2022

UNIVERSAL REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT, THE NON-FINANCIAL STATEMENT AND THE DUTY OF CARE PLAN

MICHELIN

CONTENTS

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This document is a free translation of the original French language version. In case of discrepancies, the French version shall prevail.

The French language version of this Universal Registration Document was filed on April 7, 2023 with the French securities regulator (*Autorité des Marchés Financiers - AMF*), as the competent authority under Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of said Regulation.

The Universal Registration Document can be used when securities are offered to the public or for their admission to trading on a regulated market if it is completed by a note on the securities and, if applicable, a summary and all of the amendments made to the Universal Registration Document. The package is approved by the AMF in accordance with EU Regulation 2017/1129.

The Annual Financial Report included in the Universal Registration Document is a translation of the official version of the Annual Financial Report in format ESEF (European Single Electronic Format) and is available on the website www.michelin.com

1. GROUP PRESENTATION AND STRATEGY

Offering everyone a better way forward is our purpose.

Backed by our unrivaled expertise in materials and leading-edge industrial processes, we are innovating every day with tires, around tires with a range of fleet services and solutions, and beyond tires in high-tech polymer-based materials.

GLOBAL LEADER

North America
2 R&D centers
37 production facilities
2,300 dealerships
25,000 employees

Europe
2 R&D centers
43 production facilities
2,600 dealerships
67,000 employees

Asia
3 R&D centers
31 production facilities
2,200 dealerships
24,000 employees

South America
1 R&D center
6 production facilities
50 dealerships
8,000 employees

Africa/India/Middle East
1 R&D center
4 production facilities
250 dealerships
8,000 employees

SALES
28,590
MILLION EUROS

35% NORTH AMERICA

38% EUROPE

27% OTHER REGIONS

EMPLOYEES
132,000
PEOPLE WORLDWIDE

INNOVATION
6,000
PEOPLE IN R&D

PRODUCTION
121
FACILITIES IN 26 COUNTRIES

PLANET
-41%
SCOPE 1 & 2 CO_2 EMISSIONS VS. 2010

MESSAGE from Florent Menegaux, Managing Chairman

— Michelin had a very good year in 2022, further attesting to its ability to fulfill its ambitions by creating value in the three fundamental areas of People, Profit and Planet.

Our performance was all the more remarkable in that it was delivered in a particularly challenging business environment. In 2022, we once again demonstrated our Group's ability to withstand a wide variety of crises, while holding its strategic course.

The conflict in Ukraine, inflation, the resurgence of Covid-19 and the management of restrictions in China, in particular, all heavily impacted our business. Faced with these sudden, often unpredictable events, whose repercussions had a profound impact on our operating environment, Michelin did a lot more than resist.

Thanks to the agility and engagement of our teams, we were able to rethink our supply chains in record time. The strength of our brand and the quality of our products, in particular, allowed us to successfully offset rising transportation, raw material and energy costs, whose structural inflation poses a particular threat to manufacturers. And through everyone's dedication, our Group has emerged from the year with renewed confidence in its ability to overcome obstacles.
I was particularly impressed by the ingenuity displayed by all our teams and their determination, in the midst of crises, to build the Michelin of tomorrow.

I would like to commend all our employees and offer them my deepest thanks. With everyone doing their part to the utmost, the Group was able to accelerate its growth trajectory and realize its strategic plan.

"The Group is accelerating on its growth trajectory and realizing its strategic plan"

— **Florent Menegaux**

— MICHELIN IN MOTION

Our Michelin in Motion 2030 strategy is well underway.

We are expanding with, around and beyond tires, demonstrating remarkable progress in each of these three areas in 2022.

With tires, we are continuing to innovate to build the future of mobility. Our priority is to support the growing shift to low-carbon mobility, notably with vehicle electrification, where tires are a focus of expectations and new opportunities are opening up for Michelin as the market leader. In 2022, we unveiled road-approved tires containing 45% and 58% sustainable materials. More than ever, we are convinced that innovation holds the key to meeting mobility-related climate and social challenges.

Around tires, we are capitalizing on our unparalleled understanding of our customers, their usage practices and their needs. We are further deepening this knowledge by leveraging the fantastic potential of data analytics, to offer fleet managers the right solutions to improve their performance and respond to the critical need for energy sufficiency. The convergence of these solutions with tire-as-a-service sales holds many possibilities, as does the creation of new intelligent mobility solutions. A real-world embodiment of this promise is the quickening expansion of Watèa by Michelin, which is enabling more and more business fleets to transition to electric with an all-in-one, subscription-based suite of services.

Beyond tires, we are focusing our efforts and deploying the capabilities derived from our knowledge of materials where we add the most value. At the materials level, our game-changing innovations in resins, biomaterials and reinforcements have any number of medical, construction and other applications. In compound materials, the flexible composites that play a core role in our businesses can also meet the critical needs of highly demanding manufacturers. In 2022, expertise derived directly from tires enabled us to introduce more powerful, more durable belts that are already being used in distribution center conveyors, to name just one application. We will continue to identify and build emerging value chains with tremendous potential, particularly in hydrogen.

As we expand in these three areas, our Michelin in Motion strategy is making us more robust in a persistently turbulent environment. Our balanced business model makes us less dependent on just one market, thereby laying the foundations for sustainable growth.

— ALL SUSTAINABLE

These advances also attest to the success of our All Sustainable vision.

In everything we do, we will continue to seek the best possible balance between People, Profit and Planet, by creating ever more value in all three fundamental metrics. With revenues increasing to €28.6 billion in 2022, our segment operating income hit €3.4 billion, exceeding its 2019 level. Net income came to €2 billion for the year, demonstrating that the Company is in good health. The Group will remain particularly attentive to how this value is shared among all the stakeholders who helped to create it.

At the same time, since 2020, we have made progress in each of the indicators tracking our People performance, in terms of engagement, safety, diversity, inclusion and customer recognition.

This was also the case in our initiatives to safeguard the Planet. For example, we have now reduced our carbon emissions by 41% compared to 2010 levels. We also continued to move towards full circularity in all our products by 2050, with sustainable materials accounting for 30% of our tires' content in 2022, in line with our target of 40% by 2030.

Because it is balanced, our 2022 performance holds out the promise of future success. I deeply believe that it is our shared responsibility and in our common interest to increase value in each of our fundamental domains, in a balanced, mutually inclusive manner.

— INNOVATION

The world is facing many challenges and it can count on Michelin to help to meet them.

Transitions, whether environmental, social or technological, always bring us back to what inspired Michelin's pioneering spirit and unwavering faith in human progress. This is our DNA. Due to their far-reaching impact, these transitions are forcing us to invent new ways of doing things. Past remedies have reached their limits. The diversity and breadth of Michelin's unique capabilities offer powerful avenues of response. Our ability to deploy them in a wide range of fields is also a major strength.

We are now bringing all our innovative power to bear on making them a success. Our approach to sustainable materials is a perfect example of our cross-cutting capabilities. Our goal is to manufacture our products entirely from sustainable materials by 2050, without compromising on performance. Considering that a tire currently comprises 200 different materials, this is a sizeable challenge.

As a result, to meet this major objective and serve the public interest, we have to think outside the box:

- By innovating in ecosystems and building a circular economy value chain for tires with Carbios and Pyrowave, or through the BlackCycle project.
- By sharing with other industries the breakthrough innovations we are bringing to market, such as our ResiCare high-performance biosourced resins.

The creativity of Michelin's teams and their ability to take initiative are decisive forces driving innovation in every area. Innovation in employee relations is also a particularly fertile field, where spontaneously formed employee groups are offering exciting inspiration and helping to move the Group in the right direction.

We are putting all our trust in innovation to build solutions capable of resolving the real, acute problems facing the planet and its inhabitants. We need to recognize, develop and deploy all its potential, because we need it now more than ever.

— SOCIAL COHESION

With operations in 175 countries, Michelin is naturally exposed to the growing tensions being expressed in our societies and directly impacting our stakeholders.

Current events and the changing world are increasing complexity in ways that everyone can feel, in both their personal lives and their work.

I believe that this is profoundly reshaping both the role a company is expected to play as a platform for human development and the need for it to foster social cohesion across the organization.

Learning together, so that everyone fits in and pursues their career path with our Company, is one of our primary performance drivers. Our Company's responsibility to employees is to empower all of them to act as agents in their own growth, according to each person's aspirations. The Talent Campus, based at our historic Cataroux facility in Clermont-Ferrand, is the perfect embodiment of this quest for lifelong learning.

By introducing Michelin One Care, our universal social protection floor, the Group is taking the strong position that everyone must enjoy a minimum set of benefits, regardless of where they work around the world.

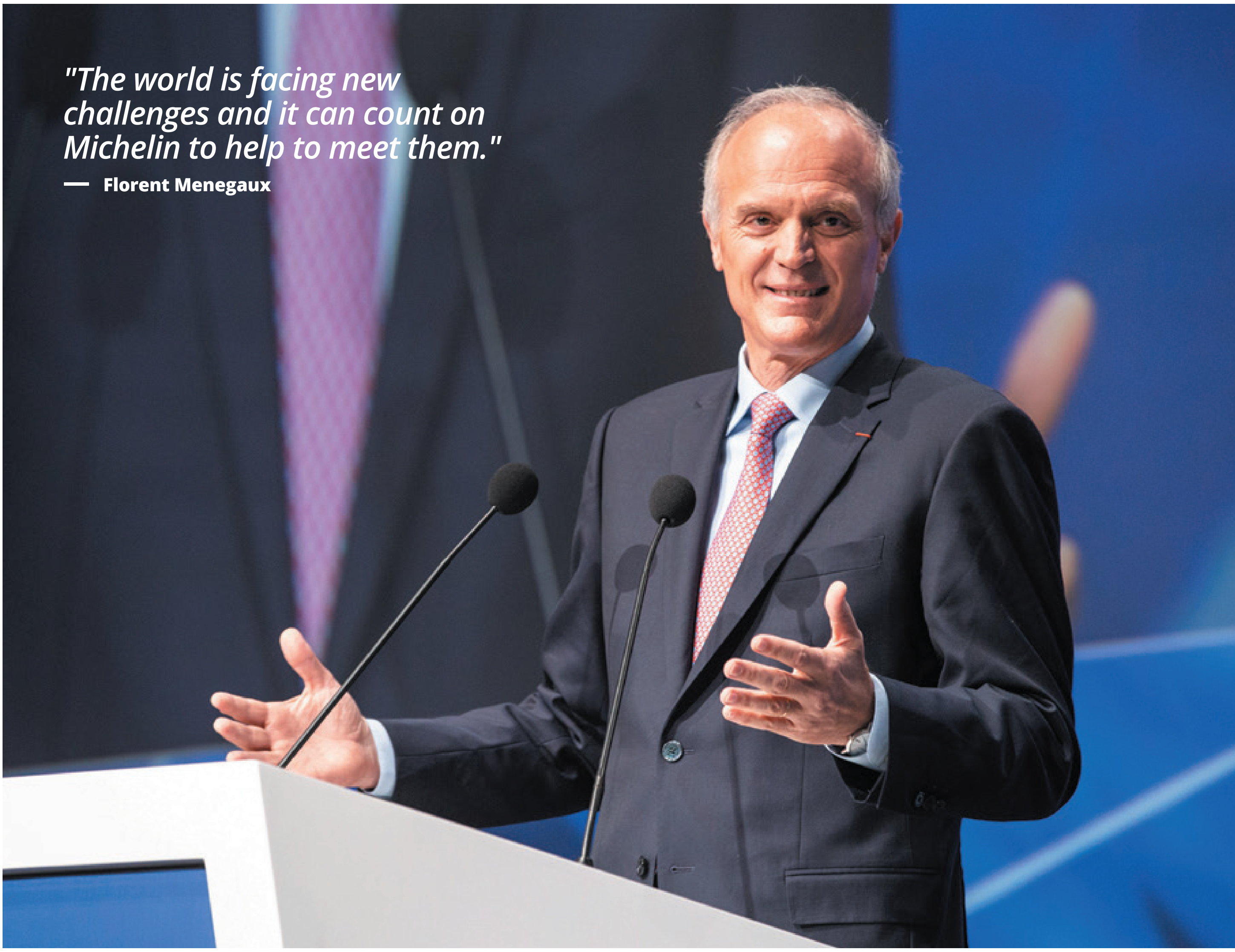
In addition to national social protection systems, Michelin will ensure that each employee can have a child without worry, be assured that their family is protected in case of an accident, and have access to quality healthcare at affordable cost.

This social cohesion commitment extends beyond Company walls, to strengthen ties with our entire ecosystem and its component communities.

This is something that Michelin embraces wherever it operates. Indeed, this responsibility to our host regions and communities continues to be fulfilled even after a site closes, as seen in the revitalization of the Dundee site in Scotland, or the Bamberg site in Germany, with the opening of the Cleantech Innovation Park in 2022. Our quest for greater cohesion is most meaningful in the case of acquisitions, which are a major strategic driver of our Michelin in Motion vision. The integration of Fenner and Camso in 2018, and of Sascar, NexTraq, Masternaut and others, have shown how much these acquisitions are enabling us to move forward together. Social cohesion issues will remain a core concern in the period ahead. Our managers across the Group will have a decisive role to play, to embody and express the fundamental care for people that we wish to demonstrate.

— 2023
Michelin can look forward to 2023 and the years ahead with confidence.

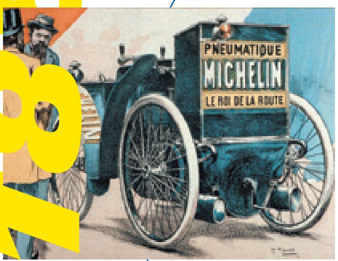
By holding the course set by our Michelin in Motion strategic plan, our Group will continue to grow with, around and beyond tires.
I am sure that, together, we will live up to the trust placed in us by our customers, our shareholders and all our stakeholders, just as we have done throughout our history.



INNOVATION the common thread running through our history

— True to the visionary spirit that has driven its success for the past 135 years, Michelin has never stopped innovating to make the world more sustainable.

1889



1889 – 1900

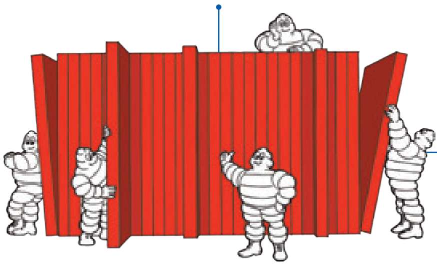
THE FIRST MAJOR INNOVATIONS

In the farm machinery and rubber ball factory they acquired in 1889, in 1891, André and Édouard Michelin develop the first removable bicycle tire that can be repaired in just 15 minutes.
In 1895, the first automobile to ride on pneumatic tires is built.

1900

SUPPORTING TRAVELERS WITH THE MICHELIN GUIDE

Innovating with more than tires, Michelin leads the way by publishing the first Michelin Guide, also known as Red Guide, a guidebook for travelers looking for practical information all along their journey. Through the guidebook, we provided an invaluable service at a time when travelers had little information to plan their itineraries and prepare their trips.



1946 – 1981

RADIAL TIRES, THE GAME CHANGER

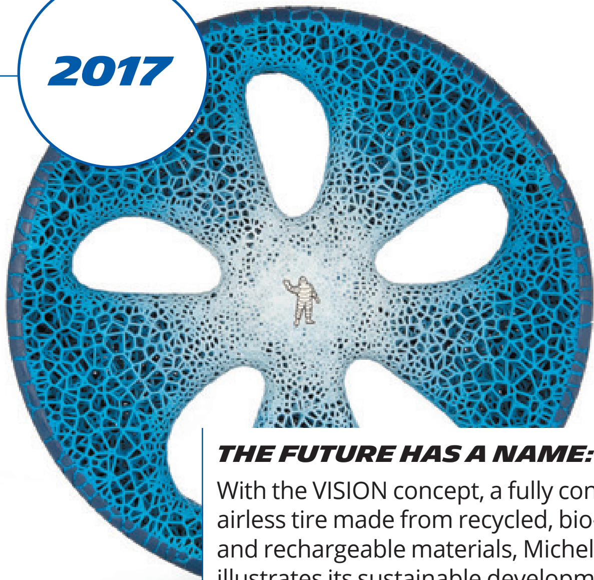
In 1946, Michelin files a patent for the radial tire, which delivers revolutionary robustness, durability and performance. Over the years, it is engineered for use on trucks (1952), earthmovers (1959) and aircraft (1981).

1992

THE BIRTH OF THE GREEN TIRE

By adding silica to its rubber compounds, Michelin successfully reduces tire rolling resistance, which saves fuel and lowers a vehicle's carbon emissions. Two years later, MICHELIN Energy, the first line of "green" tires, is launched.

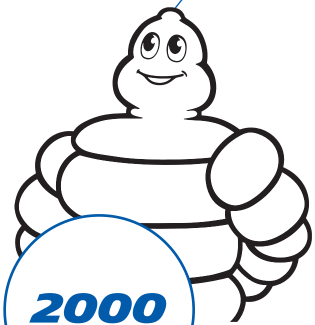
2017



THE FUTURE HAS A NAME: VISION

With the VISION concept, a fully connected airless tire made from recycled, bio-based and rechargeable materials, Michelin illustrates its sustainable development model for 2050 with a technological leap forward, nearly 30 years in advance.

2000



THE MICHELIN MAN, BEST LOGO OF THE CENTURY

Major kudos to the Michelin Man (officially known as "Bibendum"), voted “best logo of the 20th century” by the *Financial Times* 102 years after its creation.

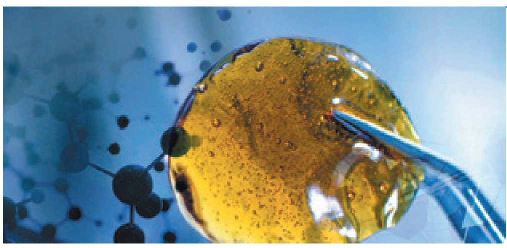
2014 – 2020

PREPARING FOR TOMORROW’S GROWTH IN SERVICES & SOLUTIONS...

With the acquisitions of Sascar (2014), NexTraq (2017) and Masternaut (2019), Michelin steps up its expansion in services and solutions. Its positions are further strengthened in 2020 with the launch of the new MICHELIN Connected Fleet services solution, which will be gradually rolled out around the world.

...AND IN HIGH-TECH MATERIALS

The acquisition of Fenner (2018) accelerates Michelin expansion in high-tech materials for the consumer goods, industrial equipment and medical markets.



2022

ON TRACK TO MEET THE 100% SUSTAINABLE MATERIALS OBJECTIVE

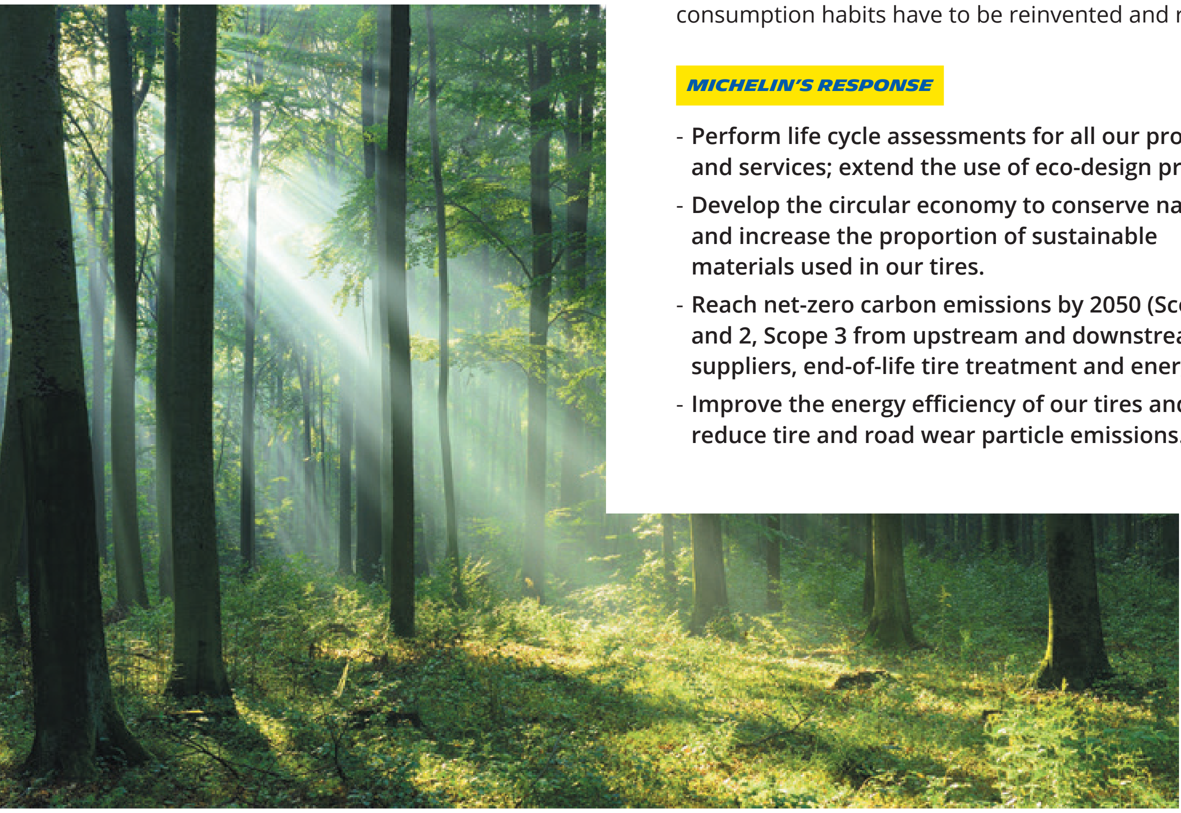
Michelin premiers two new road-approved tires containing 45% and 58% sustainable materials, respectively.
They represent an important step forward for the Group, which is committed to using 100% sustainable materials in all its tires by 2050.

Preparing for the future in a world in TRANSITION

— Michelin's business environment is shaped by three deep structural trends that are informing its decisions and guiding its actions.

ENVIRONMENTAL TRANSITION

The gathering pace of climate change, ecosystem degradation and biodiversity loss is spurring the deployment of a new development model that is not only low-carbon but also more energy efficient, more circular and more resilient. At a time when planetary resources are limited, production and consumption habits have to be reinvented and resources better used.



MICHELIN'S RESPONSE

- Perform life cycle assessments for all our products and services; extend the use of eco-design practices.
- Develop the circular economy to conserve natural resources, and increase the proportion of sustainable materials used in our tires.
- Reach net-zero carbon emissions by 2050 (Scopes 1 and 2, Scope 3 from upstream and downstream logistics, suppliers, end-of-life tire treatment and energy).
- Improve the energy efficiency of our tires and reduce tire and road wear particle emissions.

TECHNOLOGICAL TRANSITION

The digitalization of society has completely transformed lifestyles, ways of working and the manner in which products, services and processes are developed and managed. Changes brought about by this paradigm shift include access to real-time information, the rise of artificial intelligence, the proliferation of connected objects, a new approach to social and business relations, the transformation of usage patterns, the development of Industry 4.0 and the expansion of research.

MICHELIN'S RESPONSE

- Offer new high value-added services based on data analytics.
- Build artificial intelligence into our production and research processes.
- Develop connected mobility.
- Digitalize our customer relationships to make interactions more seamless.

SOCIAL TRANSITION

The world is continuing to change at high speed. The relationship to work is shifting, and with it employee expectations concerning working conditions and flexibility. To remain attractive, companies are having to reinvent themselves. At the same time, lifestyles are becoming more urban, more mobile and more connected in many regions of the world. New, cleaner forms of mobility are emerging and expanding as air quality and global warming-related regulations become stricter.

MICHELIN'S RESPONSE

- Rethink the appeal of manufacturing jobs and their working conditions, particularly by deploying Industry 4.0 factories.
- Support both battery and hydrogen-powered electric mobility.
- Create electric mobility solutions for business fleets to decarbonize city centers.
- Accelerate the development of connected products and services.

MICHELIN IN MOTION

OUR FUNDAMENTALS AT MICHELIN

OUR PURPOSE

Offering everyone
a better way forward

OUR VALUES
anchored in the notion of respect

OUR VALUES FOR MORE THAN 130 YEARS

- for facts
- for people
- for customers
- for shareholders
- for the environment

OUR ALL-SUSTAINABLE VISION

PEOPLE
PROFIT
PLANET

Our vision of the future is based on the belief that **tomorrow, everything will be sustainable at Michelin.** All our decisions are based on striking the right balance between people, profit and the planet.

MICHELIN IN MOTION OUR STRATEGY FOR 2030

Our Michelin in Motion 2030 strategic plan is designed to grow our business with, around and beyond tires.
We are seeking targeted growth in tires and investing in growth territories around and beyond tires, with the goal of generating 20% to 30% of our revenue in these new businesses.

WITH TIRES

Target high value-added segments in every market: Automotive, Road Transportation and the Specialty businesses.

AROUND TIRES

Develop services and solutions for fleets that improve their operating efficiency and support their transition to low-carbon, electric mobility.

BEYOND TIRES

Increase our presence in the flexible composites and engineered polymers markets.

OUR AMBITIONS FOR 2030

PEOPLE

Set the global standard:

- For employee engagement.
- For workplace safety.
- For employee diversity and inclusion.
- For creating customer value.

PROFIT

- Achieve average annual sales growth of 5%.
- Continuously create value, with a ROCE of more than 10.5%.
- Maintain the strength of the MICHELIN brand.
- Maintain the sustained pace of product and service innovation.

PLANET

- Reduce our carbon emissions by 50% compared with 2010.
- Improve the energy efficiency of our products by 10% compared with 2020.
- Set the global standard for the environmental footprint of our manufacturing facilities.
- Use 40% sustainable materials in our tires.

Our BUSINESS MODEL

WE ARE MOBILIZING OUR UNIQUE COMPETITIVE STRENGTHS…

Understanding usage patterns

Materials science

The core of our know-how and expertise, materials science enables us to deliver increasing levels of performance in the same product.

Process engineering complex products

For premium tires, innovation in production processes goes hand in hand with product innovation, a distinctive capability that is now being effectively deployed in our new non-tire businesses.

Employee engagement

In the company: 83% of employees engaged.
With customers: A Net Promoter Score of +42.
In host communities: 10,900 Group employees involved in local volunteer programs.

Trust capital

MICHELIN is the world's number one brand of premium tires, with leadership based on 133 years of innovations that make all the difference for our customers.

…IN A FAST-CHANGING ENVIRONMENT OFFERING NEW OPPORTUNITIES…

Climate change and resource depletion

Population growth and urbanization

Electrification of mobility

Digitalization

…TO DRIVE SUSTAINABLE GROWTH…

BEYOND TIRES

HIGH-TECH MATERIALS
flexible composites, engineered polymers, hydrogen mobility, metal 3D printing.

WITH TIRES

AUTOMOTIVE,
ROAD TRANSPORTATION,
SPECIALTIES

AROUND TIRES

SERVICES AND SOLUTIONS
for fleet operators
and monetization of
collected data.

...AND EVENLY SHARE THE CREATED VALUE AMONG PEOPLE, PROFIT, PLANET

Customers

Innovation enables us to improve safety and performance for customers over the long term, while steadily reducing their environmental impact.

Employees

We believe that all types of diversity are a valuable asset and seek to give everyone the resources they need to grow in a safe and motivating working environment.

Shareholders

In addition to its non-financial performance, Michelin delivers robust, value-creating business performance and is committed to paying out around half of consolidated net income in dividends.

Suppliers

Our supplier relationships are governed by transparency and a commitment to moving forward together.

Society

We are taking action to make mobility safer, more efficient, more accessible and more compatible with environmental safeguards. We are contributing to the vitality of our host communities.

Environment

We are deploying assertive programs, both upstream and downstream from our operations, to fight climate change, conserve natural resources and protect biodiversity.

SUSTAINABLE DEVELOPMENT GOALS

For more information about **the Group's commitments,** see Chapter 4, section **4.1, SUSTAINABLE DEVELOPMENT AND MOBILITY REPORT.**

OVERVIEW of our businesses

— By leveraging its expertise with, around and beyond tires, Michelin is able to offer products and services to a multitude of customers in a wide array of industries.

As the technology leader in tires for all forms of mobility, Michelin has structured its business base around three core segments – tires, tire-related fleet services, and high-tech materials – with the double objective of strengthening its technological leadership in tires and expanding in high-potential growth territories to leverage its unique capabilities in new ways.

EXPERIENCES

The MICHELIN Guide curates and provides booking solutions for the world's most memorable restaurants and hotels, bringing exceptional experiences to a broad community of gourmet diners and travelers. For more than 120 years, the Group's Experiences business line has nurtured the connection between the company and its end customers. Reflecting a multigenerational ethos, the Guide has increasingly oriented its selections towards environmental responsibility since 2020, when it created the Green Star distinction.

16,000 restaurants

6,000 hotels

recommended in 2022

UNIQUE EXPERTISE, MULTIPLE MARKETS

Operating in a wide variety of markets not only enables the Group to diversify its sources of revenue but also to capitalize on the countercyclical nature of certain industries or business segments to strengthen its resilience. Today, tire-related sales account for nearly 95% of the consolidated total, divided almost equally between B2C (replacement passenger car and two-wheeler tires) and B2B sales (Road transportation, Beyond road, Mining, Automotive original equipment, and Aircraft). The main targeted growth drivers are focused on the shift to electric mobility and specialty tires. The Group also intends to expand in services and solutions for vehicle fleets by capitalizing on advances in digital technology and connected mobility. It also leverages its unrivaled expertise in high-tech materials and leading-edge industrial processes in a variety of industries, including energy, medical devices and aerospace. Non-tire sales rose by 22% in 2022.

WITH TIRES

Target markets: Automotive, Road transportation and Specialty tire markets.

200 million
tires sold

TIRES

AROUND TIRES

Target markets: fleet managers and public/private road infrastructure managers.

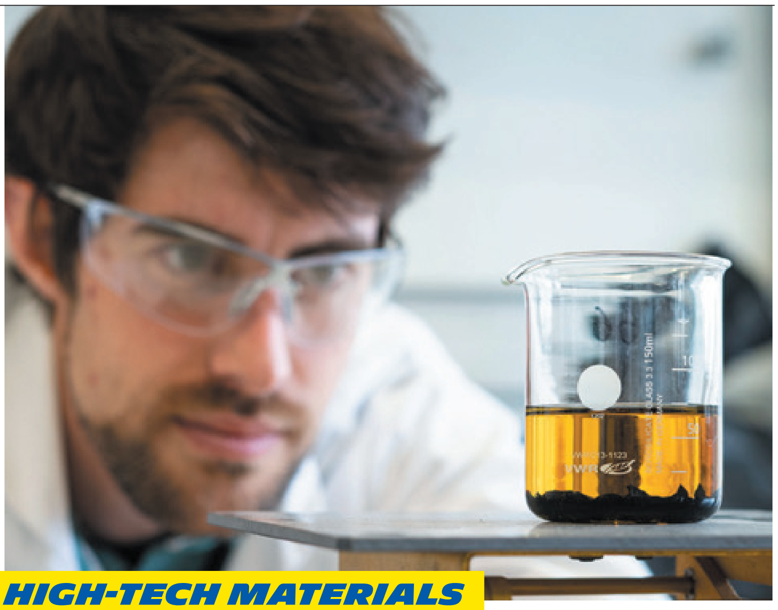
1.2 million
vehicles under contract

SERVICES AND SOLUTIONS

BEYOND TIRES

Target markets: flexible composites, engineered polymers, hydrogen mobility, metal 3D printing.

25%
growth in sales in 2022



HIGH-TECH MATERIALS

GROWING WITH TIRES

— Backed by its technological leadership in tires, Michelin enables all forms of mobility. Targeting high value-added segments, the Group is focusing on innovation and excellence to continue making a difference in a changing market.

WHAT THIS MEANS:

Michelin offers retail and business customers products that deliver unrivaled performance and durability, with a commitment to addressing two challenges: supporting use in a wide variety of conditions and helping to drive the development of sustainable mobility.

WHAT IS OUR ROADMAP?

1. Target high value-added market segments, particularly EV tires and specialty tires, whose growth prospects are strong.
2. Produce as close to the customer as possible, with Industry 4.0 factories that optimize operating performance and improve competitiveness, ergonomics and flexibility.
3. Provide excellent customer service thanks to synergies between online sales and dealership networks.
4. Expand the B2B services portfolio with on-site audits and inspections, preventive maintenance, real-time tire management and end-of-life tire recycling solutions.

WHAT ARE OUR CORE STRENGTHS?

A powerful brand portfolio

A flagship brand:

MICHELIN

Complemented by a set of brands dedicated to specific segments, of which:

BFGoodrich

Kleber

CAMSO

Proprietary and franchised dealership networks

EUROMASTER

IHLE

TBC

TYREPLUS

blackcircles.com

allopneus.com

Undisputed leadership

The world's leading brand of tires for retail and business customers, Michelin is also the world's largest manufacturer of sustainable tires, connected tires, and radial tires for farm machinery, earthmovers and aircraft, as well as the world leader in off-the-road mobility solutions.

WHAT ARE OUR PRIORITIES FOR 2023?

1. **Support the shift to electric mobility.**
2. **Continue to decarbonize our industrial processes.**
3. **Heighten the appeal of our jobs.**

AUTOMOTIVE

Supporting emerging mobility trends and soaring demand for electric vehicles

WHICH SEGMENTS ARE WE TARGETING?

Our priority targets are:

- The fast growing segments in which our products and services are competitively differentiated, such as 18-inch and larger, all-season, Super Sport, quiet, self-repairing, hybrid and electric vehicle tires.
- Motorists sensitive to the premium experience offered by MICHELIN products, combining safety, performance and durability.
- OEMs fitting MICHELIN brand tires as original equipment, which encourages brand loyalty in replacement purchases.

WHAT WERE OUR MAIN ACHIEVEMENTS IN 2022?

LAUNCH OF THE MICHELIN PILOT SPORT 5 AND MICHELIN PRIMACY 4+ TIRES

These latest generation summer tires are engineered to deliver the same high performance throughout their useful lives. Aimed at sports car and high-performance sedan enthusiasts, the MICHELIN Pilot Sport 5 tire stands out both for its precise, responsive steering and for its dry and wet grip and braking performance. The MICHELIN Primacy 4+ tire, designed for sedans and SUVs for daily and longer trips, and enhanced by MICHELIN EverGrip technology, offers superior safety from the first to the last mile thanks to its good wet braking when worn.

ROAD-APPROVAL OF CAR TIRES CONTAINING 45% SUSTAINABLE MATERIALS

In a world first, Michelin has unveiled a particularly innovative automobile tire. With its expertise in high-tech materials, the Group has designed a tire containing 45% sustainable materials that delivers exactly the same performance as current models, enabling it to be approved for road use. This is a key step forward for Michelin, which intends to use 100% sustainable materials in its tires by 2050.
Series production and market launch are scheduled within the next two to three years.

ROAD TRANSPORTATION

Focusing on high value-added segments

WHICH SEGMENTS ARE WE TARGETING?

Our priority targets are:

- Premium OEMs, the vast majority of which remain loyal to the MICHELIN brand;
- Trucking companies and fleet managers with demanding standards of efficiency and durability, which Michelin meets with meaningful solutions;
- Last-mile delivery and shared mobility fleets that require energy-efficient, robust, high performance tires.

With its solutions, Michelins offers its customers the lowest total cost of ownership.

100%
OF TRUCK TIRES EQUIPPED WITH RFID CHIPS

WHAT WERE OUR MAIN ACHIEVEMENTS IN 2022?

