategy and business environment. The policy is designed to increase medium and long-term performance and competitiveness and is therefore in the Group's best corporate interests, in accordance with the AFEP/MEDEF Code.

The policy contributes to the Company's marketing strategy by requiring the Group's performance to be factored into the calculation of variable compensation, in particular:

- ▶ the Managers' variable compensation (annual, long-term) represents the predominant part of their total compensation; and
- ▶ the amount they receive in variable compensation depends on the achievement of objectives related to the Group's main performance indicators, which also apply to the employees of Group companies.

The policy contributes to the Company's sustainability by requiring the Group's performance to be factored into the calculation of variable compensation, in particular:

- ▶ for each Manager:
 - the performance indicators applicable to their variable compensation (annual and long-term) focus on sustained performance in line with the Group's strategy,
 - as from 2020, part of their variable compensation consists of performance shares that are subject to vesting conditions linked to the achievement of performance objectives over several years,
 - the performance shares received when the vesting conditions have been met may not be sold for as long as they serve as a Manager;
- ▶ for the Managing Chairman:
 - the Compensation Policy takes into account his position as General Partner with unlimited joint and personal liability for the Company's debts by deducting his annual variable compensation from the amounts due to the General Partners out of the Company's profits (if any);

- ▶ for the members of the Supervisory Board, most of their compensation as Supervisory Board member and, if applicable, member of a Committee of the Board, is based on their attendance rate at Board and Committee meetings.

In the decision-making process for the determination and revision of the Compensation Policy, as the Company does not have any employees, it has chosen to take into account the compensation and employment conditions of employees of its main French subsidiary, Manufacture Française des Pneumatiques Michelin (the "Scope"). The Managers' decision to extend the variable compensation criteria to Scope employees and subsequently, according to a gradual process, to the employees of Group companies in other countries, led to the following adjustment of the 2020 performance indicators:

- ▶ concerning annual variable compensation, bonuses based on the achievement of one or several indicators, that are the same as those applicable to the variable compensation of the Managers, will be awarded to Scope employees as from 2020 and more widely to other Group employees thereafter;
- ▶ concerning their deferred variable compensation, the Managers will be awarded performance shares subject to more demanding conditions and criteria than those applicable to the Group's performance share plans for Scope employees.

Conflicts of interest are avoided in the drafting, revision and implementation of the Compensation Policy due to the involvement of the Supervisory Board and the Compensation and Appointments Committee, the majority of whose members are independent. The procedures for managing conflicts of interest within the Supervisory Board are described in section 3.3.2 f).

In accordance with the second paragraph of Article L. 226-8-1, section III of the French Commercial Code, the General Partners, where the Managers are concerned, or the Supervisory Board, where the Supervisory Board members are concerned, may depart from this Compensation Policy provided that the following conditions are met:

- ▶ any departure from the Policy must be only temporary, consistent with the corporate interest and necessary to ensure the Company's long-term sustainability and viability; in addition, it may only concern the following compensation components: annual and deferred variable compensation, exceptional compensation;
- ▶ the Policy may be departed from only in exceptional circumstances, such as - for example - the currently unforeseeable effects of the Covid-19 health and systemic crisis or, a significant change in the Group's scope. It being specified that any change in an aspect of the Compensation Policy must be made public and justified, in particular as regards the Group's best corporate interests over the long-term;
- ▶ in the case of exceptional compensation, with payment subject to the approval of the Annual Shareholders Meeting, in accordance with the law.

The 2020 Compensation Policy is the subject of two proposed resolutions to be presented at the Annual Shareholders Meeting to be called to approve the 2019 financial statements:

- ▶ the 6th resolution concerning the policy applicable to the Managers, presented in section 3.4.2 below;
- ▶ the 7th resolution concerning the policy applicable to the members of the Supervisory Board, presented in section 3.4.3 below.

3.4.2 COMPENSATION POLICY: THE MANAGERS

This section describes the components of the Compensation Policy for the Managers. These components are presented in a proposed ordinary resolution approved by the General Partners that will be submitted for shareholder approval at the Annual Meeting to be called to approve the 2019 financial statements (6th resolution).

