




MICHELIN, A ROBUST AND DYNAMIC GOVERNANCE

DECEMBER 7, 2020

TABLES

- Michelin's governance: A positive dynamic over the years
- Michelin's governance today: A solid corporate governance system
- The benefits of Michelin's governance illustrated by 4 key corporate processes
 - ▼ General Managers succession planning
 - ▼ Non-executive nomination process
 - ▼ Managers compensation process
 - ▼ Board assessment of management quality on M&A process
- A continuous improvement process
 - ▼ Board evolution
 - ▼ Board Chairmanship succession plan
 - ▼ Transparency and disclosure



***MICHELIN'S
GOVERNANCE:
A POSITIVE DYNAMIC
OVER THE YEARS***

SPECIFIC TERMS OF THE PARTNERSHIP LIMITED BY SHARES

→ Managing Chairman and Managing General Partner / Florent Menegaux

→ General Manager / Yves Chapot

The Managers

→ Managing Chairman and Managing General Partner / Florent Menegaux

→ Non-Managing General Partner / SAGES

The General Partners

→ Chairman of the Supervisory Board / Michel Rollier

→ Senior Independent Director / Thierry Le Hénaff

→ The Supervisory Board / The Board members

The Supervisory
Board

→ Shareholders / Limited Partners

ROBUST AND AGILE GOVERNANCE STRUCTURE

Key takeaways

Organized as a partnership limited by shares

Compagnie Générale des Établissements Michelin (“Michelin”) has been organized since its foundation as a partnership limited by shares (*société en commandite par actions* S.C.A.), a flexible legal framework.

With customized characteristics

Over the years, Michelin has crafted through this framework a unique and balanced governance structure, that is a key driver of its sustainable long-term success, robust corporate culture and shared values.

Continuously enhanced

Michelin constantly reviews and improves its governance and implements safeguards to provide all the necessary controls and oversight to ensure shareholder protection and convergence of interests between the different stakeholders.

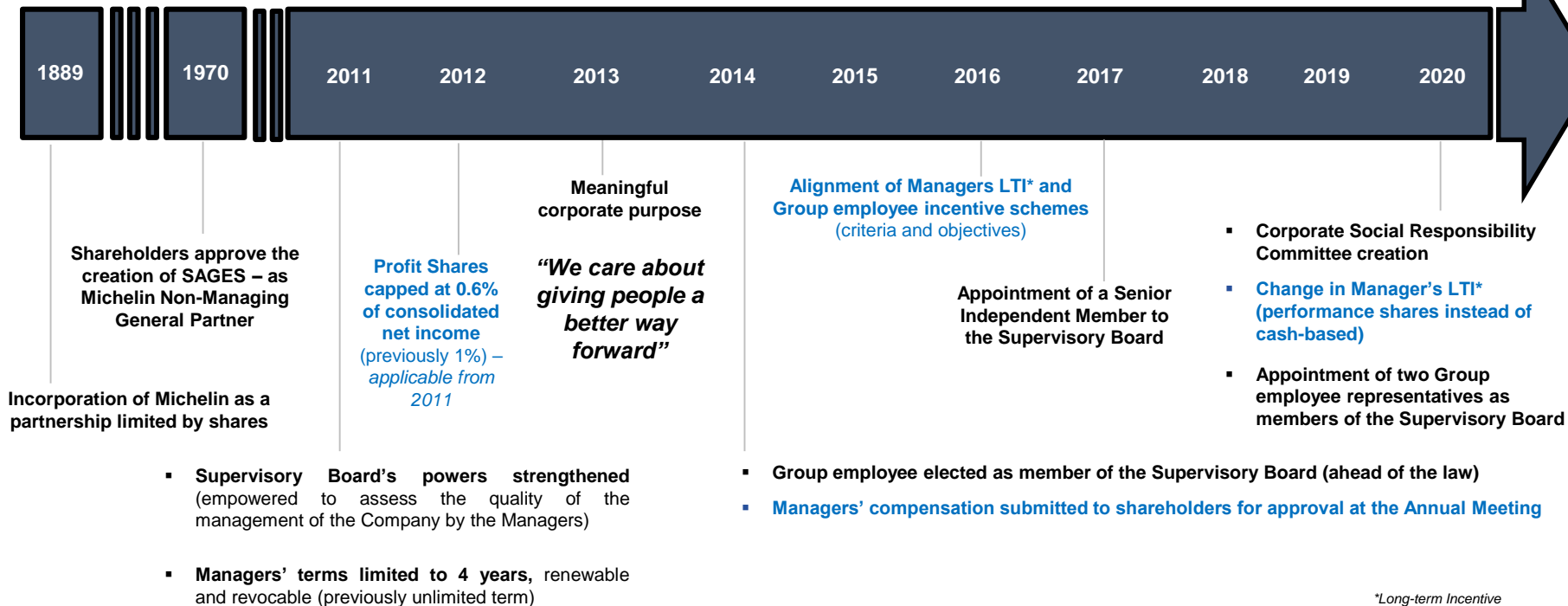
Serving the Company and its shareholders

This corporate structure provides stability and helps to protect the Company against short-term pressure that could be detrimental to shareholder value. The success Michelin has achieved since its creation is the best testament that its governance has served the Company and its shareholders in an efficient manner.

DYNAMIC GOVERNANCE

Voluntary, proactive changes

Michelin applies the Afep/Medef Code and constantly reviews and improves its practices