APPROVAL OF BUS TIRES WITH AN UNPRECEDENTED PERCENTAGE OF SUSTAINABLE MATERIALS

Heralding the technology content of MICHELIN series production tires in two to three years, a certified bus tire with 58% sustainable materials has been unveiled by Michelin. The high percentage reflects the increased use of natural rubber and the incorporation of recycled carbon black, bio-based oils and resins, silica from rice husks and recycled steel. This was a major milestone for Michelin, which plans to manufacture its tires entirely from bio-based or recycled materials by 2050, with an intermediate goal of 40% in 2030.

SPECIALTIES

Focusing on performance and services

WHICH SEGMENTS ARE WE TARGETING?

Our priority targets are:

- The mining, agricultural, aerospace and construction industries, where operators are looking for tires that enable them to work in the best possible conditions, which means they need superior uptime, safety and durability. Our range of solutions – on-site audits and inspections, predictive maintenance, real-time performance monitoring and end-of-life tire recycling – seamlessly combine products and services.
- The growing, fast changing two-wheel tire market, where both occasional and experienced users are looking for tires adapted to the way they ride.

WHAT WERE OUR MAIN ACHIEVEMENTS IN 2022?

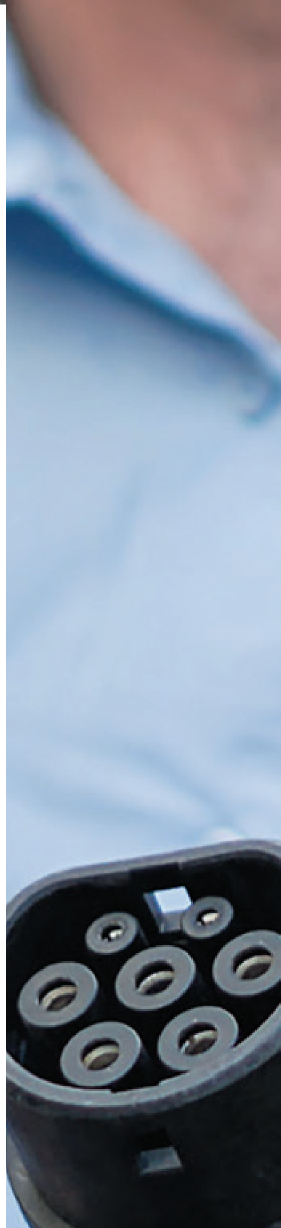
A NEW SCOOTER TIRE

Available for scooters, step-throughs and small motorcycles, the MICHELIN City Extra tire targets the global commuter market. Featuring a new adaptive tread design, it offers longer life and better wet grip. Another significant improvement is its puncture-resistant construction, which improves durability and enhances its appeal.

60%
OF OUR MINING TIRES IN USE ARE CONNECTED

A NEW HIGH-PERFORMANCE MINING DUMP TRUCK TIRE

With the MICHELIN XDR 4 SPEED + MD 50/80R57 tire for mining dump trucks, Michelin has gone all out for performance. Innovative technologies give it the market's highest tonne/kilometer per hour ratio, with a 13% gain on the previous model without any loss in quality. Lighter by 100 kg but also more durable, the tire also features better grip and faster evacuation of mud, dirt and water.



GROWING AROUND TIRES

— As a growth partner to transportation professionals, Michelin helps to improve their operating and safety performance with fleet management services and solutions, based in particular on its knowledge of usage and its expertise in connected objects and data analytics.

WHAT THIS MEANS:

Michelin offers a comprehensive range of fleet management services and mobility data solutions. These capabilities enable it to support customers as they transition their fleets to zero emissions, while whelping to maximize their financial and operating performance. At the same time, they are allowing the Group to leverage the full potential of the Internet of things and broaden its customer base.

WHAT IS OUR ROADMAP?

1. Develop tire-as-a-service, pay-per-use sales and offer customers purpose-designed, tire-related services to increase vehicle uptime, streamline maintenance and reduce costs or make them more flexible, while decreasing environmental impacts.
2. Facilitate the transition to electric fleets and continue to improve efficiency, safety and environment protection with intelligent data analytics.
3. Leverage the Internet of things and data analytics to apply our acquired connected mobility expertise in new business territories.

WHAT ARE OUR CORE STRENGTHS?

Recognized leadership in connected tires

A broader range of services

Solutions tailored to each customer

MICHELIN CONNECTED FLEET

sascar uma empresa do grupo Michelin

masternaut A MICHELIN GROUP COMPANY

NexTraq A MICHELIN GROUP COMPANY

WATEA by Michelin

DDi Driving Data to Intelligence

WHAT ARE OUR PRIORITIES FOR 2023?

1. **Continue to enhance our solutions for fleet managers.**
2. **Accelerate the convergence of our service solutions and pay-per-use sales.**
3. **Develop our solutions for road infrastructure managers following the acquisition of Roadbotics.**

WHICH SEGMENTS ARE WE TARGETING?

Our priority targets are:

- Managers and operators of truck, coach and bus fleets,
- Managers and operators of corporate and commercial vehicle fleets, particularly in built-up areas,
- Connected mobility data users, such as large public and private infrastructure managers.

1.2 MILLION CONNECTED VEHICLES

WHAT WERE OUR MAIN ACHIEVEMENTS IN 2022?

DRIVING FASTER GROWTH AT WATÈA BY MICHELIN

In late 2022, Michelin sold a 30% stake in Watèa by Michelin, its subsidiary supporting the transition of business fleets to electric mobility, to Crédit Agricole Leasing & Factoring. Created in 2021, Watèa by Michelin offers customers a monthly subscription-based suite of integrated services, including recommendations for suitable EVs, charging solutions, trip analysis, financing solutions and a digital platform to help operators and drivers easily manage their business. It already serves more than 10% of the last-mile delivery market in France and is gaining new customers in the construction and housing services industries. The memorandum of understanding provides for the deployment of increasingly efficient, custom-designed mobility solutions, backed by financing packages to support small and very small businesses, as well as large corporations, in their energy transition projects.

RoadBotics by Michelin

ACQUISITION OF ROADBOTICS, A ROAD INFRASTRUCTURE COMPUTER VISION START-UP

As part of its growth strategy, Michelin has acquired RoadBotics, a U.S.-based company founded in 2016 that leverages artificial intelligence to identify priority maintenance areas by analyzing visual data collected on roads by smartphone cameras. With this computer vision expertise, Michelin has enriched its services and solutions portfolio and can now support road infrastructure managers in making the right choices to optimize and secure their road networks. The service will initially be available in North America before being rolled out in Europe.

GROWING BEYOND TIRES

— The performance of Michelin products is underpinned by our proficiency in high-tech materials. This unrivaled expertise, enhanced by a policy of acquisitions, incubators and partnerships, is intended to be marketed to customers in high growth markets.

WHAT THIS MEANS:

Michelin is deploying its composite materials expertise in markets beyond tires, targeting products that deliver business-critical properties whose performance can be considerably improved by our innovation capabilities and our management of sustainable materials. We are positioned in growing, high value-added markets.

WHAT IS OUR ROADMAP?

The high-tech materials business has been structured around three divisions, each with ambitious objectives:

1. Flexible composites, where we offer innovative, high-performance, sustainable solutions for belts, seals, coated fabrics and inflatable structures.

2. Engineered polymers, where we are introducing breakthrough innovations in resins, biomaterials, reinforcements and membranes.

3. Emerging value chains, where we are joining with strategic partners to develop technologies in emerging markets. Our two joint ventures, Symbio (hydrogen mobility systems, with Faurecia) and AddUp (metal 3D printing, with Fives), are positioning themselves as market leaders.

WHAT ARE OUR CORE STRENGTHS?

An already impactful presence in future-facing markets.

Flexible composites	Engineered polymers	Emerging value chains
Fabri Cote	ResiCare	WISAMO
Fenner	AraNea Composite	Hydrogen Mobility – with Faurecia –
jamesdawson	SOLESIS	SYMBIO
mandals		Metal 3D printing – with Fives –
CDI Energy Products		AddUp
AIRCAPTIF		
Fenner Dunlop		

WHAT ARE OUR PRIORITIES FOR 2023?

1. **Launch our new flexible composite solutions.**
2. **Step up our R&D commitment in engineered polymers and grow our ResiCare subsidiary.**
3. **Complete the upscaling of Symbio, which will launch fuel cell production at its Saint-Fons plant.**

FLEXIBLE COMPOSITES

WHICH SEGMENTS ARE WE TARGETING?

Our priority is to target composite solutions for demanding industrial applications such as belts, conveyors, high-performance polymer-based precision parts, coated fabrics and inflatable solutions.

Inflatable Faraday cage developed by AirCaptif, in partnership with Dassault Aviation.

WHAT WERE OUR MAIN ACHIEVEMENTS IN 2022?

IMPROVING INDUSTRIAL EFFICIENCY WITH OUR BELTS

Our Fenner Precision Polymers subsidiary has introduced the New Eagle XLD Bimodulus O-Ring conveyor belt. Designed for distribution center conveyors, the innovation leverages the technologies developed from our tire research to provide four times greater power transfer with a longer service life.

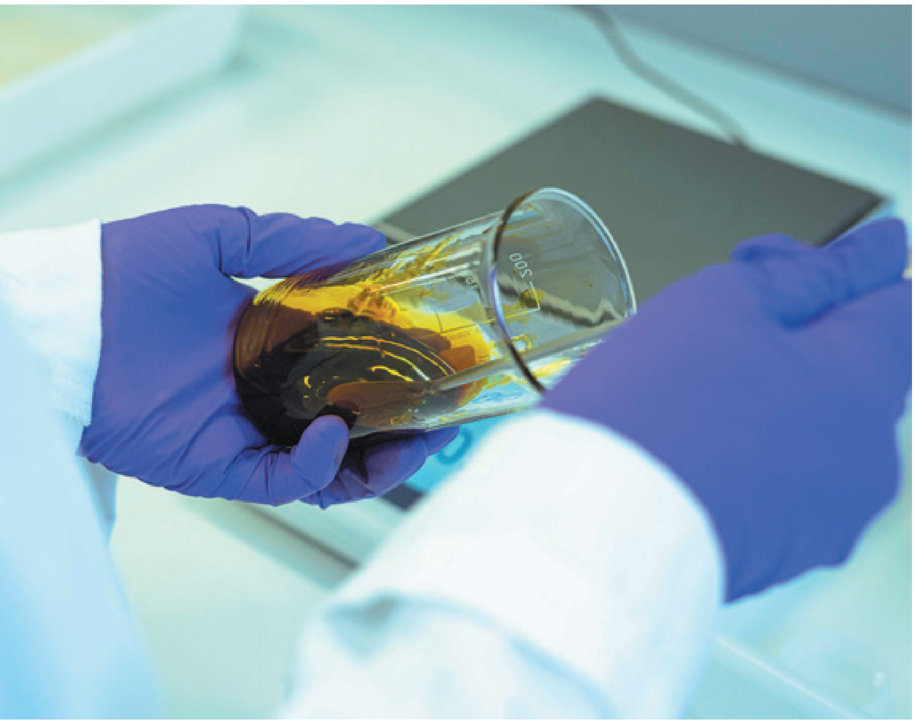
FACILITATING CERTIFICATION TRIALS OF THE FALCON 6X BUSINESS JET

Michelin start-up AirCaptif, a specialist in ultralight inflatable structures, has partnered with Dassault Aviation to design a technology that facilitates certification trials for the Falcon 6X twinjet, including a test to certify the aircraft's electromagnetic compliance with the European Aviation Safety Agency (EASA). AirCaptif's truly revolutionary technology cuts the time needed to verify the resistance of critical systems to electromagnetic interference from two weeks to three days, at a much lower cost. The innovation comprises a light structure, similar to a Faraday cage, that is easily transportable and capable of being installed directly in the aircraft's assembly hangar. It offers the particular advantage of being operational in just one day, whereas it can take up to two years to build a conventional cage. With this significant technological advance, Michelin has demonstrated its expertise in high-tech materials and ability to adapt to particularly demanding markets.

ENGINEERED POLYMERS

WHICH SEGMENTS ARE WE TARGETING?

We are leveraging our leading-edge materials expertise by offering the market game-changing innovations in such high-potential applications as resins, reinforcements, biomaterials and membranes.



WHAT WERE OUR MAIN ACHIEVEMENTS IN 2022?

LEVERAGING OUR LEADING-EDGE EXPERTISE IN BIOMATERIALS

With Solesis, which joined the Group in 2018 and then sold Altaris a stake in its business in 2021, Michelin offers capabilities in biocompatible materials for implants, regenerative medicine and cell and gene therapy.
With four production plants in North Carolina and Pennsylvania, Solesis and its subsidiaries employ more than 350 people. The late-2022 acquisition of Polyzen has strengthened Solesis' portfolio with a line of polymer films and coatings for medical applications.

LEVERAGING OUR LEADING-EDGE EXPERTISE IN RESINS

Already a leading supplier of resins for textile and wood applications, our ResiCare subsidiary is now deploying the new bio-based, non-toxic Resi4Wood resin, while continuing to develop Resi4Wool (insulation) and Resi4Core (glulam).

RESI4WOOD

RESIN BIO-BASED AND NON-TOXIC

EMERGING VALUE CHAINS

WHICH SEGMENTS ARE WE TARGETING?

Our priority targets are two emerging segments: hydrogen mobility systems with Symbio, our joint venture with Faurecia and metal 3D printing with AddUp, our joint venture with Fives.

1,000
JOBS CREATED WITH THE HYMOTIVE PROJECT LED BY SYMBIO


The prototype Wisamo wing-sail system

WHAT WERE OUR MAIN ACHIEVEMENTS IN 2022?

SYMBIO TAKES FLIGHT

Symbio's HyMotive project, supported by the France Relance/France 2030 program, has been selected by the European Commission as a Hy2Tech hydrogen IPCEI (Important Project of Common European Interest). The project will enable Symbio to fast-forward its innovation capabilities, while increasing total fuel cell production capacity in France to 100,000 systems a year. Production is scheduled to begin in late 2023 at the GigaFactory site in Saint-Fons, one of the largest in Europe. While creating 1,000 new jobs, HyMotive will help to build a hydrogen ecosystem in Europe, a key driver of progress towards meeting the European Union's net-zero targets.

HELPING TO DECARBONIZE MARITIME SHIPPING WITH WISAMO

Compagnie Maritime Nantaise - MN and Michelin signed a partnership agreement to fit a 100-sq.m prototype WISAMO wing-sail system on the *MN Pélican* ro-ro container ship. Starting in late 2022, a full-scale test of the inflatable, telescopic, automated sail system was launched on two weekly rotations between Poole, UK and Bilbao, Spain. If the trials prove conclusive, further tests with a larger wing-sail will be planned. The innovation, presented by Michelin at the 2021 Movin'On summit, is a promising step forward to reduce the carbon footprint of maritime shipping.

INTO THE FUTURE

CAPITALIZING ON TRUST TO DRIVE HIGHER PERFORMANCE

— To foster employee commitment and nurture dialogue with our external stakeholders, we have made trust the cornerstone of our model. Our policy is grounded in a three-pronged approach, based on tolerance, listening and cooperation, that aims to unleash our energies and broaden our options.

To meet the major challenges ahead, we have made trust a prerequisite and one of the key conditions for the Group's success. While trust is needed to move forward, it is also essential to our ability to drive continuous improvement for the greater benefit of all our stakeholders.

CULTIVATING THE TRUST OF OUR TEAMS

This is why, as part of our "All-Sustainable" vision structured around the People, Profit, Planet triad, we have forged two deep convictions for the People component.
First, we believe that the Group will only succeed in its transformation if it has the actual, operational support of its 132,000 employees.
Similarly, we will meet our strategic objectives only if each employee experiences more fulfillment and interest in his or her job and feels truly part of the corporate community.
To encourage our teams to embrace this adventure, we have implemented the "I Am Michelin" transformation program, which is designed to foster a sense of ownership, so that everyone feels like a true Michelin player. It is also focused on cultivating collective intelligence and putting all our talents in motion. To meet these goals, we have devised a far-reaching skills development process, defined an assertive inclusion policy and promoted an "I Care" model of behavior based on commitment, initiative and cooperation. This approach is aimed at nurturing trust so that everyone feels that they have a stake in the Group's success. We believe that each employee's contribution will be more meaningful if they feel comfortable in the organization and can openly express their ideas.

FOSTERING DIALOGUE WITH OUR EXTERNAL STAKEHOLDERS

We are also striving to foster trusting relationships with our external stakeholders. This is why for the past six years, we have engaged in ongoing, open, transparent dialogue with our Stakeholders Committee. The dialogue enables us to measure changes in the expectations of civil society, receive critical feedback on our strategic objectives and more effectively prepare for the future.
It was the interactions with this Committee that prompted the shift in our CO_2 emissions reduction pathway to the goal of net-zero emissions by 2050. The Committee is a locus for listening, discussion and debate that nurtures and strengthens trust.
Similarly, in recent years, we have also enjoyed a structured dialogue with non-governmental organizations. Another facet of this dialogue is Michelin's presence in the Movin'On ecosystem, where the Group is exposed to other viewpoints and, in collaboration with many other stakeholders, can confidently envision the future of sustainable mobility.

HOW ARE WE PREPARING FOR IT?

— **Blaise Chanteloube** – Crisis Manager

"Trust, a key success factor in crisis management"

2022 was roiled with a multitude of constrictions in the supply of several critical raw materials, including carbon black. Throughout the year, multidisciplinary teams of people from Purchasing, Manufacturing, Research & Development and the Support Services were assigned to Emergency Operations Centers to identify and quickly activate contingency solutions.
In the case of carbon black, we managed to identify, activate and certify new sources of supply in just a few months. To empower EOC staff to move quickly, they were delegated full powers by the Group. Trust, collective intelligence, cooperation and commitment were the key factors in our team's success.

— **Siham Revel** – Transformation Manager, and **Céline Leymarie** – Workshop Leader, co-chairs of the Better Together network

"Advancing diversity"

The Better Together network was a spontaneous initiative led by employee volunteers who wanted to get involved in increasing diversity at Michelin. Created in 2014, the network now has more than 600 members, who interact with the Personnel Department, plant managers, line managers and other internal stakeholders to recommend and carry out real-world projects to shape the way things are done at Michelin.
For example, the Group recently asked Better Together members to handle internal and external communication for the Women in Motion program, which promotes careers in manufacturing for women, a major issue for our plants and the industry in general. The network's existence and the way its members currently interact with Michelin teams is anchored in the bedrock of mutual trust formed between Group management and network members. Today, this mutual trust is enabling us to help further advance diversity at Michelin and is a source of fulfillment for every member of the network.

— **Mohamed Bouaine** – Production cell manager, Roanne plant in France

"Empowering production cell team members"

Since 2018, individual raises in the production cell have been determined on the basis of proposals made by the team members themselves, based on a consensual system they set up to assess each member's performance. Every month, the members organize a face-to-face discussion period to review each person's performance, frankly and openly. They look at a variety of factors like team spirit, acquired or developed skills, support for others and the scope of the assignment. Based on these discussions and the pay scales, which are also shared, the members recommend an allocation of individual raises to their production cell manager. Although the manager is responsible for the final allocation, it is based on team member input, which strengthens team cohesion and each member's sense of engagement.

INTO THE FUTURE

GROWING TO PREPARE FOR THE FUTURE

— In a constant concern for striking the right balance between the demands of growth, sustaining profitability and the embrace of responsibility, we are pursuing the objective of sustainable growth. This long-term vision underpins our strategy and is helping to make Michelin a credible, attractive agent for change in its markets.

At Michelin, we deeply believe that our growth and sustainability depend on a balance between people-focused issues, our economic and financial performance and our contribution to safeguarding the planet. This "All-Sustainable" approach, based on the People, Profit, Planet triple bottom line, is embedded in the Group's growth dynamic being led by the Michelin in Motion strategic plan. An exacting standard in every aspect of our business and a lodestar for the future, this approach sharpens our vision and operationally informs everything we do.

GROWTH, THE KEY TO OUR INDEPENDENCE

While a powerful lever for strengthening our technological leadership, growth also keeps us robust and maintains our critical mass in line with the world's largest corporations. It is both a key to our long-term independence and a prerequisite for preparing for the future. This growth gives us the resources to finance our innovation policy, attract the finest talent and optimize our environmental impact. Managing the environmental transition and meeting our ambitious goal of using 100% sustainable materials by 2050 will require significant capital expenditure. We therefore have to continue growing our revenue and cash flow.

MOVING INTO NEW GROWTH TERRITORIES

To generate the growth the Group needs, we have built an offensive strategy. In tires, Michelin's historic market, we are targeting growth in high value-added segments, with a focus on specialty and EV tires. We are also investing in new growth territories around and beyond tires. We now offer a range of services and solutions to optimize the use and management of vehicle fleets and reduce their energy consumption. By capitalizing on our expertise in materials and complex industrial processes, we are also positioning ourselves in new, particularly fast growing segments, such as flexible composites, engineered polymers, hydrogen mobility and metal 3D printing.

To drive this momentum forward, in 2022, we decided to significantly support the soaring demand for electric mobility, step up our growth in the fleet services market and assess all our capital projects exceeding €1 million in terms of People, Profit and Planet, the three bottom lines of useful, sustainable growth.

HOW ARE WE PREPARING FOR IT?

Michael Cogne – Chief Executive Officer, MICHELIN Inflatable Solutions

“Offer inflatable solutions to meet the needs of a growing number of B2B customers”

Light, adaptable and energy-efficient, inflatables offer new solutions to particularly demanding industrial customers. As an inflatable solutions expert, Michelin stands out for its ability to design innovative materials (such as polymers and technical textiles), process engineer seals, and use digital modeling to optimize performance.

In 2022, to facilitate the deployment of electromagnetic trials of the new Falcon 6X, our subsidiary AirCaptif delivered an easily transportable, inflatable Faraday cage to Dassault Aviation. Similarly, Michelin designed AirProne, a line of air cushions, and produced them on an industrial scale to help patients in intensive care suffering from respiratory distress.

Alexandre Gasc – Electric Vehicle Marketing Manager, and **Hélène Bathias** – Connected Solutions Project Leader

“Seizing the opportunity of electric vehicles”

In 2027, nearly 40% of newly registered vehicles will be electric, tripling their share of the market compared to 2022. The growth in EV demand represents a real opportunity for the Group.
To get the most out of an EV’s unique features, such as heavy batteries, high engine torque, regenerative braking, limited range and silent running, you need higher-performance tires that are longer lasting and more energy efficient, with a higher load capacity and more comfortable ride. These, of course, are areas where Michelin excels. EVs are also much more connected, an aspect where Michelin has also demonstrated its leadership with predictive maintenance solutions using onboard algorithms.
In 2021, Michelin was the first tiremaker to market a connected tire with an integrated sensor.
In addition to the pure performance of its tires, Michelin is also committed to limiting their impact throughout their life cycle. This sustainable approach makes the Group a preferred partner of auto manufacturers. Michelin tires have been approved as fittings on nearly 300 EV models made by more than 50 brands around the world.

Gilson Santiago – Chief Executive Officer, MICHELIN Connected Fleet

"Expanding in fleet services”

Our business draws on the expertise of our three fleet management companies and Michelin’s leadership in innovation. Our sales rose by 10% in 2022 and are up by 40% since 2020.
In the past two years, we’ve expanded our operations to Spain, Portugal, Germany, South Africa, Chile and Peru, and are now present in 15 countries.
We’ve also introduced new solutions that address our customers’ business-critical needs, such as cost control, productivity, driver safety, vehicle safety and cargo maintenance.

In 2023, we’ll offer connected tires, which will widen our lead on the competition. We’ll also continue to expand our geographic coverage, operating under a global MICHELIN Connected Fleet brand.
On average, a vehicle equipped with our energy efficiency solutions avoids the release of 23,619 kg of CO_2 per year. Plus, our customers reduce their traffic accidents by 23%, vehicle downtime by 8% and fuel consumption by 4%.

INTO THE FUTURE

INNOVATING TO MAKE THE WORLD MORE SUSTAINABLE

— Innovation is the core driver of Michelin's growth. As a vector of differentiation and sustainability, our innovation is focused on pushing the technological envelope to develop new value propositions around and beyond tires that support society, which has to constantly reinvent itself to be sustainable and pioneering.

Deeply embedded in our history and culture, innovation has always been conceived and developed with the idea of combining the quest for performance with long-term usefulness. Throughout, this unwavering commitment to innovation has been primarily focused on providing our customers with solutions that move everyone forward.

SUPPORTING THE SOARING DEMAND FOR MOBILITY

As soon as automotive mobility emerged, Michelin immediately looked for ways to support it. This was the start of the Maps and Guides business, which demonstrated an already service-oriented approach to innovation by informing highway travelers where they could get their car repaired, or where they could eat or stay along the way. At a time when travel amenities were far scarcer than today, this eased people's minds as they set out on their journeys. In the mid-1930s, Michelin was working on the specifications for a car that would be affordable for people in every socio-economic group, which after the war became the legendary Citroen 2CV.

BUILDING AND CONSOLIDATING LEADERSHIP IN TIRES

From a pioneer, Michelin then gradually grew to be a leader in the world of tires. As mobility demand soared, the Group strove to significantly raise the performance bar for tires, which play a critical role in safe, efficient mobility. This process led to the invention in 1946 of the radial tire, which is lighter, safer and longer lasting, and the introduction in 1992 of the "green" tire, which significantly improves rolling resistence. Today, we are renewing our leadership in tires by enhancing their environmental performance without compromising any other factors. This is the idea behind the innovations currently being deployed to improve the range of electric vehicles and to increase the proportion of sustainable materials in tires.

LEVERAGING ALL OUR CAPABILITIES AND TRANSFORMING EMERGING VALUE CHAINS

Today, we strongly believe that our knowledge of how mobility is used and our proficient expertise in materials and complex industrial processes can be useful to other industries. This is why we are now extending our innovation drive around and beyond tires. For example, we are developing new fleet management and connected mobility solutions and bringing our expertise to related markets where our capabilities are in demand. With the Michelin Innovation Lab and Movin'On, we have created an innovation-friendly environment where the ideas and initiatives of our teams can be transformed into actionable, marketable solutions. The former is a business accelerator that supports project champions from their initial idea to the implementation of a viable business model. The latter is a Michelin-initiated ecosystem dedicated to sustainable mobility and bringing together more than 300 public and private stakeholders. We are developing new fleet management and connected mobility solutions and bringing our expertise to related markets. It enables us both to share contemporary thinking on the future of mobility and to identify opportunities for collaboration to offer everyone a better way forward. Lastly, to innovate faster for the benefit of as many people as possible, we are forging new partnerships that supplement our expertise, give us access to new ecosystems and facilitate the sharing of risks and resources.

HOW ARE WE PREPARING FOR IT?

Philippe Armand – Chief Executive Officer, MICHELIN Mobility Intelligence

"Making mobility safer through data analytics"

With more than a billion kilometers analyzed and more than 40 million drivers connected in the United States and Europe, MICHELIN Mobility Intelligence is a leading player in the field of mobility and driving behavior data analysis.
At MICHELIN Mobility Intelligence, we believe that technology and data can help make mobility safer, more environmentally friendly and more accessible.

Since 2022, for example, we have been offering innovative services in France and abroad to identify and assess risky road areas, based on atypical or abnormal driving behavior. Using computer vision, an artificial intelligence technique that analyses images collected by onboard equipment, road managers can locate and characterize risks in dangerous areas before accidents occur. They can also prioritize actions and projects on their infrastructure and assess their effectiveness.

Quentin Faucret – Chief Executive Officer, Engineered polymers

"Leveraging our materials expertise for a more sustainable world"

With the engineered polymers business, we're leveraging the unparalleled scientific and industrial capabilities that the Group has acquired in polymers and other high-tech materials.
In this way, we're engineering technical materials that serve new uses and deliver new features in highly demanding applications that require materials expertise at an infinitesimal small scale.
With ResiCare, for example, we're developing high-performance adhesives for industrial applications that are gentle on people and the environment. We're also developing new composite products through our Aranea Composite initiative offering an alternative that is less carbon intensive than steel for reinforced concrete applications.
These innovations are enabling us to leverage the Group's unique capabilities in new markets with high growth potential, while strengthening its resilience.

Christophe Moriceau – Senior Vice President, Advanced Research

"Sustaining our leadership in tires"

Over the past twenty years, Michelin has doubled the pace of bringing its innovations to market.
By increasing the total performance delivered by the tires it sells, it has moved the entire industry forward. It has also successfully promoted, to both customers and regulatory agencies, the technological advances resulting from these innovations, such as improved fuel efficiency in the 1990s, sustained worn tire performance in the 2000s and lower abrasion in the 2010s.
All features that, when deployed on an industrial scale, have given Michelin tires a significant competitive advantage.
Today, with the rising demand for electric mobility, new challenges are emerging, such as the need to carry heavier loads, avoid premature tire wear and improve energy efficiency.
Michelin is also committed to using 100% recycled or renewable materials by 2050, with an initial milestone of 40% by 2030. Thanks to the work accomplished over the past 15 years, a number of technologies are now mature, which makes Michelin confident in its ability to meet these objectives.

INTO THE FUTURE

TAKING ACTION FOR THE PLANET

— Fully aware of our impact on the planet and our responsibility across the value chain, we are stepping up our efforts, initiatives and partnerships to reduce our environmental footprint.

For more than 30 years, Michelin has been taking assertive action to attenuate its environmental footprint and to design increasingly innovative products, services and solutions to drive continuous improvement in sustainable mobility. Aware of the impact of our operations, we assess the Group's overall performance through the prism of People, Profit and Planet. In other words, the employee, social, business and environmental impacts of our projects are consistently measured with the Group-wide objective of striking the right balance between these three pillars. This is why we have taken a holistic approach to reducing our environmental footprint.

A HOLISTIC APPROACH

To meet this challenge, we have analyzed the environmental footprint of each of our products and services based on their life cycle assessments, from raw materials extraction to end-of-life treatment. These assessments showed that the two stages in the tire life cycle with the greatest environmental impact are the in-use phase, followed by the use of raw materials derived from fossil fuels.
Life cycle assessments are also used to guide the Group's innovation and to support the development of eco-designed products, so that we can offer solutions with smaller environmental footprints, but without compromising any of the other performance factors.

COMMITMENTS AND COORDINATED INITIATIVES

Our action plan to combat climate change, conserve resources and safeguard biodiversity is designed to unite all our teams with a dual aim of fostering buy-in and driving transformation.
Our climate strategy is based on two pathways – the energy transition, with the decarbonization of our business activities, and adaptation to the physical risks of climate change – all with the overarching ambition of achieving net-zero emissions by 2050.
To reduce dependence on fossil resources, the Group is committed to manufacturing its tires from 100% bio-based, recycled or otherwise sustainable materials by 2050 and 40% by 2030. Significant progress was made in 2022 with the road-approval of tires with up to 58% sustainable materials. We are also actively involved in safeguarding biodiversity on all our host sites and in developing a sustainable natural rubber industry. All these projects are supported by an assertive innovation policy in which eco-design plays a major role.

HOW ARE WE PREPARING FOR IT?

— **Brigitte Chauvin** – Head of the Sustainable Materials Program

"Believing in 100% sustainable materials"

Just a few years ago, out of the 200 or so materials used to make a tire, only natural rubber was renewable. That's why our goal of using 100% sustainable materials, without sacrificing any performance, is a real revolution. It means massively replacing all the other materials, and using sustainable ones in all the tires we'll be selling in 2050.

That's a daunting challenge, but we think we can meet it. That's because we have powerful research capabilities, structured around ambitious programs, and have filed nearly 3,700 materials-related patents.

We're also confident in our many partners, such as Carbios, Enviro and the BlackCycle project, with whom we're working to speed the development of disruptive technologies and support the supply of these new materials in sufficient quantity. And lastly, we see that right now, we're already capable of making high-performance, road-approved tires with more than 50% sustainable materials content. Our science has made a lot of progress in recent years.

We are now doubling down our efforts to ramp up to industrial scale production.

— **Aline Bertin** – Leader, Net-Zero Emissions Program

"Achieving net-zero emissions in our plants by 2050"

The Group has set the target of reaching net-zero carbon emissions at all its production plants by 2050. The first action pathway is to improve energy efficiency; the second is to convert to renewables. The first is a priority because it enables the judicious use of renewable energies, which are not infinitely available. By 2030, we want to have improved the energy efficiency of our plants by 37% compared to 2010. In particular, this will involve the widespread take-up of best practices, such as insulating machinery, optimizing management of shutdowns and restart procedures, installing heat recovery systems and managing building air exchange. Over the longer term, this will also involve electrifying our production lines, which will both improve energy efficiency and facilitate the use of renewables like solar, water and wind power.

— **Pascal Nouvellon** – Chief Executive Officer of Watèa by Michelin

"Decarbonizing commercial vehicle fleets"

Watèa by Michelin enables commercial vehicle fleets to shrink their mobility-related carbon footprint by more than 60%, while offering an opportunity to move towards net zero emissions with the CanopEA carbon capture program launched in partnership with low-carbon consultancy Carbone 4 and France's National Forests Office (ONF).

To deliver these results, Watèa supports fleet managers in transitioning to electric mobility, by guaranteeing longer vehicle uptime, lower cost of ownership thanks to connected vehicles and charging stations, and innovative digital support. Incubated in 2020 as part of the Michelin Group and launched in 2021, Watèa by Michelin is enjoying very strong growth, particularly among last-mile deliverers, construction companies and service providers. Watèa already has more than 100 employees, including the outsourced development teams. Strengthened by the arrival of Crédit Agricole as a minority shareholder in late 2022, Watèa has entered 2023 with new solutions, including the provision of hydrogen-powered vans.

STABLE, BALANCED governance

Robust, enduring, and focused on the long-term responsibility of its executives, Michelin's governance ensures a clear separation of management and supervisory powers.

THE MICHELIN PARTNERSHIP LIMITED BY SHARES

Throughout its history, the Group's parent company, Compagnie Générale des Établissements Michelin (CGEM), has been organized as a partnership limited by shares (SCA), overseen and led by a balanced, robust and responsive governance structure. The SCA form of corporate organization deploys a long-term strategy that is fully aligned with shareholder interests. It is also focused on driving continuous improvement in the Group's governance system and practices, in compliance with the recommendations of the AFEP/MEDEF Code[1].

THE GROUP IS ADMINISTERED AND MANAGED BY THE MANAGERS

The Managers are initially elected to four-year terms by the shareholders at the Annual Meeting. Their terms of office may be renewed by the Non-Managing General Partner (Société Auxiliaire de Gestion) with the approval of the Supervisory Board. As a General Partner, the Managing Chairman has unlimited personal liability for Michelin's debts.

THE SUPERVISORY BOARD EXERCISES PERMANENT OVERSIGHT OF MICHELIN'S MANAGEMENT

The Supervisory Board assesses the quality of the Group's management and presents a report on its findings to shareholders at each Annual Meeting. It issues opinions on the Group's strategy, capital expenditure, acquisitions and disposals, Michelin's social responsibility policies, and the election or dismissal of Managers and their compensation.

The Board is currently comprised of 11 members:

- nine who are elected by shareholders at the Annual Meeting for renewable four-year terms. They offer complementary skills, honed by their solid business experience acquired by working with leading corporations;
- two employee representatives, who are appointed by the two largest representative trade unions in France. They attend a training and induction program that prepares them to perform their duties as effectively as possible.

THE SOCIÉTÉ AUXILIAIRE DE GESTION (SAGES) IS RESPONSIBLE FOR SELECTING THE MANAGERS AND ENSURING THE CONTINUITY OF LEADERSHIP

As the Non-Managing General Partner, SAGES participates, alongside the Supervisory Board, in the Manager succession and compensation processes.
However, it is not involved in management except in the exceptional case when there is no Managing General Partner, and then only for a maximum period of one year.
It is entitled to a share of the income distributed among the General Partners in accordance with the provisions of the bylaws. At least 80% of this share is set aside to underwrite the unlimited liability that SAGES shares with the Managing General Partner.

