

Answers to written questions submitted to the Annual Shareholders Meeting

Environment

Questions submitted by the French Sustainable Investment Forum

- 1. Have you made an express commitment to aligning your revenue and investments (OPEX, CAPEX, R&D and M&A) with the Paris Agreement's goal of keeping global warming below 1.5°C? What are you doing to ensure that your revenue and investments meet this objective (please describe the methods you are using)? What are the main action plans and, if applicable, the corresponding amounts invested in order to achieve this objective in the short, medium and long term?**

Answer: In 2020 the Group had its CO₂ emission reduction targets approved by the SBTi and, in 2021, it committed to achieving zero net emissions by 2050 through the “Race to Zero/Business Ambition for 1.5°C” initiative.

For Scopes 1 and 2, investments and OPEX/CAPEX are in keeping with a reduction target within the trajectory of “well below 2°C”. Our method for ensuring the necessary level of investment consists of 1) central management of the energy efficiency and renewable energy projects portfolio, with a long-term projection of the necessary budget; 2) a wrap-up meeting during annual planning, which covers a five-year period, and where budgets are set aside by the project teams concerned; 3) progress monitoring by the Environmental Governance body and by the Group Management Committee; 4) publication of a balance sheet in the Universal Registration Document (URD).

Our main action plans are to electrify our manufacturing processes and implement renewable energy solutions for electricity, steam, heating and cooling. We are following an increasingly ambitious roadmap to decarbonize our operations, with the aim of aligning with a trajectory of 1.5°C in keeping with our commitment. Our M&A projects, for example, include a due diligence phase to address CSR issues, including climate change. The Group's commitments are taken into account when integrating new businesses.

For Scope 3, the main investment is in R&D. This is so we can improve energy efficiency right from the product and services design stage, and develop new mobility solutions (e.g., hydrogen applications). The same management method used for Scopes 1 and 2 is in place for Scope 3. As part of its strategic plan, the Group continues to innovate to support the transition to low-carbon mobility for people and goods, thereby contributing to the achievement of carbon neutrality among our customers and downstream users, who account for around 90% of the Group's Scope 3 emissions.

2. What percentage of your business (expressed as revenue, net banking income, etc.) is directly dependent on biodiversity? How much do you spend on promoting biodiversity?

Answer: More than 90% of the Group's revenue is dependent on biodiversity, given that bio-based raw materials such as natural rubber are essential for the manufacture of its products (tires and conveyor belts). Michelin is a major rubber user and is aware of the potential impacts of its supply chain on forests and biodiversity.

In 2021, Michelin renewed its commitment to biodiversity as part of the act4nature international initiative, setting a number of targets for 2030¹.

The Group invests several million euros each year to support biodiversity. This amount covers research and development in materials and products, design work around industrial facilities to preserve and promote greater biodiversity at the local level, as well as projects to improve the environmental and social practices of natural rubber suppliers². Such projects include maintaining the 3,900-hectare Michelin Ecological Reserve (REM), which is dedicated to the protection of flora and fauna in the Atlantic forest of southern Bahia in Brazil³. We apply a holistic approach to these projects with the additional aim of improving farmers' living conditions.

3. List the strategic natural resources needed to carry out your operations and/or those of your customers (e.g., water, energy, materials, etc.). How do you assess and calculate the impact of resource depletion on your business models? What actions are you taking to address supply chain issues and seize opportunities to develop "circular business models"? What are your objectives in this regard?

Answer: In addition to energy, our essential resources are rubber (both natural and synthetic), reinforcing fillers (carbon black and silica), metal and textile reinforcements, and chemical products. Water is not included in this list because it is not used in the composition of tires as a raw material; it is however used in the tire manufacturing process and in fire protection.

Among these raw materials, there are materials of fossil or recycled origin, but also biosourced materials, the most important of which is natural rubber.

In the Group's risk management system, the risk of supply chain disruption is clearly identified, as are the associated risk factors such as supply and demand imbalances.

Supply chain risk is particularly acute because Michelin's products are highly technical and customers expect them to perform to consistently high standards throughout their period of use, leading the Group to introduce procedures banning supplier substitutions unless the impact on performance has been tested.

To effectively anticipate and manage supply chain risk, Michelin has set up:

- procedures to manage the Group's purchases at the most pertinent level,
- a variety of risk management measures to deal with every type of supply continuity risk. These measures include providing relevant training to employees to improve risk planning, conducting audits of critical suppliers' business continuity plans, signing multi-year contracts with the main suppliers, looking for new suppliers, maintaining strategic buffer inventory for critical products and seeking substitute products when certain commodities become scarce, and making best possible use of resources⁴.

