

3.3 MANAGEMENT AND SUPERVISORY BOARD COMPENSATION POLICIES FOR 2022

3.3.1 GENERAL PRINCIPLES

Since 2014, the compensation awarded to the Managers and the Chair(man) of the Supervisory Board has been submitted to the shareholders at the Annual Ordinary Shareholders Meeting and, since 2020, following the method and on the basis specified in the PACTE Act that came into force that year.

The General Partners and the Supervisory Board, based on the recommendation of its Compensation and Appointments Committee, will ask the Ordinary Shareholders Meeting of May 13, 2022 to approve the 2022 Compensation Policy applicable to (i) the Managers and (ii) the Supervisory Board.

The Compensation Policy applicable to the corporate officers 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 corporate officers must be compatible with the Company's corporate interests. It must contribute to its marketing strategy as well as the long-term sustainability of the business. This Compensation Policy establishes a competitive framework aligned with the Group's strategy and business environment. The policy is designed to increase medium and long-term performance and competitiveness and is therefore in the Group's best corporate interests in accordance with the AFEP/MEDEF code.

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

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

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

- ▶ for each Manager:
 - the performance indicators applicable to their variable compensation (annual and long term) focus on sustainability 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 2022, the Managers have decided to share the quantitative performance criteria and indicators defined by the Supervisory Board for their own annual and long-term variable compensation with eligible employees of Group companies.

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 (excluding the member representing employees). The procedures for managing conflicts of interest within the Supervisory Board are described in section 3.2.6.

The General Partners, in the case of the Managers, or the Supervisory Board, in the case of the members of the Supervisory Board, may not depart (within the meaning of the second paragraph of Article L. 22-10-76-III of the French Commercial Code) from the Compensation Policy.

The 2022 Compensation Policy is the subject of two proposed resolutions to be presented at the Ordinary Shareholders Meeting to be called to approve the 2021 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 relating to the members of the Supervisory Board, presented in section 3.3.3 below.

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

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 and submitted for shareholder approval at the Ordinary Shareholders Meeting to be called to approve the 2021 financial statements (6th resolution).

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 the 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 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 Chairman 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 decisions 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

The Compensation and Appointments Committee had previously noted that the fixed compensation of Florent Menegaux (€900,000.00) and Yves Chapot (€600,000.00) was, already at the date of determination in 2018 and unchanged since then, lower than the median fixed compensation of their counterparts in the main French listed groups⁽¹⁾. In addition, when it was set in 2018, the fixed compensation of Florent Menegaux, Managing Chairman was more than 22% lower than the fixed compensation of his predecessor, determined in 2014.

In 2020, in light of the efforts required of Michelin Group employees and other stakeholders during the Covid-19 health crisis, the Managers' fixed compensation was reduced by 25% for the period during which employees were furloughed in 2020.

In 2021, in light of the economic crisis and the policy of salary moderation decided for Group employees for 2020 and 2021, the Managers informed the Committee that they did not want the level of their fixed compensation to be raised in 2021.

The Committee made the following proposals⁽²⁾:

- ▶ to keep the Managers' fixed compensation for 2021 at the level applicable since 2018, i.e., €900,000.00 for Florent Menegaux and €600,000.00 for Yves Chapot; and
- ▶ to recommend that these amounts be revised in 2022.

The Committee examined in depth the conditions for revising their fixed compensation in 2022 and considered the following elements in particular:

- ▶ concerning the principle of the decision:
 - this measure, already mentioned by the Chair of the Compensation and Appointments Committee at the Annual Shareholders Meeting of June 23, 2020⁽³⁾ and proposed by the Committee in 2021, was recommended by the Supervisory Board and then postponed to 2022, due to the economic situation linked to the Covid-19 crisis,

- the fixed compensation of the Managers, as determined in 2018, was not increased at any point during their first term (May 2018-May 2022); on the contrary, it was reduced by 25% in 2020 during the period when employees in France were furloughed,

