3.2.11 CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

100% attendance rate

3 members

100% independence

1 meeting

3.2.11.1 Members(1)

Since its creation in the second half of 2020, the CSR Committee has comprised:

- Monique Leroux, independent member and Chair of the Committee;
- Anne-Sophie de La Bigne, independent member;
- Jean-Michel Severino, independent member.

3.2.11.2 Role and responsibilities

The role of the CSR Committee is described in its internal rules, available on the Group's website www.michelin.com.

The Committee's remit covers the various aspects of corporate social responsibility and it cooperates closely with the Compensation and Appointments Committee and the Audit Committee on cross-functional matters that are of interest to them.

The CSR Committee's rules of procedure are described in its internal rules.

3.2.11.3 Activities in 2020

The Committee was created in the latter part of the year and held only one meeting, on November 18, with a 100% attendance rate.

The Committee's work mainly consisted in:

- designing its processes and organizing its work;
- reviewing certain sections of the Universal Registration Document and analyzing the CSR key performance indicators;
- reviewing non-financial reporting standards and new practices followed by some companies that now incorporate certain non-financial data in their financial statements;
- analyzing the Group's ESG ratings and considering ways to improve them;
- reviewing changes in the Industrial Michelin Environmental Performance (i-MEP) indicator, which replaces the Michelin Environmental Footprint (MEF) indicator (see detailed explanation in section 4. Methodology – Environmental indicators).

The Chair of the Committee reported to the Supervisory Board on the Committee's work on December 14, 2020.

3.3 MANAGEMENT AND SUPERVISORY BOARD COMPENSATION POLICIES FOR 2021

3.3.1 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 the same way as in 2020, in application of French Act No. 2019-486 dated May 22, 2019 (the "PACTE Act") and other legal and regulatory provisions in force in 2020, at the Annual Shareholders Meeting of May 21, 2021, the General Partners and, on the recommendation of its Compensation and Appointments Committee, the Supervisory Board will ask shareholders to approve the 2021 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. 22-10-76-I 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.

(1) *Biographical details and other information concerning the members of this Committee of the Supervisory Board are provided in section 3.1.3.4 of this 2020 Universal Registration Document.*

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;
  - part of their long-term 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, which are scheduled at the start of the year.

In the decision-making process for the determination and revision of the Compensation Policy, the Company has chosen to take into account the compensation and employment conditions of employees of its main French subsidiary, Manufacture Française des Pneumatiques Michelin ("MFPM" or the "Scope")(1).

For 2021, the Managers have decided to share the quantitative performance criteria and indicators defined by the Supervisory Board for their own annual variable compensation with Scope employees and eligible employees of Group companies. Concerning their long-term variable compensation, the Managers will be awarded performance shares subject to more demanding vesting conditions and criteria than those applicable to the Group's performance share plans for eligible 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, whose members are all independent. The procedures for managing conflicts of interest within the Supervisory Board are described in section 3.2.6.

In accordance with the second paragraph of Article L. 22-10-76-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 a health crisis and/or a systemic economic 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 2021 Compensation Policy is the subject of two proposed resolutions to be presented at the Annual Shareholders Meeting to be called to approve the 2020 financial statements:

- the 6th resolution concerning the policy applicable to the Managers, presented in section 3.3.2 below;
- the 7th resolution concerning the policy applicable to the members of the Supervisory Board, presented in section 3.3.3 below.

3.3.2 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 2020 financial statements (6th resolution).

(1) The Company has very few employees (less than five, none of whom are executive directors) and their compensation and employment conditions do not therefore represent a relevant benchmark.

3.3.2.1 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 Share, as explained in section 3.3.2.3.1 below;
- 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 fixed and variable annual compensation of the General Manager and his long-term variable compensation (performance shares) are decided by the General Partners and are the 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.

3.3.2.2 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 decided in application of the 2020 Compensation Policy and with the unanimous backing of the Supervisory Board, to:

- maintain the Managers' fixed compensation at the amounts decided at the time of their appointment in 2018, i.e., €900,000 for Florent Menegaux and €600,000 for Yves Chapot; and
- reduce this fixed compensation by 25% for the period during which employees were furloughed in 2020.