(1) On October 3, 2022, investors were offered an in-depth presentation of Michelin's corporate governance. For more information, see the Engagement Governance Roadshow on the michelin.com website.

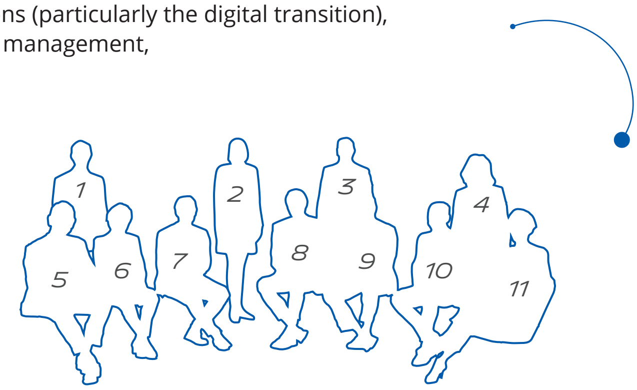
THE MANAGERS and the Executive Committee of the Group at January 1, 2023

THE MANAGERS

Florent Menegaux and **Yves Chapot** were re-elected to new terms ending in 2026.
The Managers are assisted by the Group Executive Committee.

EXECUTIVE COMMITTEE

Comprised of nine members, the Group Executive Committee focuses on strategic issues and decisions, such as corporate transformations (particularly the digital transition), the business model, acquisitions, performance management, brand strategies and sustainable growth.



1. Éric-Philippe Vinesse, Executive Vice President, Research & Development, • **2. Lorraine Frega**, Executive Vice President, Distribution, Services & Solutions, Strategy, Innovation and Partnerships, • **3. Yves Chapot**, General Manager and Chief Financial Officer, • **4. Adeline Challon-Kemoun**, Executive Vice President, Engagement and Brands, • **5. Jean-Claude Pats**, Executive Vice President, Personnel, • **6. Bénédicte de Bonnechose**, Executive Vice President, Urban and Long-Distance Transportation and European Regions, • **7. Pierre-Louis Dubourdeau**, Executive Vice President, Manufacturing, • **8. Florent Menegaux**, Managing Chairman, • **9. Scott Clark**, Executive Vice President, Automotive, Motorsports, Experiences and Americas Regions, • **10. Serge Lafon**, Executive Vice President, Specialties and Africa/India/Middle East, China, East Asia and Australia Regions, • **11. Maude Portigliatti**, Executive Vice President, High-Tech Materials.

THE GROUP MANAGEMENT COMMITTEE (CDG)

The Group Management Committee brings together members of the **Group Executive Committee** and the following units: **Purchasing**, **Audit**, **Internal Control** and **Risk Management**, **Corporate & Business Services**, **Finance**, **Legal Affairs**, **Quality**, **Supply Chain**, **Strategy**, **Information Systems**, **China Region** and **North America Region**.
The CDG cross-functionally manages transformation, competitiveness and diversity programs and the integration of acquisitions. It also manages the development of the **Corporate & Business Services (CBS)** unit and the internal control, quality and risk management processes.

A CUSTOMER-CENTRIC ORGANIZATION

Focused on identifying and meeting customer needs, our organization is supported by an assertive employee empowerment process embraced at every level and in every aspect of the business.

20

20 GLOBAL BUSINESS LINES design solutions for customers sharing similar expectations.

10

10 REGIONS are responsible for managing customer relationships and increasing sales.

5

5 OPERATING UNITS provide their expertise and support.

1

1 LEAN CORPORATE UNIT comprises departments focused on their strategic missions.

CONSTRUCTIVE STAKEHOLDER DIALOGUE

Stakeholder dialogue is a core component of our good governance process. By providing deeper insight into expectations and how they are changing, it helps us to make better informed decisions.
Michelin actively encourages and practices such dialogue locally, nationally and globally.

Since 2016, the **Stakeholders Committee** has comprised 12 people representative of the Group's leading stakeholders, including suppliers, investors, unions, customers and non-governmental organizations (NGOs). Four continents are represented on the Committee, which meets with the Executive Committee for a full day at least once a year to discuss Michelin's sustainable development strategy.

The Supervisory BOARD

— The Supervisory Board has 11 members, including one Senior Independent Member, two members representing employees and eight independent members.

Barbara Dalibard
Chair

Thierry Le Hénaff
Senior Independent Member

Patrick de la Chevardière
independent member, Chair of the Audit Committee

Jean-Pierre Duprieu
independent member, Chair of the Compensation and Appointments Committee

Monique Leroux
independent member, Chair of the Corporate Social Responsibility Committee

Anne-Sophie de la Bigne
independent member

Wolf-Henning Scheider
independent member

Jean-Michel Severino
independent member

Aruna Jayanthi
independent member

Jean-Christophe Laourde
member representing employees

Delphine Roussy
member representing employees

- ***11 MEMBERS*** of whom **1 Senior Independent Member** and **2 members representing employees**
- ***89%*** are **independent members**
- ***45%*** are **women**(1) and 33% are non-French nationals(1)
- ***6 MEETINGS*** in 2022 with a **98% attendance** rate

(1) Excluding the employee representatives.

SUPERVISORY BOARD COMMITTEES

— Each committee is chaired by an independent member.

AUDIT COMMITTEE

- Patrick de la Chevardière, Chair
- Aruna Jayanthi
- Monique Leroux
- Wolf-Henning Scheider

The Audit Committee monitors issues relating to the preparation and control of accounting and financial information.

COMPENSATION AND APPOINTMENTS COMMITTEE

- Jean-Pierre Duprieu, Chair
- Anne-Sophie de la Bigne
- Thierry Le Hénaff, Senior Independent Member
- Delphine Roussy

The Compensation and Appointments Committee reviews senior management's appointment and compensation policy, as well as the policy for the appointment of Managers. It is also responsible for assessing Supervisory Board members' independence based on the criteria recommended by AFEP/MEDEF.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

- Monique Leroux, Chair
- Anne-Sophie de la Bigne
- Jean-Christophe Laourde
- Jean-Michel Severino

The CSR Committee reviews the Group's CSR strategy, objectives, policies and commitments.

A GOVERNANCE SYSTEM COMMITTED TO THE LONG TERM

In July 2021, the Supervisory Board unanimously approved the motion tabled by Société Auxiliaire de Gestion (SAGES) that Florent Menegaux and Yves Chapot be re-elected as Managers for new four-year terms, expiring at the close of the 2026 Annual Meeting.

MANAGING RISKS

— Michelin has deployed an enterprise risk management (ERM) system that complies with the reference framework of the French securities regulator (AMF) and the international professional standards of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

A SINGLE CORPORATE DEPARTMENT OVERSEEING INTERNAL AUDIT, QUALITY, RISK MANAGEMENT AND INTERNAL CONTROL ACTIVITIES

This umbrella organization fosters a shared vision and robust management of risks and priority issues. It also facilitates cross-team cooperation throughout the Group and across timeframes.

AN EFFICIENT CRISIS MANAGEMENT SYSTEM

Led by the Internal Audit, Risk Management, Internal Control and Quality Department, the crisis management system is deployed among the executive teams through full-scale simulation exercises and training seminars. Concerning cyber attack risks, a Computer Emergency Response Team (CERT) tracks cyber intrusions and stands ready to respond quickly at all times across all continents.

GLOBAL INSURANCE PROGRAMS

Global insurance programs covering every majority-owned Group subsidiary are in place for the most significant risks, including property & casualty/business interruption, liability, accidental pollution and cyber intrusions.

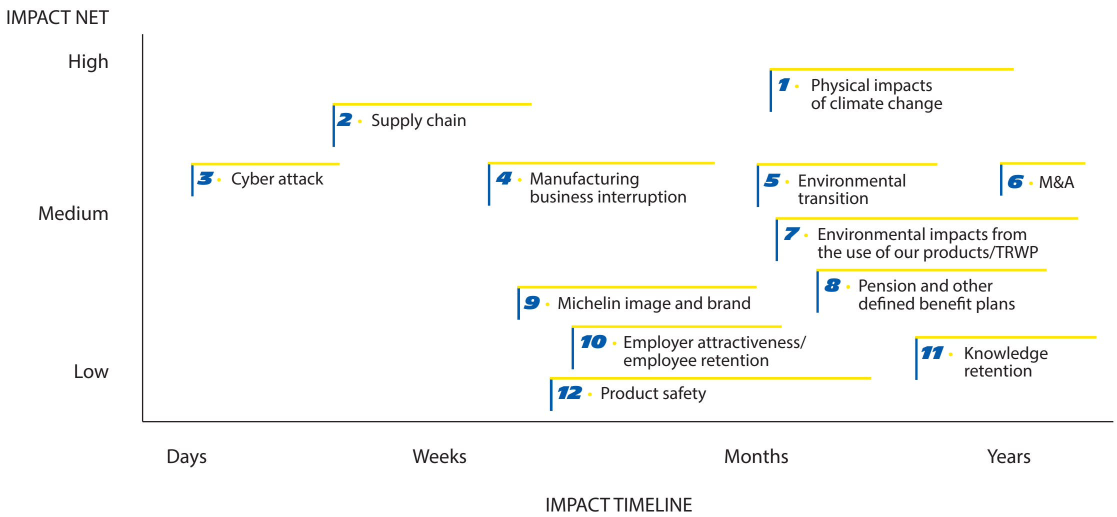
ADDRESSING DOUBLE MATERIALITY

Double materiality consists of measuring and prioritizing both the risks that impact the Group and the risks that the Group potentially poses to its ecosystem. To manage it, Michelin uses a materiality matrix that reflects stakeholder perceptions, updated in 2021, as well as the risks identified by the corporate audit and risk management system.

In 2022, two audits were conducted based on this dual materiality scale.

The risk factors specific to the Group are described in Chapter 2 of the Universal Registration Document and the main non-financial risks in Chapter 4.

THE 12 HIGHEST-IMPACT RISK FACTORS SPECIFIC TO THE MICHELIN GROUP



Note: Risks are numbered based on their net effect, in descending order.

RESPECT FOR VALUES AND ETHICAL PRINCIPLES

— As a signatory of the United Nations Global Compact, Michelin ensures that its business is conducted in accordance with the values and ethical principles that form the bedrock of its corporate culture.

THE HIGHEST STANDARDS OF ETHICS AND COMPLIANCE

Since its founding, Michelin's employees have embraced the values of respect that are part of its DNA. Embodied in guiding principles, these values serve as a true foundation for employees as they conduct the Company's business ethically and in compliance with applicable regulations.

PROMOTING AND INSTILLING THESE PRINCIPLES ACROSS THE GROUP AND WITH ITS PARTNERS

The Group's values and ethical principles are described in the Michelin Code of Ethics, which is applicable to every employee and all the Group's partners. The Code governs the Group's business practices and presents its commitments in such areas as human rights, the environment and personal data.

Recently, the Group's ethics and compliance commitment led to the creation of a dedicated organization and governance structure tasked with defining the Group's ethics and compliance strategy, leading its deployment and promoting ethical values and principles to employees and outside stakeholders.

A whistleblowing system is in place to enable any employee or outsider to report behavior that is not aligned with the Group's values or Code of Ethics. The system is designed to ensure the confidentiality of reports and the protection of the reporting individuals.

"Being 'All Sustainable' is also about being 'all ethical'."

— **Yves CHAPOT** – General Manager and Chief Financial Officer

Ethics and compliance support Michelin's strategy, because being "All Sustainable" is also about being "all ethical". That's why our shared commitment has to be expressed ethically everywhere and all the time, because that's how we work on the strength and long-term viability of the Group and its reputation.

— **Charlotte Grass** – Michelin Group Chief Compliance Officer

Values define the Group's identity and form the bedrock of its ethical culture, which offers a fundamental advantage for Michelin's image and its competitiveness. It also helps to nurture the trust of employees, shareholders and a wide range of stakeholders, and to sustain the deep sense of engagement that enables the Group to be more agile, more transformative and more responsive to changes in its environment.

Investing in Michelin to be part of an EXTRAORDINARY, SUSTAINABLE HUMAN SAGA

— By investing in Michelin, more than 200,000 shareholders are taking part in an extraordinary human, technological and industrial saga that for more than 130 years has been a source of motion and sustainable mobility, the very foundations of human progress.

As Michelin shareholders, they are also seizing the opportunity to support an exciting project whose success is being driven by an extraordinary capacity for innovation, widely recognized technological leadership, engaged employees, a world-renowned brand, and international expansion in promising, diversified end-markets around the world. And lastly, they are sharing the "All-Sustainable" vision in a commitment to creating more value for everyone.

A TRUSTWORTHY RELATIONSHIP

Michelin has more than 200,000 private shareholders and over 4,100 institutional investors.

Through its recommendations, the Shareholder Consultative Committee has been steadily enhancing communication with private shareholders since 2003. Its six members include three private shareholders and three employee shareholders.

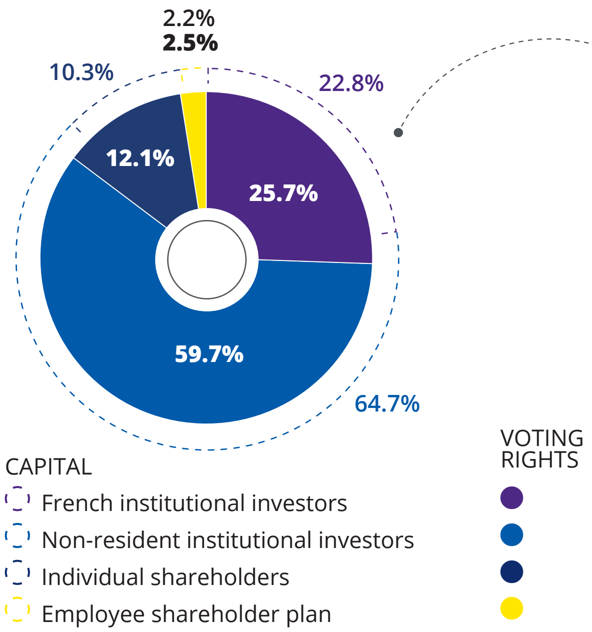
In 2022, Michelin announced the annualization of its employee stock ownership plans. Today, 80,000 employees worldwide are shareholders, or more than half of the global workforce.

AN INCREASING PAYOUT RATIO

Michelin has undertaken to gradually increase its dividend payout to 50% of net income, compared with 35% before 2021.

As of end-2022, a shareholder who had invested €1,000 in Michelin stock in 2012 and reinvested all of his or her dividends would have an investment worth around €1,900, for a total ten-year return of 94%.

Michelin regularly carries out share buyback transactions to offset the dilution caused by performance share grants and employee share ownership plans.



OWNERSHIP STRUCTURE AND VOTING RIGHTS

Ownership and voting rights structure at December 31, 2022.

Shares held in the same name for at least four years carry double voting rights.

- **Shares outstanding:** ***714,117,414***
- **Voting rights outstanding:** ***978,544,459***

SHARE INFORMATION

— On June 16, 2022, the par value of Michelin shares was divided by four and the new shares began trading under the new ISIN code *FR001400AJ45*.

TRADED ON
EURONEXT PARIS

Compartment **A**
Eligible for the SRD deferred settlement system
ISIN: FR001400AJ45
Par value: €0.50
Traded in units of: 1

MARKET CAPITALIZATION
€18.56BN
at December 31, 2022

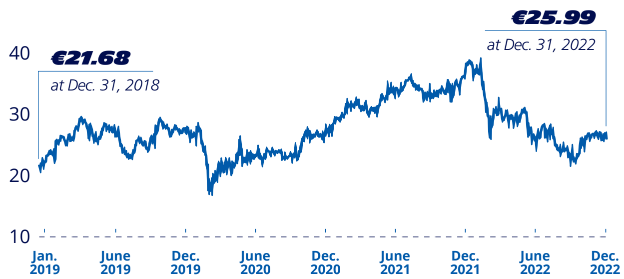
AVERAGE DAILY TRADING VOLUME
1,844,574 shares in 2022

STOCK INDEX WEIGHTING
CAC 40: 1.26% of the index at December 31, 2022

EURONEXT 100:
0.52% of the index at December 31, 2022

SHARE PERFORMANCE

Michelin share performance January 2019 – December 2022.



SRI INDICES

Ethibel Excellence Europe and Global, Euronext Vigeo Eiris France 20, Europe 120, Eurozone 120, World 120, FTSE4Good

PRICE INFORMATION

SHARE PRICE *(in €)*	2022	2021 (restated)	2021 (reported)	2020	2019	2018
High	38.93	36.50	146.00	112.80	119.50	130.85
Low	21.99	25.83	103.30	68.00	83.74	82.68
Closing price, end of period	25.99	36.04	144.15	104.95	109.10	86.70
Change over the period	-27.89%	+37.35%	+37.35%	-3.80%	+25.84%	-27.48%
Change in the CAC 40 index	-9.50%	+28.85%	+28.85%	-7.14%	+26.37%	-10.95%

PER-SHARE DAT A

(in € per share, except ratios)	2022	2021 (restated)	2021 (reported)	2020	2019	2018
Net assets per share	24.0	20.9	83.9	70.8	74.1	67.8
Basic earnings per share	2.81	2.58	10.31	3.52	9.69	9.30
Diluted earnings per share(1)	2.79	2.56	10.24	3.51	9.66	9.25
Price-earnings ratio	9.3	14.0	14.0	29.8	11.3	9.3
Dividend for the year	1.25*	1.125	4.50	2.30	2.00	3.70
Payout ratio	44%	44%	44%	65%	21%	40%
Yield(2)	4.8%	3.1%	3.1%	2.2%	1.8%	4,3%

* Subject to approval by the Annual Meeting of May 12, 2023. Only the 2021 share data have been restated ("2021 restated") to reflect the four-for-one stock split on June 16, 2022. Other prior-year data correspond to the reported dividend.
(1) Earnings per share adjusted for any impact on net income and average shares outstanding of the exercise of any dilutive instruments.
(2) Dividend/share price at December 31.

OUTLOOK FOR 2023

IN 2023, AT A TIME OF DEEP ECONOMIC UNCERTAINTY, TIRE MARKETS ARE EXPECTED TO REMAIN STABLE OVERALL YEAR-ON-YEAR in each of the three reporting segments (Passenger car and Light truck tires, Truck tires and Specialty businesses). In this market environment, the Group expects volumes sold to end the year flat to down 4% compared to 2022.

The Group also believes that inflation in raw materials, transportation, energy and payroll costs will have a significantly negative impact on its results in 2023. Further enhancement of its mix and disciplined implementation of its pricing policy are nevertheless expected to have a positive impact on the Group's results and offset the increase in cost inflation factors.

Based on this scenario, **Michelin's objectives are to deliver full-year segment operating income in excess of €3.2 billion at constant exchange rates and structural free cash flow before M&A of more than €1.6 billion.** This outlook has been established and prepared on a basis comparable to historical financial information and in accordance with the accounting methods described following this chapter.

RATING AGENCIES CONFIRM THE GROUP'S ROBUST FINANCIAL POSITION

CREDIT RATINGS

AT DECEMBER 31, 2022

	STANDARD & POOR'S	FITCH	MOODY'S
Short term	A2	F2	-
Long term	A-	A-	A3
Outlook	Stable	Stable	Stable

MICHELIN IS A LEADING PLAYER IN SUSTAINABLE DEVELOPMENT, RECOGNIZED BY THE NON-FINANCIAL RATING AGENCIES

NON-FINANCIAL RATINGS

AT DECEMBER 31, 2022

	2022 RATINGS
CDP CLIMATE	A-
CDP WATER	A-
MSCI	AAA
SUSTAINALYTICS (risk rating)	Low risk
ISS ESG	B-
MOODY'S ESG Solutions	73/100
ECOVADIS	77/100

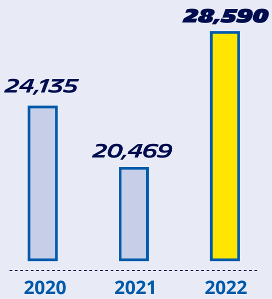
PROFIT

2030 AMBITION

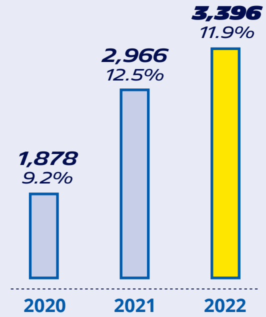
€2BN
INVESTED IN 2022

SALES
(in € millions)

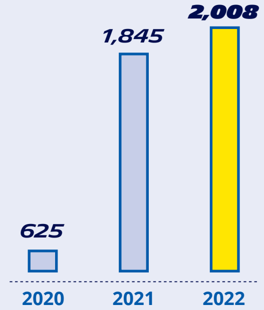
2030 AMBITION
Average annual growth in sales of 5% between 2023 and 2030, with 20% to 30% of sales generated by businesses other than tire manufacturing and distribution in 2030.



OPERATING INCOME(1)
(in € millions and as a % of sales)

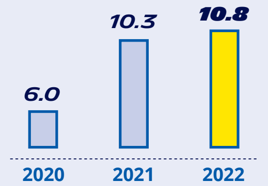


NET INCOME
(in € millions)

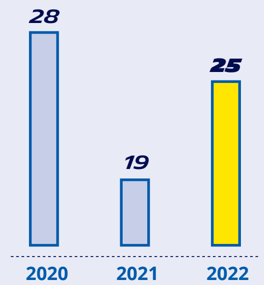


RETURN ON CAPITAL EMPLOYED
(%)

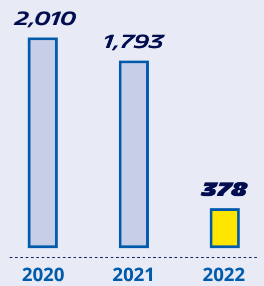
2030 AMBITION
Continuously create value between 2023 and 2030 with an **ROCE of more than 10.5%** each year.



NET DEBT
(as a % of equity)



STRUCTURAL FREE CASH FLOW
(in € millions)



BRAND VITALITY SCORE(2)

	2021	2022	2030
Brand vitality	68	65	UP 5 PTS VS. 2021

2030 AMBITION
Maintain the strength of the MICHELIN brand

PRODUCT/SERVICE VITALITY INDICATOR(3)

	2021	2022	2030
Product/ service vitality	31%	31%	>30%

2030 AMBITION
Maintain the sustained pace of product and service innovation

(1) Of the segments.
(2) Single score composite indicator which summarizes the current vitality of the brand. It is based on 5 key indicators: brand purpose, innovation, communication, brand experience and love.
(3) Percentage of sales from products and services introduced in the last three years.

PEOPLE

2030 AMBITION

> **SET THE GLOBAL STANDARD**
FOR EMPLOYEE ENGAGEMENT,
WITH A RATE OF MORE THAN 85%

EMPLOYEE ENGAGEMENT RATE

2020	2021	2022	2030
82%	80%	83%	>85%

> **SET THE GLOBAL STANDARD**
IN WORKPLACE SAFETY

WORKPLACE SAFETY
TOTAL CASE INCIDENT RATE(1)

2020	2021	2022	2030
1.19	1.29	1.07	<0.5

> **SET THE STANDARD**
FOR EMPLOYEE DIVERSITY AND INCLUSION

DIVERSITIES AND INCLUSION
IMDI DIVERSITIES & INCLUSION
MANAGEMENT INDEX(2)

2020	2021	2022	2030
60/100	65/100	70/100	80/100

> **LEAD THE INDUSTRY**
IN CREATING CUSTOMER VALUE

CUSTOMER SATISFACTION:
PARTNER NET PROMOTER SCORE

2020	2021	2022	2030
40.5	38.9	41.6	UP 10 PTS VS. 2020

Find out more: the summary table of employee data may be found in the Sustainability Performances section of the www.michelin.com website.

(1) Number of accidents and cases of occupational illness recorded per 200,000 hours worked.
(2) IMDI: A composite metric that tracks diversity and inclusion in five areas: Gender balance, Identity, Multi-national management, Disability, and Equal opportunity.

PLANET

2030 AMBITION

> **REDUCE CO_2 EMISSIONS FROM OUR PRODUCTION PLANTS BY 50%** BY 2030 TO ACHIEVE NET ZERO EMISSIONS IN 2050

SCOPE 1 AND 2 CO_2 EMISSIONS
Production operations and energy use
(in millions of tonnes of CO_2, base 100 in 2010)

2010	2021	2022	2030
3.88	2.76	2.30	1.94
100	71	59	DOWN 50% VS. 2010

> **IMPROVE THE ENERGY EFFICIENCY OF OUR PRODUCTS BY 10% BY 2030 TO HELP** CONTRIBUTE TO NET ZERO EMISSIONS IN USE

PRODUCT/TIRE ENERGY EFFICIENCY(1)

2020	2021	2022	2030
100	100.5	101.8	UP 10% VS. 2020

> **SET THE GLOBAL STANDARD** FOR THE ENVIRONMENTAL FOOTPRINT OF MANUFACTURING FACILITIES

ENVIRONMENTAL FOOTPRINT OF MICHELIN PRODUCTION PLANTS (I-MEP MICHELIN)(2)

2020	2021	2022	2030
Not meaningful	92.6	88.8	DOWN 1/3% VS. 2019

> **ENSURE THAT 40% OF THE MATERIALS USED IN OUR TIRES ARE SUSTAINABLE BY 2030 AND 100% BY 2050**

RENEWABLE(3) OR RECYCLED MATERIALS USED IN MAKING A TIRE

2020	2021	2022	2030
28%	29%	30%	40%

Find out more: the summary table of environmental data may be found in the Sustainability Performances section of the www.michelin.com website.

(1) Reduction in the rolling resistance of the Passenger car, Light truck and Truck tires.
(2) The industrial - Michelin Environmental Performance metric is a weighted indicator that tracks energy use, CO_2 emissions, organic solvent use, water withdrawals, and waste production.
(3) Renewable bio-based materials are made from raw materials derived from natural resources that are naturally replenished on a human timescale, such as biomass.

RISK MANAGEMENT

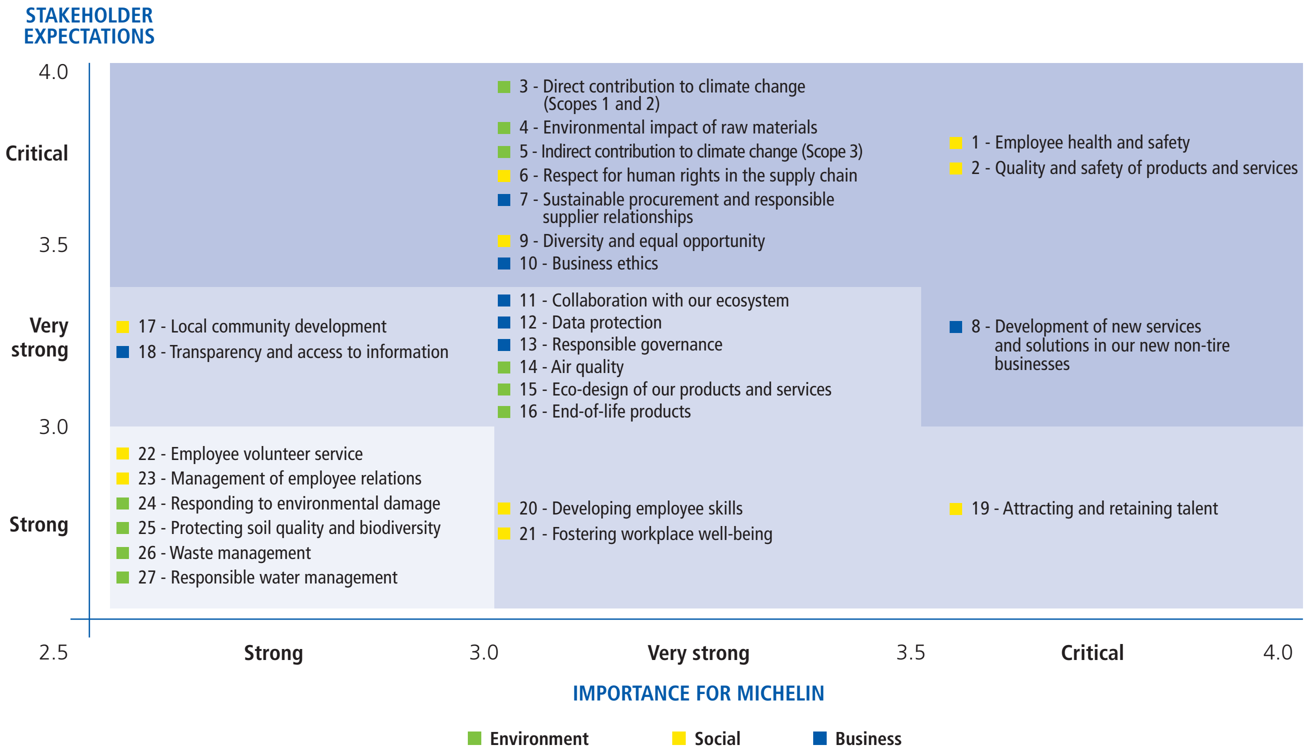
2. RISK MANAGEMENT

2.1 RISK FACTORS SPECIFIC TO MICHELIN, DESCRIPTION AND RELATED MANAGEMENT SYSTEMS

In today's constantly evolving environment, the ability to foresee, manage and track risks is a core component in Michelin's corporate strategy. The Group's geographic reach and leadership position in the global tire market, as well as the diversity of its business activities, mean that it is exposed to a variety of risks, both endogenous and exogenous. Strategic, financial, industrial, commercial, environmental and people-related risks have been clearly identified and are being managed in ways that minimize their occurrence and impact. Recent crises confirmed the effectiveness of the prevention, protection and crisis management measures that the Group has been implementing for several years. They also led to increased awareness of the importance of risk management at all levels of the organization.

For Michelin, a risk corresponds to the possibility of an event occurring whose consequences could affect its objectives, financial position or reputation, or affect its stakeholders, in other words, events or practices that have an effect on people, the planet and society. All of these risks are reviewed by the Michelin Group as part of its risk mapping process. To support disciplined risk management, the Group has deployed a holistic risk management process that complies with the most exacting international professional standards, such as COSO or the reference framework of the European Securities Market Regulator (ESMA) and the French securities regulator (AMF). In a commitment to ensuring that risks identified internally are aligned with stakeholder expectations, this risk management process is underpinned, in particular, by a materiality matrix, which was revised in 2021 (see below). The Group's process is continuously upgraded to reflect the latest regulatory changes and risk management best practices.

As part of this continuous improvement process, the Group has also formally defined a methodology to address double materiality factors, which consists of measuring and prioritizing both the risks that impact the Group and the risks that the Group potentially poses to its ecosystem. To do so, two scales are used: one to assess the impact on the Group's finances, image and people; and the other to gauge the Group's accountability for its social and environmental impacts. Implementation began with the inclusion of a scale to analyze the extent of negative externalities and the degree to which the Group contributes to or influences management of the related risk. The new assessment methodology was trialed by the Internal Audit team in 2021 and applied in three audits in 2022. Application will be extended to other risk families in 2023.

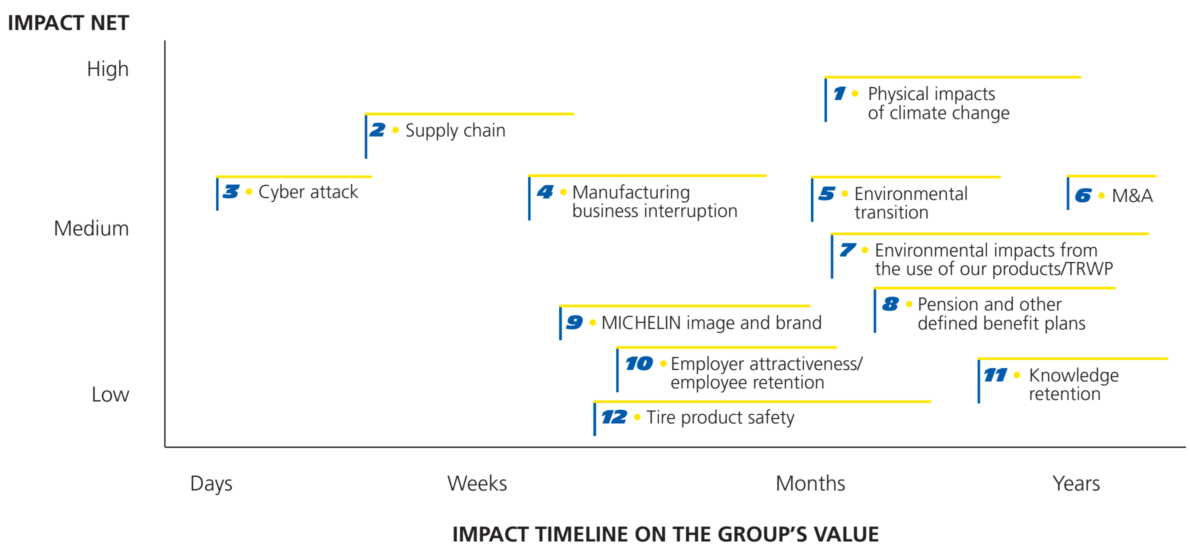


In accordance with the requirements of Regulation (EU) 2017/1129, Article 16, the selected risk factors are those factors that (i) have been demonstrated to be specific to Michelin and (ii) have the greatest net effect. The net effect corresponds to the gross effect and all the risk mitigation measures deployed by the Group including preventive, protection, crisis management, risk transfer and risk governance measures. On this basis, 12 risks are presented in the table, of which two (tire product safety and environmental transition risks) correspond to issues identified as critical in the materiality analysis (see the materiality matrix presented above). The 12 risk factors are presented in the table and charts below according to two criteria:

1. **By category.** The analysis has been performed by placing the risks that have the greatest net effect at the top of each category.

Risk categories	Risk factors
Risks related to Michelin's Strategy, Organization and Governance	Environmental transition
	M&A
	Environmental impacts from the use of our products/TRWP
	MICHELIN image and brand
	Employer attractiveness/employee retention
Risks related to Michelin's Operations and Business	Physical impacts of climate change
	Supply chain
	Cyber attack
	Manufacturing business interruption
	Knowledge retention
	Product safety
Financial risks	Pension and other defined benefit plans

2. **Based on their net effect and the duration of the consequences.** Impact scales are used to qualify the risk's net effect on Michelin's financial position or reputation. The financial impact that these risks could potentially have on the Group's operating income is measured using the following risk rating scale:
   - "High" = more than €400 million annual net effect.
   - "Medium" = between €150 million and €400 million annual net effect.
   - "Low" = less than €150 million annual net effect.



Note: risks are numbered based on their net effect, in descending order.

Except for the risk of climate change, which has become almost certain but whose impacts in a given location at a given time remain highly uncertain, the identified risks have a low probability of occurring. Most of them are situated in the "high gross impact/low probability" quadrant, as shown below.

GROSS IMPACT	**HIGH IMPACT/ LOW PROBABILITY** Managed at Group level	**High impact/ High probability** None
	Low impact/ Low probability Managed by each individual entity on a case-by-case basis	**Low impact/ High probability** Operational risks, subject to continuous monitoring at entity level
	PROBABILITY/FREQUENCY	

Due to the guidance issued by ESMA and the AMF on the risk factors to be discussed pursuant to the European prospectus regulation, only the main risk factors identified by the Group are discussed in this chapter. Other identified risks are discussed in other sections of this Universal Registration Document.

- **The ten risks that are ranked most critical in the materiality matrix and that would have the greatest net effect** are discussed in Chapter 4 of this Universal Registration Document.
- **Other risks not specific to Michelin and/or whose net effect is considered low due to the measures deployed to address them** are covered in the discussion of Michelin's financial performance in Chapter 5:
  - financial risks: liquidity risks, interest rate risks, currency risks, counterparty risks,
  - risk of default by dealers,
  - raw materials risks,
  - legal and tax risks.

