

MAY 2020

***CORPORATE
GOVERNANCE***



May 2020

01.

A solid Governance



A solid governance - characteristics of a partnership limited by shares



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

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

A solid governance - structure of the Partnership limited by shares

General Partners

SAGES - Société Auxiliaire de Gestion

Florent Menegaux

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

"Profit shares" allocated under the Bylaws

Limited Partners

Shareholders

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

Share of profits in the form of a dividend

- Approve the appointment of the Managers
- Elect the members of the Supervisory Board
- Adopt the financial statements approved by Management
- Appoint the Statutory Auditors

Managers

Term:
4 years

Florent Menegaux – Managing Chairman and General Partner

Yves Chapot – General Manager

- Administer and manage the Company

Supervisory Board

Term:
4 years

Statutory
Auditors

9 members of which 1 Lead independent member

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

Compensation
and
Appointments
Committee

Audit Committee

*Compensation for serving on the Supervisory Board
(previously referred to as « attendance fees »)*

A solid governance - the General Partners, a complementary role

SAGES - Société Auxiliaire de Gestion
Non-Managing General Partner

348,300 Michelin shares as of december 31, 2019

Florent Menegaux
Managing General Partner

38,628 Michelin shares as of december 31, 2019

Unlimited joint and personal liability for the Company's debts

Guarantees permanence and is responsible of ensuring Company's continuity of leadership in the position of CGEM's manager were to fall vacant

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

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

Chairman : Mr. Jacques de Chateaufieux

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



A long-term Commitment



May 2020

02.

Supervisory Board

The Supervisory Board - 9 members



Michel Rollier

Non-independent member (non-executive)
Chairman of the Supervisory Board

Member of the Compensation and Appointments Committee



Olivier Bazil

Independent member
Chairman of the Audit Committee



Barbara Dalibard

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



Jean-Pierre Duprieu

Independent member
Member of the Audit Committee



Aruna Jayanthi

Independent member
Member of the Compensation and Appointments Committee



Anne-Sophie de la Bigne
Independent member

Member of the Audit Committee*
Member of the Compensation and Appointments Committee



Monique Leroux
Independent member

Member of the Audit Committee



Thierry Le Hénaff
Independent member

Member of the Audit Committee



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

SUPERVISORY BOARD



The Supervisory Board - overview

	Independent member ⁽¹⁾	Committees of the Board	First elected	Re-elected ⁽²⁾	Current term ends (AGM) ⁽³⁾	Years on the Board	Number of shares held*	Nationality	Age	Gender
MICHEL ROLLIER CHAIRMAN	⊖	Nomination and Compensation	2013	2017	2021	6	24,392	french	75	M
OLIVIER BAZIL	✓	Audit C	2013	2017	2021	6	1,010	french	73	M
BARBARA DALIBARD	✓	Nomination and Compensation C S	2008	2013 ⁽²⁾ 2015 ⁽³⁾ 2019	2023	11	485	french	61	F
ANNE-SOPHIE DE LA BIGNE	✓	Audit ⁽⁵⁾ Nomination and Compensation	2013	2016	2020	6	903	french	59	F
JEAN-PIERRE DUPRIEU	✓	Audit	2013	2016	2020	6	510	french	67	M
ARUNA JAYANTHI	✓	Nomination and Compensation	2015	2019	2023	4	400	indian	57	F
THIERRY LE HÉNAFF	✓	Audit	2018	-	2022	1	400	french	56	M
MONIQUE LEROUX	✓	Audit	2015	2018 ⁽⁴⁾	2022	4	1,000	canadian	65	F
CYRILLE PUGHON	⊖	Audit	2014	2018	2022	5	420	french	44	M

C Chairman **S** Senior independent member

* As of December 31, 2019.

(1) Based on the criteria set in the Supervisory Board's internal rules which correspond to those recommended in the AFEP/MEDEF Corporate Governance Code for listed companies.

(2) At the Annual Meeting of May 15, 2009, shareholders voted to reduce the term of Supervisory Board members from five years to four.

(3) At the Annual Meeting of May 17, 2013, shareholders voted to elect Supervisory Board members for terms of two, three or four years, so that their terms do not all expire at the same time.

(4) Monique Leroux was appointed as a member of the Supervisory Board on October 1, 2015 to replace Laurence Parisot, who had resigned, for the remainder of Ms. Parisot's term of office.

(5) Until the end of July 2019.

Changes within the Supervisory Board

Re-election of Supervisory Board members



Anne-Sophie de la Bigne

Independent member

Member of the
Compensation and
Appointments Committee



Jean-Pierre Dupriou

Independent member

Member of the
Audit Committee

Leaving (post AG 2020)