- the Supervisory Board and the Non-Managing General Partner (SAGES) consider this increase to be justified in light of the Managers' achievements during their first term of office, including:

- the seamless implementation of the Managers' succession plan,
- more dynamic governance processes with the Supervisory Board, as noted in the external consultants' assessment of the Board's practices, and with the Non-Managing General Partner (SAGES),
- the efficient management of the consequences of the Covid-19 crisis,
- the preparation and launch of the Group's new expansion strategy around and beyond tires and the launch of the Group's transformation initiatives,
- the Managers' fixed compensation would be increased only from the beginning of their second four-year term, i.e., after the next Annual Shareholders Meeting in May 2022, and would then remain unchanged for the duration of their second term;

- ▶ concerning the quantum of the increase in fixed compensation:

- Florent Menegaux, Managing Chairman and General Partner: his fixed compensation would be raised to the amount paid to his predecessor between 2014 and 2019, i.e., €1,100,000.00 per year, resulting in an amount of €1,016,670.00 for 2022 (rounded, with the new compensation applied from June 1, 2022),

(1) Considering the convergent results of several studies carried out by leading compensation consultants on the compensation of equivalent categories of Company executives of CAC 40 companies.

(2) See the Committee's conclusions in section 3.3.2.2 of the 2020 Universal Registration Document.

(3) See the presentation by the Chair of the Compensation and Appointments Committee to the Annual Shareholders Meeting of June 23, 2020.

- Yves Chapot, General Manager: his new fixed compensation would amount to €770,000.00 per year, resulting in an amount of €700,000.00 for 2022 (rounded, with the new compensation applied from June 1, 2022),
- these changes should be considered in relation not only to the fact that the Managers' original fixed compensation remained unchanged throughout their first term, but also that their new compensation would remain unchanged throughout their second term, i.e., until 2026,

- the proposed increases are of the same order of magnitude as the average increase in the basic compensation of Group employees over the same interval,
- the Managers' new fixed compensation would correspond to⁽¹⁾:
 - for Florent Menegaux, the median compensation of the Chief Executives of CAC 40 companies,
 - for Yves Chapot, the median compensation of the Chief Operating Officers of CAC 40 companies.

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 joint and personal liability for the Company's debts, the General Partners are entitled to a share of annual profit (the "Profit Share") determined on the basis defined in the Company's Bylaws. This means that their interests are fully aligned with those of the shareholders, as they are paid Profit Shares only if the Company makes a profit⁽²⁾.

Allocation method

The Profit Share is defined in Articles 12 and 30 of the Company's Bylaws, which state⁽³⁾ that:

- ▶ the portion of the Profit Share attributable to the Managing General Partner(s) is determined by reference to the objectives set in advance by the Supervisory Board;
- ▶ the portion attributable to the Non-Managing General Partner is equal to the portion attributable to the Managing General Partner(s) in respect of his/her/their annual variable compensation or in any other form whatsoever (including in performance shares).

In all cases, the total Profit Share due to the General Partners is capped at 0.6% of consolidated net income for the year.

Calculation method

- ▶ at the beginning of each year, the Managers propose to the Compensation and Appointments Committee performance criteria and objectives that are consistent with the guidance and information communicated to the market;
- ▶ the Compensation and Appointments Committee analyses the Managers' proposals, taking into account:
 - AFEP/MEDEF Code recommendation 25 concerning the calculation principles and content of compensation packages;
 - the practices of the CAC 40 companies and appropriate benchmarks;
 - the compensation and employment conditions of Michelin employees;
 - the intrinsic variability of the Company's profits;
 - projected future profits; and
 - the unusual nature of General Partner status.
- ▶ the Compensation and Appointments Committee shares its conclusions with the Non-Managing General Partner (SAGES) and presents its recommendations to the Supervisory Board;
- ▶ the Supervisory Board discusses the recommendations of the Compensation and Appointments Committee and decides on the performance criteria and objectives for the current year;

(1) Based on the convergent results of studies carried out by leading compensation consultants and analyzed by the Compensation and Appointments Committee.

(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.