The Compensation and Appointments Committee noted that their fixed compensation for both 2018 and 2020 remained below the median fixed compensation of equivalent categories of executives of comparable companies (CAC 40 companies), as evidenced by annual surveys conducted by leading specialized consultancies.

In light of the current economic crisis and the policy of salary moderation decided for Scope employees[(1)] for 2021, the Managers informed the Committee that they did not want their fixed compensation to be raised in 2021.

In conclusion, the Committee proposed to keep the Managers' fixed compensation for 2021 at the level applicable since 2018, i.e., €900,000 for Florent Menegaux and €600,000 for Yves Chapot, and to recommend that these amounts be reviewed in 2022.

3.3.2.3 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 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.

Annual variable compensation

Florent Menegaux, Managing Chairman and General Partner

In light of the General Partners' unlimited several personal liability for the Company's debts, the Managing General Partner(s) and the Non-Managing General Partner, SAGES, are entitled to a share of annual profit (the "Profit Share") determined on the basis defined in the Company's Bylaws.

Each year, the General Partners decide on the cap to be applied to the Profit Share attributed to the Managing General Partner(s), which constitutes the variable annual compensation of the Managing General Partner(s). The Supervisory Board defines the performance criteria and objectives applicable to this variable annual compensation of the Managing General Partner(s). This means that their interests are fully aligned with those of the shareholders, as they are paid Profit Share only if the Company makes a profit[(2)].

The compensation of the Managing General Partner(s) is also subject to shareholder approval in accordance with the applicable regulations, based on regulatory conditions.

(1) Scope employees are all employees of MFPM (see section 3.3.1).
(2) Substantially all of the Profit Share received by SAGES, Non-Managing General Partner, is credited to the contingency reserve set up in application of its Bylaws.

Allocation method

The Profit Share defined in the Company's Bylaws corresponds to 12% of net profit for the year less dividends received from Manufacture Française des Pneumatiques Michelin (MFPM) and Compagnie Financière Michelin SA (CFM) (distribution of profits or reserves), capped at 0.6% of consolidated net profit for the year. It is allocated between the General Partners by mutual agreement, after consulting the Supervisory Board.

This agreement:

- sets the annual cap on the Profit Share 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.

With effect from 2021, the purpose of the 15th and 16th draft resolutions submitted to the Extraordinary Shareholders Meeting of May 21, 2021, is to amend Articles 12 and 30 of the Company's Bylaws to modify the characteristics of the Profit Share. The main proposed changes are as follows:

- the Profit Share calculation formula would be simplified by deleting references to the Company's net income and to the dividends paid by the Company's two main subsidiaries, with the total Profit Share due to the General Partners continuing to be capped at 0.6% of consolidated net income for the year;
- the Bylaws would stipulate that the portion of the Profit Share attributable to the Managing General Partner(s) will be determined by reference to the objectives set in advance by the Supervisory Board;
- the portion of the Profit Share attributable to the Non-Managing General Partner, SAGES, would be equal to the amount attributable to the Managing General Partner(s), and no longer correspond to the balance of the Profit Share not attributed to the Managing General Partner(s);
- the Bylaws would stipulate that free shares may be awarded to the Managers, regardless of whether they are General Partners.

Calculation method

The performance targets are proposed by the Managing General Partner to the Supervisory Board's Compensation and Appointments Committee before being discussed by the Board.

In assessing the level of the Profit Share, the Compensation and Appointments Committee considers:

- AFEP/MEDEF Code recommendation 25 concerning the calculation principles and content of compensation packages;
- the intrinsic variability of the Company's profits;
- projected future profits; and
- the General Partner's unusual situation.