Olivier Bazil

Independent member

Chairman of the Audit
Committee

Nomination



Patrick de La Chevardière

Independent member

Chairman of the Audit
Committee

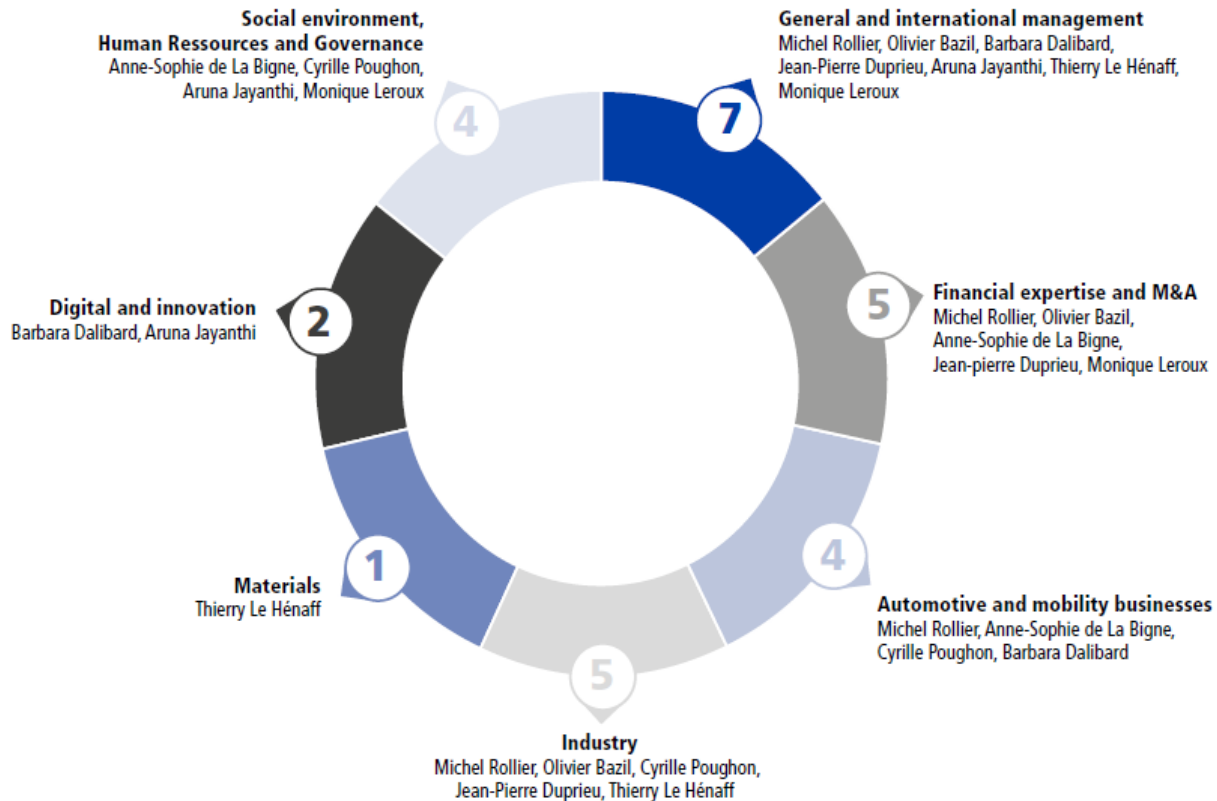


Patrick de La Chevardière was born in 1957 and is a French national. He is currently a director of Schlumberger and until July 2019 was the Group's Chief Financial Officer and a member of the Executive Committee of the Total Group, where he spent his entire career.



Patrick de La Chevardière is a graduate of École centrale. He began his career as a drilling engineer in the Exploration and Production division (1982-1989), before joining the Finance Department (1989-1995). He subsequently served as head of the Operations and Subsidiaries Division (1995-2000), Asia Director in the Refining and Marketing division (2000-2003), deputy Chief Financial Officer (2003-2008) and member of the Management Committee (2005), and Chief Financial Officer and member of the Executive Committee (from 2008).

Supervisory Board members : experience and expertise





The Supervisory Board activities



Supervisory Board

- 9 members of which 1 senior independent member
- 5 meetings

Some issues examined by the Supervisory Board:

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

Audit Committee

- 5 members (*until July, 31st 2019*)
- 4 meetings

The main purpose of the meetings held in 2019:

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

Compensation and Appointments Committee

- 4 members
- 3 meetings

The main purpose of the meetings held in 2019:

- Review of the corporate officers' compensation
- Review of Supervisory Board members' independence and any conflicts of interest
- Executive management succession plan
- Recommendations concerning the re-election of Supervisory Board members at the Annual Shareholders Meetings of May 17, 2019 and June 23, 2020
- Variable compensation policy

May 2020



03.

Group Management

The Group Management - internal organization

/// A CUSTOMER-CENTRIC ORGANIZATION

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

/// THE GROUP MANAGEMENT COMMITTEE

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



/// CONSTRUCTIVE STAKEHOLDER DIALOGUE

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

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



The Group Management - the Executive Committee, 10 members

- The Managers and the Executive Committee of 8 members



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



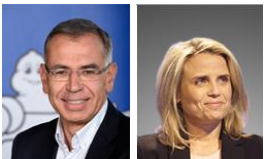
DB1 : Executive Vice President, Automotive, Motorsport, Experiences, and Americas Regions: **Scott Clark**
DB2 : Executive Vice President, Road Transportation and European Regions: **Laurent Bourrut**



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



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



Executive Vice President & Chief HR Officer : **Jean-Claude Pats**
Executive Vice President, Engagement and Brands: **Adeline Challon-Kemoun**



May 2020

04.