3.4.2.1 Principles inherent in the position of General Partner

In his capacity as a General Partner of CGEM, the Managing Chairman has unlimited joint and personal liability for the Company's debts. As consideration for this liability, the General Partners⁽¹⁾ receive a portion of the Company's profits (the "Profit Shares") as provided for in the Bylaws. This means that their interests are fully aligned with those of the shareholders, as they are paid Profit Shares only if the Company makes a profit. In addition, the amount is capped at 0.6% of consolidated net income 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 Supervisory Board.

This agreement:

- ▶ sets the annual cap on the Profit Shares, as a percentage of profits, that can be allocated to the Managing General Partner;

- ▶ describes the Profit Share allocation terms and conditions, performance criteria and the related objectives to be met by the Managing General Partner.

The Managing General Partner presents 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 General Partner's unusual situation.

This ensures that the agreement reflects the variable components of the Managing General Partner's compensation described below.

At each fiscal year-end, the Compensation and Appointments Committee assesses the 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 proposed amount to be deducted from the General Partners' Profit Shares in respect of the Managing Chairman's variable compensation. The amount available after this deduction is then allocated to the Non-Managing General Partner, which decides to allocate most of this amount to the contingency reserve fund set up in accordance with its Bylaws⁽²⁾.

The compensation of the General Manager, who does not have unlimited personal liability for the Company's debts, also includes a performance-based variable component.

(1) At December 31, 2019, the Company had two General Partners: Florent Menegaux, Managing Chairman, and SAGES, Non-Managing General Partner (see presentation in sections 3.1.3).

(2) See explanation in section 3.1.3.

3.4.2.2 Principles for determining compensation

The compensation of the Managing Chairman and General Partner is decided by the General Partners and is subject of a deliberation by the Supervisory Board. Then:

- ▶ the annual variable compensation is deducted from the General Partners' Profit Shares, as explained in section 3.4.2.1 above;
- ▶ the long-term variable compensation is awarded in the form of performance shares;
- ▶ the fixed compensation is paid by a subsidiary of the Company in exchange for his services as Manager of that company.

The compensation of the General Manager is decided by the General Partners and is subject of a deliberation by the Supervisory Board. The Committee also reviews all amounts and benefits due, 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.

3.4.2.3 Fixed compensation

Considering the efforts that the Michelin Group's employees and other stakeholders have been called upon to make in order to deal with the consequences of the Covid-19 health crisis, the Managing Chairman, the General Manager and the Non-Managing General Partner have decided, with the unanimous backing of the Supervisory Board, to:

- ▶ maintain the Managers' fixed compensation at the amounts decided at the time of their appointment, i.e. €900,000 for Florent Menegaux and €600,000 for Yves Chapot; and
- ▶ to reduce this fixed compensation by 25% for the period during which employees are furloughed.

3.4.2.4 Annual and long-term variable compensation

/ Shared principles

To engage Managers more deeply in the Company's performance and encourage them to act with its long-term interests in mind, their variable compensation includes an annual portion and a long-term portion, 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 to deliver sustainable growth.

The General Partners and the Supervisory Board take into consideration and apply the principles of compensation determination defined by the AFEP/MEDEF Code recommendations.

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

The Managing General Partner's annual variable compensation is deducted from the Profit Shares described in the sections above entitled "General principles" and "Principles inherent in the position of General Partner".

/ 3.4.2.4.1 Annual variable compensation

Florent Menegaux, Managing Chairman and General Partner

In line with the simplified approach applied since 2019, this component would be calculated as a direct percentage of the General Partners' Profit Shares.