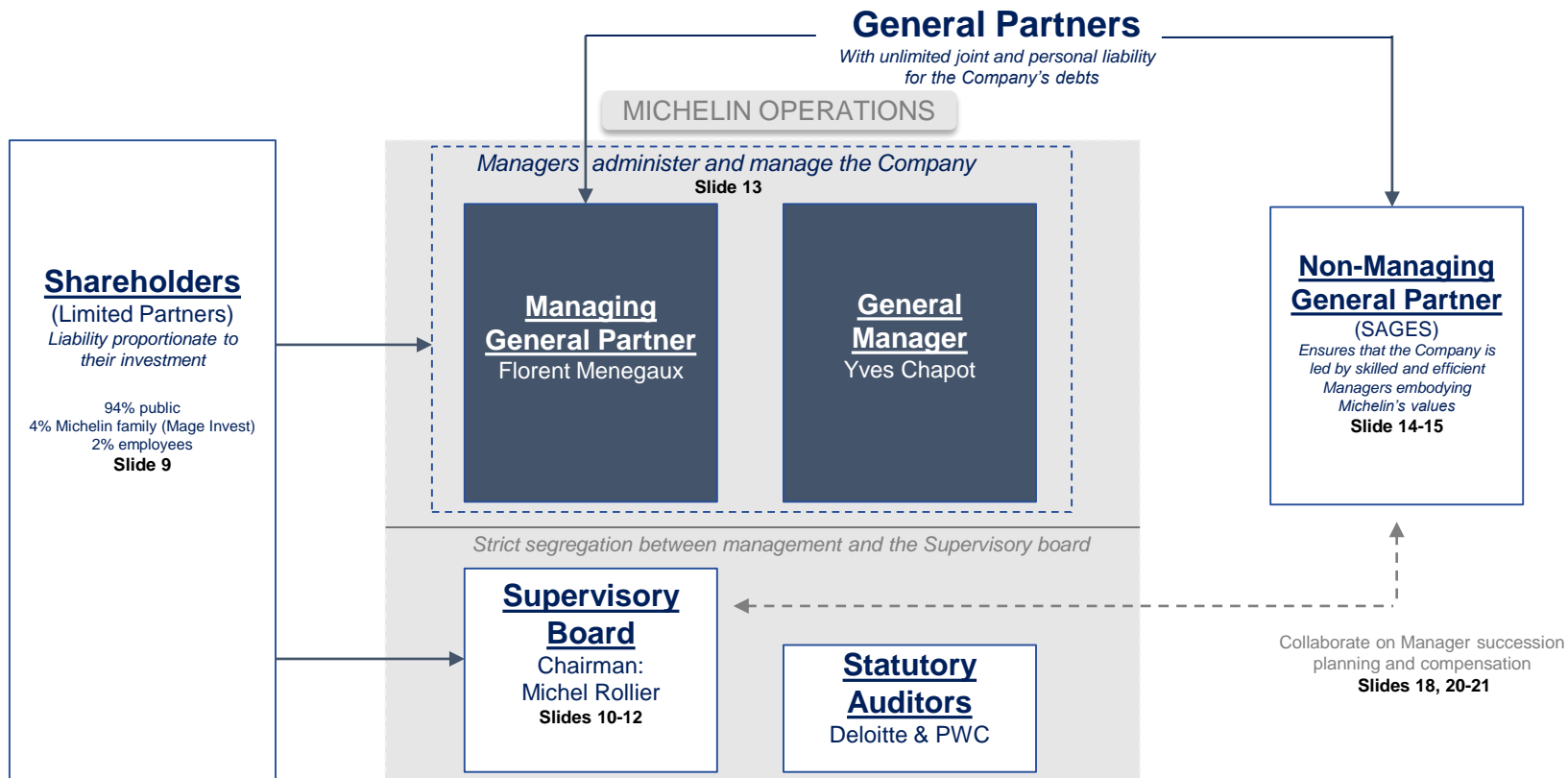
*Long-term Incentive



***MICHELIN'S
GOVERNANCE TODAY:
A SOLID CORPORATE
GOVERNANCE SYSTEM***

MICHELIN GOVERNANCE PILLARS

Clear segregation of duties, double check and balance oversight



ANNUAL GENERAL MEETINGS

Ordinary Shareholders Meetings

Quorum 20%

- ▼ Elect the General Manager*
- ▼ Appoint Supervisory Board members and Statutory Auditors**
- ▼ Approve the compensation policy for the Managers and the Supervisory Board members (*ex ante vote*)
- ▼ Approve compensation paid or awarded to the Managers and the Chairman of the Supervisory Board (*ex post vote*)
- ▼ Approve Group's operations figures
 - Financial statements
 - Dividend
 - Allocation of profit to the General Partners *in accordance with the Bylaws*
- ▼ Authorize share buyback programs

Extraordinary Shareholders Meetings

Quorum 25%

- ▼ Elect the Managing General Partner*
- ▼ Approve amendments to the Bylaws
- ▼ Approve financial authorizations (*supporting implementation of the strategy*)
- ▼ Approve performance share plans
- ▼ Approve Group employee shareholding plans
- ▼ Approve severance packages for Managers
- ▼ Exclusive competence to discharge the General Partners of their unlimited personal liability for the Company's debt
- ▼ Resolutions are subject to the General Partners' approval

Decisions shall be passed by the majority of two-thirds of the voting rights held by Shareholders present or represented

*Except where the term is up for renewal

**French law and the Company's Bylaws prohibit the General Partners from taking part in the vote at Shareholders Meetings i) to elect members of the Supervisory Board (and their shares are not included in the quorum for the related resolutions) ii) to appoint Statutory Auditors. The employee representatives are not elected by the Ordinary Shareholders Meeting.

SUPERVISORY BOARD (1/3)

Provides shareholders with effective oversight

The Supervisory Board exercises permanent oversight of the Company's management and assesses its quality on behalf of the shareholders. It also performs specific duties as regards corporate governance and executive management

→ Oversight and assessment of the Group's management by the Managers through:

- ▼ A regular review of the Group's strategy and competitive position
- ▼ A periodic review of the Group's:
 - markets of operation
 - financial results and financial statements
 - organization and operations
 - risk management and internal control policies
 - compensation and appointment policies
 - Corporate Social Responsibility policy and its implementation
- ▼ A formal recommendation to the Managers for:
 - significant investments
 - external growth transactions
 - divestitures
 - off-balance sheet commitments
- ▼ The preparation of the Company's shareholders meetings (including preparation of the corporate governance report)

Is supported in its role by 3 committees:

- ✓ Audit Committee
- ✓ Compensation and Appointments Committee
- ✓ Corporate Social Responsibility Committee

SUPERVISORY BOARD (2/3)

Provides shareholders with effective oversight

The Supervisory Board exercises permanent oversight of the Company's management and assesses its quality on behalf of the shareholders. It also performs specific duties as regards corporate governance and executive management (cont.)