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

The performance criteria determined by the Supervisory Board include:

- a quantitative criterion based on consolidated net income for the year, for 4% of the Managing General Partner's Profit Share (criterion also used – after adjustment – to determine the Managing Director's variable compensation);
- a quantitative criterion based on growth in Segment Operating Income (SOI), for up to 8% of the Profit Share (criterion also used to determine the variable compensation of the General Manager and all Group employees eligible to participate in the bonus scheme);
- a quantitative criterion based on growth in structural free cash flow before acquisitions, for up to 8% of the Profit Share (criterion also used to determine the variable compensation of the General Manager and all Group employees eligible to participate in the bonus scheme); if all three quantitative performance objectives are met in full, 16% of the Profit Share for the year will vest;
- quantifiable qualitative criteria based on the Group's strategic ambitions and managerial expectations, for up to 4% of the Profit Share (criterion also used to determine the variable compensation of the General Manager). These criteria concern three areas in particular: deployment of the transformations decided in 2020 to support the Group's new 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 Share for the quantitative criteria (including the criterion based on net income) and 4% of the Profit Share for the qualitative objectives. For example, assuming that the Profit Share were equivalent to the amount proposed on the basis of 2019 income (2020 net income is not a representative indicator, due to the Covid-19 crisis), the maximum amount would be €2,076,000.

The following will be applied to each criterion:

- 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. However, to permit historical comparisons, the 2020 objectives set by the Supervisory Board for the quantitative performance criteria are presented in section 3.4.3 of this report.

Yves Chapot, General Manager

Yves Chapot's annual variable compensation would be calculated on a base equal to one-and-a-half times his 2021 fixed compensation, with the same or very similar performance criteria to those used to determine the Managing Chairman's variable compensation, as presented in the above section concerning Florent Menegaux:

- quantitative performance criteria, for up to 80% of the base;
- quantifiable qualitative criteria, 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 2021, representing a maximum of €900,000 for fixed compensation of €600,000.

The performance objectives will be assessed and presented in the same way as for the Managing Chairman.

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. However, to permit historical comparisons, the 2020 objectives set by the Supervisory Board for the quantitative performance criteria are presented in section 3.4.4 of this report.

Long-term variable compensation: performance share rights

Effective from 2020[1], and in order to align Managers' medium- and long-term objectives with the objectives assigned to employees of Group companies, Yves Chapot's long-term variable compensation takes the form of Michelin performance share rights granted pursuant to the authorization given by the Annual Shareholders Meeting of June 23, 2020[2] concerning annual share plans for employees and the Managers.

Details of the performance criteria and related intermediate achievement rates are presented in section 6.5.4 c) of the 2020 Universal Registration Document.

Effective from 2021, the following changes will be carried out.

Firstly, the Michelin Environmental Footprint – MEF – will be replaced by the i-MEP (Industrial-Michelin Environmental Performance). Since 2005, Michelin has measured and disclosed the main impacts of its industrial activities based on the MEF indicator. This indicator now needs to be updated to reflect the extensive progress made and the emergence of new environmental challenges since its launch.

The new i-MEP indicator will track the environmental impact of the Group's manufacturing operations over the next ten years. The i-MEP will make the impacts easier to understand by focusing on five priority areas: energy use, CO_2 emissions, organic solvent use, water withdrawals and stress, and waste production.

On the other hand, to strike a better balance between the People, Planet and Profit criteria, the weighting of the different performance criteria will be adjusted to bring the total share of the CSR performance criterion to 40% (two indicators) versus 30% in 2020, and the total share of the operational performance criterion to 30% (15% for each indicator) versus 40% in 2020.

The target for the stock market criterion is an outperformance of the Michelin share by 5 points over that of the Stoxx Europe 600 index. The target for market outperformance, lower than in the 2020 plan, remains very ambitious.

Regarding the engagement rate, the progress made at the end of 2020 (rate of 83%) as well as the integration of new companies recently acquired within the scope of this criteria, make any additional gain beyond the rate reached in 2020 more demanding.

These adjustments are summarized in the following table:

Criteria		Weighting
Share price performance	The gain in the Michelin share price must be 5 points greater than that of the Stoxx Europe 600 index	30%
Corporate social responsibility performance	The industrial-Michelin Environmental Performance (i-MEP[1]) indicator must be between 92 and 88 in the third year of the plan	20%
	The annual increase in the average employee engagement rate[1] must exceed 1 point	20%
Operating performance	Average annual growth in revenue (excluding tires and distribution) must be between 3% and 8%.	15%
	Total consolidated ROCE (including acquisitions, related goodwill and equity-accounted companies) must be between 10% and 11% in the third year of the plan (final ROCE).	15%

(1) Annual scope based on reported figures, including acquisitions from the fourth year of consolidation in the Group's financial statements.