(3) The Bylaws were amended by the Extraordinary Shareholders Meeting of May 21, 2021 (15th and 16th resolutions, respectively approved by 98.39% and 98.37% of the votes cast) in order to simplify the method of calculating the Profit Share, limit the portion of the Profit Share attributable to the Non-Managing General Partner (SAGES) and stipulate that free shares may be awarded to the Managers. Previously, the Profit Share defined in the Company's Bylaws was calculated on the basis of the Company's net income for the year, less dividends received from its two main subsidiaries. The total amount due to the General Partners was capped at 0.6% of consolidated net income for the year and the amount paid to the Non-Managing General Partner corresponded to the total Profit Share less the amount paid to the Managing General Partner (see section 3.3.2.3 of the 2020 Universal Registration Document).

- ▶ the General Partners then meet to set the compensation policy for the Managers for the current year and to formalize, subject to adoption by the Ordinary Shareholders Meeting of the corresponding resolutions i) for the Managing General Partner, by way of an agreement between the General Partners, the portion of the earnings for the current year that may be allocated to the Managing General Partner as annual variable compensation within the limits set by the Bylaws, and ii) for the General Manager, by way of a decision of the General Partners, the annual compensation components concerning him; said agreement and decision taking into account and integrating the performance criteria and annual variable compensation objectives set by the Supervisory Board, after consultation and deliberation by the latter;
- ▶ the Managing Chairman, after confirming the Non-Managing General Partner's approval, submits the corresponding draft resolutions to the Ordinary Shareholders Meeting under the conditions set out in the applicable regulations;
- ▶ once the compensation policy has been approved by the Ordinary Shareholders Meeting, the General Partners sign an agreement covering the determination of the Profit Share and formally recognizing that the criteria for determining the Managing General Partner's annual variable compensation will be applied to calculate the portion of the Profit Share attributable to him.

At each year-end, the Compensation and Appointments Committee reviews the results for the applicable objectives and presents its recommendations to the Supervisory Board.

The Supervisory Board confirms the Compensation and Appointments Committee's performance assessment and shares this assessment with the Non-Managing General Partner.

The General Partners approve the components of the annual and long-term variable compensation to be paid or delivered to the Managing Chairman and General Partner based on the Supervisory Board's assessment of the achievement rate for the performance objectives and criteria.

Annual variable compensation structure

The annual variable compensation of Florent Menegaux would consist of two components:

- ▶ a first component, calculated in a specific way because of his financial and legal responsibility as General Partner, would be equal to 4% of the maximum Profit Share. The same principle is also used – after adjustment – to determine the General Manager's variable compensation;
- ▶ a second component, with an overall weighting of 80%, would be calculated on the basis of a percentage of his annual fixed compensation and would be determined by the results of the following performance criteria decided by the Supervisory Board:
 - two quantitative criteria (each weighted at 25%):
 - growth in segment operating income (SOI), and
 - growth in structural free cash flow before acquisitions,
 these criteria also apply to the General Manager and to all Group employees who are eligible to participate in the bonus scheme,
 - five quantifiable qualitative criteria:
 - deployment of the Group's transformations (10% weighting),
 - synergies achieved on the latest company acquisitions (5% weighting),
 - the level of the Total Case Incident Rate (TCIR) (with a 5% weighting),

- the percentage of women in the management group (5% weighting),
- the level of CO₂ emissions (Scopes 1 and 2 and upstream/downstream transport activities in Scope 3) (5% weighting).

These seven criteria would also be applied to the General Manager and the following would be applied to each criterion: a trigger point (below which no compensation would be due), a target (if the target is met, 100% of the compensation for the criterion would be payable), an outperformance tranche (between 100% and 150% of the objective, with the compensation prorated to the achievement rate for the objective) and an intermediate tranche (between the trigger point and 100% of the objective, with the compensation prorated to the achievement rate for the objective);

- ▶ the total annual variable compensation (i.e., the sum of the first and second components) would be capped, as decided by the Supervisory Board for the 2021 annual variable compensation, at 150% of the reference fixed compensation. For example, for fixed compensation of €1,016,670.00 for 2022, the total annual variable compensation would be capped at €1,525,000.00, and would be deducted from the Profit Share.