Say on pay 2019



Say on Pay 2019 - compensation policies applicable to Management in 2019

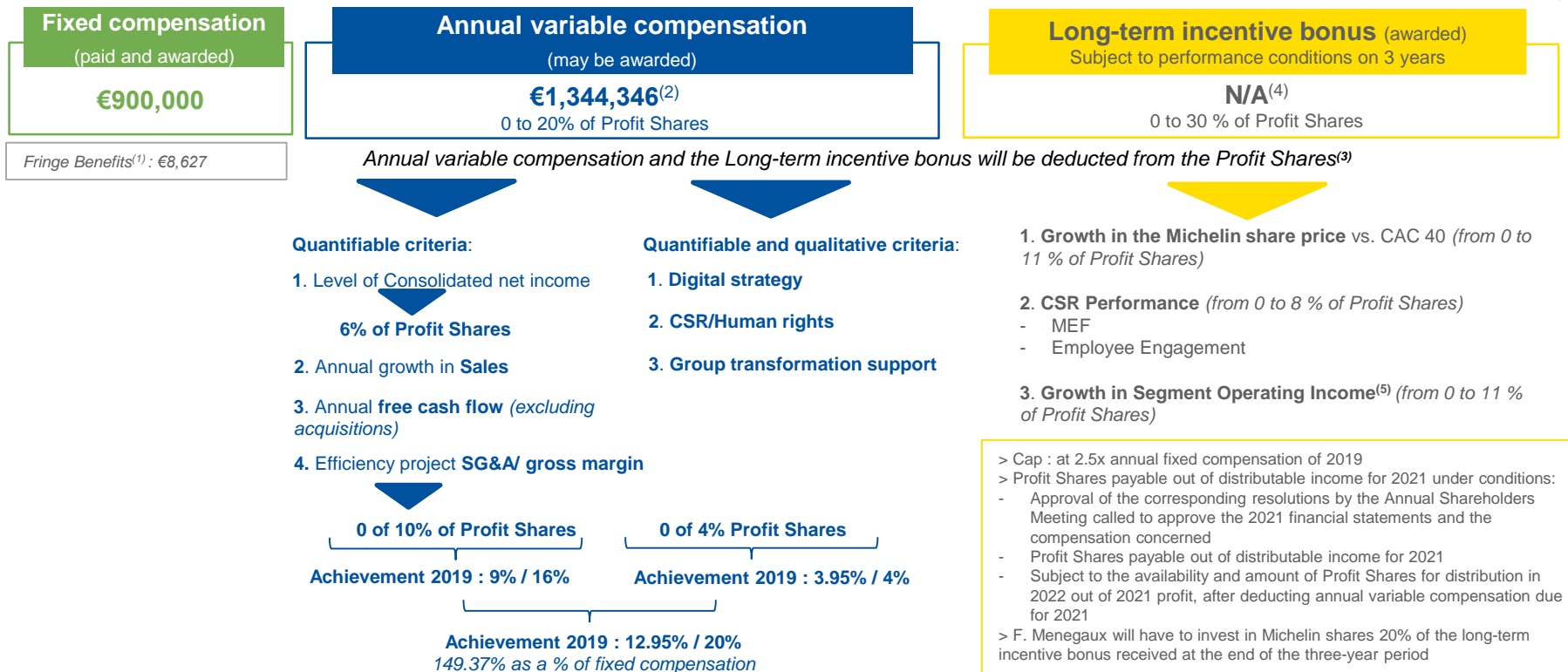


Covid-19 impacts on compensation awarded in respect of 2019 and paid in 2020:

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

In addition, CGEM will pay the sum corresponding to these waived compensations to national Covid-19 related charities.

Say on Pay 2019 - Florent Menegaux, Managing Chairman, Managing General Partner



(1) Company car

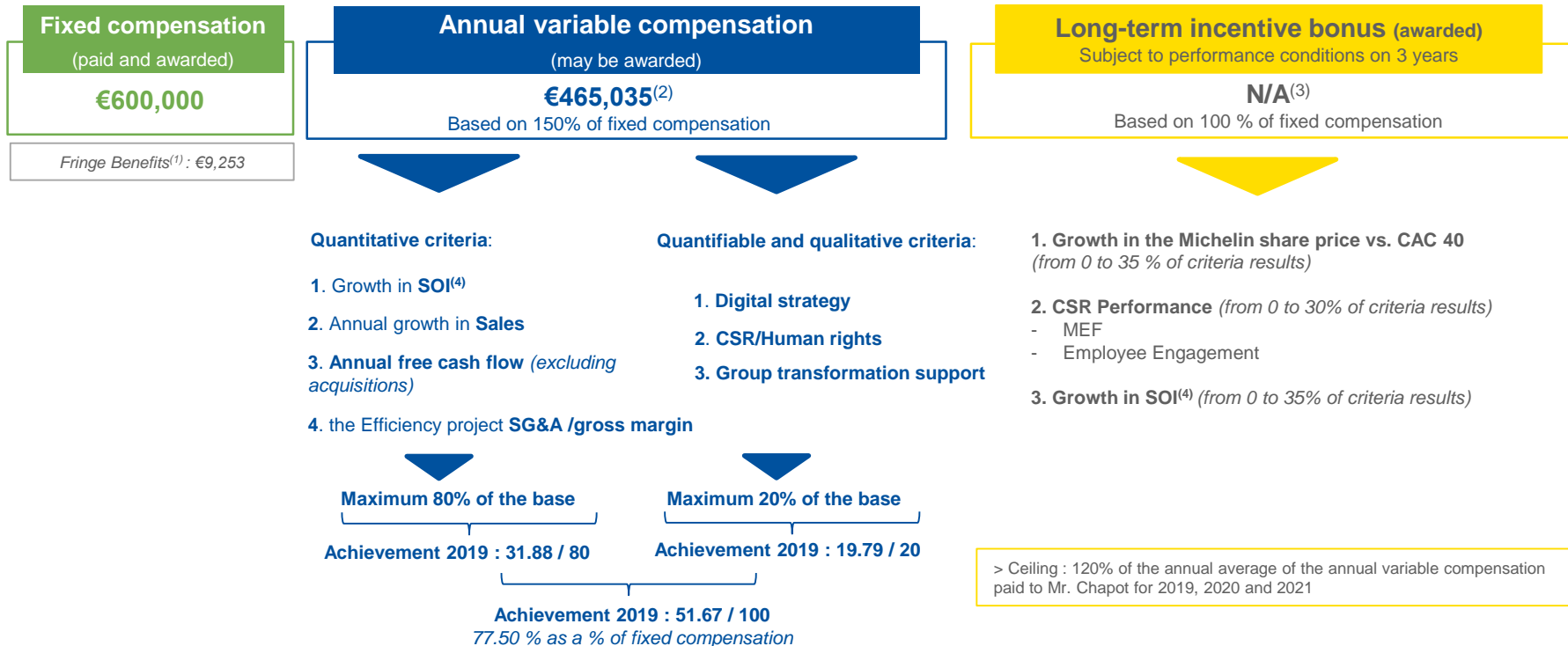
(2) Will be reduced by 25% following Florent Menegaux's decision to waive part of his variable compensation for 2019 (consequences of the Covid-19 health crisis)