→ Specific duties regarding corporate governance through:

- ▼ Prior Board approval for:
 - Managers' renewal
 - Managers' dismissal and severance payments
- ▼ Prior Board recommendation to the shareholders regarding:
 - Appointments of new Managers and of the Managing Chairman
 - General Managers' compensation
 - Managers' compensation policy
- ▼ Determination of Managers' compensation performance criteria
- ▼ Assessment of Managers' achievement of compensation performance targets

→ Specific duties in relation to the Group's executive management

- ▼ Prior Board recommendation regarding:
 - Appointments and succession planning for members of the Executive Committee
 - Diversity objectives within management bodies and corresponding action plans
 - Compensation policy for members of the Executive Committee

Best practices

- ✓ Board evaluation (*internal every year and external every three years*)
- ✓ Induction policy
- ✓ Offsite meeting and site visits
- ✓ Strategic seminar
- ✓ Executive session with independent members only
- ✓ Board diversity policy with measurable targets
- ✓ Attendance policy (97.5% in 2019)
- ✓ Skills matrix

SUPERVISORY BOARD (3/3)

Provides shareholders with effective oversight

The Supervisory Board Members :

- elected by shareholders (with the exception of 2 employee representatives), 4-year terms
- independent non-executive nomination process lead by the independent Compensation and Appointments Committee



Michel Rollier
Chairman
Non-independent



Barbara Dalibard
Non-independent

AC



Jean-Pierre Dupriou
Independent

CAC Chair



Aruna Jayanthi
Independent

CAC



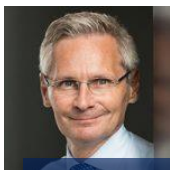
Patrick de la Chevadière
Independent

AC Chair



Anne-Sophie de La Bigne
Independent

CAC CSRC



Thierry Le Hénnaf
Independent

AC SID



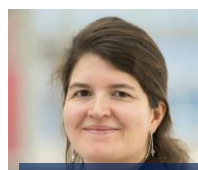
Monique Leroux
Independent

AC CSRC Chair



Jean-Michel Severino
Independent

CSRC



Delphine Roussy
Representing employees



Jean-Christophe Laourde
Representing employees

They will take up office at the meeting of the Supervisory Board scheduled for December 14, 2020

AC: Audit Committee

CAC: Compensation and Appointments Committee

CSRC: Corporate Social Responsibility Committee

SID: Senior Independent Director

Diversity

11

Members of which 1 Senior Independent Director

78%

Independent members*

45%

Women*

5.1

Average tenure*

22%

Of members have non-French nationality*

Board* skills

- General & international management 8
- Financial expertise and M&A 6
- Automotive and mobility businesses 3
- Manufacturing 5
- Materials 2
- Digital and innovation 3
- Social environment, HR, Governance 4

*excluding employee representatives

MANAGERS

Responsible for administering and managing the Company

Michelin is led by two Managers elected by the Annual Shareholders Meeting:

Florent Menegaux, Managing Chairman and Yves Chapot, General Manager

They are assisted by the Group Executive Committee, which is comprised of 10 members (including the Managers)

→ Managers core responsibilities are to:

- ▼ Elaborate and implement the Group's strategy
- ▼ Lead the Group's business
- ▼ Establish internal control and risk management procedures and oversee their implementation
- ▼ Prepare the financial statements of the Company and the Group
- ▼ Define financial information policies
- ▼ Prepare the various reports to Shareholders



Florent Menegaux

Managing Chairman with unlimited personal liability for debts incurred by Michelin



Yves Chapot

General Manager

NON-MANAGING GENERAL PARTNER (1/2)

The Non-Managing General Partner is bound to the Company on the basis of legacy, loyalty and values

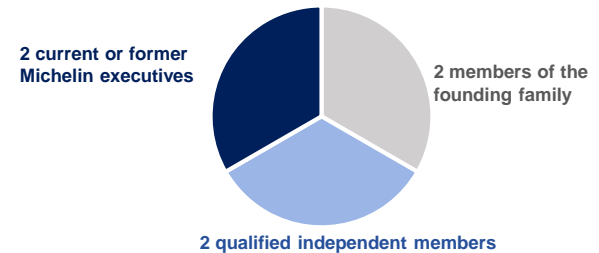
→ SAGES at a glance

- ▼ Proposed by Michelin's General Partners François Michelin and François Rollier, and approved by shareholders in 1970;
- ▼ Three categories of shareholders (including members of the Michelin family) with the same shareholding and the same number of seats on its Board of Directors;
- ▼ **Is not authorized to play any part in the Company's management**, except in the event of vacancy and for a maximum interim period of one year;
- ▼ Key player in the succession (*Slide 18*) and compensation (*Slide 20-21*) processes;
- ▼ SAGES has a share of the distributable earnings paid to the General Partners by the Company in accordance with its Bylaws, which is capped and only paid if the Company actually makes a profit. A minimum of 80% of these revenues are kept in a contingency reserve to guarantee SAGES's unlimited responsibility.

Chairman: Jacques d'Armand de Chateauvieux



Board of Director seats



NON-MANAGING GENERAL PARTNER (2/2)

SAGES promotes transparency and alignment of interest of all stakeholders

- Transparency of SAGES main key facts and figures in the URD (Universal Registration Document) and/or corporate website
 - ▼ Filing of yearly accounts, auditors reports, reports from the Chairman and shareholders meetings minutes
 - ▼ Outlook on special reserve main investments
- Unanimity of General Partners on any changes in the SAGES by-laws affecting its mission or financial status
- In order to select future Managers, joint monitoring of successions plan and talents pool with the Supervisory Board and the Managing Partners



***THE BENEFITS OF
MICHELIN'S GOVERNANCE
ILLUSTRATED BY 4 KEY
CORPORATE PROCESSES***

INDEPENDENT BOARD MEMBERS OVERVIEW

Independence criteria are part of the diversity policy

To ensure independent members have a strong, organized voice

- Two executive sessions are organized per year; the main issues discussed are:
 - ▾ membership of the Supervisory Board and its Committees
 - ▾ members' assessment of the presentations made by the Managers
 - ▾ suggested topics to be discussed at upcoming meetings of the Board
 - ▾ allocation of the total compensation awarded to the Supervisory Board

- Independence within the three committees
 - ▾ All Committee Chairmen are independent
 - ▾ The Compensation and Appointments 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



SID* highlights

- ✓ member of the Audit Committee
- ✓ leads the group of independent Board members
- ✓ organizes and chairs meetings of independent members (*executive sessions*)
- ✓ receives information about self-assessments of the Board's work
- ✓ meets 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
- ✓ reports on his or her activities to the Board