With regard to the conflict in Ukraine, which began on February 24, 2022, the risk management system enabled the Group to identify and manage the impacts on its operations and activities, in particular with the support of a dedicated crisis unit. With its priority focus on protecting people, the Group quickly took effective measures to secure the safety of employees affected by the conflict. The deployment of alternative sourcing solutions helped to limit operational disruptions, attesting to the effectiveness of the Group's business continuity procedures in addressing production interruption and supply continuity risks, which were particularly acute in the early days of the conflict.

As a result, since the end of July 2022, Group operations are no longer dependent on supplies of raw materials and components sourced from Russia or Belarus.

Risk 1 – Physical consequences of climate change

Risk factors

As a global industrial player, the Michelin Group has significant interactions with the natural environment throughout the life cycle of its products and services. These risks expose it to physical risks related to climate change, i.e., to both acute and chronic risks as defined by the Task Force on Climate-Related Financial Disclosures (TCFD).

Specific nature of the risk

Michelin's global reach, in terms of both its industrial facilities and its supply chain, exposes the Group to climate change consequences that vary according to geographic location. In light of the diverse range of suppliers and the many interdependent factors necessarily involved in the manufacture of its products (infrastructure, energy, availability of labor, transportation systems, etc.), the consequences of climate change can be qualified as systemic. This means that they include external events that are not taken into account in the supply chain or manufacturing business interruption risks already addressed elsewhere (see risks 2 and 4). They could materialize, for example, if staff were to be prevented from reaching their workplaces due to extreme climate events (e.g., floods or heat waves) or if important infrastructure were to be knocked out (roads, ports, electricity, gas and co-generation networks). In addition, the Group is the world's largest purchaser of natural rubber and aims to increase the proportion of sustainable materials in its tires. This increases the need for bio-based products that are sensitive to the chronic effects of climate change (drought, changes in growing conditions).

Extreme climate events could severely disrupt supplies, production operations or demand, with major impacts in terms of quantities, diversity of sources and duration. Chronic climate change could have long-term effects on the availability or quality of bio-based resources and on operating conditions in the Group's manufacturing facilities.

For more information, see chapter 4.1.1.1 of this Universal Registration Document.

Governance and risk management response

An Environmental Governance body has been set up to provide assurance that environmental risks are understood, tracked and addressed by appropriate action plans. The body is co-chaired by the Executive Vice President, Manufacturing and the Executive Vice President, Group Research and Development, who are both members of the Group Executive Committee.

An internal audit of the risk in 2021 resulted in the drafting in 2022 of a multi-year action plan addressing the main management levers, which is expected to improve coverage of the major risks by 2025.

Risks concerning natural rubber supplies are already covered by a resilience plan, whose main levers include: diversification of supply sources, varietal selection and improvement programs, promotion of the most resilient agricultural practices, monitoring changes in climate and the public health situation in the production areas, and using the most efficient materials in our products and services.

More generally, to manage risks related to the physical repercussions of climate change:

- the short-term risks of disruption to manufacturing operations or to the supply chain are efficiently controlled. An Operational Continuity Plan exists, covering all types of disruptive events, not just those that are climate-related;
- a crisis management process is in place, which was recently put to the test during our response to the Covid-19 pandemic and the conflict in Ukraine;
- an internal audit conducted in 2021 identified 36 ecosystems (suppliers, plants, logistics warehouses) within a 100-km radius that are particularly critical for the Group's business. They will be the subject of further climate risk analyses in the coming years.

Risk 2 – Supply chain

Risk factors

Every year, Michelin purchases some €15 billion worth of goods and services from around 50,000 different suppliers. These purchases may be broken down into three families:

- raw materials, divided into eight categories: natural rubber, monomers, elastomers, fillers, chemicals, oils and resins, textile reinforcements and metal reinforcements;
- industrial inputs, including engineering services for building or transforming production facilities;
- services, primarily logistic, IT, advertising, consulting and travel and transportation for our employees.

The Group is therefore exposed to a certain number of risk factors related to the supply chain:

- supply chain disruption, due to the fact that some raw materials cannot be sourced close to the plants;
- any imbalance between supply and demand can lead to tighter markets, which in turn can create supply difficulties for rare, high-demand or single-source raw materials;
- the scarcity of certain components leads to situations where the Group is dependent on its suppliers;
- certain regulatory requirements may restrict the operations of some suppliers.

A supplier may also cease trading for any number of reasons, including financial difficulties, withdrawal from an insufficiently profitable business or a geopolitical event.

Specific nature of the risk

A tire includes more than a hundred different products, some of which are highly specific, and their continuous availability is critical to production. The risk of supplies being interrupted is particularly acute for Michelin. This is because its 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.

Governance and risk management response

The governance body tasked with managing this risk is the Materials Steering Committee, which is co-chaired by the Executive Vice President, Manufacturing and the Executive Vice President, Research & Development, who are both members of the Group Executive Committee. Its meetings are also systematically attended by representatives of the Purchasing Department.

To more effectively anticipate and prevent supply continuity risks, procedures have been introduced to manage purchasing across the Group at the most pertinent level, i.e., local, regional or global. The procedures are also designed to anticipate and manage risks more effectively. More generally, a variety of risk management measures have been implemented across the organization to deal with every type of supply chain risk. These include training employees in this issue 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.

This risk management process proved particularly useful and effective during the recent crises.

Risk 3 – Cyber attack

Risk factors

Michelin's business relies on state-of-the-art information technology, systems and infrastructure (datacenters, servers and networks). Like any organization using information technology, the Group is exposed to the risk of cyber attacks. These now represent a constant danger and the attacks are becoming increasingly sophisticated. In recent years, the number of attacks has increased significantly, especially ransomware attacks. Changing work practices, including the growing trend towards working from home, are also heightening the Group's risk exposure.

The potential consequences of a cyber attack include business interruption, threats to personal safety, theft of confidential information, breaches of privacy and ransom demands.

Specific nature of the risk

Over the past ten years, we have extensively overhauled our information technology and systems, building on both legacy assets and those of the successive companies acquired. Our broad geographic footprint and highly diverse business base, product ranges and procedures all make for a complex environment, with the result that our information system has several thousand applications, a thousand or so main servers and around 100 datacenters.

The Group's digital presence is also expanding, led by recent acquisitions, the emerging use of connected technologies and objects by production operators, the swift migration to cloud-based solutions and bring-your-own-device practices in some countries.

Governance and risk management response

The Data, Digital, IT Governance body is responsible for dealing with this risk factor. The body is chaired by the Group's General Manager and co-chaired by the Executive Vice President, Manufacturing, who is a member of the Group Executive Committee.

To deal with the above-described information technology and systems risks, multi-year action plans have been prepared and include the following measures: (i) closely tracking contractual terms and conditions to be able to respond in the event of service provider default, (ii) reinforcing the physical and logical security of IT systems, (iii) systematically reviewing IT continuity needs and putting in place IT recovery plans, and (iv) replacing obsolete components and continuously upgrading information security systems. The internal auditors and internal controllers regularly monitor and assess these measures to obtain assurance that they are relevant, effective and correctly applied.

Intrusion tests are very frequently conducted to confirm the security of the Group's IT solutions and data protection systems. In addition, the Group's Computer Emergency Response Team (CERT) stands ready to intervene at all times across all continents. Lastly, awareness campaigns are regularly conducted for all Group employees and, in a more targeted manner, for the categories of employees the most exposed to this risk.

The Group has also undertaken the process to earn Trusted Information Security Assessment Exchange (TISAX) certification, the gold standard for cybersecurity in the automotive industry, for some of its plants and product development units. TISAX certification is the final step in the process to ensure the highest level of data protection throughout Michelin's value chain.

Risk 4 – Manufacturing business interruption

Risk factors

This risk is limited to tire production, which involves two main stages. First, semi-finished products are manufactured for use as components, which are then processed and assembled to produce the finished products corresponding to the different types of tires we sell. Consequently, the risk of business interruption at a semi-finished product facility could be significant, given that its output may be used by several different finished product plants.

In either type of production facility, operations could be interrupted by a variety of factors, both external (pandemics, natural disasters, regulatory changes, geopolitical events) and internal (fires, IT outages, technical failures).

Specific nature of the risk

The business interruption risk at semi-finished product facilities is especially important at Michelin due to our historical manufacturing model. Under this model, semi-finished products are mass-produced in Europe and North America at certain plants that sometimes supply several different finished product facilities. Consequently, interruption of any of these semi-finished operations could potentially impact several finished product facilities.

Governance and risk management response

The governance structure in place to address this risk factor is the Materials Steering Committee, described in Risk 2 above.

To anticipate this risk, Michelin has set up a specific plan focused on the following four action areas:

- strategic selection of plant locations to limit the probability of the risk occurring;
- prevention, by stepping up training for plant staff, conducting technical inspections and strengthening fire safety measures;
- protection, by keeping buffer inventory of replacement parts for critical equipment, performing regular maintenance, multi-sourcing finished-product inputs, developing multi-sourcing among component suppliers, and striking the right balance between insourcing and outsourcing of component production;
- a Business Continuity Management process for all production activities that makes it possible to respond swiftly in the event of a crisis, by quickly transferring a production line to another plant and identifying critical products so that strategic decisions can be made ahead of time.

This risk management process proved particularly useful and effective during the recent crises.

Risk 5 – Environmental transition risks

Risk factors

This risk concerns the possible impacts on the Group that may arise from the inadequate management of the environmental transition. Described in 2021 as the risk of "inadequate management of environmental impacts," this risk has been renamed "environmental transition risks" in alignment with TCFD terminology. It includes the environmental transition risks related to climate change (policy and legal, technology, market and reputational risks as defined in the TCFD nomenclature), as well as other environmental risks, such as pollution, resource depletion and the loss of biodiversity. Concerning this last issue, please refer to chapter 4.1.1.3.

Specific nature of the risk

Mobility, which is at the center of the Group's corporate mission, is a sector that has a significant impact on the environment and climate change. As a result, it is heavily regulated at both local and international levels, and is also shaped by the continuous fast pace of technical and social change. Recognizing the high expectations of stakeholders and the Group's leadership position, Michelin is firmly committed to protecting the environment. These specific issues lead to risks of:

- **failure or inability to comply with environmental regulations:**

  For example, regulations concerning materials, products or their manufacture.

- **unpreparedness for scientific and social changes:**

  The mobility sector is particularly subject to rapid and far-reaching changes and a failure to prepare for these changes, whether scientific, technological or social, could have an adverse effect on the Group's leadership and image, as well as on the attractiveness of its offers for customers and users of its products and services.

- **non-compliance with the Group's environmental commitments:**

  The Group is taking up its responsible industry leadership role by pursuing an "All Sustainable" strategy. In this regard, it has undertaken ambitious environmental commitments, for example, the 2030 commitments concerning the reduction of carbon emissions or the percentage of sustainable materials in tires (see Chapter 4 below). Failure to meet these commitments could expose the Group to the risk of losing stakeholder confidence, suffering media attacks or reputational damage, or diminishing its ability to attract talented employees.

- **third-party challenges to the Group on environmental issues:**

  This is a specific aspect of the "MICHELIN image and brand" risk (risk 9). Such challenges could concern each of the risks described above or the Group's possible chronic impact on the environment. They could potentially come from any of its stakeholders.

Governance and risk management response

A governance structure is in place to address this risk factor – the Environmental Governance body (see Risk 1).

An initial overall assessment was carried out for these risks and validated by the Environmental Governance body in 2020.

In 2022, an internal audit of the environmental commitments found that the 2030 commitments effectively cover the main issues, that they are managed and that they are addressed in M&A projects, new business ventures and other changes in the Group's scope of operations.

The main levers for controlling these risks that have already been implemented can be summarized as follows:

- a global environmental policy has been defined and implemented, certain aspects of which have been shared with the third-party organization (see Chapter 4 and the Duty of Care Plan);
- stakeholders' issues, as discussed at meetings of the Stakeholders Committee and reflected in regular updates to the materiality matrix, have been taken into account in the policy;
- a structured regulatory watch and internal control system have been deployed to provide assurance that current and emerging regulations are identified on a timely basis and applied;
- a system has been set up to monitor the deployment of the policy – performance in relation to objectives is assessed using appropriate indicators that are reviewed by the Environmental Governance body;
- long-term technological and social changes are addressed through the foresight projects carried out by the Group;
- a continuous and structured process of contact with external stakeholders (NGOs, Customers, Suppliers, Investors) exists through the Stakeholder Committee and the systematic consideration of issues or controversies facing the Group.

Risk 6 – Mergers and acquisitions

Risk factors

The main risks inherent in the Group's M&A activities are as follows:

- risk of overestimating the value of the target;
- pre-existing risks at the target company, such as ethical, tax, environmental, legal, product liability and cyber risks;
- risk that expected synergies may not be achieved;
- risk of losing key employees;
- risk of strategic misalignment with a joint venture partner.

Specific nature of the risk

The Group has defined a strategic model organized around three growth drivers "with tires, around tires, beyond tires". These drivers are supported by Michelin's core business and expertise in high-tech materials, in accelerating digitization and our commitment to enhancing the customer experience. Acquisitions help us achieve our strategic goals and we have stepped up our efforts in this area since 2014, by acquiring Sascar, Camso, Fenner, Multistrada and Masternaut, and creating various joint ventures including TBC with Sumitomo Corporation, Symbio with Faurecia, AddUp with Fives and Solesis with Altaris. Our ability to meet our goals depends on the success of these acquisitions and alliances.

Governance and risk management response

A governance system has been set up to manage the portfolio of M&A projects, supported by a specific governance system for each project, under the responsibility of the Managers, supported by the Mergers & Acquisitions (M&A) Department. The M&A process was significantly overhauled in 2021, based on the findings of an internal audit and external benchmarks.

For each project, the risk of overestimating the value of the target is attenuated by using a variety of valuation methods (EBITDA multiples, discounted cash flow, ratios on similar deals) and comparing their results, sometimes with the support of an advisory bank. M&A projects exceeding €50 million in enterprise value are submitted to the Supervisory Board for comment.

Each acquisition is subject to thorough due diligence with the support of internal and/or external specialists, so as to identify all the risks in the acquired company. Post-acquisition internal audits are performed for all material acquisitions.

An integration plan led by an integration project manager is designed and implemented under the supervision of a member of the Group Executive Committee. The results are reported using an appropriate procedure and are communicated to the Supervisory Board twice a year.

Risk 7 – Environmental risks from the use of our products: tire and road wear particles (TRWP)

Risk factors

When tire-users drive their vehicle on the road, contact between the tire and the road causes abrasion, which generates microparticles composed of an agglomeration, in more or less equal parts, of rubber from the tire and debris or deposits from the road. This generation of tire and road wear particles (TRWP) is a universal physical phenomenon that occurs regardless of the vehicle or brand of tire used. These TRWPs are an issue for the entire industry, as well as for road paving companies.

Specific nature of the risk

This risk is inherent in using a tire. As a tire manufacturer that assesses the environmental impact of its products throughout their life cycles, from raw materials to end-of-life, Michelin carefully analyzes any potential impacts from its tires during the in-use phase. TRWPs are one of those potential in-use impacts, along with Scope 3 carbon emissions and tire rolling noise. Factoring in environmental impacts, both actual and potential, is deeply embedded in Michelin's DNA.

Governance and risk management response

The governance body tasked with managing our environmental risks, including the impacts from using our products, is the Environmental Governance Body (see Risk 1 above).

For many years, Michelin has been actively involved in reducing abrasion, by leveraging its materials expertise and a design strategy long focused on optimizing materials use.

In this way, TRWP emissions from Group products were reduced by 5% between 2015 and 2020, representing around a 100,000-tonne reduction in total worldwide TRWP emissions from the use of Michelin tires. Today, the Group is committed to further reducing such emissions from new products.

The performance leadership of Group products in addressing this issue has been recognized. A major study released in April 2022 by ADAC, the German automotive association, measuring abrasion from around 100 tire models made by 15 of the world's leading tire manufacturers, showed that MICHELIN brand tires released significantly fewer TRWPs, without compromising any of the other critical tire performance factors.

The Group is pursuing its commitment to further reducing TRWP emissions and deepening its understanding of their impact in a wide variety of environments, by allocating several million euros a year to in-house and external research programs. It is also working on new bio-assimilable materials that greatly limit the potential impacts of these tire and road wear particles.

Moreover, the Group supports abrasion threshold legislation that would rapidly remove the worse performing tires from the market, is working with the European Tyre and Rubber Manufacturers' Association (ETRMA) to define a standardized measurement method, and is collaborating with other major tiremakers in several research programs overseen by the Tire Industry Project (TIP).

Lastly, aware that scientific knowledge in this area is currently incomplete, the Group has set up an intelligence unit to track scientific publications that could improve its understanding of the direct or indirect impacts of TRWPs on the planet.

As a result, this risk factor is assessed regularly.

Risk 8 – Risks related to pension and other defined benefit plans

Risk factors

In certain host countries, employee benefit obligations include pension and other defined benefit plans that represent a long-term benefit payment obligation for the Group. These plans may be partly or fully funded. The main factors that affect the amount of the employee benefit obligation are returns on plan assets, actuarial assumptions (including the discount rate), experience adjustments, changes in legislation and plan amendments. An adverse change in one or more of these factors could result in an increase in the amount of the net obligation and consequently require the Group to make additional contributions to make up for the funding shortfall.

Specific nature of the risk

The Group's pension and other defined benefit plans mainly concern North America and Europe. The total obligation for pensions and other employee benefits amounted to €7.6 billion at December 31, 2022. At the same date, the related plan assets totaled €5.4 billion.

Governance and risk management response

Governance for this risk factor is provided by the Global Employee Benefit Board (GEBB), which is co-chaired by the Deputy Chief Financial Officer and the Group Human Resources Director, who are both members of the Group Management Committee.

For details on provisions for employee benefit obligations and the measurement and treatment of defined benefit plan risks, see note 27 to the consolidated financial statements.

Risk 9 – MICHELIN image and brand

Risk factors

Michelin has an excellent brand image, both in terms of its products and services and as a company. However, like any other well-known multinational corporation, it is exposed to events and circumstances that could damage its brands and/or reputation.

In addition, the constantly growing influence of social media means that we are exposed to online reputational risk, at a time when information is being openly and rapidly circulated, in particular on the Internet.

Specific nature of the risk

In light of the MICHELIN brand's image and reputation (the MICHELIN brand power score is nearly two times higher than that of its nearest competitor), an attack on the MICHELIN image and brand would have a serious adverse effect on the Group. It is vital to safeguard our reputational equity, which is one of our major assets.

Governance and risk management response

Supported by the Corporate Internal Audit, Risk Management, Internal Control and Quality Department, the Corporate Engagement and Brands Department leads a full array of measures to ensure that the Group's image and brands are protected. Among these efficient measures is a systematic, ongoing intelligence gathering process that analyzes online and other media, to identify any initiatives or comments that could spiral out of control and cause long-term damage to our image. In addition, guidelines for the proper use of social media have been issued for all Group employees, with an update in 2022. They describe the simple rules and best practices to follow to attenuate the risks involved in using social media. In 2021, a specific training course on Social Selling was deployed.

The crisis management system also helps control reputational risk.

Risk 10 – Lack of employer attractiveness/employee retention

Risk factors

Today, the Michelin Group has 132,000 employees and marketing operations in 170 countries around the world. Employees are the primary driver of our success and play a critical role in fulfilling our ambitions. At a time of shifting attitudes to work, this risk could be manifested in hiring difficulties, high employee turnover, a lack of experience in certain key positions, and the possible loss of knowledge or skills over the longer term.

Specific nature of the risk

The Group's tire manufacturing business is highly capital-intensive. As a result, the production plants are often in operation 24/7, giving rise to workplace constraints that may reduce both the attractiveness of these jobs and retention of the people trained in them.

Governance and risk management response

This risk is the responsibility of the Corporate Personnel Department's management team, which is led by the Executive Vice President & Group Human Resources Director, who is a member of the Group Executive Committee.

A number of levers have been or are now being deployed to reduce the Group's exposure to the risk:

- A study is underway to enhance the attractiveness of manufacturing jobs, increase employee retention in them, and define the future of work in Michelin's manufacturing operations.
- A best practices sharing network is being set up, based on studies in certain facilities to improve the onboarding and training process.
- At the same time, the Group has deployed a proactive approach to decent wages and a universal social protection floor.

For more on this risk, please refer to chapter 4.1.2.4 below.

Risk 11 – Knowledge retention

Risk factors

One of Michelin's competitive advantages stems from the ability to sharply differentiate its products and services thanks to continuous, sustained innovation. Consequently, protecting its knowledge and expertise is a key factor in maintaining its leadership and driving its future growth. This culture of protecting knowledge and know-how is part of the Group's DNA.

Specific nature of the risk

We invest heavily in innovation and protecting our knowledge and expertise is essential in order to maintain the Group's technological leadership.

Sensitive information mainly concerns products, services, materials, procedures, equipment, techniques and methods, as well as design, testing and manufacturing data. However, information about production, research, marketing and other business strategies, as well as consumer and supplier databases, also risk being lost or stolen.

The Group is exposed to risks in its cooperation with external stakeholders, including consumers, suppliers, partners, subcontractors and academic institutions.

Likewise, it is dependent on the information systems used to store and share sensitive information. In addition, the Group has to take into account the growing use of social networks and the resulting risk of information leakage.

Governance and risk management response

A governance body is in place for this risk factor, chaired by the Executive Vice President, Group Research and Development, and co-chaired by the Executive Vice President, Manufacturing.

To prevent the risk of Michelin know-how and/or expertise being disclosed or lost:

- projects, processes and data are classified and protected according to their level of sensitivity. For example, Cloud Computing solutions are not used for certain categories of data and encryption levels are raised for certain other categories;
- intellectual property is protected through our policy of obtaining patents wherever this is possible or desirable based on a broad vision of the secrets to be protected. Operating markets are monitored to ensure that our intellectual property rights are not infringed;
- sensitive information and assets are also protected by physical security systems;
- experts within the Group who have the skills that are critical for our operations are identified and afforded the recognition needed to retain their talent.

Risk 12 – Safety risks associated with tire products

Risk factors

Tires are still Michelin's core business, in which it holds robust leadership positions around the world and across its three operating segments: automotive, road transportation and specialty markets.

Like all tiremakers, if defects appear in our products during their use or if they fail to comply with the applicable regulations, we could be faced with liability claims or be required to recall the products.

Specific nature of the risk

Michelin's focus on customer needs and the quality of its products and services has built confidence in the MICHELIN brand and contributed to the Group's performance. Updated in 2021, the Quality Statement emphasizes that "Quality remains critical to the safety of our products and services and to their compliance with applicable requirements."

Although there have been no material events in recent years, should a safety failure occur, this would have a serious adverse effect on the reputation of the MICHELIN brand.

Governance and risk management response

A governance structure is in place for this risk factor – the Product Performance Monitoring Board chaired by the Executive Vice President, Quality, Audit and Risk Management.

All Group employees, at all points in the value chain, are involved in managing these risks.

- Product design and development projects are managed in accordance with detailed project management procedures. Products and services are described in specifications that cover customer requirements and expressed needs, the potential risks arising from the particular or extreme conditions of use in a given region and all of the applicable standards and regulations. The Research, Development, Process Engineering and Quality functions are responsible for performing robust simulations and tests on new products to ensure that they comply fully with the design specifications.
- The entire production process is subject to quality assurance procedures designed to guarantee that the products comply with Michelin's exacting safety and performance standards.
- A product/service performance monitoring process based on the customer experience and customer satisfaction surveys ensures that no signs of a problem go undetected, however weak they may be.

The current processes have been certified by independent organizations.

The Group has taken out specific insurance cover against the risk of product recalls and liability claims. The Group's insurance program is described in section 2.2.5.

2.2 CROSS-FUNCTIONAL RISK MANAGEMENT PROCEDURES

Procedures are in place to manage cross-functional risks.

2.2.1 SYNCHRONIZATION BETWEEN INTERNAL AUDIT, RISK MANAGEMENT AND INTERNAL CONTROL

Quality, Internal Audit, Risk Management and Internal Control have been brought together within a single corporate department. This organization provides a shared vision of the primary risks and challenges for the Group. It also promotes efficient monitoring between the second (Internal Control and Risk Management) and third (Internal Audit) lines of defense across all time horizons and across all Group units.

2.2.2 INTERNAL CONTROL PROCESS

Objectives of the internal control process

The Group's internal control process has the following core objectives:

- application of the instructions and guidelines issued by the Managers and the Group Executive Committee;
- compliance with laws and regulations;
- the proper functioning of internal processes, particularly those relating to the protection of corporate assets;
- the reliability of financial information.

It comprises a set of resources, procedures, practices and actions aligned with the characteristics of the Group's businesses, which:

- contribute to the control over its activities, the efficiency of its operations and the efficient utilization of its resources;
- enable the Group to assess all of its material operational, financial and legal risks appropriately.

In general, the risk management process has been designed to encourage informed, shared risk-taking in accordance with the Group's values of responsibility, integrity and ethical behavior.

Scope of the internal control process

The Group ensures that the internal control process is implemented in every unit:

- The system thereby covers substantially all of the Group's operations, including all Regions and business units (manufacturing, sales and dealership networks). Following each acquisition, an internal control process aligned with the Company's business and risks is deployed in each of the acquired entities.
- In order to manage this system in a cross-functional and consistent manner across all Group activities, the Internal Control Department has been integrated into the Corporate Internal Audit, Risk Management, Internal Control and Quality Department. An Internal Control network is organized and led through the Quality Network, with training and collaborative spaces made available to all the employees who participate in the network.

A detailed description of the internal control process covering the preparation of accounting and financial information is provided in section 2.3.

2.2.3 GROUP COMPLIANCE TEAM AND NETWORK

The role of the Chief Compliance Officer, as well as the organization of her team and the Compliance network, is presented in Chapter 4, section 4.1.4 below.

The Group pays particular attention to the risk of ethics violations or failures to comply with laws and regulations. Ethics and compliance-related internal controls are led and managed by the corporate Ethics and Compliance team, headed by the Chief Compliance Officer.

The number of Group-level tests has substantially increased (by more than 55% in 2022), principally in the following areas:

- Combating corruption and influence peddling: deployment of the Code of Ethics and the Anti-Corruption Code of Practice, training for all exposed employees and other stakeholders, tracking the third-party due diligence system, gifts and invitations;
- Compliance with competition rules: deployment of the dedicated competition compliance program;
- Protection of personal data: deployment of the Group protection of personal data directive, compliance with the Binding Corporate Rules concerning the transfer of personal data and the processing of health data;
- Processing of Ethics Hotline alerts: awareness and deployment of the various channels in the Group's whistleblowing system, compliance with the internal procedure for reporting and processing cases of proven non-compliance, action plans, particularly concerning the application of disciplinary measures.

Tests are performed by internal controllers with the members of the corporate Ethics and Compliance team.

2.2.4 CRISIS MANAGEMENT PROCESSES

Another cross-functional process concerns crisis management. Given its size, the nature of its manufacturing and commercial activities and its environmental and social responsibility, Michelin is regularly exposed in the course of its operations to the risk of crises that could affect its business and, potentially, its reputation. To foresee, plan for and effectively respond to any such events, a crisis management system is in place and led by the Corporate Internal Audit, Risk Management, Internal Control and Quality Department.

The system's underlying processes are regularly updated to ensure maximum effectiveness and responsiveness. It is deployed among the various management teams through large-scale simulation exercises and appropriate training seminars.

This risk management process was put to the test during recent crises, at every level of the organization, where it demonstrated its effectiveness and its relevance.

2.2.5 INSURANCE COVERAGE

Some risks can be transferred to insurance companies in line with the Group's insurance strategy, with different solutions used depending on the frequency of the risks concerned.

To cover high-frequency risks, integrated global insurance programs have been arranged, to the extent possible, in the insurance and reinsurance markets. These mainly concern property & casualty/business interruption, liability, accidental pollution and cyber risk insurance:

- the property & casualty/business interruption insurance program provides combined total coverage of €1.25 billion, except for machinery insurance (€750 million) and natural disaster insurance, for which the coverage limit may be lower depending on the country;
- the liability insurance program comprises three key coverage areas:
  - product liability for the manufacturing companies,
  - service liability for the marketing and services companies,
  - general business liability, offering direct coverage in European Union countries and countries where the Group operates manufacturing facilities, and umbrella coverage in excess of local cover in all other countries;
- a pollution program provides environmental liability coverage;
- a cyber risk insurance program covers damages (including additional operating costs) as well as damages to third parties, with a combined limit of €80 million per year.

These programs cover all Group subsidiaries. The joint ventures are covered by separate insurance programs that are independent from those of the two shareholders. For companies in which the Group has a non-controlling interest, the majority shareholder is responsible for purchasing appropriate insurance cover. For joint ventures and non-controlling interests, the safeguard clauses included in the Group's insurance programs protect its interests up to the amount of its investment.

To control insurance policy management and reduce costs by pooling medium-frequency risks, the Group has set up a captive insurance and reinsurance company to provide coverage in the following areas, with limits commensurate with its resources:

- property & casualty risks, with a €60 million limit per claim;
- product liability in the United States and Canada, with limits of USD 20 million per claim and USD 40 million per year;
- product recall expenses, with limits of USD 25 million per claim and USD 50 million per year;
- cyber security risks, with a €20 million limit per claim and per year.

Total premiums paid to external insurance companies in 2022 amounted to €50.3 million, up €13.1 million from 2021. The increase reflected the persistent, sharp rise in premium rates on certain lines (mainly corporate officers' liability, fiduciary liability, cyber risks and other financial lines) and the steady reduction in capacities offered by insurers.

2.3 INTERNAL CONTROL PROCESS RELATING TO THE PREPARATION OF ACCOUNTING AND FINANCIAL INFORMATION

Among the various objectives of the risk management and internal control system, this section focuses on the control activities related to the process of preparing accounting and financial information.

PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The Managers are responsible for disclosing reliable financial and accounting information. The Accounting, Consolidation, Management Control and Financial Communication Departments all contribute to the process of producing this information.

The Group's accounting teams generally report to the heads of the Regions and Shared Service Centers, while its budget controllers analyze the Group's performance based on its reporting segments.

Consolidated financial reports are prepared monthly according to the same overall process as for the annual financial statements. The internal control procedures required to produce reliable accounting information are defined at Group level and implemented locally. These include a physical inventory of both fixed assets and inventories, segregation of tasks and reconciliation with independent sources of information.

A dedicated team is in charge of aligning accounting policies throughout the Group, monitoring changes in applicable financial reporting standards, updating accounting manuals for all the subsidiaries and dealing with any issues they may raise.

Statutory and management accounting data are reported simultaneously by the subsidiaries, and programmed controls verify that the main indicators – such as revenue and operating income – are consistent between the two sets of data. Statutory accounting data received from the subsidiaries are checked for consistency and then consolidated to produce the Group's financial statements.

Monthly changes generated based on consolidated data are systematically analyzed. Differences between forecast and actual management accounting data are reviewed in detail every month by the Business Units as well as by the Group Budget Control Office, which prepares a monthly report for the Managers and the Executive Committee.

At every interim and annual closing, the Regional Directors certify in writing that, to the best of their knowledge, the separate accounts submitted by the companies within their Region provide a true and fair view of the results of their operations. This statement specifically covers a number of issues that could significantly affect the financial statements in the event of non-compliance (e.g., applicable laws and regulations and contractual provisions) or occurrence (e.g., disputes or fraud).

The Investor Relations Department, which forms an integral part of the Corporate Finance Department, is responsible for preparing and disclosing all of the Group's financial information to the investing community. Financial information is disclosed in three main forms:

- the Universal Registration Document;
- financial press releases;
- presentations to analysts and investors.

The design and preparation of the Universal Registration Document are coordinated by the Investor Relations Department and approved by the Managers, with significant input from the Corporate Legal Department and the Sustainable Development and Mobility Department. The document contains extensive, high-quality information drawn from contributions by a range of specialists in the Group's main fields of operations.

Financial press releases are written by the Head of Investor Relations; those that announce earnings are also reviewed by the Audit Committee.

Presentations to analysts and investors are directly prepared by the Investor Relations Department.

MANAGEMENT OF ACCOUNTING AND FINANCE INTERNAL CONTROL

Group managers can detect any weaknesses in their internal control processes through the systems used to manage their operations. In addition, internal reviews are performed in the units by their specialized experts. Information generated by the management systems is analyzed by the budget control teams and reported to the managers concerned for inclusion in the scorecards used to manage their operations. A management scorecard is also prepared for the Group Executive Committee, enabling it to track the Group's business month by month. On a quarterly basis, similar reports are presented in an appropriate format to the Supervisory Board. The Corporate Finance Department is responsible for ensuring the relevance and consistency of this management data.

The Corporate Digital Transformation and Information Systems Department is in charge of overseeing IT policies and the corresponding resources. The internal control procedures contained in the Group's Quality System include rules relating to data access and protection, the development of applications, and structuring and segregating development, process engineering and production tasks.

RECURRING ASSESSMENTS OF THE ACCOUNTING AND FINANCIAL INFORMATION PREPARATION PROCESS

Self-assessments

To ensure that the work carried out to comply with France's Financial Security Act delivers lasting improvements, the Accounting and Financial Internal Control Department reports to the Corporate Finance Department. It is responsible for managing internal control processes and for overseeing work on financial internal control, with a view to providing reasonable assurance that the Group's financial information is reliable and that its assets are safeguarded.

It defines internal control standards, coordinates and sets up internal control information systems and day-to-day management procedures in coordination with the Corporate Internal Audit, Risk Management, Internal Control and Quality Department.

It also assists the network of internal controllers in the Regions and main areas of operation in implementing these systems and procedures.

Its role includes:

- standardizing internal control best practices and training regional correspondents in their use;
- regularly updating key risks by process;
- defining key controls in conjunction with the owners of the processes concerned;
- drafting control guidelines and manuals and preparing internal control tests;
- mapping the issues for which controls are applied in the different Group organizations;
- overseeing the regional managers and managers of operational areas concerned;
- structuring the internal control network;
- interfacing with the other stakeholders in the relevant processes, such as process owners, risk managers and internal and external auditors;
- advising on the implementation of transformation projects and programs.

In 2017, the worldwide application for monitoring the entire financial internal control process in place since 2009 was enhanced based on a standard commercial software solution. The new application continues to leverage the guidelines and principles defined in previous phases undertaken since 2004. The model will continue to be extended to cover additional processes and legal entities.

Post-acquisition audits are performed for newly acquired companies and sub-groups that are fully consolidated and an internal control process deployment plan is prepared based on their respective characteristics (manufacturing, sales or financial services business, information system, geographic location, organization and governance, materiality in Michelin's consolidated financial statements, control environment and culture).

An initial internal control self-assessment exercise is carried out with the new teams, in order to meet their needs and help them understand what the Group expects from their internal control process. Action plans are drawn up with the teams concerned in order to help them take ownership of the approach and related tools.

The self-assessment system potentially encompasses the following 16 processes:

- purchasing, from ordering to supplier payment;
- sales, from customer order to payment;
- customer credit management;
- management of inventories (raw materials, semi-finished and finished products, and spare parts);
- inventory valuations;
- financing and financial risk management;
- management of intra-Group transactions (transfer pricing and elimination of intra-Group balances);
- information systems management and administration (general IT testing);
- accounts closing;
- project and fixed asset management;
- taxes;
- people management (compensation, benefits and travel expenses);
- consolidation;
- investor relations;
- mergers/acquisitions/divestments and their integration into the Group;
- management of customs affairs, including the Group's customs management processes, import/export management, supervising freight forwarders, organizing delegations of authority, customs documentation, etc.