(3) Based on calculation of Annual variable compensation and Cash-settled deferred variable compensation: 0,6 % Group's consolidated net income €10,380,258.65

(4) Simulation at December 31, 2019 of the deferred variable compensation awarded in respect of 2019: €1,136,336.11. N/A : Not Applicable

(5) SOI : based on current business scope and comparable accounting methods, excluding changes in exchange rates.

Say on Pay 2019 - Yves Chapot, General Manager



(1) Company car

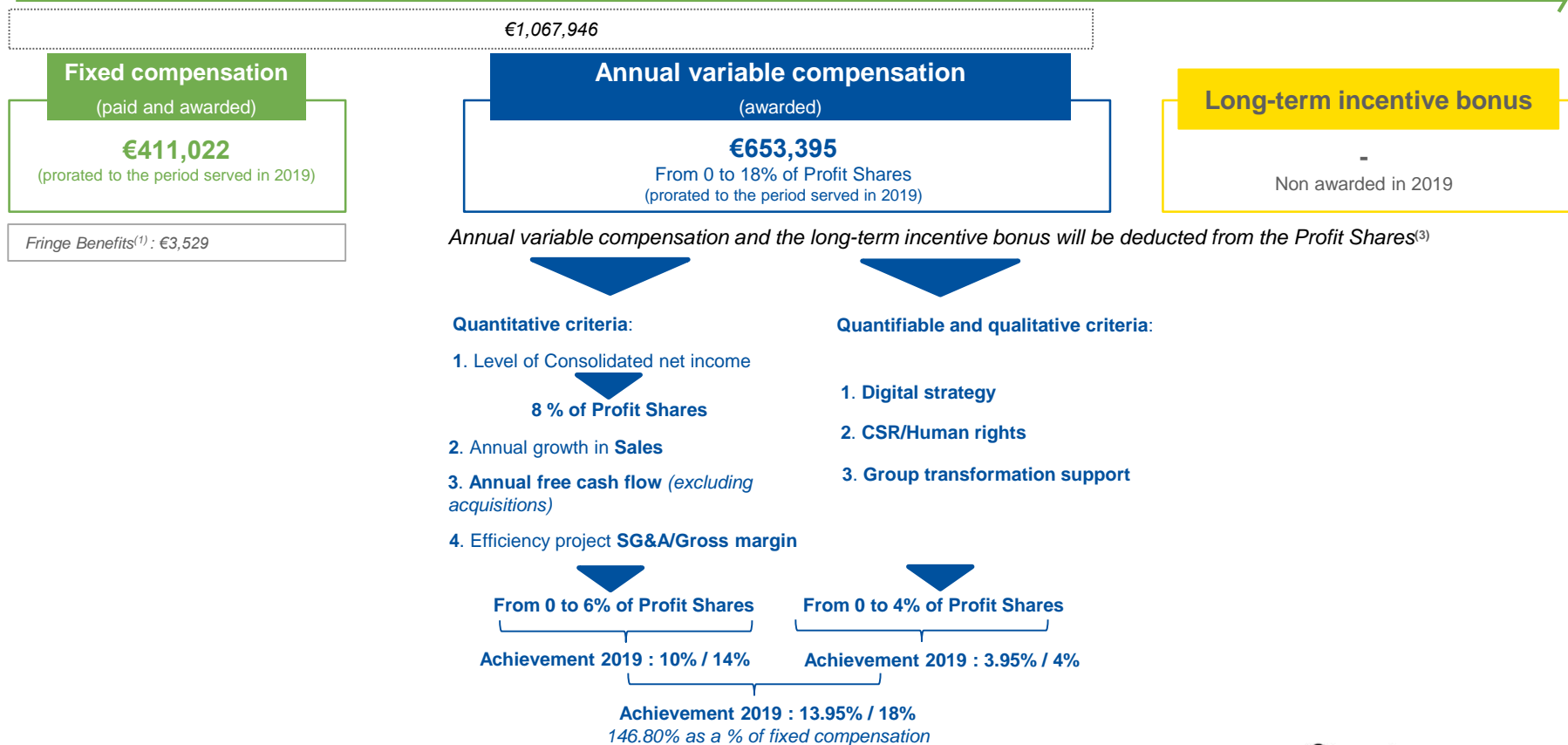
(2) Will be reduced by 25% following Yves Chapot's decision to waive part of his variable compensation for 2019 (consequences of the Covid-19 health crisis)