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 2021 objectives set by the Supervisory Board for the quantitative performance criteria are presented in section 3.4.4.2 of this report.

Yves Chapot, General Manager

Calculation method

The performance criteria and objectives applicable to the General Manager would be determined and assessed in the same way as for the Managing Chairman, except for the specific features linked to the status of General Partner.

Annual variable compensation structure

Yves Chapot's annual variable compensation would be calculated on a basis equal to 100% of his 2022 fixed compensation, with the same performance criteria as those used to determine the Managing Chairman's variable compensation, as presented above:

- ▶ three quantitative criteria:
 - growth in net income (20% weighting), growth in segment operating income (25% weighting),
 - growth in structural free cash flow before acquisitions (25% weighting),
 - for a total amount equal to up to 70% of the base;
- ▶ five quantifiable qualitative criteria:
 - deployment of the Group's transformations (10% weighting),
 - synergies achieved on the latest company acquisitions (5% weighting),
 - the level of the Total Case Incident Rate (TCIR) (with a 5% weighting),
 - the percentage of women in the management group (5% weighting),
 - the level of CO₂ emissions (Scopes 1 and 2 and upstream/downstream transport activities in Scope 3) (5% weighting).

The following would be applied to each criterion: a trigger point (below which no compensation would be due), a target (if the target is met, 100% of the compensation for the criterion would be payable) an outperformance tranche (between 100% and 150% of the objective, with the compensation prorated to the achievement rate for the objective) and an intermediate tranche (between the trigger point and 100% of the objective, with the compensation prorated to the achievement rate for the objective);

- ▶ the total annual variable compensation would be capped, as decided by the Supervisory Board for the 2021 annual variable compensation, at 150% of the reference fixed compensation.

Long-term variable compensation: performance share rights

In order to align the Managers' medium/long-term objectives with the objectives assigned to the employees of Group companies, this compensation takes the form of Michelin performance share rights⁽¹⁾.

The performance criteria are as follows:

Criteria		Weighting
Share price performance	Michelin share price to outperform the Stoxx Europe 600 index by between 0 points (threshold) and 5 points (ceiling) between 2021 and 2024 (based on average closing prices for the period)	30%
Corporate social responsibility performance	Industrial-Michelin Environmental Performance (i-MEP ⁽¹⁾) indicator to range between 87 points (threshold) and 83 points (ceiling) in 2024	20%
	Change in average employee engagement rate: average annual change to range between 0 points (threshold) and 1 point (ceiling) on a like-for-like consolidated basis over the years 2022, 2023 and 2024	20%
Operating performance	Average annual growth in revenue excluding tires and distribution ⁽²⁾ to range between 5% (threshold) and 10% (ceiling) between 2022/2021, 2023/2022 and 2024/2023	15%
	Total consolidated return on capital employed (ROCE) (including acquisitions, related goodwill and equity-accounted companies) to range between 10% (threshold) and 11% (ceiling) in 2024	15%

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

(2) At constant exchange rates and based on a comparable scope of consolidation.

For all criteria, fulfillment is calculated as follows:

- ▶ if the minimum performance condition is not met, no shares will vest;
- ▶ if the minimum performance condition is met or exceeded, shares will vest on a gradual and proportional basis up to a certain ceiling.

The main specific characteristics of the performance share rights that may be awarded to the Managers in 2022 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 approved

For example, for fixed compensation of €700,000.00 for 2022, the total annual variable compensation would be capped at €1,050,000.00.

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 2021 objectives set by the Supervisory Board for the quantitative performance criteria are presented in section 3.4.5.2 of this report.