At every company covered by the system, the key internal control activities for each process are self-assessed and improved by the line personnel concerned every year.

Internal Controller reviews

The key controls for every process are tested on every site at least once every four years and more often where necessary. The results of tests conducted by internal controllers are shared with the external auditors of the Group's companies, so that they can capitalize on the findings and strengthen their own external audit procedures.

Action plans

In each company, action plans are prepared to address the identified areas for improvement and are implemented by line personnel. More generally, this approach is integrated into the continuous improvement process, which is also supported by the findings of the external and internal auditors. In addition, this self-assessment and testing system is applied to the five integrated components of the internal control process, as defined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO): control environment, risk assessment, control activities, information and communication, and monitoring activities.

Action plans are generally scheduled for completion within two years for 80% of compliance shortfalls, excluding information system issues, which take longer to resolve and require more resources. Countermeasures have been implemented to mitigate risk exposure in the interim.

CORPORATE GOVERNANCE REPORT

3. CORPORATE GOVERNANCE REPORT

This report has been prepared in application of Article L. 226-10-1 of the French Commercial Code (*Code de commerce*). It was approved by the Supervisory Board on February 10, 2023.

3.1 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Tire manufacturing is a capital-intensive industry in which the pace of technological innovation is relatively slow. It is therefore essential to be able to devise long-term plans and follow them through.

Throughout its history, Compagnie Générale des Établissements Michelin ("CGEM" or "the Company"), the Group's parent company, has been organized as a partnership limited by shares (S.C.A.).

This partnership model offers three main advantages:

- it aligns Group management decisions with shareholder interests;
- it guarantees clear segregation of management and supervisory powers;
- it fosters direct ties with each shareholder.

There are two partner categories.

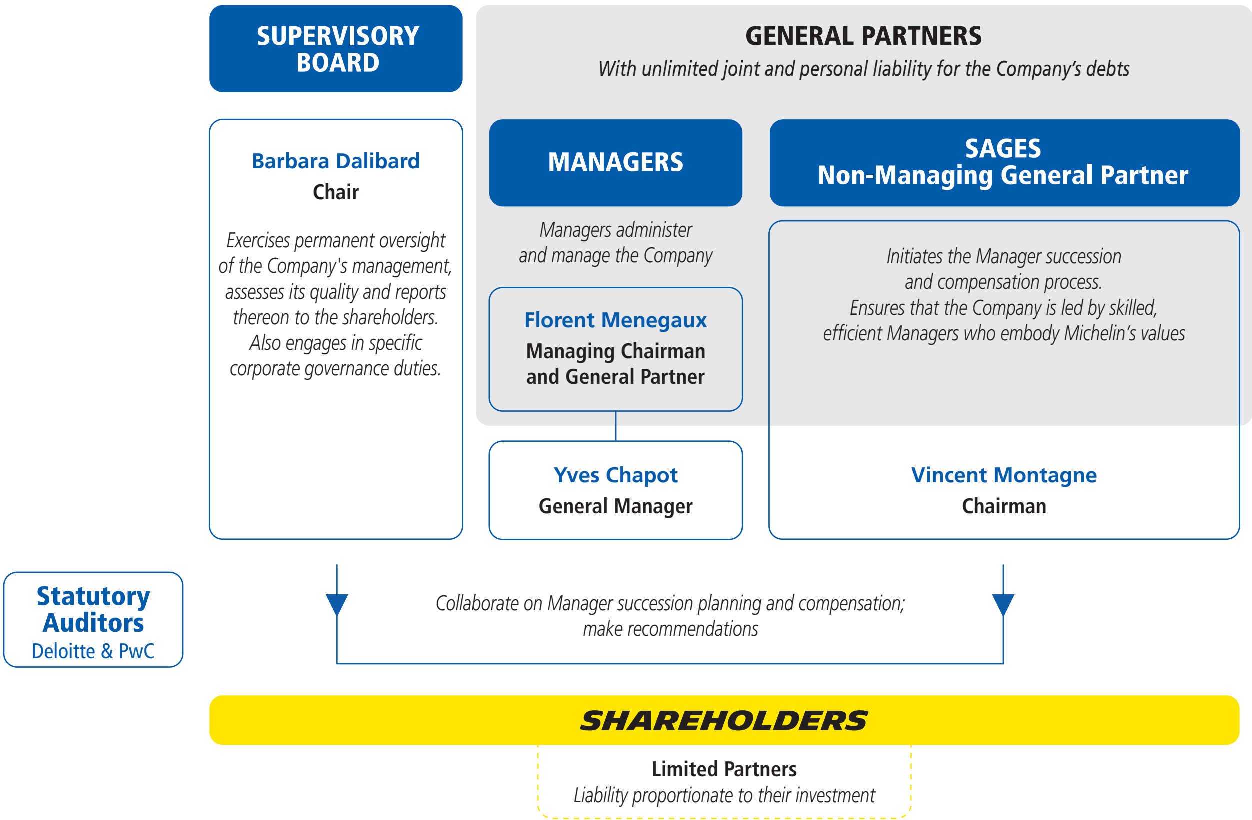
First are the limited partners or shareholders, who provide capital, elect the members of the Supervisory Board and the Managers and approve the financial statements presented by Management. Their liability is limited to the amount of their investment and they receive a share of the profits in the form of dividends.

Second are the General Partners, among which Société Auxiliaire de Gestion (SAGES) is the Non-Managing General Partner of CGEM, and, as such, ensures the sustainability of the Company's management. General Partners have unlimited personal liability for the partnership's debts, to the full extent of their assets. They can be relieved of this liability only by decision of the shareholders in an Extraordinary Meeting. The General Partners may be shareholders but may not take part in any votes to elect Supervisory Board members or appoint Statutory Auditors. The General Partners receive a share of the Company's profits in accordance with its Bylaws, subject to shareholder approval at the Annual Shareholders Meeting.

Since May 17, 2019, Michelin has had two General Partners: Florent Menegaux, Managing Chairman and Managing General Partner, and Société Auxiliaire de Gestion (SAGES), Non-Managing General Partner.

AN AGILE AND ROBUST GOVERNANCE STRUCTURE

Organized as a partnership limited by shares	**Compagnie Générale des Établissements Michelin** ("Michelin") has been organized **since its foundation as a partnership limited by shares (société en commandite par actions –** S.C.A.), **a flexible legal framework.**
With customized characteristics	Over the years, Michelin has crafted through this framework **a unique and balanced governance structure, that is a key driver of its sustainable long-term success, robust corporate culture and shared values.**
Continuously enhanced	Michelin constantly reviews and improves its governance and implements safeguards to provide all the **necessary controls and oversight to ensure shareholder protection and convergence of interests between the different stakeholders.**
Serving the Company and its shareholders	**This corporate structure** provides stability and **helps to protect the Company against short-term pressure that could be detrimental to shareholder value.** The success Michelin has achieved since its creation is the best testament that its governance has served the Company and its shareholders in an efficient manner.



3.1.1 AN EXPERIENCED, STABLE AND RESPONSIBLE MANAGEMENT TEAM

3.1.1.1 Members

Michelin is led by two Managers:

- Florent Menegaux, General Partner originally elected by the Extraordinary Shareholders Meeting of May 18, 2018 and re-elected for a period of four years at the Shareholders Meeting of May 13, 2022; Florent Menegaux is also Managing Chairman;
- Yves Chapot, General Manager, originally elected by the Ordinary Shareholders Meeting of May 18, 2018 and re-elected for a period of four years at the Shareholders Meeting of May 13, 2022.

FLORENT MENEGAUX

Managing General Partner

Nationality:
French

Born in 1962

Business address:
Compagnie Générale des Établissements Michelin
23, place des Carmes-Déchaux
63000 Clermont-Ferrand, France

First elected:
May 18, 2018

Current term expires:
2026 (Annual Shareholders Meeting called to approve the 2025 financial statements)

Number of shares held at December 31, 2022:
130,100(1)

BIOGRAPHICAL DETAILS – PROFESSIONAL EXPERIENCE

After graduating with a degree in finance, management and economics, Florent Menegaux joined Price Waterhouse in 1986 as a consultant. He was soon appointed manager, specializing in interest rate risk control and management for banks.

In 1991, Exel Logistics France, a logistics and transport company, offered him the position of Finance Director. Six months later, he was promoted to Chief Executive Officer. From 1995 to 1996, Florent Menegaux was Chief Executive Officer of the General Cargo Transport division for the Norbert Dentressangle group.

In 1997, Florent Menegaux joined Michelin as Commercial Director for Truck tires in the United Kingdom and the Republic of Ireland.

In 2000, Michelin appointed him Sales Director for Truck tires Original Equipment and Replacement markets for North America. In 2003, he became head of Truck tires for South America.

In 2005, he was appointed head of the Africa – Middle East Region.

In January 2006, Mr. Menegaux became responsible for the Group's Passenger car and Light truck tire Replacement Business Unit for Europe, before being appointed to the Group Executive Committee as Executive Vice President, Passenger car and Light truck Product Line in 2008. He also oversees Michelin's Motorsports activities and Materials business.

In December 2014, he was appointed Chief Operating Officer and then Senior Executive Vice President of the Michelin Group in 2017.

In January 2018, he also assumed responsibility for overseeing the Group's Business Departments, and the Manufacturing, Supply Chain and Customer Experience Operational Departments.

Florent Menegaux was appointed General Partner on May 18, 2018; he became Managing Chairman of Compagnie Générale des Établissements Michelin on May 17, 2019.

DIRECTORSHIPS AND OTHER POSITIONS HELD AT DECEMBER 31, 2022

- Chairman of Manufacture Française des Pneumatiques Michelin
- Managing General Partner of Compagnie Générale des Établissements Michelin
- Managing Chairman of Compagnie Générale des Établissements Michelin
- Director of Legrand(2)

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2018-2022

- Director of Michelin Lifestyle Limited *(until May 2018)*
- Managing Partner of Compagnie Financière Michelin SCmA *(until October 2020)*
- Managing Partner of Manufacture Française des Pneumatiques Michelin *(until December 2021)*
- Chairman of Manufacture Française des Pneumatiques Michelin *(since January 2022)*
- Managing General Partner of Compagnie Générale des Établissements Michelin
- Managing Chairman of Compagnie Générale des Établissements Michelin
- Director of Legrand(2) *(since May 2022)*

(1) The Company's Bylaws stipulate that the Managing General Partner must hold at least 5,000 shares.
(2) Listed company.

YVES CHAPOT

General Manager and Chief Financial Officer

Nationality:
French

Born in 1962

Business address:
Compagnie Générale des Établissements Michelin
23, place des Carmes-Déchaux
63000 Clermont-Ferrand, France

First elected:
May 18, 2018

Current term expires:
2026 (Annual Shareholders Meeting called to approve the 2025 financial statements)

Number of shares held at December 31, 2022:
61,516

BIOGRAPHICAL DETAILS – PROFESSIONAL EXPERIENCE

Yves Chapot holds a degree as a certified public accountant.

After an initial work experience at the Arthur Andersen consulting and audit firm, Yves Chapot joined the Michelin Group in 1992, assuming various management responsibilities within the internal audit team.

In 1997, he was appointed Chief Executive Officer for Taurus in Hungary. In 1999, he became Chief Financial Officer for Europe.

From 2005 to 2012, he was responsible for Michelin China. From 2007 to 2009, he was also in charge of the Passenger car and Light truck tire business for Asia.

In 2012, he was named head of Euromaster, before being appointed to the Group Executive Committee as Executive Vice President, Distribution in December 2014.

In March 2017, he was appointed Executive Vice President for the Passenger car and Light truck Product Line.

In January 2018, Mr. Chapot became Executive Vice President, Automotive Business Lines, with oversight responsibility for the Automotive B2C Global Brands, Automotive B2C Regional Brands, Automotive Original Equipment Business Lines, and the following three regions: Africa, India & Middle East, East Asia & Australia, and China.

Mr. Chapot was appointed General Manager of Compagnie Générale des Établissements Michelin on May 18, 2018.

DIRECTORSHIPS AND OTHER POSITIONS HELD AT DECEMBER 31, 2022

- General Manager of Compagnie Générale des Établissements Michelin
- Chairman of Compagnie Financière Michelin Suisse
- Chairman of Compagnie Financière Michelin
- Managing Director of Manufacture Française des Pneumatiques Michelin
- Chairman of the Board of Directors of Siparex Associés
- Chairman of the Supervisory Board of Sigefi

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

- Director *(until December 2020)* then Chairman of Compagnie Financière Michelin Suisse
- Chairman of the Board of Directors *(until April 2021)* then Chairman of Compagnie Financière Michelin
- General Manager of Compagnie Générale des Établissements Michelin
- Managing Director of Manufacture Française des Pneumatiques Michelin *(since January 2022)*
- Chairman of the Board of Directors of Siparex Associés *(since April 2022)*
- Chairman of the Supervisory Board of Sigefi *(since April 2022)*

3.1.1.2 Role and responsibilities

The Managers are responsible for administering and managing the Company.

Their core responsibilities are to:

- define and implement the Group's strategy;
- lead the Group's business;
- establish internal control and risk management procedures and oversee their implementation;
- approve the financial statements of the Company and the Group;
- define financial information policies;
- prepare the various reports to shareholders.

The Group's operations are organized into three reporting segments (Automotive, Road Transportation and Specialties) dedicated to serving their global markets with products and services offered through 19 Business Lines.

The organization is built around:

- The Business Lines, which define their strategy for designing market-leading products and services aligned with their competitive environment based on the needs identified by the Regions.
- The 10 Regions, which are the direct points of contact with customers. They represent the Group in the corresponding areas and are responsible for customer satisfaction.
- The following departments, which provide support to the operational entities: Research & Development, Manufacturing, Supply Chain, Customer Experience, Purchasing, Corporate & Business Services, Strategy, Innovation & Partnerships, Engagement & Brands, Internal Audit, Risk Management, Internal Control & Quality, Legal, Personnel, Finance, Safety & Security, Environment and Digital Transformation & Information Technology.

The Managers are assisted by the Group Executive Committee presented in Chapter 1 of the 2022 Universal Registration Document. In addition, a Group Management Committee is responsible for ensuring that the Executive Committee's decisions are widely embraced across the organization (see Chapter 1).

3.1.1.3 Liability

The Managing General Partner has unlimited personal liability for the debts incurred by Compagnie Générale des Établissements Michelin. This offers shareholders a rarely found level of assurance that the Group is run in their medium- to long-term interests, particularly during times of volatile markets or economic crisis. It also means that the Managers are especially vigilant in their management of corporate risks.

Consistent with this long-term commitment, the Managing General Partner may not relinquish his or her status as General Partner without the prior approval of shareholders given at an Extraordinary Meeting and of the Non-Managing General Partner. He is therefore bound to assume the long-term consequences of the Group's management decisions.

3.1.2 SAGES, A NON-MANAGING GENERAL PARTNER, GUARANTEEING THE COMPANY'S LONG-TERM VIABILITY

In application of CGEM's Bylaws, Société Auxiliaire de Gestion (SAGES) is a Non-Managing General Partner of CGEM and consequently:

- has unlimited liability for the Company's debts;
- receives a portion of the Company's net income that is equal to the amount attributable to the Managing General Partner(s) in respect of his/her/their annual variable compensation or in any other form whatsoever (as mentioned in section 3.10.5).

3.1.2.1 Membership and organization

SAGES is a French *société par actions simplifiée* (joint stock company) registered with the Clermont-Ferrand Trade and Companies Registry under No. 870 200 466.

The Chairman of SAGES, Vincent Montagne, is its only executive director.

SAGES has three groups of shareholders – members of the Michelin family, current and former Michelin executives and qualified persons from outside the Group – each of which has the same proportionate shareholding and the same number of seats on SAGES' Board of Directors.

3.1.2.2 Biographical details of the Chairman of SAGES at December 31, 2022

The Chairman of SAGES, Vincent Montagne, is its only executive director. His profile is given below.

VINCENT ***MONTAGNE***

Chairman of Société Auxiliaire de Gestion (SAGES)

Nationality:
French

Born in 1959

Business address:
Média-Participations
57 rue Gaston Tessier,
75019 Paris
France

Number of shares held at December 31, 2022:

- 36 shares owned directly
- 793,200 shares owned by SAGES

BIOGRAPHICAL DETAILS – PROFESSIONAL EXPERIENCE

Vincent Montagne holds a Master's degree in both Management and International Affairs from Paris Dauphine – PSL University. At the age of 31, he took the helm of the Média-Participations group founded by his father and became its Chairman and Chief Executive Officer. Under his stewardship, the group has become one of France's top publishing houses (and the no. 1 in Belgium) and Europe's leading publisher of comic books. In December 2017, he acquired La Martinière Groupe, including its subsidiary Le Seuil, and in July 2018, La Martinière Groupe was merged into Média-Participations. Convinced that creative content is more important than the medium on which it is presented, he led the transformation of Média-Participations into a multimedia group that is now active in video games, digital and audiovisual media, and a major producer of cartoons. Mr. Montagne has been Chairman of the Syndicat National de l'Edition since June 2012 and a director of Cercle de la Librairie since 2006.

He is a descendant of Edouard Michelin, who founded the Michelin Group with his brother André. In 2009, he set up Mage-Invest, a family holding company with 250 family shareholders.

He is Chairman of Société Auxiliaire de Gestion (SAGES), Non-Managing General Partner of Compagnie Générale des Établissements Michelin, alongside Florent Menegaux, General Partner and Managing Chairman.

3.1.2.3 Role and responsibilities

Société Auxiliaire de Gestion (SAGES) is a Non-Managing General Partner of CGEM and, as such, is responsible for guaranteeing the Company's management continuity. It has unlimited joint and several liability alongside the Managing General Partner(s) for third party claims arising from the financial consequences of the Managers' management. The General Partners can be relieved of this liability only by decision of the shareholders in an Extraordinary Meeting. The General Partners may be shareholders but may not take part in any votes to elect Supervisory Board members or appoint Statutory Auditors.

As SAGES is not a Manager, it is not authorized to play any part in the Company's management. However, if the position of CGEM's Manager(s) were to fall vacant, SAGES would take on the role of the Manager(s) for an interim period and would be responsible for calling an Extraordinary Shareholders Meeting to elect a new Manager.

SAGES plays a key role, alongside the Supervisory Board and its Compensation and Appointments Committee, in the Managing Partner succession planning and compensation processes described in section 3.1.4 below.

To enable SAGES to assume its liability as Non-Managing General Partner of CGEM, at least 80% of its distributable earnings (derived mainly from the share of profits paid by CGEM in accordance with CGEM's Bylaws) is allocated to a contingency reserve fund set up purely for the purpose of covering any losses that may result from its liability as CGEM's General Partner or, on an exceptional, interim basis, as Manager. Between 10% and 30% of this reserve fund is invested in CGEM shares.

In accordance with its Bylaws:

- SAGES' main corporate documents (annual reports, management reports, Statutory Auditor's reports[1], and proposed resolutions submitted to the partners, which contain information on (i) the terms of office and proposed elections of directors and (ii) the categories and breakdown of assets constituting the contingency reserve referred to above) are sent to Michelin's Managing General Partner.
- Any proposal to pay an annual dividend to SAGES' partners for an amount in excess of the cap specified in the Bylaws shall be submitted to the Managing General Partner for prior approval.
- The Managing General Partner (or the Chairman of the Supervisory Board if there is no Managing General Partner) shall be consulted prior to approving any new partner of SAGES and his or her designation as a director of the Company.
- Any proposal to amend SAGES' Bylaws to change its role and/or change the indefinite several liability of the General Partners shall be submitted to the Managing General Partner for prior approval.

(1) The Statutory Auditor's report on the annual financial statements is available from the Group's website www.michelin.com.

3.1.3 STRICT SEPARATION BETWEEN THE SUPERVISORY BOARD (AND ITS COMMITTEES) AND MANAGEMENT

3.1.3.1 Supervisory Board

11 MEMBERS, OF WHICH 1 SENIOR INDEPENDENT MEMBER

89%* INDEPENDENT MEMBERS

45%* WOMEN MEMBERS

33%* NON-FRENCH NATIONALS

* *Excluding the employee representatives.*

Members

In accordance with the applicable law, the Company's Bylaws and the Supervisory Board's internal rules, the Supervisory Board currently has 11 members, including nine selected from among the shareholders and elected by the Annual Shareholders Meeting for a term of four years[(1)] and two representing employees.

General Partners may not take part in the vote. Supervisory Board members may be re-elected. No more than one third of the Supervisory Board members may be aged over 75.

As of December 31, 2022, and as of the date of this report, the Supervisory Board had 11 members, and was in compliance with Articles L. 226-4-1 and L. 22-10-74 of the French Commercial Code concerning the balanced representation of men and women on Boards of Directors and Supervisory Boards and gender equality in the workplace, and the representation on the Board of employees of the Company and the Group.

The Supervisory Board's internal rules stipulate that each member must hold at least 1,600 shares[(2)] or 2,400 shares in the case of the Chair(man).

Information about the compensation of Supervisory Board members is presented in sections 3.3.3, 3.5.1 and 3.6.1.4.

(1) Five years for members elected prior to 2009. Certain members may be elected for a two- or three-year period in order to effectively stagger the terms of office of Supervisory Board members.

(2) With the exception of members representing employees.

Overview of the Supervisory Board (as of December 31, 2022)

Member	Independent[1]	Committee(s)	First elected	Re-elected[2]	Current term expires (AGM)[3]	Years on the Board	Number of shares held	Nationality	Age	Gender
Barbara Dalibard (P)	−	-	2008	2013[2] 2015[3] 2019	2023	14	2,740	French	64	F
Jean-Pierre Duprieu	✓	Compensation and Appointments (P)	2013	2016 2020	2024	9	2,040	French	70	M
Aruna Jayanthi	✓	Audit	2015	2019	2023	7	1,600	Indian	60	F
Anne-Sophie de La Bigne	✓	Compensation and Appointments Corporate Social Responsibility	2013	2016 2020	2024	9	3,612	French	62	F
Patrick de La Chevardière	✓	Audit (P)	2020	-	2024	3	1,600	French	65	M
Jean-Christophe Laourde (RS)	−	Corporate Social Responsibility	2020	-	2024	2	400	French	47	M
Thierry Le Hénaff (MR)	✓	Compensation and Appointments	2018	2022	2026	4	1,600	French	59	M
Monique Leroux	✓	Audit Corporate Social Responsibility (P)	2015[4]	2018 2022	2026	7	4,000	Canadian	68	F
Delphine Roussy (RS)	−	Compensation and Appointments	2020	-	2024	2	374	French	40	F
Jean-Michel Severino	✓	Corporate Social Responsibility	2020[5]	2022	2026	2	1,600	French	65	M
Wolf-Henning Scheider	✓	Audit	2021	-	2025	1	1,600	German	60	M

P : Chair MR: Senior Independent Member RS: Members representing employees

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

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

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

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

(5) *Jean-Michel Severino was appointed as a member of the Supervisory Board on November 12, 2020 to replace Cyrille Poughon, who had resigned, for the remainder of Mr. Poughon's term of office.*

Changes in 2022

The terms of office of Thierry Le Hénaff, Monique Leroux and Jean-Michel Severino expired at the close of the Annual Shareholders Meeting held on May 13, 2022.

Following a review of their qualifications, on the recommendation of the Compensation and Appointments Committee, the Supervisory Board decided (without the persons concerned taking part in the decision) to recommend to the Annual Shareholders Meeting the re-election of Thierry Le Hénaff, Monique Leroux and Jean-Michel Severino for a four-year term (resolutions of the Annual Shareholders Meeting of May 13, 2022, adopted by a majority of 98.68%, 99.65% and 99.88% of the votes cast respectively).

3.1.3.2 Role and responsibilities

The Company applies the recommendations set out in the Corporate Governance Code for Listed Companies ("AFEP/MEDEF Code", revised version dated December 2022). In accordance with the introduction to the Code, these recommendations are adapted as necessary to reflect the Company's organization as a partnership limited by shares ("SCA").

The Supervisory Board exercises permanent oversight of the Company's management and assesses its quality on behalf of the shareholders, presenting a report thereon at each Annual Shareholders Meeting.

THE SUPERVISORY BOARD'S SPECIFIC ROLES AND RESPONSIBILITIES

SPECIFIC DUTIES OF THE SUPERVISORY BOARD REGARDING THE GROUP'S STRATEGY

- **Regular review of the Group's strategy**
- **Periodic review of the Group's:**
  - markets of operation,
  - financial results and financial statements,
  - organization and operations,
  - risk management and internal control policies,
  - compensation and appointment policies,
  - corporate social responsibility policy;
- **Formal opinion provided to the Managers concerning:**
  - significant investments,
  - external growth transactions,
  - divestitures,
  - off-balance sheet commitments.

To enable the Supervisory Board to effectively fulfill its oversight role, its members receive quarterly reports presenting key performance indicators, as well as regular information such as copies of the Group's main press releases, research reports published by analysts who follow Michelin, and updates on the Group's markets.

SPECIFIC DUTIES OF THE SUPERVISORY BOARD REGARDING CORPORATE GOVERNANCE

- **Prior Board approval:**
  - Managers' renewal,
  - Managers' dismissal and severance payments;
- **Prior Board recommendation to the shareholders:**
  - appointments of new Managers and of the Managing Chairman,
  - General Managers' compensation (policy, information) and Supervisory board members compensation;
- **Determination of Managers' compensation performance criteria and assessment of Managers' achievement of compensation performance targets**
- **Prior Board recommendation regarding:**
  - appointments and succession planning for members of the Executive Committee,
  - diversity objectives within management bodies and corresponding action plans,
  - compensation policy for members of the Executive Committee.

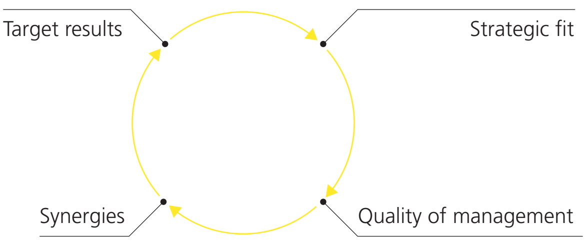
The recommendation provided under Article 1.9 of the AFEP/MEDEF Code, according to which material transactions outside the scope of the firm's stated strategy should be subject to prior approval by the Board of Directors, has to be adapted because of the Company's legal form as a partnership limited by shares[(1)]. With this type of partnership, the Managing General Partners have unlimited personal liability. There is also a total separation of powers between Managers, whether or not they are General Partners. Their powers are completely separate from those of the Supervisory Board. There is also a total separation of powers between Managers, whether or not they are General Partners, and the Supervisory Board, with the result that the Supervisory Board has no legal authority to become involved in managing the Company.

However, to (i) ensure that the Supervisory Board exercises effective oversight of the Company's management and (ii) adhere to the spirit of the AFEP/MEDEF recommendation, since 2011 the Company has amended its Bylaws, as well as the Supervisory Board's internal rules[(2)].

The internal rules state that the Supervisory Board is responsible for examining investment and external growth transactions, off-balance sheet commitments and asset disposals, and is required to issue a formal opinion in cases where the transactions are material for the Group due to their nature or associated risks. For this purpose, "material" means transactions representing at least €100 million, or at least €50 million in the case of external growth transactions. This means that the Supervisory Board is automatically consulted about all projects that are material for the Group. Moreover, as it expresses an opinion on such projects, it is clearly able to report to shareholders thereon if appropriate.

Supervisory Board reviews all M&A strategic projects above €50 m and issues a formal opinion

Every quarter	Every six months	Ad hoc
The Supervisory Board reviews the deal flows	**Managers** report to the Supervisory Board on acquisitions carried out over the last four years. Every acquisition is assessed based on the following criteria:	Ad hoc Supervisory Board meetings on strategic M&A project key milestones



(1) *This exception 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.*

(2) *Available from the Group's website www.michelin.com.*

3.1.3.3 Diverse profiles and experiences represented on the Board – Gender balance on management bodies

Diverse profiles and experiences represented on the Supervisory Board

In line with the values of the Group and of its regions, the Supervisory Board consistently endeavors to propose candidates from diverse backgrounds and cultures and with diverse experiences, so that its membership is balanced and aligned with its role and responsibilities.

The main terms of the diversity policy are proposed by the Compensation and Appointments Committee. The policy is applied by the Committee and the Supervisory Board to manage Supervisory Board succession plans and for the assessment of the Supervisory Board's practices. The Committee and/or the Supervisory Board can be assisted by recognized outside consultants.

The Supervisory Board diversity policy for 2022 is described below, as required by Article L. 22-10-10-2° of the French Commercial Code.

Criteria	Objectives confirmed in 2022	Implementation method	2022 results
Age limit	No more than one third of Supervisory Board members to be aged 75 or over.	No candidates aged 75 or over should be proposed for election or re-election at the Shareholders Meeting if their election or re-election would result in the one-third limit being exceeded.	All members are under 75 years of age.
Supervisory Board gender equality	At least 40% of Board members should be women, as required by Article L. 22-10-74 of the French Commercial Code.	Board to recommend that the Shareholders Meeting re-elect incumbent women members and elect women candidates to replace women who are stepping down.	The candidates recommended by the Supervisory Board and elected by the Annual Shareholders Meeting had no impact on the proportion of women on the Board, which is unchanged at 45%, including Barbara Dalibard who has been Chair of the Supervisory Board since May 2021.
Availability/ attendance	Members should demonstrate, through their availability and attendance rate at meetings of the Board and Board Committees, that they devote the necessary time and attention to their duties (going beyond the statutory requirements and the requirements of the AFEP/MEDEF Code concerning multiple directorships). From 2023, an objective to restrict the number of board directorships and chairmanships or executive positions in other listed companies.	The majority of each member's compensation is tied to his or her attendance rate at meetings of the Supervisory Board and its Committees. Incumbent Board members will not be proposed for re-election if their average attendance rate at scheduled meetings was less than 85% over the last three years of their term of office.	The attendance rate was 98% in 2022 for scheduled meetings of the Supervisory Board and its Committees.
Qualifications/ professional skills and expertise/ international outlook/adherence to the Group's values	Board members should offer an appropriate overall combination of academic qualifications, professional experience in the areas of manufacturing, finance, internal control, digital technology and leadership of major international listed groups, and adherence to the Group's values. For 2023, the objective is to consolidate/strengthen the expertise in digital technologies and international management represented on the Board. For 2024, the objective is to replace/ strengthen the expertise in finance and industrial business management represented on the Board.	Decisions concerning candidates to be proposed for re-election or election to the Supervisory Board by the Shareholders Meeting focus on strengthening the qualifications and experience represented by Supervisory Board members in the areas of executive management and new technologies. The Chair and the majority of members of the Audit Committee are selected for their academic qualifications and international experience in finance, internal control and digital technologies. More detailed examination of CSR issues by the Supervisory Board.	Recommendation and decision to re-elect Thierry Le Hénaff, Monique Leroux and Jean-Michel Severino, who will continue to contribute their expertise (as described in their biographical information at the end of this chapter) to the work of the Supervisory Board. Proportion of foreign nationals on the Board maintained at 33%.

Criteria	Objectives confirmed in 2022	Implementation method	2022 results
Size of the Supervisory Board	Number of Supervisory Board members should not exceed the ten-member cap specified in the Bylaws (not including members representing employees elected in accordance with the law), to guarantee Board efficiency by fostering effective interactions between members and between the Board and the Managers.	No additional members to be proposed for election at the Shareholders Meeting, except to comply with legal requirements.	No additional appointments proposed.
Independence	• At least 50% of Supervisory Board members should be independent, based on the definition in the AFEP/MEDEF Code. • The Audit Committee, Compensation and Appointments Committee and Corporate Social Responsibility Committee to be chaired by independent Supervisory Board members.	As a general rule, unless an exception is duly recommended and justified by the Compensation and Appointments Committee, incumbent members will be proposed for re-election (i) provided they fulfill the independence criteria or (ii) if they no longer qualify as independent solely because they have served on the Board for more than 12 years, provided their appointment does not increase the proportion of non-independent members elected by the Shareholders Meeting to more than 50%.	Recommendation and decision to re-elect Thierry Le Hénaff, Monique Leroux and Jean-Michel Severino, independent members of the Supervisory Board. Independence rate stable at 89% (excluding members representing employees).
Employee representation on the Supervisory Board	The Supervisory Board includes two members representing the employees of the Company's French subsidiaries versus eight members elected by shareholders, exceeding the requirement set out in the rules resulting from France's PACTE Act (Act No. 2019-486).	Participation of members representing employees in the work of the Supervisory Board and its Committees.	Delphine Roussy is a member of the Supervisory Board and its Compensation and Appointments Committee, and Jean-Christophe Laourde is a member of the Supervisory Board and its Corporate Social Responsibility Committee.

Expertise of the Supervisory Board members

The tables and comments below present the expertise of Supervisory Board members that is considered the most relevant aspect of their skills and experience for the purpose of the Board carrying out its duties for the benefit of the Company, its shareholders and its stakeholders in accordance with the Group's values.

EXPERTISE OF THE MEMBERS OF THE SUPERVISORY BOARD

	International Management	Finance	Social Environment, Human Resources and Governance	Environment, Climate and Biodiversity	Manu-facturing	Automotive and Mobility Sector	Materials	IT, Digital and Cyber Security
Barbara Dalibard	◉					◉		◉
Jean-Pierre Duprieu	◉		◉		◉			
Aruna Jayanthi	◉		◉					◉
Anne-Sophie de La Bigne				◉	◉	◉		
Patrick de La Chevardière	◉	◉			◉			
Jean-Christophe Laourde			◉	◉		◉		
Thierry Le Hénaff	◉		◉				◉	
Monique Leroux		◉	◉	◉				
Delphine Roussy			◉		◉			◉
Wolf-Henning Scheider	◉				◉	◉		
Jean-Michel Severino		◉	◉	◉				

Barbara Dalibard: International Management: former CEO of Orange Business Services and SITA, companies present in 170 countries. **Automotive and Mobility sector:** wide-ranging experience in people mobility (train, bus, car/ridesharing and aviation). **IT, Digital and Cyber Security:** 35 years' experience in new technologies: networks, IT services, software production, digital consumer software delivery. Member of the Académie des Technologies.

Jean-Pierre Duprieu: International Management: 20 years' experience as Chief Executive Officer of foreign subsidiaries and an international group, including five years based in Japan. **Social Environment, Human Resources and Governance:** Chairman of the Board of Directors of Korian, independent director of a family-owned company (SEB). Former Chairman of the non-profit organization *Don en Confiance*. **Manufacturing:** 40 years' experience in the Air Liquide Group.

Aruna Jayanthi: International Management: numerous international business management positions in the Capgemini group, in India, the Asia-Pacific region, Latin America and Canada. **Social Environment, Human Resources and Governance:** member of the CSR committee of Capgemini India (involved in various social projects in India), former Chair of the Board of Directors of a national engineering college in India (NIT Calicut) and former member of the Executive Board of NASSCOM, the national association of software vendors in India. **IT, Digital and Cyber Security:** 38 years' experience in IT services companies including Tata Consulting and APtech, management of the Capgemini software factory in India (50,000 employees).

Anne-Sophie de La Bigne: Environment, Climate and Biodiversity: Chair of the environment working group of the French Institute of Directors' ESG club, member of the French Foundation for Biodiversity Research's Stakeholder Assembly. **Manufacturing:** more than 25 years' experience of managing industrial companies. **Automotive and Mobility sector:** expertise in the aviation sector with Airbus and GIFAS.

Patrick de La Chevardière: International Management: former Asia Director in Total's Refining-Distribution Division. **Finance:** CFO of Total for 10 years and extensive management experience as a finance professional. **Manufacturing:** varied experience in Exploration, Production and Refining at Total. Member of the Board of Schlumberger.