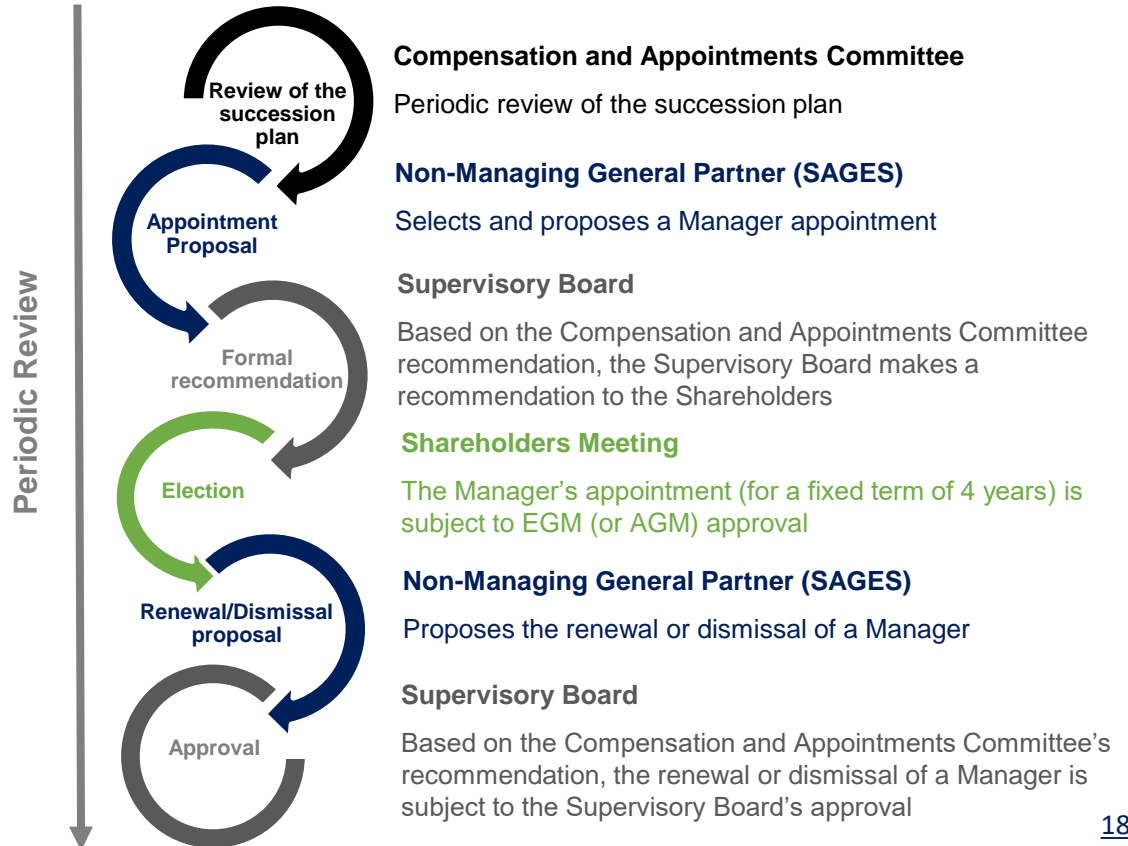
GENERAL MANAGERS - SUCCESSION PLANNING

Robust formalized process

The policies concerning the appointment of Managers, including career and succession plans are developed jointly with the Non-Managing General Partner and the Compensation and Appointments Committee

The Compensation and Appointments Committee:

- Reviews the succession plans and career plans of the Group's executive management team
- Analyzes the performance assessments of key executives

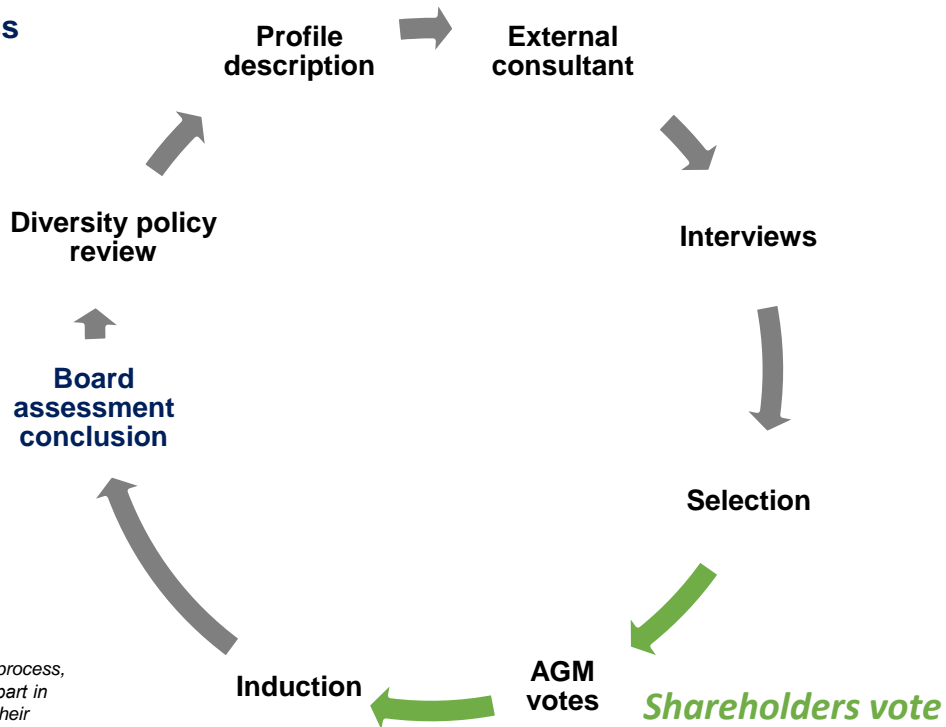


NON-EXECUTIVES – NOMINATION PROCESS

Independent process

The Supervisory Board Members* are elected by shareholders for a four-year term, following an independent **non-executive nomination process led by the independent Compensation and Appointments Committee**

In-depth and frequent reviews of the required skills to ensure efficient deliberation by the Supervisory Board on Michelin's key issues



* i) Excluding the employee representatives who are appointed following a different process,
ii) French law and the Company's Bylaws prohibit the General Partners from taking part in the vote at Shareholders Meetings to elect members of the Supervisory Board and their shares are not included in the quorum for the related resolutions