Among the changes adopted in 2020 to strike a better balance between the People, Planet and Profit criteria, the weightings of the performance criteria applicable to all employees participating in the performance share plan were adjusted to raise the CSR performance criterion from 30% in 2020 to 40% in 2021 (both indicators combined), and lower the operational performance criterion from 40% to 30% (both indicators combined).

on June 23, 2020, 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, for the Managing Chairman, the performance share rights granted in 2022 would be limited to 140% of his 2022 fixed compensation and for the General Manager, the rights granted in 2022 would be limited to 120% of his 2022 fixed compensation; these levels correspond to the median rates for their counterparts in CAC 40 companies⁽²⁾;
- ▶ 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 were issued;

(1) Authorized by the Extraordinary Shareholders Meeting of June 23, 2020 (25th resolution approved by a majority of 97.02% of the votes cast), in application of the criteria presented in section 7.1.1 of the 2019 Universal Registration Document and adapted by the 2021 Compensation Policy (see section 3.3.2.3 of the 2020 Universal Registration Document).

(2) Based on the Compensation and Appointments Committee's analysis of the convergent results of several studies carried out by leading compensation consultants.

- ▶ 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 vesting 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 corporate officers of the Company or MFPM, Florent Menegaux and Yves Chapot 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

There is no specific supplementary pension plan set up for the Managers or the Chair(man) of the Supervisory Board.

Florent Menegaux, in his capacity as Chairman of MFPM, and Yves Chapot, in his capacity as General Manager of CGEM, participate in the supplementary pension plan described in sections 3.4.4.5 and 3.4.5.5 of this 2021 Universal Registration Document.

In accordance with Government Order No. 2019-697 dated July 3, 2019, this plan has been closed to new members since July 4, 2019 and the vesting period was frozen at December 31, 2019.

Under the plan rules, the vested rights of the current two Managers entitle them to capped pension benefits corresponding to a 15% replacement rate.

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 Managers participate in the PERO 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.

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 2021 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 2022 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.

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 for the following reasons:

- ▶ 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.

3.3.2.11 Proposed resolution on the Compensation Policy for the Managers

At the Ordinary Shareholders Meeting called to approve the 2021 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 2021 Universal Registration Document.

⁽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.

3.3.3 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 Ordinary Shareholders Meeting called to approve the 2021 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 Ordinary Shareholders Meeting of May 17, 2019, the total compensation payable to Supervisory Board members was set at €770,000.00 (12th resolution, adopted by a majority of 99.15% of the votes cast).

Due in particular to the increase in the number of Supervisory Board members (with the addition of two new members) and the creation of a new Corporate Social Responsibility Committee (CSR Committee), it was not possible to pay in full the compensation per Supervisory Board member defined in the 2021 Compensation policy.

To take these changes into account, the Compensation and Appointments Committee recommended that the Supervisory Board present to the Annual Shareholders Meeting of May 13, 2022 a resolution to increase the total amount of compensation awarded to the Supervisory Board to €950,000.00 as of 2022. The rules concerning the allocation of this amount would be unchanged from those specified in the 2021 Compensation Policy:

- ▶ allocation of a basic amount to each member (€45,000.00);
- ▶ allocation of additional amount no. 1 to each member who sits on a Committee of the Supervisory Board and participates in its work (€15,000.00);
- ▶ allocation of additional amount no. 2 to each member who serves as Chair of a Committee of the Supervisory Board and participates in its work, (€30,000.00 or €35,000.00 for the Chair of the Audit Committee) (recipients of this additional amount no. 2 are not entitled to additional amount no. 1 for their participation in the Committee's work);

- ▶ allocation of additional amount no. 3 to the Senior Independent Member of the Supervisory Board (€15,000.00);
- ▶ allocation of additional amount no. 4 to the Chair(man) of the Supervisory Board (€75,000.00), who is not entitled to additional amounts nos. 1, 2 or 3;
- ▶ allocation of additional amount no. 5 to Supervisory Board members who live outside Europe on a permanent basis (€10,000.00, prorated to their physical attendance at meetings of the Board and its Committees).

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 Chair(man) 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 Ordinary Shareholders Meeting called to approve the 2021 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 2021 Universal Registration Document.