Jean-Christophe Laourde: Social Environment, Human Resources and Governance: Employee representation mandates at Michelin. Member of the Chimie AURA trade union council. **Environment, Climate and Biodiversity:** active participant in the Shift Project, Time for the Planet. Member of the Environment section of his trade union. **Automotive and Mobility Sector:** 25 years' experience in sales, marketing and distribution at Michelin.

Thierry Le Hénaff: International Management: Since 2006, Chairman and CEO of Arkema, an international group (92% of revenue generated outside France) listed in Paris (Euronext). Previously, numerous operational management positions at Total. **Manufacturing:** Chairman and CEO of Arkema, a group with a varied international shareholder base, some 20,000 employees and around 150 plants in many countries around the world. **Materials:** Chairman and CEO of Arkema, a group with high-level expertise and innovation capabilities focused on high-performance materials and polymers.

Monique Leroux: Finance: former CEO and Chair of the Board of the Desjardins Group (Banking and Insurance), former CFO of the Desjardins Group, former member of the Board of S&P Global, Fellow of the Order of Chartered Professional Accountants (CPA) of Canada and former audit partner of EY, Chartered Accountant (CA) and Certified Management Accountant (CMA) degrees. **Social Environment, Human Resources and Governance:** Fellow of the Institute of Corporate Directors of Canada (ICD), former Chair of the Board of Investissement Québec. **Environment, Climate and Biodiversity:** member of numerous Canadian expert committees advising on climate projects (advisor on Canadian industrial strategy, G7 Impact Task Force, etc.).

Delphine Roussy: Social Environment, Human Resources and Governance: various employee representation mandates. **Manufacturing:** professional experience at Philips and Michelin. **IT, Digital and Cyber Security:** professional experience in new technologies (3G/4G networks, communication protocols, RFID).

Wolf-Henning Scheider: International Management: former CEO of ZF Friedrichshafen and Mahle, former senior executive at Bosch. **Manufacturing:** former CEO of ZF Friedrichshafen and Mahle, former senior executive at Bosch. **Automotive and Mobility sector:** all these companies are active in the automotive sector and Wolf-Henning Scheider is also a member of the Board of VDA (German automotive industry association).

Jean-Michel Severino: Finance: former director at the World Bank, former CEO of the French Development Agency (AFD), manager of investment funds in Africa and Asia, Chairman and CEO of Investisseurs et Partenaires, former Chairman of the Board of Ecobank International. **Social Environment, Human Resources and Governance:** Director of Phitrust Impact Investors, Senior Independent Director of Danone and Chairman of its Governance and Compensation Committee, former member of the Governance Committee of Orange. **Environment, Climate and Biodiversity:** at the AFD, management of investments in the renewable energy, water and green and inclusive growth sectors; participation in numerous expert groups on these subjects at the World Bank; member of the Investment Committee of Energy Access Ventures (an African green energy fund); Chairman of Veolia's Critical Friends Committee (set up to consider the Veolia group's exposure to environmental and social risks).

Gender balance on management bodies(1)

As for all corporate social responsibility issues, the CSR Committee reviews the Group's policies and ambitions in terms of diversity and inclusion.

Michelin has launched a certain number of initiatives to make all positions accessible to women and ensure gender wage parity. Concerning women managers, Michelin has launched specific action plans in each of its host regions, with the aim of raising the proportion of women managers to 35% by 2030, and the proportion of women in Top Management positions to 35% by 2030. The strategy to achieve these targets is described in the section on the inclusive culture of diversity and the fight against discrimination, included in the Sustainable Development and Mobility Report (section 4.1.2.2 b) of the 2022 Universal Registration Document). Its implementation led to measures to rebalance the membership of the Group's management bodies, including the Executive Committee, which currently comprises nine members, four of which are women.

(1) The reporting scope for this information extends beyond the Company, which has fewer than five employees (none of whom are corporate officers).

Information about Supervisory Board members

Detailed information about each of the Supervisory Board members is presented below.

BARBARA **DALIBARD**

Non-independent member of the Supervisory Board
Chair of the Supervisory Board

Nationality:
French

Born in 1958

Business address:
Michelin

112, avenue Kléber,
75016 Paris
France

First elected:
May 16, 2008

Current term expires:
2023 (Annual Shareholders Meeting called to approve the 2022 financial statements)

Number of shares held at December 31, 2022:
2,740

BIOGRAPHICAL DETAILS – PROFESSIONAL EXPERIENCE

Barbara Dalibard was Chief Executive Officer of SITA, the world's leading specialist in air transport communications and information technology, from 2016 to 2021.

She is a graduate of École Normale Supérieure, where she qualified to lecture in mathematics, a graduate of École Nationale Supérieure des Télécommunications (ENST) and an honorary Corps des Mines engineer.

After beginning her career at France Télécom group, Ms. Dalibard became the chair of Alcanet International, a subsidiary of the Alcatel group, in 1998. She was then responsible for the France division of the Alcatel CIT group.

In 2003, she joined the Executive Committee of the Orange group and was the Chief Executive Officer of Orange Business Services, a business located in 220 countries and regions.

Ms. Dalibard joined SNCF in 2010 and was appointed Chief Executive Officer of SNCF Voyage (the TGV, Eurostar, Thalys businesses, etc.), then SNCF Voyageurs, which includes all of the group's passenger activities. She launched OUIGO, the first low-cost TGV, and the Ouibus long-distance coach subsidiary.

Ms. Dalibard is an Officer of the *Légion d'honneur*, Officer of the *Ordre du mérite* and Doctor Honoris Causa of École Polytechnique de Montreal.

EXPERTISE

See the tables and comments presenting the expertise of Supervisory Board members, at the beginning of section 3.1.3.3.

DIRECTORSHIPS AND OTHER POSITIONS HELD AT DECEMBER 31, 2022

- Director on the Supervisory Committee of Castillon
- Member of the Board of Directors of Rexel

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2018-2022

- Chief Executive Officer of SITA *(until December 2021)*
- Non-voting member then Director on the Supervisory Committee of Castillon *(since July 2021)*
- Member of the Board of Directors of Rexel *(appointed in December 2021)*

JEAN-PIERRE **DUPRIEU**

Independent member of the Supervisory Board
Chairman of the Compensation and Appointments Committee

Nationality:
French

Born in 1952

Business address:
Michelin
112, avenue Kléber,
75016 Paris
France

First elected:
May 17, 2013

Current term expires:
2024 (Annual Shareholders Meeting called to approve the 2023 financial statements)

Number of shares held at December 31, 2022:
2,040

BIOGRAPHICAL DETAILS – PROFESSIONAL EXPERIENCE

Jean-Pierre Duprieu was previously Executive Vice President of the Air Liquide group[1] from 2011 to 2016.

Between 2010 and 2016, he was a member of Air Liquide's Executive Management team, in charge of supervising the group's European and Healthcare activities as well as corporate functions, including information systems and Efficiency/Purchasing programs.

He is currently Chairman of the Board of Directors of Korian[1], Director of the SEB group[1] and member of the Supervisory Board of Dehon S.A.

EXPERTISE

See the tables and comments presenting the expertise of Supervisory Board members, at the beginning of section 3.1.3.3.

DIRECTORSHIPS AND OTHER POSITIONS HELD AT DECEMBER 31, 2022

- Chairman of the Board of Directors of Korian[1]
- Independent Director and Chairman of the Governance and Compensation Committee of the SEB group[1]
- Independent Member of the Supervisory Board of Dehon S.A.

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2018-2022

- Independent Director of the Korian group[1], Chairman of the Compensation and Appointments Committee and member of the Audit Committee *(until September 2020)*
- Chairman of the Board of Directors of Korian[1]
- Independent Director and Chairman of the Governance and Compensation Committee of the SEB group[1]
- Independent member of the Supervisory Board of Dehon S.A.

(1) Listed company.

ARUNA **JAYANTHI**

Independent member of the Supervisory Board
Member of the Audit Committee

Nationality:
Indian

Born in 1962

Business address:
Michelin
112, avenue Kléber,
75016 Paris
France

First elected:
May 22, 2015

Current term expires:
2023 (Annual Shareholders Meeting called to approve the 2022 financial statements)

Number of shares held at December 31, 2022:
1,600

BIOGRAPHICAL DETAILS – PROFESSIONAL EXPERIENCE

From 2011 until the end of 2015, Aruna Jayanthi was Chief Executive Officer of Capgemini India, responsible for overseeing all of the Capgemini group's operations in India, covering Consulting, Technology and Outsourcing Services provided by some 50,000 employees.

In 2016, she became head of a new Business Services Unit. In 2018, she was appointed to lead the group's operations in the Asia-Pacific and Latin America regions, before becoming Managing Director of these Business Units. In 2022, she was named Head of Capgemini Latin America and Canada as well as Sales Director for the entire Americas region. She is a member of the Group Executive Committee.

After obtaining a Master's degree in finance management from the Narsee Monjee Institute of Management Studies in Mumbai, Ms. Jayanthi held various IT services positions between 1984 and 2000 (including at clients' offices in Europe and the United States), with Tata Consulting Services, APtech and other companies.

She joined the Capgemini group in 2000.

EXPERTISE

See the tables and comments presenting the expertise of Supervisory Board members, at the beginning of section 3.1.3.3.

DIRECTORSHIPS AND OTHER POSITIONS HELD AT DECEMBER 31, 2022

- Director of Equation Capital Partners LLP
- Director of Chappuis Halder Inc. (Canada)
- Director of the following Capgemini group companies: CapgeminiTechnology Services India Limited, Capgemini Brasil S.A, Capgemini Business Services Guatemala S.A, Capgemini Mexico – S.DE R.L DE C.V, Capgemini (Hangzhou) Co. Ltd, Capgemini Canada Inc., Gestion Capgemini Québec Inc. (Canada), Capgemini Solutions Canada Inc.

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2018-2022

- Director of Espire AS *(until April 2018)*
- Director of SBI Capital Markets Limited *(until September 2018)*
- Director of Equation Capital Partners LLP
- Director of Chappuis Halder Inc. (Canada) *(2022)*
- Director of the following Capgemini group companies: Capgemini Norge AS *(until May 2019),* Director and Chair of the Board of Directors of Capgemini Sverige AB *(until June 2019),* Director and Chair of the Supervisory Board of Capgemini Polska Sp.z o.o. *(until August 2019),* Capgemini Australia Pty Limited *(until June 2021),* Capgemini Hong Kong Ltd *(until December 2021),* Capgemini Business Services (China) Limited *(until December 2021),* Capgemini Asia Pacific Pte Limited *(until December 2021),* Capgemini Saudi Limited *(until March 2022),* Solcen Technologies Private Limited *(until April 2022),* CapgeminiTechnology Services India Limited, Capgemini Brasil S.A, Capgemini Business Services Guatemala S.A, Capgemini Mexico – S. DE R.L DE C.V, Capgemini (Hangzhou) Co. Ltd, Capgemini Canada Inc. *(2022),* Gestion Capgemini Quebec Inc. (Canada) *(2022),* Capgemini Solutions Canada Inc. *(2022)*

ANNE-SOPHIE **DE LA BIGNE**

Independent member of the Supervisory Board
Member of the Compensation and Appointments Committee
Member of the Corporate Social Responsibility Committee

Nationality:
French

Born in 1960

Business address:
Airbus
36, avenue
Raymond-Poincaré
75116 Paris
France

First elected:
May 17, 2013

Current term expires:
2024 (Annual Shareholders Meeting called to approve the 2023 financial statements)

Number of shares held at December 31, 2022:
3,612

BIOGRAPHICAL DETAILS – PROFESSIONAL EXPERIENCE

Since 2008, Anne-Sophie de La Bigne has been Vice President in charge of Civil Affairs in the Public Affairs Division, France, at the Airbus group[(1)].

Anne-Sophie de La Bigne began her career in 1983 as a financial controller with the Matra group before joining the Strategy & Business Development Department of the Lagardère group, where she worked from 1985 to 1999.

She subsequently became Head of the Strategic Analysis Department at Aerospatiale Matra/EADS, a position she held until 2001.

Between 2001 and 2006, she served as Vice President, Strategy and European Affairs, at Groupement des Industries Françaises Aéronautiques et Spatiales (GIFAS).

From 2006 to 2007, she was responsible for international corporate relations in the EADS' Public Affairs Division.

EXPERTISE

See the tables and comments presenting the expertise of Supervisory Board members, at the beginning of section 3.1.3.3.

DIRECTORSHIPS AND OTHER POSITIONS HELD AT DECEMBER 31, 2022

- Member of the Board of Directors of SIAE S.A.
- Member of the Board of Directors of APAVE and member of the Audit Committee

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2018-2022

- Member of the Board of Directors of SIAE S.A.
- Member of the Board of Directors of APAVE and member of the Audit Committee

(1) *Listed company.*

PATRICK DE LA CHEVARDIÈRE

Independent member of the Supervisory Board
Chairman of the Audit Committee

Nationality:
French

Born in 1957

Business address:
Michelin

112, avenue Kléber,
75016 Paris
France

First elected:
June 23, 2020

Current term expires:
2024 (Annual Shareholders Meeting called to approve the 2023 financial statements)

Number of shares held at December 31, 2022:
1,600

BIOGRAPHICAL DETAILS – PROFESSIONAL EXPERIENCE

Patrick de La Chevardière is currently a director of Schlumberger(1) and until July 2019 was the Chief Financial Officer and a member of the Executive Committee of the Total group(1), where he spent his entire career.

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

EXPERTISE

See the tables and comments presenting the expertise of Supervisory Board members, at the beginning of section 3.1.3.3.

DIRECTORSHIPS AND OTHER POSITIONS HELD AT DECEMBER 31, 2022

Director of Schlumberger(1)

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2018

None

2019-2022

Director of Schlumberger(1)

(1) Listed company.

JEAN-CHRISTOPHE LAOURDE

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

Member of the Corporate Social Responsibility Committee

Nationality:
French

Born in 1975

Business address:
Compagnie Générale des Établissements Michelin
23, place des Carmes-Déchaux
63000 Clermont-Ferrand
France

First elected:
December 14, 2020

Current term expires:
2024 (Annual Shareholders Meeting called to approve the 2023 financial statements)

Number of shares held at December 31, 2022:
400

BIOGRAPHICAL DETAILS – PROFESSIONAL EXPERIENCE

Jean-Christophe Laourde is an employee of Manufacture Française des Pneumatiques Michelin, where he is a service designer in the Road Transportation Services & Solutions marketing department. He began his career with the Michelin group in 1998 and held a variety of positions in sales in France, before becoming Forecast Manager for Supply Chain Europe.

He has also held positions in Distribution Development Management for France-Benelux.

In addition, he served as the central union representative for the CFE-CGC at Michelin in France between 2016 and 2020.

EXPERTISE

See the tables and comments presenting the expertise of Supervisory Board members, at the beginning of section 3.1.3.3.

DIRECTORSHIPS AND OTHER POSITIONS HELD AT DECEMBER 31, 2022

None

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2018-2022

None

THIERRY **LE HÉNAFF**

Independent member of the Supervisory Board
Senior Independent Member of the Supervisory Board
Member of the Compensation and Appointments Committee

Nationality:
French

Born in 1963

Business address:
Arkema
420, rue
d'Estienne-d'Orves
92700 Colombes
France

First elected:
May 18, 2018

Current term expires:
2026 (Annual Shareholders Meeting called to approve the 2025 financial statements)

Number of shares held at December 31, 2022:
1,600

BIOGRAPHICAL DETAILS – PROFESSIONAL EXPERIENCE

Thierry Le Hénaff is currently Chairman and Chief Executive Officer of Arkema[1].

After starting his career with Peat Marwick Consultants, in 1992 he joined Bostik, Total's Adhesives Division, where he held a number of operational positions in France and worldwide. In July 2001, he was appointed Chairman and Chief Executive Officer of Bostik Findley, the new entity resulting from the merger of Total S.A.'s and Elf Atochem's Adhesives divisions. On January 1, 2003, he joined Atofina's Executive Committee, with responsibility for three divisions (Agrochemicals, Fertilizers and Thiochemicals) as well as three corporate departments. Then, in 2004, he joined the Executive Committee of the Total group[1]. He was named Chairman and Chief Executive Officer of Arkema on March 6, 2006. He has sat on the Board of Directors of the École Polytechnique Foundation since 2016.

Thierry Le Hénaff holds engineering degrees from École Polytechnique and École Nationale des Ponts et Chaussées, and a Master's degree in Industrial Management from Stanford University in the United States. He holds the titles of *Chevalier de l'Ordre national du mérite* and *Chevalier de l'Ordre national de la Légion d'honneur*.

EXPERTISE

See the tables and comments presenting the expertise of Supervisory Board members, at the beginning of section 3.1.3.3.

DIRECTORSHIPS AND OTHER POSITIONS HELD AT DECEMBER 31, 2022

- Chairman and Chief Executive Officer of Arkema[1]
- Chairman of the Board of Directors of Arkema France

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2018-2022

- Chairman and Chief Executive Officer of Arkema[1]
- Chairman of the Board of Directors of Arkema France

(1) Listed company.

MONIQUE LEROUX

Independent member of the Supervisory Board
Chair of the Corporate Social Responsibility Committee
Member of the Audit Committee

Nationality:
Canadian

Born in 1954

Business address:
Fiera Capital
1981 McGill College
Montréal (Québec)
H3A 0H5
Canada

First elected:
October 1, 2015

Current term expires:
2026 (Annual Shareholders Meeting called to approve the 2025 financial statements)

Number of shares held at December 31, 2022:
4,000

BIOGRAPHICAL DETAILS – PROFESSIONAL EXPERIENCE

Companion of the Canadian Business Hall of Fame and Investment Industry Hall of Fame, Monique Leroux is a company director. She sits on the Boards of Directors of Bell (BCE)(1) and Couche-Tard (ATD)(1). She contributes to these boards and committees her wide-ranging experience, acquired for example as a partner of EY (Canada) and as Chair of the Board and Chief Executive Officer of Mouvement Desjardins from 2008 to 2016.

Monique Leroux is a member of the Order of Canada, an *Officer of the Ordre national du Québec*, a *Chevalier de la Légion d'honneur* (France) and a recipient of a Woodrow Wilson Award (United States). She has been inducted as a Fellow of the Canadian Order of Certified Public Accountants and Fellow of the Canadian Institute of Corporate Directors, and has been awarded honorary doctorates from ten Canadian universities in recognition of her contribution to the business sector and also to the community.

Monique Leroux chaired Canada's National Industrial Strategy Board in 2020 as part of a special mandate on economic recovery, and also chaired the Board of Directors of Investissement Québec from 2016 to 2020. She served as a member of the Board of Directors of S&P Global from 2016 to 2022.

EXPERTISE

See the tables and comments presenting the expertise of Supervisory Board members, at the beginning of section 3.1.3.3.

DIRECTORSHIPS AND OTHER POSITIONS HELD AT DECEMBER 31, 2022

- Member of the Board of Directors of Couche-Tard(1)
- Member of the Board of Directors and Chair of the Governance Committee of Bell/BCE(1)
- Other private and community activities:
  - Part-time (non-executive) advisor to Fiera Capital
  - Member of Lallemand (privately owned company)

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2018-2022

- Chair of the Board of Directors of Investissement Québec *(until July 2020)*
- Member of the Board of Directors of S&P Global(1) *(until May 2022)*
- Member of the Board of Directors of Couche-Tard(1)
- Member of the Board of Directors and Chair of the Governance Committee of Bell/BCE(1)
- Other private and community activities:
  - Part-time (non-executive) advisor to Fiera Capital
  - Member of Lallemand (privately owned company)

(1) Listed company.

DELPHINE **ROUSSY**

Non-independent member of the Supervisory Board representing employees (non-executive)
Member of the Compensation and Appointments Committee

Nationality:
French

Born in 1982

Business address:
Compagnie Générale des Établissements Michelin
23, place des Carmes-Déchaux 63000 Clermont-Ferrand
France

First elected:
December 14, 2020

Current term expires:
2024 (Annual Shareholders Meeting called to approve the 2023 financial statements)

Number of shares held at December 31, 2022:
374

BIOGRAPHICAL DETAILS – PROFESSIONAL EXPERIENCE

Delphine Roussy is an employee of Manufacture Française des Pneumatiques Michelin, where she is Head of the Systems & Processes Division patents team within the Legal Affairs/Intellectual Property Department.

She is a graduate of Supélec and the Georgia Institute of Technology in Atlanta. In 2011, she joined the Michelin group after having had several positions in the field of intellectual property.

She was a member of the CFDT trade union's advisory delegation to the Regional Economic, Social and Environmental Council (CESER) for the Auvergne-Rhône-Alpes region from 2018 to 2020 and represented the CFDT within the Michelin organization in various capacities (employee representative, member of the Committee on Health, Safety & Working Conditions, trade union representative) between 2014 and 2020.

EXPERTISE

See the tables and comments presenting the expertise of Supervisory Board members, at the beginning of section 3.1.3.3.

DIRECTORSHIPS AND OTHER POSITIONS HELD AT DECEMBER 31, 2022

None

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2018-2022

None

WOLF-HENNING **SCHEIDER**

Independent member of the Supervisory Board
Member of the Audit Committee

Nationality:
German

Born in 1962

Business address:
Michelin

112, avenue Kléber,
75016 Paris
France

First elected:
May 21, 2021

Current term expires:
2025 (Annual Shareholders Meeting called to approve the 2024 financial statements)

Number of shares held at December 31, 2022:
1,600

BIOGRAPHICAL DETAILS – PROFESSIONAL EXPERIENCE

Wolf-Henning Scheider has been responsible for the Partners Group's private placements since 2023.

He studied at Saarbruck University and RWTH Aachen University, graduating in Business Administration and Economics. He began his career with the Bosch group, holding various management positions in Germany and several other countries, including France where he spent over four years. Between 2010 and 2015, he served as a member of the Executive Committee of Robert Bosch GmbH, with overall responsibility for the Automotive group, OEM sales, and Group Sales and Marketing. From 2015 to 2018, he was Chief Executive Officer of the Mahle group. Wolf-Henning Scheider was Chairman of the Board of Management and Chief Executive Officer of ZF Friedrichshafen AG (ZF), a German group that is a global leader in automotive, transportation and mobility technologies, from 2018 to early 2023.

EXPERTISE

See the tables and comments presenting the expertise of Supervisory Board members, at the beginning of section 3.1.3.3.

DIRECTORSHIPS AND OTHER POSITIONS HELD AT DECEMBER 31, 2022

- Chairman of the Board of Management and Chief Executive Officer of ZF
- Member of the Board of Directors of VDA German Association of the Automotive Industry

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2018-2022

- Chief Executive Officer of the Mahle group *(until January 2018)*
- Chairman of the Board of Management and Chief Executive Officer of ZF
- Member of the Board of Directors of VDA German Association of the Automotive Industry

(1) Listed company.

JEAN-MICHEL **SEVERINO**

Independent member of the Supervisory Board
Member of the Corporate Social Responsibility Committee

Nationality:
French

Born in 1957

Business address:
Investisseurs et Partenaires
9, rue Notre Dame des Victoires
75002 Paris
France

First elected:
November 12, 2020

Current term expires:
2026 (Annual Shareholders Meeting called to approve the 2025 financial statements)

Number of shares held at December 31, 2022:
1,600

BIOGRAPHICAL DETAILS – PROFESSIONAL EXPERIENCE

Jean-Michel Severino is a former student of École Nationale d'Administration. He graduated from ESCP Business School and Institut d'Études Politiques in Paris, and has a Master's degree in economics and a bachelor's in law. He is a member of the General Inspectorate of Finance and was a development director at the French Ministry of Cooperation and Development, Vice-President East Asia at the World Bank and Chief Executive Officer at the French Development Agency.

Since 2011, he has been Manager then Chairman of the Supervisory Board of Investisseurs et Partenaires (I&P), a fund management team specializing in financing for African SMEs.

He is Senior Independent Director and Chairman of the Governance Committee of Danone[(1)], a director and member of the Audit Committee of Orange[(1)] and Chairman of the Board of Directors of Ecobank International (EBI SA).

He is also a Senior Fellow at the Foundation for Studies and Research on International Development (FERDI) and a member of the French Academy of Technologies.

EXPERTISE

See the tables and comments presenting the expertise of Supervisory Board members, at the beginning of section 3.1.3.3.

DIRECTORSHIPS AND OTHER POSITIONS HELD AT DECEMBER 31, 2022

- Senior Independent Director and Chairman of the Governance Committee of Danone SA[(1)]
- Director and member of the Audit Committee of Orange SA[(1)]
- Chairman of the Board of Directors of IPAE
- Director of I&P Gestion
- Director of Adenia Partners (Mauritius)
- Director of Phitrust Impact Investors
- Chairman of Emergences Développement
- Manager of I&P SARL and I&P Conseil
- Chief Executive Officer and Chairman of the Supervisory Board of Investisseurs et Partenaires (I&P)

OTHER DIRECTORSHIPS AND POSITIONS HELD IN THE LAST FIVE YEARS

2018-2022

- Chairman of the Board of Directors of EBI SA *(until April 2021)*
- Manager of Investisseurs et Partenaires (I&P) *(until October 2021)* then Chairman of the Supervisory Board
- Director of Adenia Partners (Mauritius)
- Manager of I&P SARL and I&P Conseil
- Senior Independent Director and Chairman of the Governance Committee of Danone SA [(1)]
- Director and member of the Audit Committee of Orange SA [(1)]
- Chairman of the Board of Directors of IPAE
- Director of I&P Gestion
- Director of Phitrust Impact Investors
- Chairman of Emergences Développement

(1) Listed company.

3.1.4 INTERACTIONS BETWEEN THE VARIOUS GOVERNANCE STRUCTURES

The shared objective of all members of the Company's governance, i.e., the Non-Managing General Partner (SAGES), the Managers and the Supervisory Board, is to ensure harmonious and efficient interactions in the interest of the Group and its shareholders. This implies that tasks and responsibilities are distributed among members in a manner that complies with the Company's Bylaws and the recommendations in the AFEP/MEDEF Code as applicable to partnerships limited by shares. It is in this vein that the participants in the governance system agreed upon the following:

Succession process

In accordance with the Company's Bylaws, each Manager is appointed for an initial term of four years by the Shareholders Meeting on the proposal of the Non-Managing General Partner (SAGES), made after consulting the Supervisory Board. Their appointment is subsequently renewable by decision of SAGES, with the Supervisory Board's agreement.

- the Managing Partner succession process is led by SAGES, which formally consults the Supervisory Board concerning its proposals. A candidate selection process is submitted by SAGES to the Managing Chairman and Managing General Partner and to the Supervisory Board, presenting the different selection phases, the selection criteria and an overview of the various internal and external candidates;
- the Supervisory Board, which oversees the work of the Compensation and Appointments Committee in reviewing the Executive Committee succession plans drawn up by the Managers, presents the results of the review to SAGES between 12 and 18 months before the start of the process and ensures that the plans cover diverse profiles;
- SAGES, the Managing Chairman and Managing General Partner and the Supervisory Board agree on the selection criteria for a future Manager and a recruitment firm is selected by SAGES from a list drawn up by mutual agreement, to support each step of the process.

Compensation process

- Compensation policy:
  - at the start of each financial year, the Managers present proposals to the Compensation and Appointments Committee concerning the performance criteria and targets to be used to determine their annual and long-term variable compensation (performance shares). After discussing the presentation with the Managers, the Committee analyzes these proposals and examines all the components of the Managers' compensation, taking into account the compensation and employment conditions of Michelin employees, the practices of other CAC 40 companies and relevant benchmarks;
  - 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 criteria and objectives to be used to determine the annual and long-term variable compensation of the Managers for the current fiscal year;
  - 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 approval of the Non-Managing General Partner (SAGES), 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, (i) for the Managing General Partner, the General Partners sign an agreement determining the share of consolidated net income attributable to the Managing General Partner after application of the criteria and objectives for determining his annual variable compensation, and (ii) for the General Manager, the General Partners sign the decision concerning his annual compensation, including the definition of the criteria and objectives applied to determine his annual variable compensation;
  - in the second half of the year, during the process to determine the performance shares to be granted to employees of Group companies, the Supervisory Board decides on the conditions, criteria and objectives to be applied for the granting of performance shares to the Managers by decision of the General Partners. The Supervisory Board's decision takes into account the Company's compensation policy and the authorization given by the Shareholders Meeting, in compliance with the applicable regulations.
- Performance assessment:
  - at each year-end, the Managers report to the Compensation and Appointments Committee on the achievement of prior-year objectives used to determine their annual and long-term variable compensation;
  - the Compensation and Appointments Committee analyzes the performance data, shares its conclusions with the Non-Managing General Partner (SAGES) and presents its recommendations to the Supervisory Board;

- the Supervisory Board then discusses the results of the Compensation and Appointments Committee's analysis of actual performance in relation to objectives and the Committee's recommendations;
- the Managing Chairman submits the compensation components and the corresponding proposed resolutions to the Ordinary Shareholders Meeting and also seeks the approval of the Non-Managing General Partner (SAGES), in compliance with the applicable regulations and according to the specified procedure;
- once the compensation components have been approved by the Ordinary Shareholders Meeting, the variable compensation components are paid or delivered to the Managers, with the Managing General Partner's annual variable compensation deducted from his share of consolidated net income attributable to the General Partners in accordance with the Company's bylaws.

3.1.5 STATEMENTS

The Managers and the members of the Supervisory Board do not have any close family ties.

To the best of the Company's knowledge, neither Michelin's Managers nor any Supervisory Board member has, in the past five years, been (i) convicted of fraud, (ii) associated with a bankruptcy, receivership or liquidation, (iii) the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

No Supervisory Board member and neither of Michelin's Managers has a service contract with the Company or any of its subsidiaries.

There are no:

- arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which they were selected as a Manager or as a member of the Supervisory Board;
- conflicts of interest between the duties to the Company of the Managers and their private interests and/or other duties;
- conflicts of interest between the duties to the Company of the Supervisory Board members and their private interests and/or other duties(1);
- restrictions accepted by these persons on the disposal of their Michelin shares within a certain period of time, except for those resulting from market abuse regulations and the specific rules applicable to the Managers.

3.2 SUPERVISORY BOARD PRACTICES – ACTIVITIES IN 2022

3.2.1 GENERAL ACTIVITIES

In addition to the six meetings initially scheduled, the Board held two further meetings in 2022, to (i) review the situation resulting from the conflict in Ukraine and the consequences for Michelin and its employees, and (ii) review progress on certain significant projects.

The issues examined by the Supervisory Board – based on presentations by the Managers or by members of the entities concerned – were as follows:

- Update on the Group's business and financial position:
  - quarterly financial information, interim and annual results, scorecards, corresponding press releases, recommended dividend;
  - internal control and risk management;
  - integration of businesses acquired in recent years;
  - acquisitions in progress (several meetings).
- Strategic overview:
  - strategy seminar (several meetings): business review, map of current transformations, acquisition projections, 2030 strategic plan;
  - social and people aspects, including training initiatives to prepare employees for the transformation of their professions;
  - industrial strategy, including the net zero roadmap ("0 CO_2");
  - innovation pipeline;
  - electric mobility markets.
- Corporate officers' compensation:
  - results of the performance criteria used to determine the Managers' variable compensation for 2021;
  - 2022 variable compensation criteria and performance objectives and performance share plan criteria;
  - changes in the compensation policy applied to the Chair of the Supervisory Board.
- Group compensation policies.
- Manager succession plan: examination of the candidate selection process proposed by the Non-Managing General Partner (SAGES).

(1) See detailed disclosures in the Corporate Governance Report presented in section 3.2.6 of the 2021 Universal Registration Document.

- Membership and practices of the Supervisory Board and its Committees:
  - review of candidates standing for re-election to the Supervisory Board;
  - Supervisory Board members' independence;
  - independent assessment of Supervisory Board practices and the individual contributions of its members, carried out by a leading firm of consultants;
  - preparation of the Corporate Governance Report and the Annual Shareholders Meeting.
- Reports of the Audit Committee, Compensation and Appointments Committee and CSR Committee.

Part of each Supervisory Board meeting took place behind closed doors, without the Managers being present.

In addition, the independent members of the Board held an executive session.

3.2.2 SUPERVISORY BOARD MEMBERS' ATTENDANCE RATES

The Supervisory Board met eight times in 2022 – on February 11, March 10, April 25, June 23, July 25, October 11-12, October 24, and December 16.

With one exception, all of the scheduled meetings were full-day events, with one meeting lasting nearly three days (including visits by Board members to Group facilities in North America).

The overall attendance rate at Board and Committee meetings was 98% (excluding the meetings of March 10 and June 23, which were not scheduled at the beginning of the year).

The attendance rates at Board and Committee meetings of the individual Board members are presented in the table below:

	Participation at meetings held in 2022			
Supervisory Board members	**Supervisory Board (6 meetings)(1)**	**Audit Committee (4 meetings)**	**Compensation and Appointments Committee (3 meetings)**	**Corporate Social Responsibility Committee (3 meetings)**
Barbara Dalibard	6/6	N/A	N/A	N/A
Jean-Pierre Duprieu	6/6	N/A	3/3	N/A
Aruna Jayanthi(2)	6/6	3/4	N/A	N/A
Anne-Sophie de La Bigne	6/6	N/A	3/3	3/3
Patrick de La Chevardière	6/6	4/4	N/A	N/A
Jean-Christophe Laourde	6/6	N/A	N/A	3/3
Thierry Le Hénaff	6/6	N/A	3/3	N/A
Monique Leroux	6/6	4/4	N/A	3/3
Delphine Roussy	6/6	N/A	3/3	N/A
Wolf-Henning Scheider(3)	6/6	3/4	N/A	N/A
Jean-Michel Severino	6/6	N/A	N/A	3/3

(1) Excluding unscheduled meetings (two meetings).
(2) Aruna Jayanthi was absent from one meeting of the Audit Committee.
(3) Wolf-Henning Scheider was absent from one meeting of the Audit Committee.

3.2.3 TRAINING FOR SUPERVISORY BOARD MEMBERS

All Supervisory Board members

As part of its training policy for Supervisory Board members, during the year the Company once again organized a special training program on the Group's operations. The program gave all of the Supervisory Board members an opportunity to acquire or refresh their hands-on insight into how Michelin's various businesses are run.

The members of the Board attended a meeting organized by the Managing Partners and members of the Group Executive Committee, during which the topics of access to the tire market and tire distribution were presented in detail (in particular, ecosystem issues, strategy and management).

The Board members made a three-day trip to North America where they visited several plants and saw for themselves (i) the operations of the Beyond Road Business Line, which was created by merging the businesses acquired from the Camso group with Michelin's operations in the same area, and (ii) the activities of the Fenner Precision Polymer Division, which is part of the business acquired from the Fenner group.

The purpose of the meetings with these entities' teams was to consolidate the Board members' practical knowledge of the businesses and their models, as well as the features that set them apart from Michelin's legacy businesses.

The Board members also received detailed presentations on the organization of the North and Central America regions, which include respectively the United States and Canada, and Mexico, their multi-sector activities and key projects, and their contributions to the regional deployment of the Michelin in Motion strategy.

These topic-specific presentations, along with those made during the year at Supervisory Board meetings by members of executive management and their teams, are welcomed by Supervisory Board members as a means of deepening their understanding of activities and implementation of the Michelin in Motion strategy.

The Board has already identified a number of issues to be addressed in detail in 2023, including several topics related to the environment (analysis of the Corporate Sustainability Reporting Directive – CSRD and its consequences, adjustment to the effects of climate change) and cybercrime that will be presented by leading external experts.

Lastly, in 2022, the members elected to the Supervisory Board at the previous year's Annual Shareholders Meeting participated in an induction day postponed from 2021 due to Covid-19. The event was organized as a journey of discovery of the Group. It focused on Michelin's innovation strategy and research and development activities, and included a tour of the main research center as well as meetings with the Business Managers.