(3) Provision as of December 31, 2019 : €93,000. N/A : Not Applicable

(4) SOI : based on current business scope and comparable accounting methods, excluding changes in exchange rates

Say on Pay 2019

JD- Senard, Managing Chairman and General Partner (until May, 17th 2019)



(1) Company car

(2) Overall achievement rate of 13.95%/18% (€1,448,045.08) prorated over the period served by Jean-Dominique Senard in 2019, corresponding to 5/12. This results in an amount of €603,395.21 which, together with the €50,000 paid for Compagnie Financière Michelin SCmA (CFM) in respect of his position as General Partner of that company, gives a total of €653,391.5 payable in respect of 2019.

(3) Based on calculation of Annual variable compensation and Cash-settled deferred variable compensation : 0,6 % of Group Consolidated net income €10,380,258.65



Compensation paid or awarded to the members of the Supervisory Board



Amounts paid in 2019
in respect of 2018*

€554,992

Amounts awarded in
respect of 2019**

€660,777

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

The Chairman and independent members of the Supervisory Board are joining the Managers by deciding to donate 25% of their 2019 compensation received in 2020 to foundations in their respective countries, which are part of the fight against Covid-19.

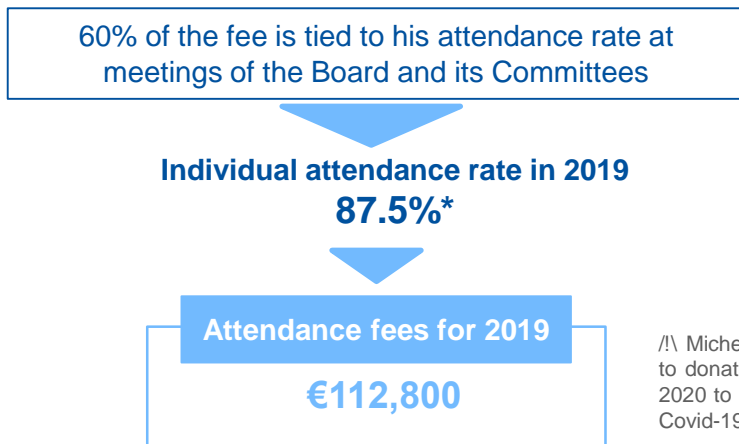
*The amounts paid in 2019 were awarded in respect of 2018 out of the total annual compensation of €555,000 decided by the Annual Shareholders Meeting of May 13, 2016

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

2019 compensation

Michel Rollier, Chairman of the Supervisory Board

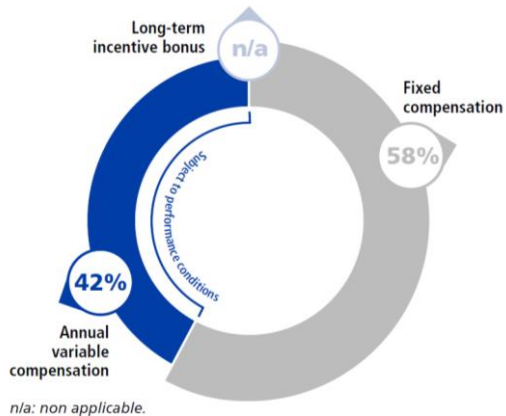
- Compensation consistent with the policy applied for the top executives of other CAC 40 companies
- Most of the fee is contingent on his attendance rate at meetings of the Supervisory Board and the Committee of which he is a member



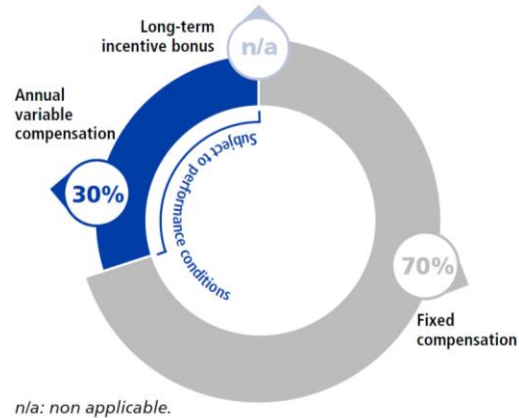
/!\ Michel Rollier is joining the Managers by deciding to donate 25% of his 2019 compensation received in 2020 to a foundation which is part of the fight against Covid-19.

Compensation paid during fiscal year 2019

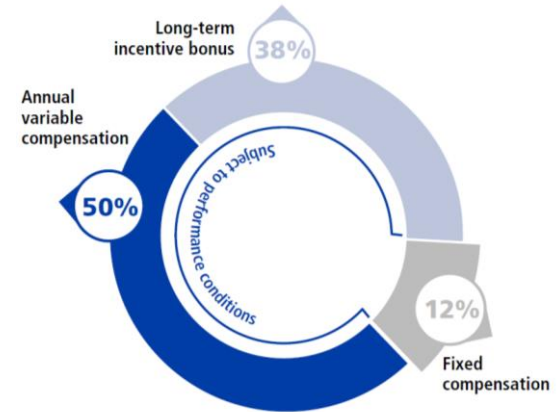
Florent Menegaux



Yves Chapot



Jean-Dominique Senard



Compensation ratios of the Managers and the Chairman of the Supervisory Board

- The ratios presented below have been calculated in such a way as to disclose information related to the function, in order to guarantee, as far as possible, the relevance and consistency of comparative information across the entire reporting period.
- The ratios are based on the fixed and variable compensation paid during the years indicated to employees who were present throughout the year, as well as on the performance shares awarded in those years, measured at fair value.