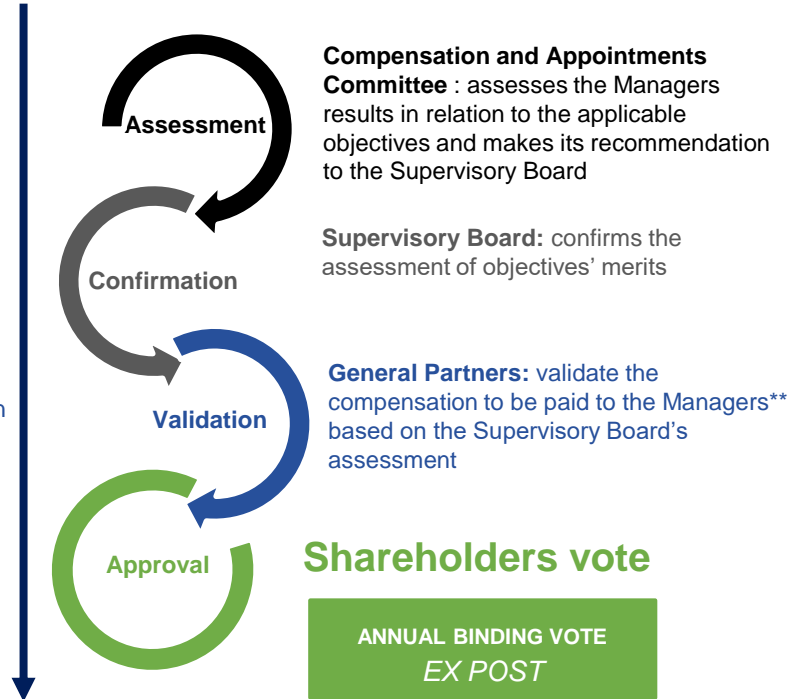
MANAGERS – COMPENSATION PROCESS (1/2)

Streamlined process with additional benefits for shareholders

Annual compensation policy



Assessment of results



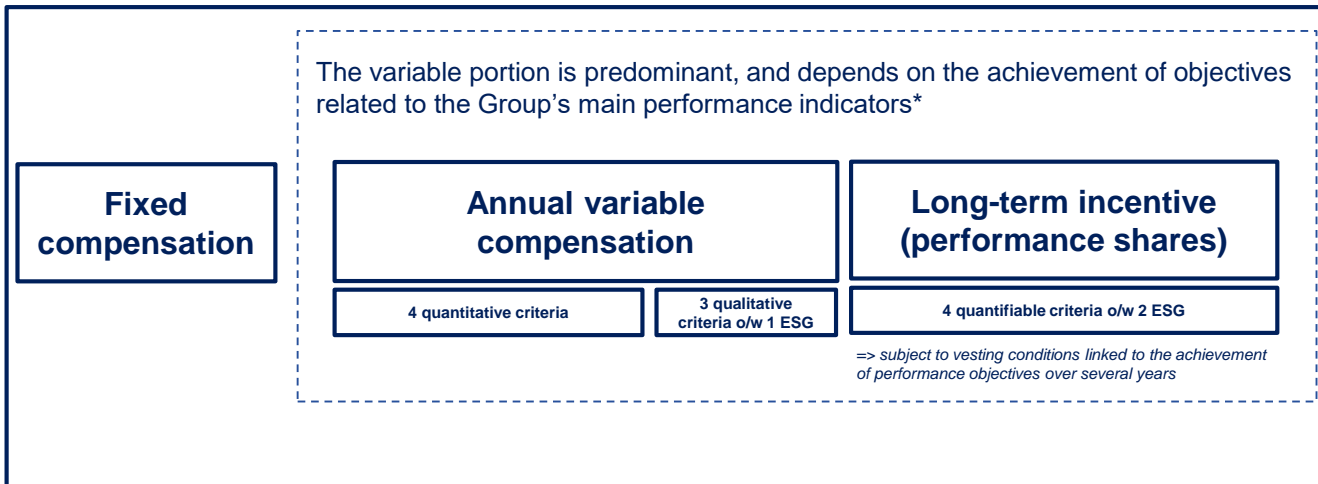
*Taking into account terms and conditions of the compensation and employment of Michelin's employees (including pay ratio)

**The Managing General Partner has unlimited joint and personal liability for CGEM's debts. He receives a portion of the Company's profits as provided for in the Bylaws

MANAGERS - COMPENSATION PROCESS (2/2)

Compensation policy

The compensation policy is compatible with the Company's corporate interests: it 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**



The Compensation and Appointment Committee ensures the policy is:

- ▼ Exhaustive
- ▼ Proportionate
- ▼ Consistent
- ▼ Well balanced
- ▼ Competitive
- ▼ Intelligible

In assessing the level of the Managers' variable compensation, the Committee considers:

- the inherent variability of the Company's profits
- projected future profits
- the Managing Partner's unlimited joint and personal liability for the Company's debts for the Managing Partner

Compensation report and policy subject to shareholder approval each year

*which also apply to the employees of Group companies

BOARD'S ASSESSMENT OF MANAGEMENT QUALITY

For example, the M&A process

The Supervisory Board exercises effective oversight of the Company's management, as illustrated by the **M&A process** below, which has been approved by the Supervisory Board

→ Supervisory Board reviews all M&A strategic projects above €50m and issues a formal recommendation (*at early stage - before any non-binding LOI*)

Every quarter

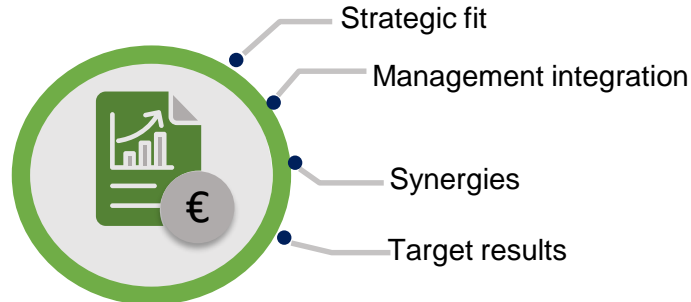
Supervisory Board reviews the **deal flows**

Every six months

Managers report to the Supervisory Board on acquisitions carried out over the last four years. Every acquisition is assessed based on the following criteria:

Ad hoc

Ad hoc Supervisory **Board Meeting on strategic M&A project key milestones**



BACKBONE PRINCIPLES OF MICHELIN GOVERNANCE

Common and thoughtful principles perpetuated over the years

TRANSPARENCY

PROTECTION OF SHAREHOLDERS' RIGHTS

CONTINUOUS IMPROVEMENT

- ✓ Seamless governance
- ✓ Duly and permanently informed of all significant matters
- ✓ Every substantial decision is subject to shareholders' approval



***A CONTINUOUS
IMPROVEMENT PROCESS***

BOARD EVOLUTION (1/2)

Streamlined process with additional benefits for shareholders

Michelin continues to enhance its governance structure:

→ Creation of the Corporate Social Responsibility Committee (CSRC)

- ▼ Members: Monique Leroux (Chair), Anne-Sophie de La Bigne and Jean-Michel Severino
- ▼ First Meeting: Q4 2020
- ▼ Responsibilities:
 - Oversight of Michelin's CSR issues
 - Reviews Michelin's CSR strategy, commitment, targets and ambitions
 - Ensures integrity and exemplarity of Michelin's CSR strategy
 - Ensures Michelin's CSR commitments are aligned with stakeholders' expectations

Best practices

- ✓ On creating the CSR Committee, the Board carried out a **comprehensive review of the scope and mission of all the committees** in order to ensure total coverage of the Board's activities and absence of overlap between committees

BOARD EVOLUTION (2/2)

Streamlined process with additional benefits for shareholders

Michelin continues to enhance its governance structure:

→ **Appointment of employee representatives to the Supervisory Board**

- ▼ Amendments to the Bylaws approved at the 2020 AGM
- ▼ Two employee representatives: Delphine Roussy and Jean-Christophe Laourde
- ▼ Appropriate designation method aligned with Michelin's specific characteristics, taking into account the results of the recent elections of employee representatives
- ▼ Formal induction process (including IFA/SciencePo certification, internal onboarding, etc.)