¹ http://www.act4nature.com/wp-content/uploads/2021/05/MICHELIN-VA-01_05.pdf

² <https://www.michelin.com/en/sustainable-development-mobility-for-the-planet/protecting-biodiversity/>

³ <https://natural-rubber.michelin.com/news-ouro-verde-bahia>

⁴ see URD 2021 section 2.1, Risk 3 "Supply chain".

Michelin is simultaneously activating four levers to ensure that resources are used more wisely, in what it calls the Michelin 4R strategy: Reduce, Reuse, Recycle and Renew. Since 2017, the strategy has been managed by the Circular Economy Operational Committee⁵.

Reduce: *This aspect involves using fewer raw materials and less energy to make tires that are lighter, longer-lasting and more energy efficient, all while delivering the same safe driving experience and ever-improved performance. But Michelin does not just set objectives for new tires, it is also committed to delivering performance over time.*

Reuse: *Raw materials can also be saved during the in-use phase by repairing, regrooving and retreading tires. Michelin offers retreading solutions for Truck, Aircraft and Earthmover tires.*

Recycle: *For many years, Michelin has been working to set up effective systems for recycling and processing end-of-life tires. Collectively, Michelin is involved in end-of-life tire recycling channels through its active membership in a variety of organizations, including the Tire Industry Project (TIP) and regional trade associations. In this way, Michelin is making every effort to ensure that end-of-life tires are properly collected and processed, thereby demonstrating its support for the concept of extended producer responsibility. Michelin is also exercising its influence to encourage material recovery, which optimizes the reuse of tire components as secondary raw materials and offers a substantially smaller carbon footprint than energy recovery. The Group is also investing in the development of end-of-life tire recovery and reuse technologies.*

Renew: *Michelin is committed to ensuring that by 2050, all the materials used to make its tires are sustainable, with an intermediate target of 40% sustainable materials by 2030. To meet this major challenge, the Group is encouraging the use of sustainable recycled and/or biosourced materials such as natural rubber and certain plant-based oils and resins. In the case of biosourced materials, large-scale projects have been launched to shift supply chains to biosourced materials or to improve the sustainability of natural materials.*

⁵ see URD 2021 section 4.1.4.2 d) The Michelin 4R circular economy process

Social

4. **What proportion of your corporate officers and employees (broken down by type) are affected by the integration of environmental and social (E&S) criteria in the process to determine their variable compensation? Which governance bodies are responsible for selecting and validating the criteria? How do they ensure that these criteria are relevant, sufficiently incentive-based and correlated with the objectives underpinning the Group's environmental and social strategy?**

Answer: To engage the 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 variable compensation of the Managers is based on two quantitative criteria shared with all Group employees eligible for variable compensation, as well as three qualitative criteria including the Total Case Incident Rate (TCIR), which is a tool for measuring and monitoring workplace accidents. As of 2022, two indicators (i) percentage of women and (ii) level of CO₂ emissions (Scopes 1 and 2 and upstream/downstream transportation activities in Scope 3) will be added to the three qualitative criteria.

The deferred variable compensation of the Managers ("executive officers") is subject to performance criteria over three years. Since 2020, the applicable criteria are identical to those applied to all Group employees receiving compensation in performance shares. In 2021, the total weighting of CSR performance criteria was increased to 40% (compared with 30% in 2020) in order to consistently and effectively support the deployment of Michelin's strategy to deliver sustainable growth. The two criteria used to measure this CSR performance are as follows:

- Employee engagement: an important driver of operational excellence and the ability to meet the Group's performance objectives. Michelin has set the particularly ambitious objective of becoming a world-class leader in this area by reaching and maintaining an 85% employee engagement rate. The annual "Moving Forward Together: Your Voice for Action" survey measures the employee engagement rate each year.
- The environmental impact of manufacturing operations: replacing the previous indicator in place since 2005 (Michelin Environmental Footprint), which became necessary in 2021 to reflect the extensive progress made and the emergence of new environmental challenges, the industrial - Michelin Environmental Performance (i-MEP) indicator is being used to track the environmental impacts of the Group's manufacturing operations over the next decade. The i-MEP will make these easier to understand by focusing on five priority areas: energy use, CO₂ emissions, organic solvent use, water withdrawals and stress, and waste production.

Lastly, as a reminder, the compensation policy for the Managers is subject to a decision of the General Partners and a deliberation by the Supervisory Board, before being submitted to the approval of the Ordinary General Meeting.