The performance criteria determined by the Supervisory Board include:

- ▶ a quantitative criterion based on net income for the year, for 4% of the Group Profit Shares;
- ▶ a quantitative criterion based on growth in Segment Operating Income (SOI), which is also used to determine the variable compensation of the General Manager and all employees of Group companies in France from 2020 and worldwide thereafter, for up to 8% of the Profit Shares;
- ▶ a quantitative criterion based on growth in structural free cash flow, which is also used to determine the variable compensation of the General Manager and all employees of the French subsidiaries from 2020 and worldwide thereafter, for up to 8% of the Group Profit Shares;
- ▶ quantifiable qualitative criteria aligned with the objectives set for 2019 and based on the Group's strategic ambitions and managerial expectations, for up to 4% of the Profit Shares. These criteria concern three areas in particular: deployment of the Group's strategy, employee safety and implementation of the synergies arising from recent acquisitions.

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 16% of the Profit Shares for the quantitative criteria (including the criterion based on net income) and 4% of the Profit Shares for the qualitative objectives. For example, assuming that the Profit Shares were equivalent to the amount proposed on the basis of 2019 income, the maximum amount would be €2,076,000.

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 business competitors for their advantage, the Supervisory Board has elected not to disclose details of the performance targets set for these quantitative and quantifiable criteria.

Yves Chapot, General Manager

Yves Chapot's annual variable compensation would be calculated on a base equal to one and a half times his 2019 fixed compensation with:

- ▶ the same quantitative performance criteria as those used to determine the variable compensation of the Managing Chairman and employees, as presented in the above section concerning Florent Menegaux, for up to 80% of the base;
- ▶ the same quantifiable qualitative criteria as those used to determine the Managing Chairman's compensation, for up to 20% of the base.

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 150% of Yves Chapot's fixed compensation for 2019, representing a maximum amount of €1,050,000.

The following will be applied to each criterion (including 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 business competitors for their advantage, the Supervisory Board has elected not to disclose details of the performance targets set for these quantitative and quantifiable criteria.

/ 3.4.2.4.2 Long-term variable compensation: performance share rights

As from 2016, in response to shareholder expectations and the changing market environments in which the Group's businesses operate, the Managers' cash-settled long-term incentive bonuses were subject to the same performance criteria as those applicable to the employee performance share plans (that were not open to the Managers), which concerned implementation of the Group's long-term strategy as expressed in the Ambitions for 2020 (see section 1 of this 2019 Universal Registration Document).

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

- ▶ the Managers are no longer entitled to a cash-settled long-term incentive bonus;
- ▶ instead, they participate in the annual performance share plans set up for employees, on the same terms and based on the same criteria, except for certain terms that are necessary by virtue of their position as Managers and corporate officers; and
- ▶ new performance criteria have been added for all plan participants (employees and Managers) to take into account the changing market environment in which the Group's businesses operate and the Group's strategy.

The performance share plans' terms, conditions and criteria are presented in support of the 25th extraordinary resolution to be presented at the Annual Shareholders Meeting of June 23, 2020 (see section 7.1.1 of this 2019 Universal Registration Document).

The main specific characteristics of the performance share rights that may be awarded to the Managers are as follows:

- ▶ the awards are decided annually by the Managing Chairman on the recommendation of the General Partners, after the performance conditions and criteria have been determined by the Supervisory Board;
- ▶ the total performance share rights awarded to the Managers during the period of validity of the above resolution will be capped at 0.05% of the Company's share capital on the date of the Shareholders Meeting at which the resolution is adopted.
- ▶ in addition, the value of each annual award will be capped at a percentage of the Manager's fixed annual compensation for the award year, set at 100% for the Managing Chairman and 100% for the General Manager;
- ▶ the Managers will be required to hold 40% of the vested shares for as long as they remain in office;
- ▶ concerning the Managing Chairman and General Partner:
 - the vested performance shares would be delivered to him only if Profit Shares were distributed in respect of the year preceding the one in which the shares are issued;
 - by proposing to replace the cash-settled long-term incentive bonus with an allocation of performance shares to the General Partner, when the time comes, the cost to the Company of this allocation will be taken into account in determining the Profit Shares returning to the General Partners, under the control by the Supervisory Board;
- ▶ if a Manager ceases to hold this position:
 - following his resignation or removal from office due to mismanagement, all the performance share rights will be forfeited,
 - for any other reason, such as the expiration of his term or due to disability or death, before the end of the reference period for determining the achievement rate for the performance criteria, he will retain a number of performance share rights initially awarded to him prorated to the time served in office during the plan period (or the total number in the case of disability or death), and the reference three-year period will continue to run, during and beyond the end of his term.