Members representing employees

Internally, the Supervisory Board members representing employees attended a preparatory session prior to each Board meeting, to facilitate their active participation in the Board's work.

Within the Group, they attend specific presentations by the directors of various entities, including the Managers and members of the Group Executive Committee, and by the Chair of the Supervisory Board. These presentations are specially designed to provide the new members with full understanding of the Group's businesses and its environment.

Outside the company, the Supervisory Board members representing employees have successfully trained for qualified company director certificates issued by a leading specialized organization. Furthermore, they have continued to receive regular training on specific or general topics, according to the needs of their position as Board members.

3.2.4 SUPERVISORY BOARD SUCCESSION PLANS AND PREPARATION OF PROPOSALS AND RECOMMENDATIONS FOR THE RE-ELECTION OF SUPERVISORY BOARD MEMBERS AT THE 2023 ANNUAL SHAREHOLDERS MEETING

The Supervisory Board asked the Compensation and Appointments Committee to review the expiry dates of incumbent members' terms.

Concerning the Supervisory Board members whose term expires at the end of the 2023 Annual Shareholders Meeting, the Committee's procedures and recommendations are presented in the Supervisory Board's report on the resolutions to be submitted to the Annual Shareholders Meeting (see section 7.2 of this 2022 Universal Registration Document).

The Committee also continued to implement the succession plan for Board members in preparation for future elections or re-elections, particularly in 2024. The Committee members organized and systematically followed a robust process to identify, short-list and interview potential future candidates with the assistance of a leading executive search firm.

In accordance with the guidelines set out in its diversity policy (see section 3.1.3.3. of this report), the candidates examined by the Committee will include incumbent Supervisory Board members with international experience in finance, particularly in M&A, and the management of industrial companies. In line with best industry practices, the selection of future members will favor candidates who fulfill the Supervisory Board's balance and diversity goals (in terms of skills, geographies and gender).

3.2.5 ACTIVITIES OF THE SENIOR INDEPENDENT SUPERVISORY BOARD MEMBER

Although in a partnership limited by shares (*société en commandite par actions*), none of the Managers (who are equivalent to executive officers in a joint stock corporation) may also serve as Chair(man) of the Supervisory Board. The Board nevertheless decided to create the position of Senior Independent Member in 2017.

This role, given to an independent Board member, mainly covers the following responsibilities specified in the Board's internal rules:

- organize executive sessions among the independent members;
- chair and lead the sessions;
- report on his or her activities to the Board at least once a year;
- meet with the Chair(man) of the Board to inform him or her of all or some of the views or wishes expressed by the independent members during executive sessions;
- propose the inclusion of additional items on the agenda of Supervisory Board meetings;
- call and chair Supervisory Board meetings and set the agenda if the Chair of the Board is unable to perform this task;
- meet with the Managing Chairman to inform him of all or some of the views or wishes expressed by the independent members during executive sessions, after informing the Chair(man) of the Supervisory Board;
- receive information about any material comments on governance issues made by significant shareholders and participate in communications with shareholders alongside the Chair(man) of the Supervisory Board or the Managing Chairman.

Thierry Le Hénaff has served as Senior Independent Member since July 2020[1].

(1) He took over from Barbara Dalibard, who was Senior Independent Member from 2017, when the position was created, to June 2020.

In 2022, Thierry Le Hénaff organized and chaired one executive session of independent Supervisory Board members, held without the Managers (equivalent to executive directors) being present. The main issues discussed during this session were as follows:

- assessment of management action to address the issues discussed at Board meetings and to take into account the related comments;
- the time allocated in Board meetings to discussing strategy relative to the time spent discussing the business;
- the positive assessment of the Board's transparency;
- initial feedback on the creation of the CSR Committee and areas for improvement;
- Board member training requests.

At the end of 2022, Thierry Le Hénaff reported to the Chair of the Supervisory Board and the Managing Chairman on his activities during the year. The report will be presented to all Supervisory Board members in the first half of 2023, at the same time as the results of the assessment of the Board's practices.

In 2022, Thierry Le Hénaff helped to prepare the independent assessment, by an external firm of consultants, of the practices of the Board and its Committees, and the individual contributions of their members (see report on the assessment results in section 3.2.7 of this report).

3.2.6 REVIEW OF SUPERVISORY BOARD MEMBERS' INDEPENDENCE AND ANY CONFLICTS OF INTEREST

The Supervisory Board has chosen to refer exclusively to the criteria listed in the AFEP/MEDEF Code for its assessment of its members' independence. The AFEP/MEDEF Code recommends that a majority of the members of the Supervisory Board should be independent and without any vested interests (i.e., with no relationship of any kind whatsoever with the Company or its management which might risk coloring the member's judgment)[1].

The Supervisory Board's internal rules also explicitly stipulate that its members are required to inform the Supervisory Board of any potential or existing conflict of interest and are banned from taking part in the discussion and voting on the matters concerned.

In the first phase, the Compensation and Appointments Committee ensures that each Supervisory Board member has formally declared, in relation to the provisions and abstention obligations of the Board's internal rules, that:

- they have no close family ties with their fellow Supervisory Board members;
- they have not, in the past five years, been (i) convicted of fraud, (ii) associated with a bankruptcy, receivership or liquidation, (iii) the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities or disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer;
- they do not have a service contract with the Company or any of its subsidiaries[2];
- they have not been selected to serve as a corporate officer pursuant to any arrangement or agreement with a principal shareholder, customer, supplier or other stakeholder;
- to the best of their knowledge, there are no restrictions on the disposal within a certain period of time of their Michelin shares, except for those resulting from insider dealing rules;
- to the best of their knowledge, there are no conflicts of interest between their obligations towards the Company in their capacity as corporate officer and their personal interests and/or other obligations.

Where applicable, the Committee also checks any notifications given to the Board by its members. In the second phase, to complete the earlier statements and observations, the Committee:

In the second phase, to complete the earlier statements and observations, the Committee:

- checks that none of the Board members had been an auditor of the Company during the past five years;
- reviews the period served on the Supervisory Board by members since they were first elected, in particular for members who have served on the Board for 12 or more years;
- checks that no Board member has received any variable compensation in cash or shares or any other performance-based compensation from the Company or the Group[2].

In addition, the Committee examines whether any Board member:

- is or has been in the past five years an employee or executive officer of the Company, or an employee or executive officer of its parent or a company that the latter consolidates;
- is an executive officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive officer of the Company (currently in office or having held such office for less than five years) is a director;
- is a customer, supplier, investment banker or commercial banker:
  - that is material to the Company or the Group, or
  - that depends on the Company or the Group for a significant part of its business.

In the third phase, the Committee reviews the situation of Supervisory Board members who may personally conduct significant amounts of business with the Company or be involved with undertakings that may maintain significant business relations with the Company.

(1) When the Compensation and Appointments Committee assesses the independence of one of its members, that member does not take part in the Committee's discussion and analysis of his or her situation nor in the Supervisory Board's decision regarding his or her independence.

(2) Excluding the Supervisory Board members representing employees.

In each case, the Committee starts by examining the nature of the Supervisory Board member's duties in the undertaking concerned, particularly whether they hold a non-executive position such as member of the Board of Directors or Supervisory Board, whether they are qualified as independent by that undertaking and whether they share any cross-directorships with an executive officer of the Company.

Where a Board member holds an executive or management position, the Committee examines the nature and scope of the member's duties and, if the undertaking is a material competitor, customer or supplier of the Company, assesses whether the position may give rise to a conflict of interest between that undertaking and the Company.

When considered necessary, the Committee then analyzes individual situations based on (i) the type of relationship that exists between the Company and the undertaking concerned and (ii) the amounts represented by financial transactions between the Company and the undertaking, applying different materiality thresholds depending on the type of relationship (revenues in relation to consolidated revenues, purchase volumes, etc.).

The Compensation and Appointments Committee conducted an independence review in early 2023. Its conclusions were presented to the Supervisory Board, which discussed and then adopted them. The review process can be summarized as follows.

The Committee examined the situation of **Anne-Sophie de La Bigne** in light of her position with Airbus as Vice President in charge of Civil Affairs in the Public Affairs Division France. The Committee noted that (i) Ms. de La Bigne does not hold an executive position at Airbus with responsibility for purchasing or selling products or services and (ii) her area of responsibility is limited to France.

The Committee nevertheless decided to examine the volume of business conducted between Michelin and Airbus, as some of the latter's subsidiaries purchase products and/or services from Michelin.

Due to the structure of the aerospace markets served by Michelin and the companies operating in these markets, the Committee examined the revenues earned by Michelin in 2022 from the sale of products and services not only to Airbus companies but also to these companies' customers that own or lease aircraft. The sales figure was then compared to Michelin's consolidated sales for 2022.

The comparison showed that the sales in question represented a very limited part of the Group's consolidated sales in 2022.

Consequently, the Committee proposed considering that Anne-Sophie de La Bigne's indirect business relationship with Michelin by virtue of her position with the Airbus group was not material.

The Committee also examined the business relationship between Michelin and the Capgemini group, whose Asia-Pacific and Latin America regions have been headed by **Aruna Jayanthi** since 2018.

Transactions between the Capgemini group and Michelin for IT consulting services represent only a small proportion of Michelin's[1] purchases, and their contribution to the Capgemini group's revenue is not material.

Consequently, the Committee proposed considering that Aruna Jayanthi's indirect business relationship with Michelin by virtue of her position with the Capgemini group was not material.

The Committee also examined the business relationship between Michelin and Arkema, whose Chairman and Chief Executive Officer is **Thierry Le Hénaff**.

Transactions between Arkema and Michelin represent only a very small proportion of Michelin's purchases and their contribution to Arkema's revenue is not material.

As in the previous year, the Committee also examined a possible conflict of interest that could result from the proximity of certain activities of Michelin's High-Tech Materials activities with Arkema's Specialty Materials business. Its assessment focused on Michelin's flexible elastomer composites and Arkema's adhesives, advanced materials and coating solutions.

After examining factors such as the businesses' respective characteristics, their maturity, their main scopes and target applications/markets, the Committee decided that these factors did not lead to the conclusion that Thierry Le Hénaff was permanently exposed to a material conflict of interests.

In any event, if information about these businesses that was considered sensitive for both groups was presented to the Supervisory Board, Thierry Le Hénaff would step aside during the communications, discussions and decisions concerned, in line with the Board's internal rules.

Consequently, the Committee proposed considering that Thierry Le Hénaff's indirect business relationship with Michelin by virtue of his position with Arkema does not have a material adverse effect on his independence and does not give rise to any material conflict of interests.

During the prior fiscal year, the Committee examined a possible conflict of interest that could result from the proximity of activities of Michelin's Services & Solutions' mobility businesses and certain mobility products or services developed by ZF Friedrichshafen, whose Chief Executive Officer was **Wolf-Henning Scheider**.

After analyzing the respective activities concerned, the Committee decided this year that the factors covered by its analysis did not lead to the conclusion that Wolf-Henning Scheider was permanently exposed to a material conflict of interests.

In any event, if information about these businesses that was considered sensitive for both groups was presented to the Supervisory Board, Mr. Scheider would step aside during the communications, discussions and decisions concerned, in line with the Board's internal rules.

Wolf-Henning Scheider stepped down from his position at ZF Friedrichshafen in January 2023.

(1) The choice of IT consultants is systematically based on a competitive bidding process, organized at regular intervals and managed collegially by several Michelin entities.

The Committee therefore concluded that Wolf-Henning Scheider continued to qualify as an independent member.

Delphine Roussy and **Jean-Christophe Laourde**, Supervisory Board members representing employees, are employees of MFPM. The Supervisory Board considered that they could not be qualified as independent because of the implicit requirement for them, as Michelin employees, to demonstrate loyalty to the Group.

The Committee analyzed the situation of **Barbara Dalibard**, member of the Board of Directors of Rexel and Chair of CGEM's Supervisory Board, based on the independence criterion related to the period served on the Board.

The Committee noted Barbara Dalibard's independent mindset, her experience and her conspicuous participation in the work of the Board and its Committees[1]. These qualities were the decisive factors in the unanimous decision by Board members to appoint her as Chair of the Supervisory Board in May 2021.

The Committee confirmed its previous analysis and considered that since Barbara Dalibard had served on the Board for an uninterrupted period of twelve years as of end-May 2020, she could no longer be considered as independent for this reason alone.

Having reviewed the Compensation and Appointments Committee's analyses, the Supervisory Board ruled that all of its members – with the exception of the members representing employees (Delphine Roussy and Jean-Christophe Laourde), and Barbara Dalibard – are independent based on the criteria in the AFEP/MEDEF Code. These independent members represent just under 89% of total Supervisory Board members (excluding employee representatives), a significantly higher proportion than the 50% recommended in the AFEP/MEDEF Code, which states that half of the Board members of widely-held corporations without controlling shareholders should be independent.

3.2.7 ASSESSMENT OF THE SUPERVISORY BOARD'S PRACTICES

As announced in the 2021 Universal Registration Document, an independent assessment was performed in 2022 by a leading firm of consultants with the participation of the Senior Independent Member. The assessment was based on a series of one-on-one interviews with Supervisory Board members and the Managers, conducted by one of the firm's consultants.

The following matters were covered:

- Supervisory Board practices;
- Supervisory Board membership;
- assessment of individual members' contributions;
- experience and expertise represented on the Board;
- the Board's relations with the Managers, shareholders and other stakeholders;
- practices of the Committees of the Supervisory Board.

A review of this assessment was included on the agenda of the February 10, 2023 Supervisory Board meeting. During this meeting, the findings were presented to the Supervisory Board and the Managers by the Chair of the Supervisory Board alongside consultants from the commissioned firm. This presentation was followed by an exchange of views and a discussion among the Supervisory Board members.

The following points were noted:

- the findings of previous assessment reports had been effectively implemented;
- the size and membership of the Board are appropriate in relation to its mission;
- the assessment of the quality of dialogue between Board members was very positive;
- the succession planning and executive performance assessment processes are robust;
- the Board Committees operate efficiently;
- the new member integration process is efficient and effective;
- significant improvements have been made to the logistics and services provided to Board members.

The assessment underscored the importance of:

- thinking more deeply about strategic issues, particularly in the area of M&A;
- continuing to advance the work of the Board's Committees by examining certain topics in more detail, and supporting expansion of the CSR Committee's activities;
- refreshing the Supervisory Board's age pyramid.

(1) Chair of the Compensation and Appointments Committee between 2015 and June 2020, Senior Independent Member between 2017 and June 2020, member of the Audit Committee between July 2020 and May 2021.

3.2.8 IMPLEMENTATION OF THE "APPLY OR EXPLAIN" RULE

In accordance with Article L. 22-10-10-4° of the French Commercial Code and paragraph 28.1 of the AFEP/MEDEF Code and the corresponding implementation guidance, the Supervisory Board considers that it complies with the recommendations of the AFEP/MEDEF Code, as adapted to the Company's structure as a French partnership limited by shares (S.C.A.), which was adopted at the time of its formation in 1863, except as explained below:

AFEP/MEDEF Code recommendation	Explanation
Material transactions outside the scope of the firm's stated strategy should be subject to prior approval by the Board of Directors (Recommendation 1.9, first bullet point)	This recommendation in Article 1.9 of the AFEP/MEDEF Code (first bullet point) is not directly applicable because of the Company's legal form as a partnership limited by shares. With this type of partnership, the Managing General Partners have unlimited personal liability and their powers are completely separate from those of the Supervisory Board, with the result that the Supervisory Board has no legal authority to become involved in managing the Company. However, to (i) ensure that the Supervisory Board exercises effective oversight of the Company's management and (ii) adhere to the spirit of the AFEP/MEDEF recommendation, since 2011 the Company has amended its Bylaws(1), as well as the Supervisory Board's internal rules(1). These internal rules state that the Supervisory Board is responsible for examining investment and external growth transactions, off-balance sheet commitments and asset disposals, and is required to issue a formal opinion in cases where the transactions are material for the Group due to their nature or associated risks. For this purpose, "material" means transactions representing at least €100 million, or at least €50 million in the case of external growth transactions. This means that the Supervisory Board is automatically consulted about all projects that are material for the Group. Moreover, as it expresses an opinion on such projects, it is clearly able to report to shareholders thereon if appropriate. This approach complies with the spirit and aims of the recommendation.
Termination of employment contract in the event of becoming a corporate officer (Recommendation 22)	Due to their status and specific responsibilities, under the long-standing compensation policy applied to Managing General Partners, these partners cease to be covered by any employment contract that may have existed between them and a Group company prior to becoming Managing General Partner. This rule applies even if they have 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. 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, who are not concerned by the AFEP/MEDEF Code's recommendation; • 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) Available from the Group's website www.michelin.com.
Article 17 of the Bylaws states that "(...) The Supervisory Board is jointly and regularly informed about the Company's situation and the key issues listed in the Supervisory Board's internal rules. The Supervisory Board reports to the Shareholders Meeting on the fulfillment of its duties (...)".

3.2.9 AUDIT COMMITTEE[1]

88% ATTENDANCE RATE

4 MEMBERS

100% INDEPENDENCE

4 MEETINGS

3.2.9.1 Members[2]

The Audit Committee has at least three members appointed for their full term as Supervisory Board members. At least two-thirds of the members must be independent.

The members of the Audit Committee are:

- Patrick de La Chevardière, independent member and Committee Chairman;
- Aruna Jayanthi, independent member;
- Monique Leroux, independent member;
- Wolf-Henning Scheider, independent member.

The qualifications and experience of the Audit Committee members at December 31, 2022 have given them extensive expertise in financial and accounting matters:

- Patrick de La Chevardière:
  - International Management: former Asia Director in Total's refining and distribution division;
  - Finance: CFO of Total for 10 years and extensive management experience as a finance professional;
  - Manufacturing: varied experience in Exploration, Production and Refining at Total, member of the Board of Directors of Schlumberger.
- Aruna Jayanthi:
  - International Management: numerous international business management positions in the Capgemini group, in India, the Asia-Pacific region, Latin America and Canada;
  - IT, Digital and Cyber Security: 38 years' experience in IT services companies including Tata Consulting and APtech, management of the Capgemini software factory in India (50,000 employees).
- Monique Leroux:
  - Finance: former CEO and Chair of the Board of the Desjardins group (Banking and Insurance), former CFO of the Desjardins group, former member of the Board of S&P Global, Fellow of the Order of Chartered Professional Accountants (CPA) of Canada and former audit partner of EY, Chartered Accountant (CA) and Certified Management Accountant (CMA) degrees.
- Wolf-Henning Scheider:
  - International Management: former CEO of ZF Friedrichshafen and Mahle, former senior executive at Bosch;
  - Manufacturing: former CEO of ZF Friedrichshafen and Mahle, former senior executive at Bosch.

3.2.9.2 Role and responsibilities

The role and responsibilities of the Audit Committee are described in its internal rules, available on the Group's website www.michelin.com.

The Audit Committee assists the Supervisory Board in fulfilling its oversight role. It operates as a specialized committee tasked with addressing issues related to the preparation and control of accounting and financial information in accordance with Article L. 823-19 of the French Commercial Code.

In 2022, the Chairman of the Audit Committee obtained assurance that the Committee's work in 2021 and 2022 enabled it to fulfill its remit as specified in French law and the AFEP/MEDEF Code.

In view of the distance they may have to travel to attend meetings and the other business commitments not only of the Supervisory Board and Audit Committee members but also of the members of Executive Management, the Audit Committee conducts its formal review of the financial statements half a day before they are presented to the Supervisory Board.

(1) At December 31, 2022.

(2) Biographical details and other information concerning the members of this Committee of the Supervisory Board are provided in section 3.1.3.3 of this 2022 Universal Registration Document.

3.2.9.3 Activities in 2022

The Committee met four times in 2022 (February 10, April 22, July 22 and December 15), including one meeting held partly in joint session with the CSR Committee, with an overall attendance rate of 88%.

The main purpose of the meetings held in 2022 was to review:

- The audited parent company financial statements for 2021, the parent company projections prepared in accordance with French law, and the audited consolidated financial statements for 2021, as presented by the Manager and Chief Financial Officer, the Deputy Chief Financial Officer and the Senior Vice President, Accounting. The Committee focused on reviewing asset impairment tests, key figures and non-recurring events in 2021. It noted that the audit of the accounts had gone smoothly. The Statutory Auditors reported to the Committee on their audit, noting that they would be issuing an unqualified opinion, without any emphasis of matter, on both the separate and consolidated financial statements. They also submitted their written report to the Audit Committee.
- The interim consolidated financial statements for the six months ended June 30, 2022 and the information on the parent company projections prepared in accordance with French law, as presented by the Manager and Chief Financial Officer, the Deputy Chief Financial Officer and the Senior Vice President, Accounting. The Committee performed a detailed review of the Group's results for the first half of 2022, examined the impacts of the conflict in Ukraine and discussed with the Statutory Auditors the nature and conclusions of their work. The Statutory Auditors reported to the Committee on their review of the interim financial statements for the six months ended June 30, 2022. Their review report did not contain any qualifications or emphasis of matter.
- The financial information for the third quarter of 2022 and related financial press release, as presented by the Manager and Chief Financial Officer, the Deputy Chief Financial Officer and the Senior Vice President, Accounting.
- Preparation of the 2022 accounts closing, as presented by the Manager and Chief Financial Officer, the Deputy Chief Financial Officer and the Senior Vice President, Accounting.
- Risk management and internal control systems (including self-assessments, controls and the follow-up of action plans), presented by the Internal Audit and Risk Management Director and the Head of Internal Control.
- The internal audit plan and discussion of the results of audits carried out in 2022 (primarily an audit of cyber security risks and post-acquisition audits) presented at quarterly meetings of the Committee by the Group's Internal Audit and Risk Management Director.
- In early 2023, the Committee met to review the audited parent company financial statements for 2022, the parent company projections prepared in accordance with French law, and the audited consolidated financial statements for 2022, as presented by the Manager and Chief Financial Officer.
- The Committee's work also covered the following areas:
  - Review of Information Systems (IS) risk management, particularly cyber security risks, including an overview of the security strategy and the ongoing deployment of dedicated organizations, policies and solutions; review of data protection issues, presented by the IS Director.
  - The cost of the Group's negative externalities, such as CO_2 emissions, presented by the Manager and Chief Financial Officer, the Deputy Chief Financial Officer and the Senior Vice President, Accounting; the presentation followed an initial analysis of this cost presented to the CSR Committee in 2021.
  - Review of the CSR risk matrix, presented by the Group's Audit and Risk Management Director in the form of an analysis of the CSR risk maps and related methodologies. CSR risks are grouped into different risk families (safety and performance of products and services, health and safety of employees or third parties, business ethics, human rights, environment, people management and social risks). The review was conducted during the joint session organized with the CSR Committee.
  - The ethical and compliance risk organization and governance, and the related activities in 2021, presented by the Group Chief Compliance Officer.
  - International corporate tax reform (mainly Pillar 2) and its consequences for the Group's transfer pricing policy, presented by the Senior Vice President, Tax and Customs Affairs.

The Chairman of the Audit Committee reported to the Supervisory Board on the Committee's work on February 11, April 25, July 25, and December 16, 2022.

3.2.10 COMPENSATION AND APPOINTMENTS COMMITTEE[1]

100% ATTENDANCE RATE

4 MEMBERS

100%* INDEPENDENCE

3 MEETINGS

* *Excluding the employee representatives.*

(1) At December 31, 2022.

3.2.10.1 Members[1]

The Compensation and Appointments Committee must comprise at least three members (including the Chair of the Committee) who fulfill the criteria for classification as independent throughout their term as members of the Supervisory Board.

The current members of the Compensation and Appointments Committee are:

- Jean-Pierre Duprieu, independent member and Committee Chairman;
- Anne-Sophie de La Bigne, independent member;
- Thierry Le Hénaff, independent member and Senior Independent Member of the Supervisory Board;
- Delphine Roussy, non-independent (non-executive) member representing employees.

Considering their educational and professional backgrounds, all members of the Committee have relevant expertise in the areas covered by the Committee's terms of reference:

- Jean-Pierre Duprieu:
  - International Management: 20 years' experience in executive management in charge of foreign subsidiaries and international group activities, including 5 years based in Japan;
  - Social Environment, Human Resources and Governance: Chairman of the Board of Directors of Korian, independent director on the Board of a family business (SEB), former Chairman of the non-profit organization Don en Confiance.
- Anne-Sophie de La Bigne:
  - Environment, Climate and Biodiversity: Chair of the environment working group of the French Institute of Directors' ESG club, member of the French Foundation for Biodiversity Research's Stakeholder Assembly;
  - Manufacturing: more than 25 years' experience of managing industrial companies;
  - Automotive and Mobility sector: expertise in the aviation sector with Airbus and GIFAS.
- Thierry Le Hénaff:
  - International Management: Since 2006, Chairman and CEO of Arkema, an international group (92% of revenue generated outside France) listed in Paris (Euronext); previously, numerous operational management positions in the Total group.
- Delphine Roussy:
  - Social Environment, Human Resources and Governance: various employee representation mandates.
  - Manufacturing: Professional experience at Philips and Michelin.

3.2.10.2 Role and responsibilities

The role and responsibilities of the Compensation and Appointments Committee, which are described in its internal rules available on the Group's website www.michelin.com, include the following:

- executive management appointments and compensation policy;
- talent management, diversities and inclusion policy;
- the policy concerning the appointment of Managers, including career and succession plans, developed jointly with the Non-Managing General Partner (SAGES)[2];
- the compensation awarded to the corporate officers (Managers, the Chair(man) of the Supervisory Board and the other Supervisory Board members), discussed with the Non-Managing General Partner (SAGES)[4];
- the membership of the Supervisory Board and its Committees, and the succession plans for their members and Chairs.

3.2.10.3 Activities in 2022

The Compensation and Appointments Committee met three times in 2022 – on February 2, April 21 and November 4 – with an overall attendance rate of 100%.

The Committee's work mainly covered the following issues:

- Managing Partner succession plan: the Committee examined the candidate selection process proposed by the Non-Managing General Partner (SAGES) and presented its recommendations to the Supervisory Board.
- Review of corporate officers' compensation. At the beginning of 2022, the Committee analyzed and submitted to the Supervisory Board its conclusions concerning the achievement rates for the performance criteria applicable to the performance-based components of compensation awarded by the Company to the Managers and the Chair(man) of the Supervisory Board for 2021, prior to these conclusions being submitted to the General Partners (SAGES, Non-Managing General Partner, and Florent Menegaux, General Partner and Managing Chairman); these components were put to the vote and approved at the Annual Shareholders Meeting of May 13, 2022 (8th to 10th resolutions).

  Based on the Committee's recommendation, the Supervisory Board examined the amount of compensation awarded to successive Chairs in 2021 and prepared and recommended the compensation components to be put to the vote at the Annual Shareholders Meeting of May 13, 2022. The corresponding resolutions (10th and 11th resolution) were approved by a majority of 99.60% of the votes cast.

  The Compensation and Appointments Committee also reviewed and proposed to the Supervisory Board the components of the Managers' 2022 compensation.

  The Committee also examined the pension situation of the Managers and concluded that no changes could currently be envisaged.

  In early 2023, the Committee analyzed the various components of the Managers' variable compensation and noted the achievement rates for the applicable performance objectives (annual, performance shares, etc.). It then presented its conclusions and recommendations to the Supervisory Board.

(1) *Biographical details and other information concerning the members of this Committee of the Supervisory Board are provided in section 3.1.3.3 of this 2022 Universal Registration Document.*

(2) *As explained in section 3.1.4 above.*

Concerning the Supervisory Board members' compensation, the Committee proposed a new compensation package, which was put to the vote at the Annual Shareholders Meeting of May 13, 2022 (16th resolution, adopted by a majority of 99.57% of the votes cast).

In connection with the proposed renewal of Barbara Dalibard's[(1)] appointment as Chair of the Supervisory Board, the Committee performed a detailed analysis of the characteristics of her compensation and recommended an increase in its amount. The Board decided to include this increase in the corresponding compensation policy for 2023.

- Review of Supervisory Board members' independence and any conflicts of interest. The Committee performed its annual review of the Supervisory Board members' independence, by examining in particular whether there were any business relationships between the members and Michelin that could be qualified as material[(2)].
- Executive management succession plan. The Compensation and Appointments Committee of the Supervisory Board periodically reviews the succession plans and career plans of the Group's executive management team, the Managers and current or potential future members of the Executive Committee, in order to ensure a smooth succession to these positions when the time comes or to deal with any crisis situation.

  To the above ends, for several years now the Compensation and Appointments Committee, led by its Chair, and with the Senior Independent Supervisory Board Member, has analyzed the performance appraisals of key executives prepared by management with the assistance of an independent firm of consultants. The Chair of the Committee has held very instructive discussions with these consultants.
- Talent management, diversities and inclusion. In 2022, the Compensation and Appointments Committee reviewed the changes in the membership of the Group Executive Committee, the talent management policy and the action plans to promote diversity and inclusion, not only at senior management level but also throughout the Group.
- Supervisory Board succession plans and recommendations concerning the proposed re-election of Supervisory Board members at the Annual Shareholders Meetings of May 13, 2022 and May 12, 2023. At the Supervisory Board's request, the Committee reviewed the proposed re-elections of Supervisory Board members.

  A description of the Committee's work and recommendations to the Supervisory Board is provided in:
  - section 7.2 of the 2021 Universal Registration Document for the re-elections proposed at the Annual Shareholders Meeting of May 13, 2022;
  - section 7.2 of the 2022 Universal Registration Document (Supervisory Board's report on the proposed resolutions) for the re-elections proposed at the Annual Shareholders Meeting of May 12, 2023; and
  - section 3.2.4 of this report for the follow-up of the succession plan for Supervisory Board members.
- Variable compensation policy. As in prior years, the Committee reviewed the Group's variable compensation and performance share policies, as well as changes to these policies.

The Committee's Chair reported to the Supervisory Board on the Committee's work at the Board meetings on February 11, April 25, July 25 and December 16, 2022.

3.2.11 CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE[(3)]

100% ATTENDANCE RATE

4 MEMBERS

100%* INDEPENDENCE

3 MEETINGS

* *Excluding the employee representatives.*

3.2.11.1 Members[(4)]

The Corporate Social Responsibility Committee must comprise at least three members (including the Chair of the Committee) who fulfill the criteria for classification as independent throughout their term as members of the Supervisory Board.

The members of the CSR Committee are:

- Monique Leroux, independent member and Chair of the Committee;
- Anne-Sophie de La Bigne, independent member;
- Jean-Christophe Laourde, non-independent (non-executive) member representing employees;
- Jean-Michel Severino, independent member.

Considering their educational and professional backgrounds, all members of the Committee have relevant expertise in the areas covered by the Committee's terms of reference:

- Monique Leroux:
  - Social Environment, Human Resources and Governance: Fellow of the Institute of Corporate Directors of Canada (ICD), former Chair of the Board of Investissement Québec;
  - Environment, Climate and Biodiversity: member of numerous Canadian expert committees advising on climate projects (advisor on Canadian industrial strategy, G7 Impact Task Force, etc.).

(1) See the detailed description in section 3.3.3.1 of this report.
(2) See the detailed description in section 3.2.6 of this report.
(3) At December 31, 2022.
(4) Biographical details and other information concerning the members of this Committee of the Supervisory Board are provided in section 3.1.3.3 of this 2022 Universal Registration Document.

- Anne-Sophie de La Bigne:
  - Environment, Climate and Biodiversity: Chair of the environment working group of the French Institute of Directors' ESG club, member of the French Foundation for Biodiversity Research's Stakeholder Assembly;
- Jean-Christophe Laourde:
  - Social Environment, Human Resources and Governance: Employee representative mandates at Michelin, member of the Chimie AURA trade union council;
  - Environment, Climate and Biodiversity: active participant in the Shift Project, Time for the Planet. Member of the Environment section of his trade union.
- Jean-Michel Severino:
  - Social Environment, Human Resources and Governance: Director of Phitrust Impact Investors, Senior Independent Director of Danone and Chairman of its Governance and Compensation Committee, former member of the Governance Committee of Orange;
  - Environment, Climate and Biodiversity: at the French Development Agency (AFD), management of investments in the renewable energy, water and green and inclusive growth sectors; participation in numerous expert groups on these subjects at the World Bank; member of the Investment Committee of Energy Access Ventures (an African green energy fund); Chairman of Veolia's Critical Friends Committee (set up to consider the Veolia group's exposure to environmental and social risks).

3.2.11.2 Role and responsibilities

The role and responsibilities of the CSR Committee are 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 interaction with the other Board Committees is described in its internal rules.

3.2.11.3 Activities in 2022

The Committee met three times in 2022 (February 10, July 22, December 15), including one meeting held partly in joint session with the Audit Committee, with an overall attendance rate of 100%.

Presentations were generally made by the Head of the Sustainable Development and Mobility unit of the Corporate Engagement and Brands department, with the participation of other directors or entity managers, mentioned where appropriate.

The Committee's work mainly covered the following issues:

- Cross-functional issues:
  - Review of the Non-Financial Statement included in the Universal Registration Document, paying particular attention to the most significant Key Performance Indicators (KPIs) in terms of CSR, and recommended improvements, taking into account the Group's various sustainability rankings.
  - Presentation of the principles for managing the CSR aspects of the business, which include organizing CSR governance around four themes (Environment; Human Rights; Health, Safety and Security; Ethics Committee) and setting up a Stakeholder Committee.
  - Ongoing monitoring of regulatory developments (in particular the Corporate Sustainability Reporting Directive (CSRD) and its draft European Sustainability Reporting Standards (ESRS), presented with the participation of the manager responsible for these issues in the Public Affairs Department.
  - Continued analysis of the steps taken by Michelin to classify its business activities according to their contribution to the European Union's environmental objectives, presented with the participation of the manager responsible for these issues in the Public Affairs Department.
  - Review of the Stakeholder Committee's activities.
  - Preparation of the Committee's work program for 2023.
- Group environmental responsibility issues:
  - Analysis of the climate action plan.
  - Analysis of the biodiversity strategy.
  - Analysis of the end-of-life strategy for tire products.
- Social responsibility issues:
  - Roadmap for the integration of acquired companies in the scope of risk management processes covering human rights, ethical and environmental risks, presented with the participation of the manager responsible for these issues in the Corporate Personnel Department.
  - Review of the CSR risk matrix, presented by the Group's Audit and Risk Management Director, in the form of an analysis of the CSR risk maps and related methodologies. CSR risks are grouped into different risk families (safety and performance of products and services, health and safety of employees or third parties, business ethics, human rights, environment, people management and social risks). The review was conducted during the joint session organized with the Audit Committee.

The Chair of the Committee reported to the Supervisory Board on the Committee's work on February 11, July 25 and December 16, 2022.

3.3 MANAGEMENT AND SUPERVISORY BOARD COMPENSATION POLICIES FOR 2023

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 12, 2023 to approve the 2023 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 the Company's marketing strategy as well as its long-term sustainability. 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, for the following reasons:

- 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, for the following reasons:

- for the Managers:
  - the performance indicators applicable to their variable compensation (annual and long term) focus on sustainability in line with the Group's strategy;
  - under the long-term variable compensation scheme in the form of performance shares, (i) the number of shares received at the end of the vesting period depends on the achievement of performance targets to be met over several years, and (ii) a portion of the vested shares must be kept for as long as they hold the position of 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, allocating his annual variable compensation based on 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 SAS ("MFPM" or the "Scope")[1].

For 2023, the same quantitative performance criteria and indicators will apply to the annual and long-term variable compensation of both the Managers and the 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 2023 compensation policy is the subject of two proposed resolutions to be presented at the Ordinary Shareholders Meeting to be called to approve the 2022 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.