(1) Since 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).

(2) 25th resolution of the Annual Shareholders Meeting of June 23, 2020, adopted by a 97.02% majority of the votes cast; see section 7.1.1 of the 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 proposal 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 Share was distributed in respect of the year preceding the one in which the shares are issued;
- if a Manager ceases to hold this position:
  - following his resignation or removal from office due to mismanagement, all the performance share rights would 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 would 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 would continue to run, during and beyond the end of his term.

3.3.2.4 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.

3.3.2.5 Stock options

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

3.3.2.6 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 2020 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.

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.

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.

The current Managers participate in the "Article 83" mandatory pension plan in the same way as all employees of CGEM and MFPM.

3.3.2.7 Compensation for loss of office

In accordance with Article 13-2 of the Bylaws, 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.

(1) The disclosures in this section and in sections 3.4.3.5 and 3.4.4.5 of this 2020 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.

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.

3.3.2.8 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 3.6.1.12 of this 2020 Universal Registration Document:

- Florent Menegaux, Managing General Partner and Managing Chairman, would be entitled to a non-compete indemnity 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 indemnity 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 2021 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 Article R.22-10-40-III of the French Commercial Code, 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" above), 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.

3.3.2.9 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 3.3.1 above.

3.3.2.10 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[(1)].

In addition, Yves Chapot's mandate as General Manager justifies 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 29 years (since 1992);
- if Yves Chapot were to cease to be a Manager, any compensation for loss of office or non-compete indemnity due to him would be reduced or canceled 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.

(1) *This adaptation to the full application of the AFEP/MEDEF Code's recommendations is mentioned in the table in section 3.2.8 prepared in accordance with the "comply or explain" rule.*

3.3.2.11 Proposed resolution on the Compensation Policy for the Managers

At the Annual Meeting called to approve the 2020 financial statements, 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. 22-10-76-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 3.3.1 and 3.3.2 of the Company's 2020 Universal Registration Document.

3.3.3 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 called to approve the 2020 financial statements (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.

3.3.3.1 Compensation for service as members of the Supervisory Board

At the Annual Shareholders Meeting of May 17, 2019, the total compensation payable to Supervisory Board members was set at €770,000 (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 (€45,000);
- allocation of additional amount 1 to each member who sits on a Committee of the Supervisory Board and participates in its work (€15,000);
- allocation of additional amount 2 to each member who serves as Chair of a Committee of the Supervisory Board and participates in its work, (€30,000 or €35,000 for the Chair of the Audit Committee) (recipients of this additional amount 2 are not entitled to additional amount 1 for their participation in the Committee's work);
- allocation of additional amount 3 to the Senior Independent Member of the Supervisory Board (€15,000);
- allocation of additional amount 4 to the Chairman of the Supervisory Board (€75,000), 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 (€10,000);

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, based on the meeting schedule established at the start of the year.

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. 22-10-9 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.

3.3.3.2 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.

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

At the Annual Meeting called to approve the 2020 financial statements, 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. 22-10-76-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 3.3.1 and 3.3.3 of the Company's 2020 Universal Registration Document.

3.4 INFORMATION ABOUT THE COMPONENTS OF COMPENSATION PAID OR AWARDED TO THE CORPORATE OFFICERS

3.4.1 COMPENSATION OF THE MEMBERS OF THE SUPERVISORY BOARD

No variable compensation was paid to them in 2020 or awarded to them in respect of that year. The Chairman and the independent members of the Supervisory Board are joining the Managers' effort by donating 25% of their 2019 compensation received in 2020 to foundations in their respective countries for the fight against Covid-19

The 2020 compensation policy for Supervisory Board members was presented to the Annual Shareholders Meeting of June 23, 2020 and was approved by a 99.75% majority of the votes cast.

Information about the members' attendance rates at meetings of the Supervisory Board and its Committees in 2020 is provided in section 3.2.2 of this 2020 Universal Registration Document.

The following table shows:

- Amounts paid in 2019 in respect of services to the Board in 2018;
- Amounts awarded for services to the Board in 2019, paid in 2020;
- Amounts paid in 2020 in respect of services to the Board in 2019;
- Amounts awarded for services to the Board in 2020, not yet paid.