3.4.2.5 Fringe benefits and directors' compensation

Each Manager has a fringe benefit in the form of a Company car. They do not receive any compensation (previously referred to as attendance fees) for serving on the Board of 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.

3.4.2.6 Stock options

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

3.4.2.7 Pension benefits⁽¹⁾

There is no specific supplementary pension plan set up for the Managers or the Chairman of the Supervisory Board.

Florent Menegaux, in his capacity as General Manager of MFPM, and Yves Chapot, in his capacity as General Manager of CGEM, participate in the supplementary pension plans described in sections 3.4.3.5 and 3.4.4.5 of this 2019 Universal Registration Document.

In accordance with Government Order No. 2019-697 dated July 3, 2019, the supplementary pension plan set up for MFPM and CGEM senior executives (the Michelin Executive Supplementary Pension Plan) has been closed to new members since July 4, 2019 and the vesting period was frozen at December 31, 2019. The terms on which the vesting period was frozen were the same as those applied to the supplementary pension plan for MFPM employees.

Any loss of retirement income arising from the vesting freeze will be offset for all affected employees and senior executives by benefits payable under a new system that is currently under consideration.

Under the rules of the Michelin Executive Supplementary Pension Plan, the vested rights of the current two Managers entitle them to the maximum pension benefits, capped at 15% since December 31, 2018. Consequently, the freeze on the vesting period will have no impact on the pension benefits payable to them when they retire. At this stage, therefore, there are no plans to compensate them for any loss of pension rights.

If a Manager was no longer able to participate in the Michelin Executive Supplementary Pension Plan, he could be given the opportunity to either (i) participate in a new defined contribution plan, or (ii) build up a pension fund by receiving an initial seed capital award, in cash or shares, and annual payments.

3.4.2.8 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 Non-Managing General Partner, SAGES, subject to the prior approval of the Supervisory Board. The amount of any such compensation would not exceed the equivalent of the Manager's 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 achievement rates for the annual variable compensation 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.

3.4.2.9 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 section 3.7.1.13 of this 2019 Universal Registration Document:

- ▶ Florent Menegaux, Managing General Partner and 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 2020 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 paragraph III of Article R. 226-1-1 of the French Commercial Code, introduced by decree 2019-1235, the above compensation would not be payable if Florent Menegaux or Yves Chapot retired on leaving the Group.

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.

3.4.2.10 Exceptional compensation

There are no plans to award any exceptional compensation to either of the Managers, except as a departure from the current Compensation Policy subject to the conditions set out in section 3.4.1 above.

3.4.2.11 Employment contract

Due to his status and specific responsibilities, under the applicable Compensation Policy the Managing General Partner ceases to be covered by any employment contract that may have existed between him and a Group company. This rule applies even if he has acquired considerable seniority with the Group.

Consequently, Florent Menegaux no longer has an employment contract with the Company or any of its subsidiaries since he became Managing General Partner of the Company⁽²⁾.

(1) The disclosures in this section and in sections 3.5.3.5, 3.5.4.5 and 3.5.5.5 of this 2019 Universal Registration Document comply with the provisions of the PACTE Act, as set out in Article D. 225-29-3 of the French Commercial Code.

(2) This adaptation to the full application of the AFEP/MEDEF Code's recommendations is mentioned in the table in section 3.2.2 h) prepared in accordance with the "comply or explain" rule.

In addition, Yves Chapot's mandate as General Manager justify suspending his pre-existing employment contract with a Michelin Group company:

- ▶ Yves Chapot is not the most senior executive officer (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 terminating these executives' employment contracts;
- ▶ Yves Chapot has acquired considerable seniority, having worked for the Michelin Group without interruption for over 27 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 – would not exceed his final two years' total compensation.