All information relating to the compensation of corporate officers is available in Michelin's 2021 Universal Registration Document available at www.michelin.com

5. What lessons have you learned from the Covid-related new ways of working (telecommuting, digital communication methods, greater flexibility) that have been implemented in your company in terms of their impacts on working conditions? How is your HR strategy currently integrating these new organizational methods? What social dialogue has been conducted on the subject (agreements, joint reflection on the future of work, etc.) across all your businesses and regions?

Answer: All the Group's host regions have been affected by Covid-19. Following on from the initiatives undertaken in 2020, the Group has continued to focus its efforts on its two core priorities: protecting the health and safety of its employees and partners and doing everything necessary to ensure business continuity.

The Group measured the impact of the pandemic on the Group's teams with the How Are You survey in June 2021. The survey shows that during the crisis, many employees experienced remote ways of working for the first time, particularly those who were office-based, and they said they were satisfied with the outcomes. In the manufacturing operations, where most of the workforce had to be physically present, some plants adjusted working hours to limit people mingling during shift changes, particularly at entrances and exits, in the changing rooms and in the showers.

91% of respondents said that the deployed systems and procedures were compatible with the performance of their duties. However, an analysis revealed a sense of physical and moral fatigue in the answers from 44% of the respondents, as well as a feeling of isolation when working from home for 30%, although the quality of management during the period was emphasized in 91% of the answers.

Beside these Covid-related arrangements, the Group also took care to ensure strict compliance with national or local work-from-home directives, guaranteeing that every employee concerned had the resources required to perform his or her tasks remotely. For example, Michelin signed multi-year agreements with the unions to offer employees in compatible jobs, and in compliance with local legislation, the opportunity of contractualizing, over time, their working from home either occasionally or on a regular basis.

Teleworkers feel that one of the main benefits is the significant reduction in their weekly commute, particularly in Brazil, Romania, the United States and other countries where traffic congestion is on the rise. Operations in Germany, Canada, Spain, France and the Nordic countries have introduced work-at-home options in response to the need expressed by employees for a better work-life balance.

While more challenging to implement for operators working in a variety of shifts to keep production plants running around the clock (3x8 hours, 4x8 hours, 5x8 hours, 2x12 hours), a number of shopfloor work-life balance initiatives have been deployed, in particular as part of the empowerment process. Any adjustments to production schedules are announced as far in advance as possible.

Michelin continues to encourage part-time working, which plays an important role in improving quality of life and work-life balance, while opening up job opportunities for people from diverse backgrounds. Procedures for implementing these arrangements vary by country, depending on local legislation, expectations and practices. To the extent possible, they also reflect input from employee representatives. 2.8% of employees opted to work part-time in 2021.

6. Do you have a definition of a “decent wage” that is broader than the local statutory minimum wage? If so, what is it? How does your company ensure that its employees, and its suppliers’ employees, are paid a decent wage?

Answer:

Definition of decent wage: compensation that enables an employee to meet the needs of his or her family (food, housing, transportation, children’s education, healthcare), while also saving for the future and purchasing “standard” consumer goods (depending on each country’s standard of living).

In the interests of fairness and consistency, Michelin has a single compensation policy for all units, professions and employee categories, with the same management rules and procedures in every host country. Employees are paid according to their level of responsibility, guaranteeing each one compensation that is fair and competitive relative to the local job market. Every year, the Group participates in compensation surveys conducted by specialized firms such as Korn Ferry and Mercer, thereby ensuring that our compensation practices compare favorably with industry benchmarks.

In addition, in 2020, Michelin worked with the Fair Wage Network, an international organization with recognized wage policy expertise, to develop a method for effectively determining whether Group employees receive sufficient overall fixed compensation to meet their needs and those of their families.

In 2021, the Group embarked on a new phase to verify and guarantee that all employees are paid a living wage, i.e., compensation that is high enough to support a decent standard of living by enabling them and their families to pay for food, housing, education, healthcare and other basic needs. After analyzing the compensation of more than 95% of Group employees, the review confirmed that all of them are paid at least the equivalent of the living wage benchmarks defined by the Fair Wage Network.

The review process, which is becoming a component in the Group’s compensation policy, will be pursued in 2022. Moreover, in most host countries, national healthcare, insurance and pension systems are supplemented to ensure that employees enjoy competitive local benefits. In 2021, Michelin also launched a study with a view to creating a universal social protection floor, so as to offer every employee and their family a set of basic social protection benefits throughout their career at Michelin, supplementing public benefit systems wherever necessary.