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

Compensation ratios of the Managers and the Chairman of the Supervisory Board

	2019	% change vs. 2018	2018	% change vs. 2017	2017	% change vs. 2016	2016
Chairman of the Supervisory Board							
Changes in compensation		-2.7%		0.0%		32.4%	
Average Chairman of the Supervisory Board-to-worker compensation ratio	1.7		1.7		1.8		1.4
Median Chairman of the Supervisory Board-to-worker compensation ratio	2.1		2.2		2.3		1.8
Managing Chairman ⁽¹⁾							
Changes in compensation		8.1%		15.0%		38.5%	
Average Managing Chairman to-worker compensation ratio	77.6		73.8		65.2		49.3
Median Managing Chairman to-worker compensation ratio	99.8		94.8		84.7		63.4
General Manager ⁽²⁾⁽³⁾⁽⁴⁾							
Changes in compensation		69.6%		-		-	
Average General Manager-to-worker compensation ratio	19.5		11.8				
Median General Manager-to-worker compensation ratio	25.0		15.1				
Growth in segment operating income (SOI) (excluding currency effect)⁽⁵⁾		11.0 %		5.6 %			9.5 %
Growth in sales (excluding currency effect)⁽⁵⁾		4.1%		6.2%			0.4%

(1) Only information relating to the position of Managing Chairman and General Partner is presented given that the specific role of Managing General Partner was exercised over a limited period.

(2) The compensation paid to Managers for functions held during only part of the year (new Manager or Manager who was not replaced) has been annualized.

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

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

(5) To permit meaningful comparisons with the compensation paid in a given year, which depends to a significant extent on the prior year's results, the values taken into account.



May 2020

05.

Say on pay 2020



Management and Supervisory Board Compensation Policies for 2020



- The 2020 Compensation Policy is the subject of two proposed resolutions to be presented at the Annual Shareholders Meeting of June 23, 2020 (6th and 7th résolution)
- The Management and Supervisory Board Compensation Policies must :
 - Be compatible with the Company's **corporate interests**:
 - This Compensation Policy establishes a competitive framework aligned with the Group's strategy and business environment. The policy is designed to increase medium and long-term performance and competitiveness
 - Contribute to the Company's **marketing strategy**:
 - The Managers' variable compensation (annual, long-term) represents the predominant part of their total compensation
 - The amount they receive in variable compensation depends on the achievement of objectives related to the Group's main performance indicators, which also apply to the employees of Group companies
 - Contribute to the Company's **long-term sustainability** of the business:
 - The performance indicators applicable to their variable compensation (annual and long-term) focus on sustained performance in line with the Group's strategy => Managers. *The Compensation Policy takes into account the position as General Partner => Managing Chairman*
 - As from 2020, part of their variable compensation consists of performance shares that are subject to vesting conditions linked to the achievement of performance objectives over several years => Managers
 - Most of the compensation of the Supervisory Board is based on their attendance rate at Board and Committee meetings => Supervisory Board

2020 Compensation policy for the Managers

Fixed compensation

Resolutions n°6 and 7

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

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

Long-term variable compensation: performance share rights

Resolution n°25

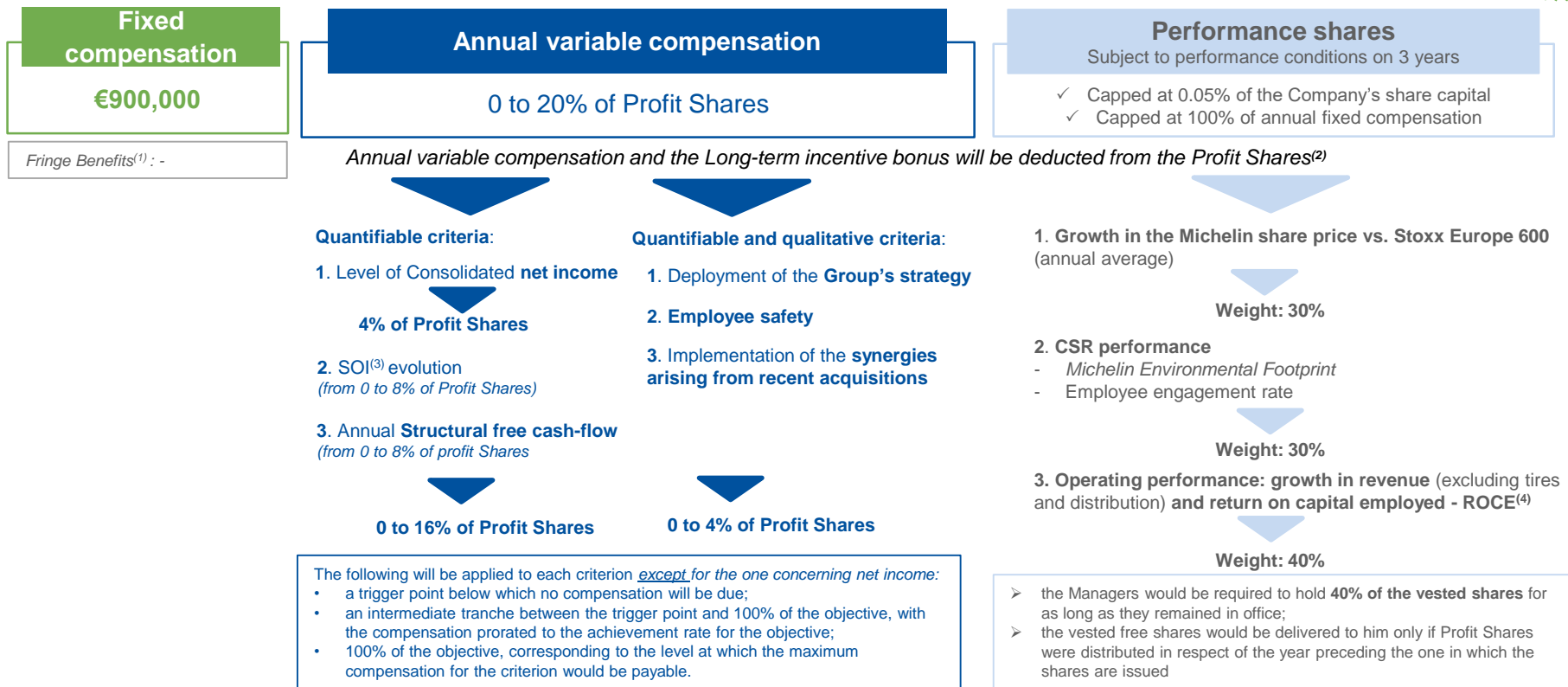
The 2020 Compensation Policy provides for the use of a simpler mechanism that is even more closely aligned with the components of the long-term compensation paid to Michelin employees