3.4.2.12 Proposed resolution on the Compensation Policy for Managers

At the Annual Meeting of June 23, 2020, shareholders will be asked to approve the following resolution:

6th resolution Approval of the Compensation Policy applicable to the Managers

Having noted the agreement of the General Partners and considered the report of the Supervisory Board, the Annual Shareholders Meeting, in application of Article L. 226-8-1-II of the French Commercial Code, approves the Compensation Policy applicable to the Managers drawn up by the General Partners, as presented in the Corporate Governance Report set out in sections 3.4.1 and 3.4.2 of the Company's 2019 Universal Registration Document.

3.4.3 COMPENSATION POLICY: MEMBERS OF THE SUPERVISORY BOARD

This section describes the components of the Compensation Policy applicable to the members of the Supervisory Board. These components are presented in a proposed resolution approved by the General Partners that will be submitted for shareholder approval at the Annual Meeting of June 23, 2020 (7th resolution).

Concerning the members of the Supervisory Board, the Bylaws state that the Ordinary Shareholders Meeting may award a fixed annual amount to the Supervisory Board, to be allocated by the Board among its members in accordance with the Compensation Policy that it has drawn up.

The compensation components were determined by the Supervisory Board on the recommendation of its Compensation and Appointments Committee.

3.4.3.1 Compensation for serving on the Supervisory Board (previously referred to as "attendance fees")

At the Annual Shareholders Meeting of May 17, 2019, the total compensation payable to Supervisory Board members was set at €770,000 for 2019 and subsequent years (12th resolution, adopted by a majority of 99.15% of the votes cast).

On the recommendation of the Compensation and Appointments Committee, the Supervisory Board decided to allocate this annual amount as follows:

- ▶ allocation of a basic amount to each member;
- ▶ allocation of additional amount 1 to each member who sits on a Committee of the Supervisory Board and participates in its work;
- ▶ allocation of additional amount 2 to each member who serves as Chair of a Committee of the Supervisory Board and participates in its work (recipients of this additional amount 2 are not entitled to additional amount 1);

- ▶ allocation of additional amount 3 to the Senior Independent Member of the Supervisory Board;
- ▶ allocation of additional amount 4 to the Chairman of the Supervisory Board (who is not entitled to additional amounts 1, 2 or 3);
- ▶ allocation of additional amount 5 to Supervisory Board members who live outside Europe on a permanent basis;

Payment of 60% of the total amount receivable (basic amount and any of the additional amounts defined above) will depend on the member's attendance rate at meetings of the Supervisory Board and of any Committees of which he or she is a member.

The attendance rate and the corresponding allocation of annual compensation for a given year will be prepared by the Compensation and Appointments Committee then approved by the Supervisory Board during the first quarter of the following year.

The compensation will be paid (including to the Chairman of the Supervisory Board) during the first half of the year following the one to which it relates, provided that the resolution on the disclosures required by Article L. 225-37-3 of the French Commercial Code has been approved by the Annual Shareholders Meeting called to approve the financial statements for the year preceding the one to which the compensation relates.

3.4.3.2 Other compensation

As the Supervisory Board members do not hold any other positions within the Company or the Michelin Group, they do not receive any other compensation from the Company or its subsidiaries.

3.4.3.3 Proposed resolution on the Compensation Policy for members of the Supervisory Board

At the Annual Meeting of June 23, 2020, shareholders will be asked to approve the following resolution:

7th resolution Approval of the Compensation Policy applicable to members of the Supervisory Board

Having noted the agreement of the General Partners and considered the report of the Supervisory Board, the Annual Shareholders Meeting, in application of Article L. 226-8-1-II of the French Commercial Code, approves the Compensation Policy applicable to the members of the Supervisory Board, as presented in the Corporate Governance Report set out in sections 3.4.1 and 3.4.3 of the Company's 2019 Universal Registration Document.