BOARD CHAIRMANSHIP SUCCESSION PLAN

- Michel Rollier will leave Michelin's Supervisory Board when his term mandate expires at the close of the 2021 AGM

The Supervisory Board examined potential external and internal candidates. Upon the recommendation of the Compensation and Appointments Committee and in line with the succession plan, Barbara Dalibard has been selected by the Supervisory Board to succeed Michel Rollier as Chairman

- Barbara Dalibard will be formally appointed as new Chair by the Supervisory Board following the 2021 AGM



Barbara Dalibard, French,
Born in 1958

▼ General Experience

Barbara Dalibard is currently Chief Executive Officer of SITA (*Société Internationale de Télécom Aéronautiques, a leading air transport IT and communications specialist*)

She spent the majority of her career at Orange, she held a variety of senior management positions, notably as CEO of Orange Services. In 2010 Barbara Dalibard became Chief Executive Officer of SNCF Voyageurs. She also served as Chairman of several SNCF international companies (NTV, Eurostar), as Member of the Supervisory Board of Wolters Kluwer and as Member of the Board of Directors of Société Générale.

▼ Michelin's Experience

Joined the Michelin Supervisory Board as an independent non-executive Director (2008) and is currently a member of its Audit Committee

- Independent Chair of the Compensation and Appointments Committee (2015-June 2020)
- Senior Independent Director (2017-June 2020)
- External Member of Michelin's Corporate Innovation Board (2013-2020)

Main areas of experience and expertise: International Management; Automotive and mobility businesses; Digital and innovation

TRANSPARENCY AND DISCLOSURES

→ A large amount of detailed information is already disclosed in the URD

(mainly in the Supervisory Board's Corporate Governance Report)

- ▼ Composition, roles and responsibilities of the governance participants
- ▼ Board skills and external directorships of the Managers and Board members
- ▼ Information about the components of compensation paid or awarded to the Managers and Board members
- ▼ Report on activities of the Supervisory Board and Committees

→ Main topics we are going to further detail

- ▼ Combined roles of the Supervisory Board and SAGES in the Managers' appointment and compensation process
- ▼ Statutory Auditors policy (rotation, independence)
- ▼ Internal rules of the Supervisory Board published on Michelin.com

→ Organization of regular touch points with stakeholders about governance



Q&A SESSION

APPENDICES



APPENDICES

- **AUDIT COMMITTEE**
 - **COMPENSATION AND APPOINTMENTS COMMITTEE**
 - **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**
 - **BOARD OVERVIEW**
 - **BOARD SKILLS**
 - **BOARD – “COMPENSATION FOR SERVING ON THE SUPERVISORY BOARD” PROCESS**
 - **2020 COMPENSATION POLICY FOR THE MANAGERS (FLORENT MENEGAUX)**
 - **2020 COMPENSATION POLICY FOR THE MANAGERS (YVES CHAPOT)**
 - **COMPANY’S PROFIT SHARES AND DIVIDEND POLICY**
 - **MICHELIN’S NON-FINANCIAL RATINGS: A LEADING, AND RECOGNIZED PLAYER IN SUSTAINABLE MOBILITY**
 - **GROUP MANAGEMENT - THE EXECUTIVE COMMITTEE, 10 MEMBERS**
-

AUDIT COMMITTEE

The Audit Committee assists the Supervisory Board in fulfilling its oversight role

Role and responsibilities

- ▼ Address 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
- ▼ Verify the Statutory Auditors' independence and objectivity and express an opinion about their appointment or re-appointment
- ▼ Meet with the Statutory Auditors once a year without any members of management being present
- ▼ Assess the effectiveness of internal control and risk management systems
- ▼ Review 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
- ▼ Make inquiries during meetings of the General Manager and top executives

Members

75% Independence



Patrick de la Chevadière
Independent



Barbara Dalibard
Non-independent

Chair



Thierry Le Hénnaf
Independent



Monique Leroux
Independent

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

COMPENSATION AND APPOINTMENTS COMMITTEE

The Audit Committee assists the Supervisory Board in fulfilling its oversight role

Role and responsibilities

- ▼ Determine the senior management compensation policy
- ▼ Define employee performance share plan policies
- ▼ Define the senior management appointments policy; senior management career and succession plans
- ▼ Analyze and submit the recommendations to the Supervisory Board concerning the parameters for the components of the Managers' compensation
- ▼ Discuss the merits of the objectives before submitting them to the Supervisory Board's approval
- ▼ Assess the Managing General Partner's results in relation to the applicable objectives and make a recommendation to the Supervisory Board
- ▼ Examine issues surrounding the need for the Group's management bodies to feature a diverse range of talent and a greater proportion of women

Members

100% Independence



Jean-Pierre Duprieu
Independent

Chair



Aruna Jayanthi
Independent



Anne-Sophie de La Bigne
Independent

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The CSRC assists the Supervisory Board in fulfilling its oversight role

Role and responsibilities

- ▼ Examine the Group's strategy, ambitions, policies and commitments in terms of CSR (Ethics and compliance, Human rights, Hygiene/Health/Safety, Environment) and make recommendations in this regard;
- ▼ Ensure the integrity/completeness and exemplary nature of the CSR strategy and actions carried out and communicated by the Group;
- ▼ Ensure the Group is adequately committed in terms of extra-financial compliance, ethics and social and environmental responsibility in relation to the stakeholders' expectations