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

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

2020 Compensation policy for the Managers

Florent Menegaux, Managing Chairman, General Partner



(1) Company car

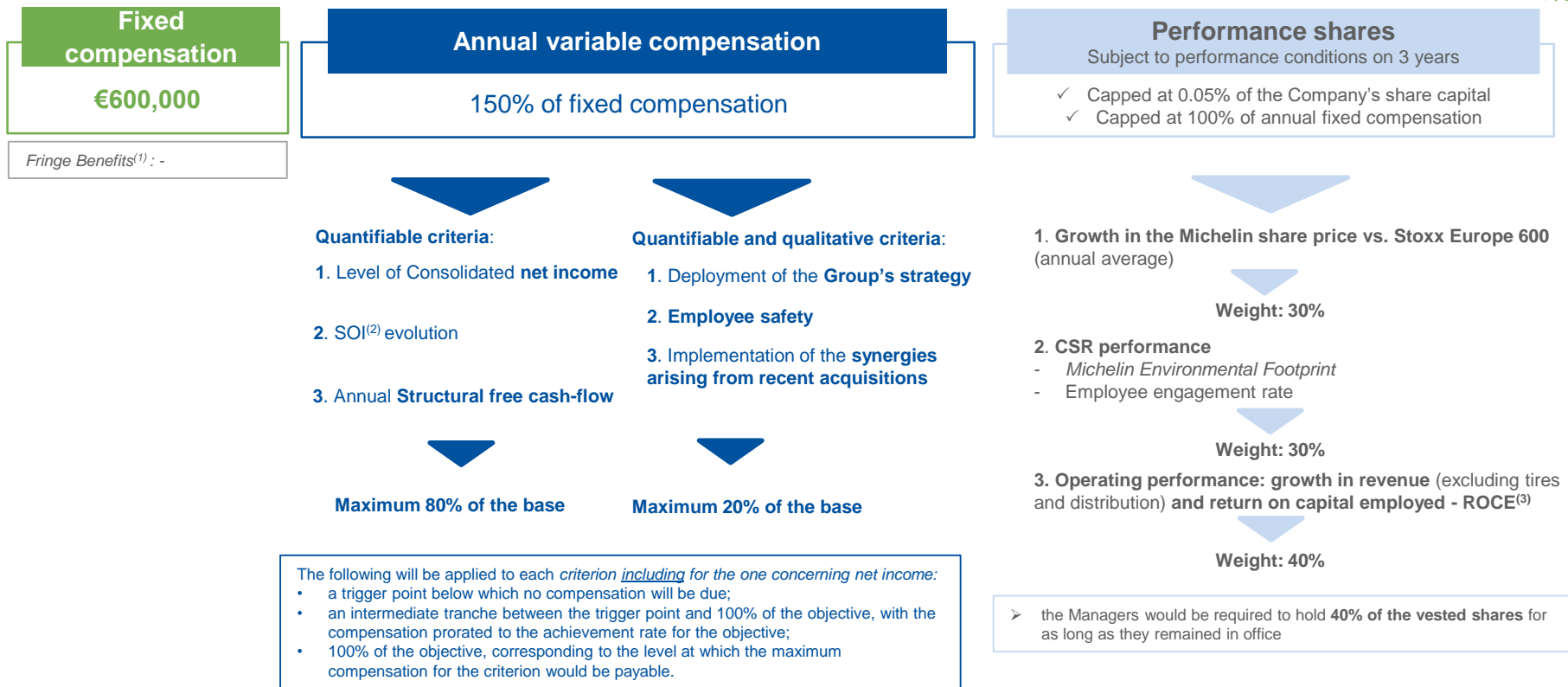
(2) Based on calculation of Annual variable compensation and Cash-settled deferred variable compensation: 0,6 % Group's consolidated net income

(3) SOI : based on current business scope and comparable accounting methods, excluding changes in exchange rates

(4) Total consolidated ROCE (i.e. including acquisitions and companies accounted for by the equity method)

2020 Compensation policy for the Managers

Yves Chapot, General Manager



(1) Company car

(2) SOI : based on current business scope and comparable accounting methods, excluding changes in exchange rates

(3) Total consolidated ROCE (i.e. including acquisitions and companies accounted for by the equity method)



May 2020

06.