For suppliers, every contract contains the Michelin Purchasing Principles expressing the Group’s standards and expectations, which are applied identically in every country around the world. While suppliers are naturally expected to abide by prevailing legislation and regulations, they are encouraged to exceed legal compliance, particularly as regards working hours, the right to time off and compensation. In the specific case of natural rubber farmers, the Responsible Natural Rubber Policy describes the Group’s commitment to supporting their livelihoods and economic resilience through a wide variety of initiatives (for more details, see pages 24/36 of the 2021 edition) (see also section “4.1.1.2 c) A dedicated approach for natural rubber” of the URD, including in particular the Cascade project in Indonesia, which aims to improve the working conditions and living standards of 1,000 village smallholders and their families while improving environmental and social practices).

- 7. France scope: apart from investments in your company's securities, what proportion of employee savings funds is labeled “responsible” (CIES, Finansol, Greenfin, SRI)? How do you explain the fact that “non-responsible” funds are still in place when there is no difference in profitability and when the Paris financial market is a leader in this area?**

Answer: In addition to investments in company securities, 23% of assets are in CIES-labeled funds (Natixis' Impact SRI range), and 5% in a CIES and Finansol-labeled fund.

A joint study was conducted with representatives of the funds' supervisory boards and employee representatives to develop responsible savings solutions. A call for tenders is underway to strengthen the responsible fund offering.

- In your other countries of operation, do your retirement and other employee savings plans integrate ESG criteria? How does the Board of Directors or the Supervisory Board encourage participation in these types of employee savings funds?**

Answer: Most Group employees are offered opportunities to invest in savings or retirement plans. While specifying that Michelin is not the sole decision-maker insofar as it does not own the funds, we expect our fund managers to diligently assess ESG risks when making their investment decisions. For plans managed by insurance companies, the vast majority of our insurers implement an ESG strategy. In some countries, such as the United Kingdom, the default fund is an ESG fund that, in the case of the UK, accounts for nearly two-thirds of the assets of all defined contribution plans. In many countries where we offer self-directed or brokerage window options, ESG or ethical funds are available. Approximately 90% of the managers of our major funds in English-speaking countries are UNPRI signatories, but due to the wide choice of investment options and brokerage windows in some countries, coverage is not 100%.

Governance

- 8. Do you publish a charter detailing your commitments in terms of tax responsibility? If so, how does tax responsibility fit into your broader social responsibility? Does the Board review and approve this charter? Do you publish an annual tax responsibility report on how the charter's principles are applied? Does this report detail the tax you pay per country?**

Answer: Michelin's tax policy, which is approved by the Managers and the Chief Financial Officer, is drawn up with the utmost precision and applies across the entire Group, regardless of the country concerned. This tax policy is intended for publication. Michelin's commitments with regard to responsible tax management are published in the 2021 URD⁶.

For example, to the extent possible, a structured and organized relationship of trust is established with the tax authorities to facilitate transparency. We seek to participate in specific programs proposed by the authorities to support this process. This is why the Michelin Group signed a “relationship of trust” protocol with the French tax authorities in May 2019, ushering in a new era of transparency for the Michelin Group in France, based on transparent information sharing that facilitates a clear understanding of our company and our technical positions.

This reflects a changing relationship between the “corporate taxpayer” and the “auditing authority” in the context of tax audits. The idea is to move away from the current control system, which takes place after the fact, in a non-automatic way, to a system of quasi-permanent information exchange

⁶ 2021 Universal Registration Document, section 4.1.1.1 c), Responsible tax management, page 161, available via this [link](#)

between the company and the authorities, based on dialogue and a deeper, interactive relationship that allows for a clear understanding of the company and its issues.

Responsible tax management is a key component of Michelin's social responsibility, because the Group's tax positions are consistent with its core values, including respect for facts, the environment and people. In this regard, the Michelin Group is committed to respecting its host countries by becoming a taxpayer, and is therefore subject to taxation in the communities where it conducts business through one or more local subsidiaries hosting said business.

Tax risk management is an integral part of the Group's overall risk management process. More specifically, the Senior Vice President, Tax and Customs regularly informs the Audit Committee and the Risk Committee of the Michelin Group's overall tax situation, the status of risks and disputes and the main anticipated changes. To this end, an organization defining the role and responsibility of each person has been put in place.

The Tax Department complies with its various tax obligations, such as qualitative or quantitative reporting obligations. The purpose of these obligations is not to calculate tax as such, but rather to provide greater transparency and understanding of activities and flows at the international level. A Country by Country Reporting (CbCR) statement is filed accordingly each year with the tax authorities.

More generally, the Group is aware of the need to communicate its tax strategy policy in an increasingly restrictive tax environment. In this respect, and going beyond its existing or future legal obligations, the Group regularly considers various forms of communication and intends to develop them accordingly.