Members

100% Independence



Monique Leroux
Independent

Chair



Anne-Sophie de La Bigne
Independent

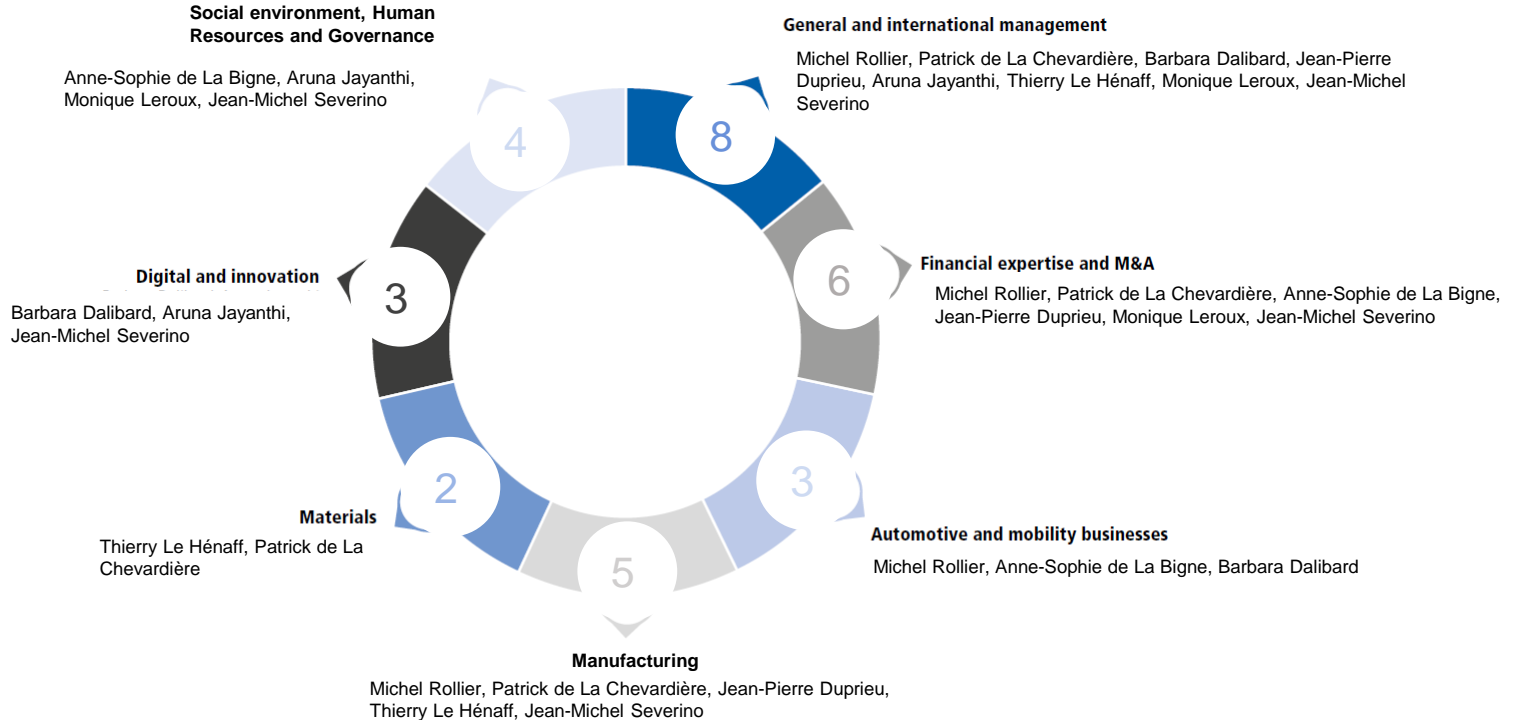


Jean-Michel Severino
Independent

BOARD OVERVIEW

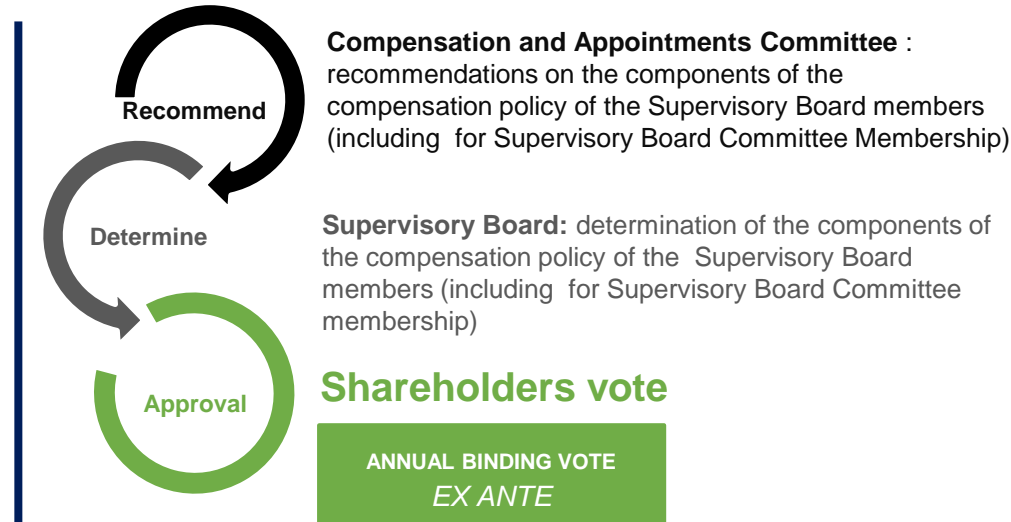
Member	Independence	Committee	First elected	Re-elected	Current term ends (AGM)	Years on the Board	Nationality	Age	Gender
Michel Rollier C	✗	-	2013	2017	2021	7	French	76	M
Barbara Dalibard	✗	Audit	2008	2013/2015/2019	2023	12	French	62	F
Jean-Pierre Duprieu	✓	Compensation and Appointments C	2013	2020	2024	7	French	68	M
Aruna Jayanthi	✓	Compensation and Appointments	2015	2019	2023	5	Indian	58	F
Patrick de la Chevardière	✓	Audit C	2020	-	2024	1	French	63	M
Anne-Sophie de la Bigne	✓	Compensation and Appointments Corporate Social Responsibility	2013	2020	2024	7	French	60	F
Thierry le Hénaff SID	✓	Audit	2018	-	2022	2	French	57	M
Monique Leroux	✓	Audit Corporate Social Responsibility C	2015	2018	2022	5	Canadian	66	F
Jean-Michel Severino	✓	Corporate Social Responsibility	Coopted in 2020	-	2022	-	French	63	M
Delphine Roussy ER	-	-	*	-	2024	-	French	38	F
Jean-Christophe Laourde ER	-	-	*	-	2024	-	French	45	M

BOARD SKILLS



BOARD – “COMPENSATION FOR SERVING ON THE SUPERVISORY BOARD” PROCESS

Annual compensation policy



Supervisory Board members compensation includes*:

- ▼ a basic amount;
- ▼ an additional amount for each Committee member or Committee Chairman;
- ▼ an additional amount for the Senior Independent Member of the Supervisory Board;
- ▼ an additional amount for the Chairman of the Supervisory Board;
- ▼ and an additional amount for non-European members

Payment of 60% of the total amount receivable will depend on the member's attendance rate at meetings (Board and Committee meetings)

Assessment of results



*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

** Only for the Chairman of the Supervisory Board

2020 COMPENSATION POLICY FOR THE MANAGERS FLORENT MENEGAUX, MANAGING CHAIRMAN, GENERAL PARTNER

Fixed compensation

€900,000

Fringe benefits⁽¹⁾ : -

Fixed compensation has been decreased in 2020 following the Covid-19 crisis

Annual variable compensation

0 to 20% of Profit Shares

Annual variable compensation and the Long-term incentive bonus will be deducted from the Profit Shares⁽²⁾

Quantifiable criteria:

1. Level of Consolidated net income

4% of Profit Shares

2. Growth in SOI⁽³⁾
(0 to 8% of Profit Shares)

3. Annual structural free cash-flow
(0 to 8% of Profit Shares)

0 to 16% of Profit Shares

Quantifiable and qualitative criteria:

1. Deployment of the Group's strategy

2. Employee safety

3. Implementation of the synergies arising from recent acquisitions

0 to 4% of Profit Shares

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.

Performance shares

Subject to performance conditions over 3 years

- ✓ Capped at 0.05% of the Company's share capital
- ✓ Capped at 100% of annual fixed compensation

1. Growth in the Michelin share price vs. Stoxx Europe 600 (annual average)

Weight: 30%

2. CSR performance

- Michelin Environmental Footprint
- Employee engagement rate

Weight: 30%

3. Operating performance: growth in revenue (excluding tires and distribution) and return on capital employed - ROCE⁽⁴⁾

Weight: 40%

- the Managers would be required to hold 40% of the vested shares for as long as they remained in office;
- the vested free 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

- (1) Company car
(2) Based on calculation of annual variable compensation and cash-settled deferred variable compensation: 0.6 % of the Group 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

Fixed compensation

€600,000

Fringe benefits⁽¹⁾ : -

Fixed compensation has been decreased in 2020 following the Covid-19 crisis

Annual variable compensation

150% of fixed compensation

Quantifiable criteria:

1. Level of consolidated **net income**
2. Growth in SOI⁽²⁾
3. Annual **structural free cash-flow**

Maximum 80% of the base

Quantifiable and qualitative criteria:

1. Deployment of the **Group's strategy**
2. **Employee safety**
3. Implementation of the **synergies arising from recent acquisitions**

Maximum 20% of the base

The following will be applied to each *criteria including 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.

Performance shares

Subject to performance conditions over 3 years

- ✓ Capped at 0.05% of the Company's share capital
- ✓ Capped at 100% of annual fixed compensation

1. **Growth in the Michelin share price vs. Stoxx Europe 600** (annual average)

Weight: 30%

2. **CSR performance**

- Michelin Environmental Footprint
- Employee engagement rate

Weight: 30%

3. **Operating performance: growth in revenue** (excluding tires and distribution) **and return on capital employed - ROCE⁽³⁾**

Weight: 40%

- the Managers would be required to hold **40% of the vested shares** for as long as they remained in office

(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)

COMPANY'S PROFIT SHARES AND DIVIDEND POLICY

→ Profit shares

- 12% of CGEM net profit*, capped at 0.6% of consolidated net profit for the year
- To be shared between the Managing and non-Managing General Partners
- Breakdown of profit shares:

Distribution over the last 3 years

figures in €	2019	2018	2017
Company's profit	€ 10 380 286	€ 9 957 765	€ 10 157 652
25% COVID-19 donation	€ 2 179 998	- €	- €
COMPANY'S PROFIT TO BE SHARED	€ 8 200 288	€ 9 957 765	€ 10 157 652
Mr Menegaux*	€ 1 008 259	€ 668 479	- €
Mr Senard	€ 1 660 295	€ 3 074 989	€ 2 641 188
SAGES	€ 5 531 733	€ 6 214 297	€ 7 516 464

* 2019: after deduction of a 25%-donation of €336,087 for COVID-19

Over the last 5 years, SAGES has received a profit shares of €32.9 million and recorded cumulative net profit (after tax) of €24.3 million, of which €23.7 million was placed in the contingency reserve (i.e. 97.5%).

At the end of June 2020, the contingency reserve amounted to €46 million.

* after deducting from said net profit all sums included therein corresponding to annual profits or reserves distributed by Manufacture Française des Pneumatiques Michelin and Compagnie Financière Michelin to CGEM

→ Dividend policy

- Commitment pre-Covid crisis: pay-out ratio $\geq 35\%$ of consolidated net income before non-recurring items,
- The amount of the dividend is submitted to the approval of the shareholders in the Ordinary Shareholders Meeting, on proposal of the Managers after discussion with the Supervisory Board.

MICHELIN'S NON-FINANCIAL RATINGS: A LEADING, RECOGNIZED PLAYER IN SUSTAINABLE MOBILITY

→ Corporate Governance Grand Prize (AGEFI)

- ▾ Social responsibility
- ▾ Corporate governance



→ The succession process for the Managers and the disclosures made by Michelin have been recognized as best practices by the AMF (2018 AMF report)

→ Major sustainability rating

	MSCI 2020	SUSTAINALYTICS 2020	CDP 2019	ISS ESG 2020	VIGEO EIRIS 2020	ECOVDIS 2019
Status		LOW RISK	LEADERSHIP 	PRIME (B-) 	A1+ 	GOLD
Ranking					1 st of 31 in the sector	Top 1 (natural rubber)
Governance rating	AA	Low risk	n/a	B-	Top performer	n/a

GROUP MANAGEMENT - THE EXECUTIVE COMMITTEE, 10 MEMBERS

The Managers and 8 Executive Vice Presidents form the Executive Committee



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**

DISCLAIMER

"This presentation is not an offer to purchase or a solicitation to recommend the purchase of Michelin shares. To obtain more detailed information on Michelin, please consult the documents filed in France with Autorité des marchés financiers, which are also available from the <http://www.michelin.com/eng/> website.

This presentation may contain a number of forward-looking statements. Although the Company believes that these statements are based on reasonable assumptions as at the time of publishing this document, they are by nature subject to risks and contingencies liable to translate into a difference between actual data and the forecasts made or inferred by these statements."

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