Say on pay 2018

Say on Pay 2018 - 2018 compensation (cash-settled and fringe benefits)

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

(in €, before payroll and other taxes)

Annual Fixed

€1,100,000

Single-Criterion Annual Variable

€796,621

8% of the Consolidated
Calculation Base**

Multi-Criteria Annual Variable

€965,903

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

Long-term incentive

Performance conditions over 3 years

LTI due

€1,362,465

Base: €1,800,000***

LTI awarded

-

Base: €1,080,000

Fringe benefit*: €8,470

The Variable Components and the Long-term incentive are paid out of the Profit Shares allocated to the General Partners under the Bylaws, capped at 0.6% of the Group's consolidated net income and approved at the Annual Shareholders Meeting as part of the appropriation of net income

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

3 quantitative criteria

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

4 qualitative criteria

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

4 quantitative criteria

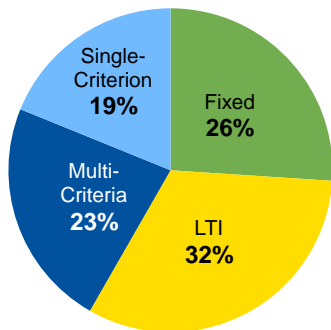
- Growth in Michelin's share price compared with that of the CAC40 index
- MEF measurement
- Employee engagement rate
- Growth in consolidated operating income

Achievement in 2018:
62.90/100

Achievement in 2018:
44.58/50

Achievement in 2018: 107/150,
or 87.80% of Annual Fixed Compensation

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



*Company car

**Consolidated Calculation Base:

0.6% of the Group's consolidated net income

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

Say on Pay 2018 - 2018 compensation (cash-settled and fringe benefits)

Florent Menegaux, Managing General Partner

(in €, before payroll and other taxes)

Annual Fixed

€554,672

Base: €900,000

(Prorated to reflect the period served in 2018)

Single-Criterion Annual Variable

€312,374

5% of the Consolidated Calculation Base**

(Prorated to reflect the period served in 2018)

Multi-Criteria Annual Variable

€356,106

For up to 8.50% of the Consolidated Calculation Base**

(Prorated to reflect the period served in 2018)

Long-term incentive

Performance conditions over 3 years

LTI due

-

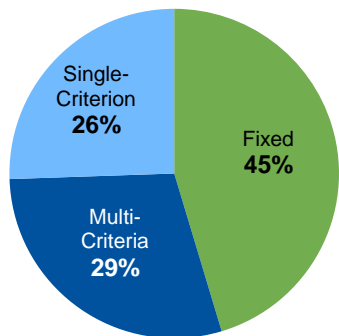
LTI awarded

-

Base: €720,000

Fringe benefit*: €5,392

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



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

3 quantitative criteria

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

4 qualitative criteria

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

Achievement in 2018: 62.90/100

Achievement in 2018: 44.58/50

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

4 quantitative criteria

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

Ceiling: 150% of the average of the Annual Variable Components paid to Florent Menegaux for 2018, 2019 and 2020, and amount of Profit Shares available for distribution after deducting the Variable Compensation due for 2020

*Company car

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

Say on Pay 2018 - 2018 compensation (cash-settled and fringe benefits)

Yves Chapot, General Manager

(in €, before payroll and other taxes)

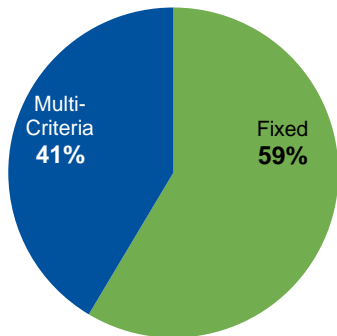
Annual Fixed

€372,808

Base: €600,000

(Prorated to reflect the period served in 2018)

Fringe benefit*: €4,352



Multi-Criteria Annual Variable

€263,763

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

3 quantitative criteria

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

Achievement in 2018:
37.61/70

2 qualitative criteria

- Organizational transition
- Customer Service initiative/ Net Promoter Score

Achievement in 2018:
20.78/30

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

Long-term incentive

Performance conditions over 3 years

LTI due

-

LTI awarded

-

Base: €600,000

4 quantitative criteria

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

Ceiling: 120% of the average of the Annual Variable Components paid to Yves Chapot for 2018, 2019 and 2020

*Company car

**Liability recognized for the LTI: €94,200

Say on Pay 2018 - 2018 compensation (entitlement to additional benefits and other advantages)

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

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

No additional benefits were paid in 2018

- No other benefits
- No stock options
- No performance shares
- No attendance fees



Say on Pay 2018 - 2018 compensation (supplementary pension benefits)



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

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

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

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



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



Estimated amount of annual income at December 31, 2018

Mr. Senard, Managing Chairman	€165,000
Mr. Menegaux, Managing General Partner	€135,000
Mr. Chapot, General Manager	€110,544

Say on Pay 2018 - 2018 compensation

Michel Rollier, Chairman of the Supervisory Board

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

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

Individual attendance rate in 2018
100%

Attendance fees for 2018

€90,000