9. Do you publish a responsible lobbying charter? Are you a member of any professional associations, some of which may be controversial in terms of public interest? If so, what actions are you taking to reorient the positions of these associations? What consolidated human and financial resources (i.e., for your entire geographic scope) do you allocate to interest representation?

Answer: All of Michelin's lobbying commitments are published on the Group's website (<https://www.michelin.com/en/michelin-group/governance/lobbying-public-affairs/>).

The public policymakers for whom these insights are intended listen to the views of all stakeholders involved in the debate, not just the arguments of one company. Modern-day lobbying is efficient only if it is part of a process that is beneficial to society. A strategy focused solely on defending the interests of a private company would fail in almost every case. Michelin has always supported this vision of public affairs, which is in keeping with its values.

The Group's public affairs team has a dual objective:

- Promote and defend Michelin's interests by engaging with public decision-makers and civil society – including NGOs – in all regions where the Group is present. This ensures that the company's lobbying activities are closely aligned with its public statements on strategy.
- Identify future public policy developments at the local, national and international levels and share them with the internal teams to help them develop their strategic thinking.

Michelin's public affairs department is organized around a Group-level team based in Paris and Brussels, and full- or part-time teams in the Group's main host countries or regions. These "local correspondents" act to promote and defend the interests of the Group and/or its local entities. The Group-level team also plays a functional role in Michelin's main markets, by providing the public

affairs correspondents with expertise on certain issues and ensuring that Group positions are consistent. The entire network (Group-level team plus local correspondents) represents about 20 full-time equivalent positions worldwide.

Michelin's public affairs team complies with existing regulations with regard to lobbying transparency wherever lobbying takes place:

- We are registered in transparency registers where they exist (e.g., Brussels, Washington, D.C., France's High Authority for Transparency in Public Life, Canada's federal registry of lobbyists etc.). The information disclosed is also available on the Group's website:
- Our lobbying activities are conducted within the regulatory framework of specific industry associations (European Tire and Rubber Manufacturers' Association [ETRMA] in Brussels and the U.S. Tire Manufacturers' Association [USTMA]), as well as that of more broad-based trade organizations (Business Europe in Brussels, AFEP in France and Global Alliance in the United States), which are themselves in various transparency registries.
- The public affairs department ensures compliance with the Group's strict ethical guidelines, including neutrality and non-participation in political campaigns, which are clearly documented in the Group's Code of Ethics. They also ensure strict compliance with local regulations. Public affairs staff around the world have been trained and educated on these guidelines.
- Michelin's public affairs team reports regularly to the Chairman and the Executive Committee on issues of major importance. On a day-to-day basis, the public affairs team reports directly to the member of the Executive Committee who is also responsible for overseeing the Group's CSR strategy. Certain Group positions on specific topics are subject to an internal approval process that may be relayed to the Executive Committee and the Chairman, where appropriate.

10. France's Duty of Care Act requires a Duty of Care Plan to be drawn up in cooperation with the company's stakeholders, notably employee representatives. In addition, one of the measures in this plan involves setting up an early warning and report compilation mechanism in consultation with representative trade unions, for risks that exist or have become reality. This is because the trade unions have on-the-ground knowledge and the ability to alert the company and to provide information that is critical to exercising duty of care.

How does your Group involve employee representatives – at the local and global levels – in the various stages of drawing up, updating and implementing its Duty of Care Plan? What resources does the Group provide to accomplish this? How are employee representatives involved in reporting on the effective implementation of the Duty of Care Plan?

Answer: France's Duty of Care Act requires that the plan be “drawn up in cooperation with the company's stakeholders, where appropriate as part of multi-stakeholder initiatives within industries or on a regional scale”.

Since 2016, Michelin has had a Stakeholder Committee on which NGOs and an international trade union organization (IndustriAll Global Union) sit. The draft of the Duty of Care Plan, as well as some of the subject-specific content it covers (prevention of CO₂ emissions, wear particles, risk control in the supply chain, etc.) are regularly shared with this committee. For example, the subject of the decent wage has been raised by our stakeholders, leading to the launch of a specific prevention initiative throughout the Group.

The process of involving the company's stakeholders in developing action plans is intensifying. This is the purpose of the Global Platform for Sustainable Natural Rubber, a multi-stakeholder organization that promotes a sustainable and responsible natural rubber industry.

In addition, the Group's Duty of Care Plan was shared with the European Works Council at a specific session in November 2021 during which the European employee representatives were able to ask questions. Michelin also participates in the Global Deal, a body that promotes social dialogue, particularly on the subjects of duty of care and decent work.

Michelin also has a whistleblowing system, the Group ethics hotline, which is accessible to employees and third parties (customers, suppliers, etc.) in all regions. It allows for reporting potential breaches of duty of care.