(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 2022 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

Following the adjustments made in the previous year due to the absence of any change in fixed compensation since 2018[(1)], in 2023:

- the annual fixed compensation of Florent Menegaux, Managing Chairman and General Partner, amounts to €1,100,000.00;
- the annual fixed compensation of Yves Chapot, General Manager, amounts to €770,000.00.

These amounts will remain unchanged until 2026, when their current terms expire.

3.3.2.3 Annual and long-term variable compensation

Shared principles

To align Managers' interests more closely with 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)].

(1) The adjustments made in 2022 were presented in detail in the compensation policy for that year (see section 3.3.2.2 of the Corporate Governance Report included in the 2021 Universal Registration Document), which was approved by the Annual Shareholders' Meeting on May 13, 2022.

(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 is defined in Articles 12 and 30 of the Company's Bylaws, which state 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 No. 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.
- 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.

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

Florent Menegaux's annual variable compensation would be deducted in full from his share of the annual profit attributable to the General Partners (the Profit Share) and would comprise:

- a first component entitling him to 4% of the Profit Share in recognition of his financial and legal liability as General Partner (criterion shared, after adaptation, with the General Manager);
- a second component calculated as a percentage of his annual fixed compensation and determined by the results of the performance criteria and objectives decided by the Supervisory Board.

These criteria and objectives also apply to the General Manager and to all Group employees who are eligible to participate in the bonus scheme. They are presented in the table below, which also shows the threshold, target and ceiling values for the quantitative criteria objectives:

	Criterion	Objective	Measurement method(1)	Min.	Target	Max.
Quantitative criterion and objective related to the position of General Partner/1st component	Net income	Profit	As a % of the Profit Share	N/A	N/A	N/A
			Value of the indicator	4%	4%	4%
Quantitative criteria and objectives/2nd component *(50% of the target fixed compensation)*	2023 segment operating income (SOI)	Profit	As a % of fixed compensation	0%	25%	37.5%
			Value of the indicator	€3,150m	€3,400m	€3,550m
	Growth in free cash flow before acquisitions	Profit	As a % of fixed compensation	0%	25%	37.5%
			Value of the indicator	€1,400m	€1,800m	€2,050m
Total quantitative/2nd component				0%	50%	75%
Quantifiable qualitative criteria and objectives/ 2nd component *(30% of the target fixed compensation)*	Implementation of the strategy (deployment of the transformations)	Profit	Board assessment based on implementation of the Balanced Score Card			
			As a % of fixed compensation	0%	10%	15%
			Value of the indicator	N/A	N/A	N/A
	Total Case Incident Rate (TCIR)	People	As a % of fixed compensation	0%	5%	7.5%
			Value of the indicator	1.15	1.06	1.00
	Percentage of Group management positions held by women	People	As a % of fixed compensation	0%	5%	7.5%
			Value of the indicator	19.8%	20.8%	21.8%
	CO_2 emissions (Scopes 1 and 2)	Planet	As a % of fixed compensation	0%	10%	15%
			Value of the indicator	2.3mT	2.16mT	2.02mT
Total quantifiable qualitative/2nd component				0%	30%	45%
TOTAL VARIABLE AS % OF FIXED REMUNERATION/1ST AND 2ND COMPONENTS				**0%**	**N/A**	**150%**
MAXIMUM TOTAL VARIABLE (IN €)						**1,650,000**

(1) For each criterion, a threshold rate, target rate and capped outperformance rate are defined; for performance between the threshold rate and the target rate, or between the target rate and the outperformance rate, the variable compensation is calculated on a straight-line basis.

The total annual variable compensation (i.e., the sum of the first and second components) would be capped at 150% of the reference fixed compensation. For example, for fixed compensation of €1,100,000.00 for 2023, the maximum annual variable compensation would be capped at €1,650,000.00, and would be deducted from the Profit Share.

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

These criteria and objectives are presented in the following table, which also shows the threshold, target and ceiling values for the quantitative criteria objectives:

	Criterion	Objective	Measurement method[1]	Min.	Target	Max.
Quantitative criteria and objectives *(70% of the target fixed compensation)*	Net income	Profit	As a % of fixed compensation	0%	20%	30%
			Value of the indicator	€1,800m	€2,048m	€2,200m
	2023 segment operating income (SOI)	Profit	As a % of fixed compensation	0%	25%	37.5%
			Value of the indicator	€3,150m	€3,400m	€3,550m
	Growth in free cash flow before acquisitions	Profit	As a % of fixed compensation	0%	25%	37.5%
			Value of the indicator	€1,400m	€1,800m	€2,050m
TOTAL QUANTITATIVE				**0%**	**70%**	**105%**
Quantifiable qualitative criteria and objectives *(30% of the target fixed compensation)*	Implementation of the strategy (deployment of the transformations)	Profit	Board assessment based on implementation of the Balanced Score Card			
			As a % of fixed compensation	0%	10%	15%
			Value of the indicator	N/A	N/A	N/A
	Total Case Incident Rate (TCIR)	People	As a % of fixed compensation	0%	5%	7.5%
			Value of the indicator	1.15	1.06	1.00
	Percentage of Group management positions held by women	People	As a % of fixed compensation	0%	5%	7.5%
			Value of the indicator	19.8%	20.8%	21.8%
	CO_2 emissions (Scopes 1 and 2)	Planet	As a % of fixed compensation	0%	10%	15%
			Value of the indicator	2.3mT	2.16mT	2.02mT
TOTAL QUANTIFIABLE QUALITATIVE				**0%**	**30%**	**45%**
TOTAL VARIABLE AS A % OF FIXED COMPENSATION				**0%**	**100%**	**150%**
MAXIMUM TOTAL VARIABLE (IN €)						**1,155,000**

(1) For each criterion, a threshold rate, target rate and capped outperformance rate are defined; for performance between the threshold rate and the target rate, or between the target rate and the outperformance rate, the variable compensation is calculated on a straight-line basis.

The total annual variable compensation (i.e., the sum of the first and second components) would be capped at 150% of the reference fixed compensation. For example, for fixed compensation of €770,000.00 for 2023, the total annual variable compensation would be capped at €1,155,000.00.

Long-term variable compensation: performance share rights

In order to align the Managers' medium/long-term objectives with the objectives assigned to performance share plans for eligible Group employees, this compensation has taken the form of Michelin performance share rights since 2020.

The conditions, criteria and objectives applicable to the 2023 performance share grants have been established within the framework of the new authorization to issue shares to the Managers and employees of Michelin group companies that will be sought in an extraordinary resolution of the Annual Shareholders Meeting of May 12, 2023[(1)].

The main specific characteristics of the performance share rights that may be awarded to the Managers in 2023 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 shares awarded to the Managers during the period of validity of the proposed extraordinary resolution of the Annual Shareholders Meeting of May 12, 2023 will be capped at 0.01% 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 2023 would be limited to an amount[(2)] equivalent to 140% of his 2023 fixed compensation and for the General Manager, the rights granted in 2023 would be limited to an amount[(2)] equivalent to 120% of his 2023 fixed compensation; these levels correspond to the median rates for their counterparts in CAC 40 companies[(3)];
- 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;
- 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 before the end of the vesting period, he would retain a number of performance share rights initially awarded to him prorated to the time served in office during the vesting period, and the reference three-year period would continue to run, during and beyond the end of his term[(4)].

The performance criteria are as follows:

Criteria	Objective	Indicator	Weighting
Share price performance	Profit	Michelin share price must outperform the Stoxx Europe 600 index by between 0 points (threshold) and 5 points (ceiling) between 2022 and 2025 (based on average closing prices for the period)	30%
Corporate social responsibility performance	Planet	Industrial-Michelin Environmental Performance (i-MEP[(1)]) indicator to range between 86 points (threshold) and 80 points (ceiling) in 2025	20%
	People	The average employee engagement rate should be between 83 points (threshold) and 84.5 points (ceiling) on a like-for-like consolidated basis in 2025	20%
Operating performance	Profit	Average annual growth in revenue from non-tire and distribution activities[(2)] to range between 7% (threshold) and 12% (ceiling) between 2023/2022, 2024/2023 and 2025/2024	15%
	Profit	Total consolidated return on capital employed (ROCE) (including acquisitions, related goodwill and equity-accounted companies) to range between 10% (threshold) and 12% (ceiling) in 2025	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.

(1) Details of this new authorization are provided in the presentation of the proposed resolutions (see section 7.1 of the 2022 Universal Registration Document).
(2) Grant-date IFRS value of the shares.
(3) Based on the Compensation and Appointments Committee's 2022 analysis of the convergent results of several studies carried out by leading compensation consultants.
(4) In the event of disability or death, the total number of rights would be awarded and the reference period would not apply.

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 for serving on the Board of the Company or any Group subsidiaries.

As corporate officers of the Company or MFPM SAS, 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 SAS.

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 Michelin Executive Supplementary Pension Plan described in sections 3.4.3.5 and 3.4.4.5 of this 2022 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 the 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 2023 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 30 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 2022 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 2022 Universal Registration Document.

(1) *This exception 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 2022 financial statements (7th resolution).

An annual fixed amount of compensation may be awarded to the Supervisory Board and allocated among its members (including the Chair) on a basis decided by the Board in accordance with the compensation policy. The compensation policy has been expanded to also provide for the payment of fixed compensation to the Board's Chair.

The compensation components were determined by the Supervisory Board on the recommendation of its Compensation and Appointments Committee.

3.3.3.1 Chair of the Supervisory Board

Under French law, the Supervisory Board is responsible for exercising permanent control over the management of the business; however, the Company's Bylaws have significantly expanded the Board's role and responsibilities to include:

- assessing the quality of management;
- playing an important role in succession planning and the appointment of the Managers;
- assessing certain major transactions such as business acquisitions.

The role of the Chair of the Supervisory Board, elected by the Board members, is to:

- coordinate and lead the work of the Board, especially the activities listed in the Bylaws;
- actively participate in the Company's governance, playing a major role and devoting most of her or his time to this, in particular:
  - through continuous contact and regular meetings with the Managers, as well as with the Non-Managing General Partner (SAGES) and its representatives, to ensure seamless governance,
  - by regularly proposing and implementing better interactions, drawing on her or his experience and the proposals resulting from periodic assessments of Supervisory Board practices,
  - by talking directly to investors about the characteristics of Michelin's governance during governance roadshows.

Barbara Dalibard, who succeeded Michel Rollier as Chair of the Supervisory Board in May 2021, is the first person in this position who is not related to the founding family and is not a former Michelin executive.

Her total annual compensation of €120,000 corresponds to the amount set in 2019 for the previous Chairman. She was appointed in the middle of the Covid-19 crisis and the time was not considered right to revise this compensation amount when she took up her position.

Barbara Dalibard's term as Supervisory Board member will expire at the Annual Shareholders Meeting of May 12, 2023 and she will be proposed for re-election by unanimous decision of the Supervisory Board (with the interested party abstaining). The Supervisory Board has also decided that the time is now right to review her compensation as Chair of the Board.

The Compensation and Appointments Committee, composed entirely of independent members (with the exception of the member representing employees), has assessed whether it is appropriate to increase Barbara Dalibard's compensation, considering the Company's policy of setting executive compensation at the market median for seasoned executives and benchmarking its practices to those of a representative group of companies.

In particular, the Committee considered that it was essential to increase the compensation paid to the Chair of the Supervisory Board to ensure that (i) this position is appropriately attractive and (ii) the Supervisory Board is led by a person with the most appropriate skills and expertise to direct the Board's work while also playing an active role in Company's governance.

The Committee examined a comparative group of 28 CAC 40 companies where the positions of Chairman and Chief Executive Officer are separated, including joint stock corporations with a Board of Directors or a Supervisory Board, taking into account the broad remit of Michelin's Supervisory Board and the key role played by its Chair in the Company's governance.

In order to avoid certain distortions related to the characteristics of this group, the Committee then decided to exclude:

- companies chaired by a former executive officer of the same group;
- companies whose main business is in finance.

Whereas the median fixed annual compensation of non-executive chairpersons for companies where the positions of Chairman and Chief Executive Officer are separated is €650,000, the median fixed annual compensation for the final comparative group(1) came out at €450,000 for companies where the Chairman is not the Chief Executive Officer and is not a former executive officer of the company, not including any directors fees that may also be received by the Chairman.

Following this benchmarking exercise, on the recommendation of the Compensation and Appointments Committee, the Supervisory Board decided (with the interested party abstaining):

- to increase the annual fixed compensation of the Chair of the Board to €400,000, divided between compensation for her duties as Chair (€350,000) and compensation as a member of the Board (€50,000);
- that this level of compensation will apply under the 2023 compensation policy and for the entire duration of Barbara Dalibard's service as Chair of the Supervisory Board.

(1) The comparative group comprised the following eight companies: Airbus, Danone, Engie, Legrand, Stellantis, Renault and STMicroelectronics.

3.3.3.2 Supervisory Board members

At the Annual Shareholders Meeting of May 13, 2022, the total compensation payable to Supervisory Board members was set at €950,000.00 for 2022 and subsequent years (16th resolution, adopted by a majority of 99.57% of the votes cast)(1).

For 2023, on the recommendation of the Compensation and Appointments Committee, the Supervisory Board has decided to propose the following allocation rules for the total annual amount voted in 2022:

- allocation of a basic amount of €50,000.00 to each member(2);
- allocation of additional amount no. 1 to each member who sits on a Committee of the Supervisory Board and participates in its work (€20,000.00)(3);
- 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, (€35,000.00 or €40,000.00 for the Chair of the Audit Committee)(4) (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 Supervisory Board members who live outside France 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. For 2023, this attendance requirement would not apply to amount no. 2 allocated to the Chairs of the Committees, due to the constant increase in both the workload and the responsibilities of a Chair of an Audit Committee, a Compensation and/or Appointments Committee or a Corporate Social Responsibility Committee.

The attendance rate and the corresponding allocation of annual compensation for a given year will be carried out 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 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.

3.3.3.3 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(5).

3.3.3.4 Proposed resolution on the compensation policy for members of the Supervisory Board

At the Ordinary Shareholders Meeting called to approve the 2022 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 2022 Universal Registration Document.

(1) The total annual amount was previously €770,000.
(2) This amount was €45,000 under the previous policy.
(3) This amount was €15,000 under the previous policy.
(4) These amounts were respectively €30,000 and €35,000 under the previous policy.
(5) Except for the Supervisory Board members representing employees.

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 Supervisory Board members in 2022.

The 2022 compensation policy for Supervisory Board members was presented to the Ordinary Shareholders Meeting of May 13, 2022 and was approved by a 99.59% majority of the votes cast.

Information about the members' attendance rates at meetings of the Supervisory Board and its Committees in 2022 is provided in section 3.2.2 of this 2022 Universal Registration Document.

The following table shows:

- Amounts paid in 2021 in respect of services to the Board in 2020;
- Amounts awarded for services to the Board in 2021, paid in 2022;
- Amounts paid in 2022 in respect of services to the Board in 2021;
- Amounts awarded for services to the Board in 2022, not yet paid.

Supervisory Board members	2022[(1)]		2021[(1)]	
	Amount awarded *(in €)*	**Amount paid** *(in €)*	**Amount awarded** *(in €)*	**Amount paid** *(in €)*
Barbara Dalibard[(2)]	120,000	91,153	91,153	80,000
Olivier Bazil[(3)]	N/A	N/A	N/A	35,500
Jean-Pierre Duprieu	75,000	71,963	71,963	62,500
Aruna Jayanthi	67,750	57,570	57,570	70,000
Anne-Sophie de La Bigne	75,000	71,963	71,963	65,000
Patrick de La Chevardière[(4)]	80,000	76,760	76,760	44,500
Jean-Christophe Laourde[(5)]	60,000	51,573	51,573	9,000
Thierry Le Hénaff	75,000	71,963	71,963	68,330
Monique Leroux	100,000	86,355	86,355	80,000
Cyrille Poughon[(6)]	N/A	N/A	N/A	47,250
Michel Rollier[(7)]	N/A	47,975	47,975	120,000
Delphine Roussy[(5)]	60,000	51,573	51,573	9,000
Wolf-Henning Scheider[(8)]	57,750	33,582	33,582	N/A
Jean-Michel Severino[(9)]	60,000	57,570	57,570	17,750
TOTAL	**830,500[(10)]**	**770,000[(11)]**	**770,000**	**708,830**

(1) The compensation indicated consists solely of fixed compensation for services as Supervisory Board member. No variable compensation was paid for these services and no other compensation was awarded or paid.
(2) Chair of the Supervisory Board since May 2021.
(3) Supervisory Board member until June 2020.
(4) Supervisory Board member since June 2020.
(5) Supervisory Board member since December 2020.
(6) Supervisory Board member until October 2020.
(7) Chairman and member of the Supervisory Board until May 2021.
(8) Supervisory Board member since May 2021.
(9) Supervisory Board member since November 2020.
(10) The amounts allocated for the past year (2022) are established in accordance with the Supervisory Board's 2022 compensation policy, approved by the Annual Shareholders Meeting of May 13, 2022 (7th resolution, approved by a majority of 99.59% of the votes cast) and the maximum total annual amount of €950,000 decided by that Meeting (16th resolution, approved by a majority of 99.58% of the votes cast).
(11) The amounts paid in 2022 were awarded in respect of 2021 out of the total annual compensation of €770,000 decided by the Ordinary Shareholders Meeting of May 17, 2019 (12th resolution adopted by a majority of 99.15% of the votes cast).

3.4.2 COMPENSATION OF BARBARA DALIBARD, CHAIR OF THE SUPERVISORY BOARD

The Compensation and Appointments Committee of the Supervisory Board has reviewed all the components of the compensation paid or awarded to Barbara Dalibard in her capacity as Chair of the Supervisory Board based on the 2022 compensation policy.

3.4.2.1 Compensation for serving on the Supervisory Board

Under the 2022 compensation policy, Barbara Dalibard is in line to receive €120,000.00 in 2022 in respect of 2021, including compensation for her service as Chair of the Supervisory Board.

No variable compensation was paid or awarded to her during or in respect of 2022.

Information about Barbara Dalibard's attendance rates at meetings of the Supervisory Board and its Committees in 2022 is provided in section 3.2.2 of this 2022 Universal Registration Document.

3.4.2.2 Other compensation

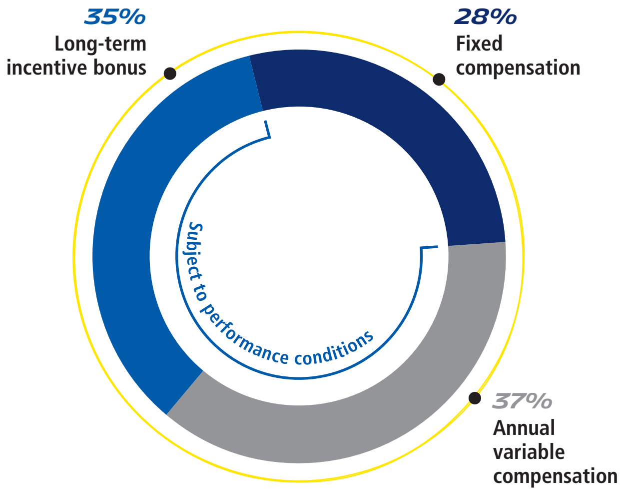
No other compensation was paid or awarded to Barbara Dalibard during or in respect of 2022.

3.4.3 COMPENSATION PACKAGE OF FLORENT MENEGAUX, MANAGING CHAIRMAN AND GENERAL PARTNER

In his capacity as General Partner of CGEM[1], Florent Menegaux has unlimited joint and personal liability for CGEM's debts. As consideration for this liability, the General Partners each receive a portion of the Company's profits as provided for in the Bylaws. This means that their interests are fully aligned with those of the shareholders, as they are paid this consideration only if the Company makes a profit.

The Compensation and Appointments Committee of the Supervisory Board has reviewed all the components of the compensation paid to Florent Menegaux in 2022 or awarded to him in respect of 2022, pursuant to the 2022 compensation policy. This policy is described in the Corporate Governance Report reproduced in the 2021 Universal Registration Document[2] and was presented to the Annual Shareholders Meeting of May 13, 2022 by the Chair of the Compensation and Appointments Committee (the "2022 compensation policy")[3].

COMPENSATION PAID TO FLORENT MENEGAUX DURING FISCAL YEAR 2022



3.4.3.1 Fixed compensation

In application of the 2022 compensation policy, the fixed compensation received by Florent Menegaux was €1,016,670.00[4], unchanged since June 1, 2022.

3.4.3.2 Annual variable compensation

Florent Menegaux's annual variable compensation has been determined in application of the 2022 compensation policy and the recommendation of the Supervisory Board, and is deducted in full from the General Partners' 2022 Profit Share[5].

(1) *At December 31, 2022, the Company had two General Partners: Florent Menegaux, Managing Chairman, and SAGES, Non-Managing General Partner (see section 3.1.2 of this 2022 Universal Registration Document).*
(2) *See sections 3.3.1 and 3.3.2 of the 2021 Universal Registration Document.*
(3) *See the information/presentations on the May 13, 2022 Annual Shareholders Meeting on the Company's website www.michelin.com.*
(4) *Compensation paid by Manufacture Française des Pneumatiques Michelin SAS (MFPM) in consideration of his role as Chairman of the Company.*
(5) *See the 2nd resolution presented to the Annual Shareholders Meeting of May 12, 2023. The Profit Share is fixed in the Company's Bylaws and is capped at 0.6% of consolidated net income for the year (see sections 3.3.2.3 and 3.10.5 of this 2022 Universal Registration Document).*

ANNUAL VARIABLE COMPENSATION

The achievement rates for the criteria that determine the amounts due in respect of annual variable compensation are as follows:

Quantitative criteria	Segment operating income *(SOI, based on 2021 exchange rates and consolidation scope)*	Annual structural free cash flow	Level of consolidated net income
Indicator	Amount	Amount	Amount
Target	Threshold: €3,000m Target: €3,300m Ceiling: €3,450m	Threshold: €1,000m Target: €1,240m Ceiling: €1,400m	4.00% of the General Partner's Profit Share
Indicator: 2022 Actual	€3,215m	€378m	€2,009m
Maximum value of each criterion	• *25.00% of the annual fixed compensation if the objective (target) is met* • *37.50% of the annual fixed compensation if the objective (target) is exceeded (outperformance equal to or greater than the ceiling)*	• *25.00% of the annual fixed compensation if the objective (target) is met* • *37.50% of the annual fixed compensation if the objective (target) is exceeded (outperformance equal to or greater than the ceiling)*	4.00% of the General Partner's Profit Share
Achievement rate	17.92%	0.00%	4.00%

Quantifiable qualitative criteria	Implementation of the strategy (deployment of the transformations)	CSR/TCIR[(1)]	Acquisition synergies[(2)]	% of senior managers who are women	CO_2 emissions (Scopes 1 and 2 and upstream/downstream transport activities in Scope 3)
Indicator	Supervisory Board assessment (%)	%	€ millions (€m)	%	million tonnes (mt)
Target	Implementation of the Balanced Score Card	Threshold: 1.25% Target: 1.15% Ceiling: 1.05%	Threshold: €95m Target: €111m Ceiling: €120m	Threshold: 18.00% Target: 20.00% Ceiling: 22.00%	Threshold: 4.2 mt Target: 4.015 mt Ceiling: 3.9 mt
Indicator: 2022 actual	110.00%	1.07%	€117m	18.80%	3.50 mt
Maximum value of each criterion	• *10.00% of the annual fixed compensation if the objective (target) is reached* • *15.00% of the annual fixed compensation if the objective (target) is exceeded (outperformance equal to or greater than the ceiling)*	• *5.00% of the annual fixed compensation if the objective (target) is reached* • *7.50% of the annual fixed compensation if the objective (target) is exceeded (outperformance equal to or greater than the ceiling)*	• *5.00% of the annual fixed compensation if the objective (target) is reached* • *7.50% of the annual fixed compensation if the objective (target) is exceeded (outperformance equal to or greater than the ceiling)*	• *5.00% of the annual fixed compensation if the objective (target) is reached* • *7.50% of the annual fixed compensation if the objective (target) is exceeded (outperformance equal to or greater than the ceiling)*	• *5.00% of the annual fixed compensation if the objective (target) is reached* • *7.50% of the annual fixed compensation if the objective (target) is exceeded (outperformance equal to or greater than the ceiling)*
Achievement rate	11.00%	7.00%	6.67%	2.00%	7.50%

(1) Total Case Incident Rate.
(2) Scope: Camso, Multistrada and Allopneus (based on 2021 exchange rates).

Maximum value of all quantitative and quantifiable qualitative criteria	150% of annual fixed compensation
Overall achievement rate	52.09%
Amount awarded *(in €)*	905,744.43
As a percentage of the fixed reference compensation (including the amount corresponding to the compensation as General Partner)	89.09%

All quantitative and qualitative objectives were set at the start of 2022 and were not adjusted during the year.

The Compensation and Appointments Committee carefully reviewed achievement rates for each of the quantitative and qualitative criteria. Concerning the quantifiable qualitative criteria, the Committee's conclusions were as follows:

- for the "Implementation of the strategy (deployment of the transformations)" criterion, the Committee noted that the Balanced Score Card objectives had been met, reflecting:
  - changes in the Balanced Score Card in line with expectations,
  - deployment of the People, Profit and Planet aspects of the Michelin In Motion strategy,
  - development of the Around and Beyond Tires businesses;
- for the Corporate Social Responsibility criterion (Total Case Incident Rate, measuring improvements to the safety of Michelin group employees), the Committee noted that the ceiling for the objective had nearly been reached, with the TCIR at 1.07;
- for the criterion concerning implementation of the synergies created by the integration of the Camso, Multistrada and Allopneus businesses, the Committee noted that total synergistic benefits of €117 million had been obtained in 2022, representing nearly 6% more than the target amount.

In conclusion of its analysis, the Committee recommended to the Supervisory Board that cumulative achievement rate in relation to these quantifiable qualitative criteria should be assessed as 89.09%. Taking annual fixed compensation of €1,016,670.00 as the calculation base, the annual variable compensation amounts to €905,744.43.

After discussing the matter during its meeting on February 10, 2023, the Supervisory Board approved the Compensation and Appointments Committee's recommendations, which were then also approved by the General Partners.

3.4.3.3 Long-term variable compensation granted in 2022: performance share rights

DEFERRED VARIABLE COMPENSATION

On November 17, 2022, 67,983 performance share rights were awarded to Florent Menegaux. The book value of these rights at December 31, 2022 was €866,812.76 (based on IFRS 2) and the rights represented less than 0.0096% of the total Michelin shares outstanding at the year-end.

This award was:

- authorized in an extraordinary resolution of the Annual Shareholders Meeting of June 23, 2020[(1)];
- made on the proposal of the General Partners in application of the conditions and criteria determined by the Supervisory Board, as presented in the 2019, 2020 and 2021 Universal Registration Documents[(2)], and in application of the 2022 compensation policy.

In application of the 2022 compensation policy, the award is subject to the following specific rules:

- the Managers are required to hold 40% of the vested shares for as long as they remain in office;
- the Managing Chairman's award is limited to 140% of his fixed annual compensation for the award year;
- in addition, for the period of validity of the authorization (38 months), performance share rights awarded to the Managers may not exceed the equivalent of 0.05% of the Company's capital; this is a specific sub-cap applicable to the Managers within the overall cap of 0.9% applicable to all beneficiaries as mentioned in the above-mentioned resolution;
- concerning Florent Menegaux, 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.

In accordance with AFEP/MEDEF Code recommendation No. 26.3.3, the equity risk on the performance shares has not been hedged by Florent Menegaux and will not be hedged at any time during the holding period.

(1) 25th resolution approved by a majority of 97.02% of the votes cast.
(2) See section 7.1.1 of the 2019 Universal Registration Document, and section 3.3.2.3 of the 2020 Universal Registration Document (2021 compensation policy) and 2021 Universal Registration Document (2022 compensation policy).

The performance criteria are presented below.

INTERIM FULFILLMENT OF PERFORMANCE CONDITIONS UNDER THE NOVEMBER 17, 2021 PERFORMANCE SHARE PLAN FOR EMPLOYEES AND THE MANAGERS

			Interim results		
Criteria		*Weighting*	**2022 vs. 2020**		
Share price performance	• **Michelin share price** must outperform the Stoxx Europe 600 index by **at least 5 points**, comparing the average closing price in 2020 and in 2023 • Vesting prorated to the achievement rate between the trigger point of 0 and the targeted 5 points.	*30%*	+4.3 points		
			2021	**2022**	**2023**
Corporate social responsibility performance	• Industrial-Michelin Environmental Performance – **i-MEP**[(1)] must be **below 88 points** in 2023 • Result calculated on a straight-line basis between the threshold of 92 and the targeted 88 points	*20%*	92.6 points	88.8 points	-
	• Change in **average employee engagement rate** must **exceed 1 point** a year on a like-for-like consolidated basis over the 2021-2023 period • Result calculated on a straight-line basis between the threshold of 0.0 and the targeted 1.0 point	*20%*	-2.0 points	+3.0 points	-
Operating performance	• Average annual **growth in revenue** from non-tire and distribution activities must be **at least 8%** over the 2020-2021, 2021-2022 and 2022-2023 periods • Result calculated on a straight-line basis between the threshold of 3% and the targeted 8%	*15%*	+7.7%	+22.0%	-
	• Total consolidated **ROCE** (including acquisitions, related goodwill and equity-accounted companies) must be **at least 11%** in 2023 • Result calculated on a straight-line basis between the threshold of 10% and the targeted 11%	*15%*	10.3%	10.8%	-

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

For all criteria, fulfillment is calculated as follows:
- performance below threshold: no shares will vest;
- performance between the threshold and the ceiling: number of vested shares calculated on a straight-line basis;
- performance equal to or greater than the ceiling: all the shares will vest.

3.4.3.4 Fringe benefits, stock options and directors' or Supervisory Board members' compensation

In line with the 2022 compensation policy, in 2022 Florent Menegaux did not receive (i) any compensation in his capacity as a member of the Board of Directors or Supervisory Board of the Company or any controlled entities, (ii) any benefits other than those listed above, or (iii) any stock options of the Company or any controlled entities.

Mr. Menegaux has a fringe benefit in the form of a Company car (see the table in section 3.6.1.2).

3.4.3.5 Pension benefits

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

In his capacity as Chairman of the subsidiary MFPM SAS, Mr. Menegaux participates in the supplementary pension plan set up for MFPM and CGEM senior executives (the Michelin Executive Supplementary Pension Plan).

As required by Article D. 22-10-16 of the French Commercial Code, this plan, governed by Article L. 137-11 of the French Social Security Code (*Code de la sécurité sociale*) and Article 39 of the French General Tax Code (*Code général des impôts*), is described below:

- as of their retirement date, participants must have served for at least five years as a senior executive to be eligible for benefits;
- 1.50% of benefits vest each year, entitling participants to an annuity representing a replacement rate of up to 15% of the reference compensation (annual average of the best three years of compensation out of the last five years preceding the beneficiary's retirement). In accordance with the government order dated July 3, 2019, no rights have vested since December 31, 2019;
- the vested benefit entitlement is in addition to the replacement rate provided by all pension plans in which Florent Menegaux participates. The total replacement rate is capped at 35%;

- an evaluation is carried out in accordance with Group accounting policies;
- benefit entitlement is conditional on participants ending their career at MFPM as an executive employee or executive officer, in accordance with Article L. 137-11 of the French Social Security Code;
- 70.00% of the prior year's benefit obligation is funded through a contribution to an insured plan.

Mr. Menegaux's reference compensation for 2022 was made up solely of the annual fixed compensation paid by MFPM.

Based on the assumptions in Article D. 22-10-16 of the French Commercial Code introduced by Decree No. 2019-1235, the estimated gross annual pension payable to Mr. Menegaux under this plan amounts to €152,500.

The benefit represented by the Company's contributions to the plan is taxed at the rate of 24%. The actual gross replacement rate represented by pension benefits paid under the plan will be well below the 45% ceiling recommended in the AFEP/MEDEF Code.

In consideration of his position, Florent Menegaux participates in the PERO mandatory supplementary pension plan in the same way as all employees of CGEM and MFPM.

3.4.3.6 Compensation for loss of office

No compensation for loss of office was paid to Yves Chapot in 2022[1].

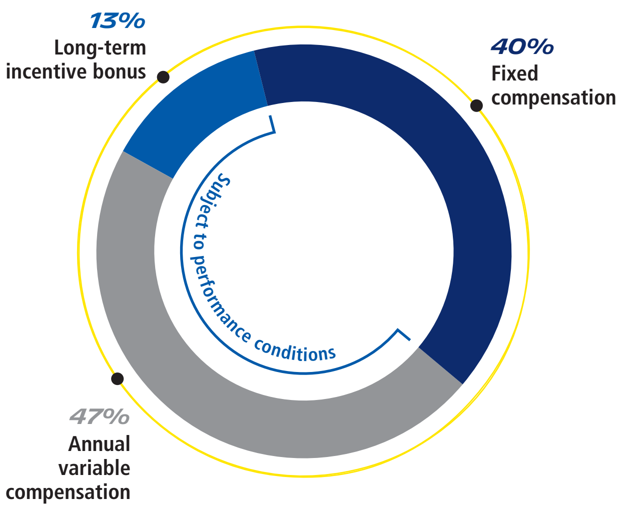
3.4.3.7 Non-compete indemnity

No non-compete indemnity was paid to Florent Menegaux in 2022[1].

3.4.4 COMPENSATION PACKAGE OF YVES CHAPOT, GENERAL MANAGER

The Compensation and Appointments Committee of the Supervisory Board has reviewed all the components of the compensation paid to Yves Chapot in 2022 or awarded to him in respect of 2022 in his capacity as General Manager, pursuant to the 2022 compensation policy. This policy is described in the Corporate Governance Report reproduced in the 2021 Universal Registration Document[2] and was presented to the Annual Shareholders Meeting of May 13, 2022 by the Chair of the Compensation and Appointments Committee (the "2022 compensation policy")[3].

COMPENSATION PAID TO YVES CHAPOT IN 2021



3.4.4.1 Fixed compensation

In application of the 2022 compensation policy, Yves Chapot's fixed compensation, unchanged since June 1, 2022, was €700,000.00.

3.4.4.2 Annual variable compensation

In application of the 2022 compensation policy and as recommended by the Supervisory Board, the General Partners have set Yves Chapot's annual variable compensation based on 100% of his annual fixed compensation for 2022 as General Manager (the "Calculation Base") and eight performance criteria. Three of these are qualitative criteria accounting for 70/100 and three are quantifiable qualitative criteria accounting for 30/100.

(1) *See detailed disclosures in section 3.6.1.12 of the 2021 Universal Registration Document.*
(2) *See sections 3.3.1 and 3.3.2 of the 2021 Universal Registration Document.*
(3) *See the information/presentations on the May 13, 2022 Annual Shareholders Meeting on the Company's website www.michelin.com.*

ANNUAL VARIABLE COMPENSATION

The achievement rates for the criteria that determine the amounts due in respect of annual variable compensation are as follows:

Quantitative criteria	Segment operating income *(SOI, based on 2021 exchange rates and consolidation scope)*	Annual structural free cash flow	Level of consolidated net income
Indicator	Amount	Amount	Amount
Target	Threshold: €3,000m Target: €3,300m Ceiling: €3,450m	Threshold: €1,000m Target: €1,240m Ceiling: €1,400m	Threshold: €1,800m Target: €1,910m Ceiling: €2,000m
Indicator: 2022 Actual	€3,215m	€378m	€2,009m
Maximum value of each criterion	*25.00% of the annual fixed compensation if the objective (target) is reached* *37.50% of the annual fixed compensation if the objective (target) is exceeded (outperformance equal to or greater than the ceiling)*	*25.00% of the annual fixed compensation if the objective (target) is reached* *37.50% of the annual fixed compensation if the objective (target) is exceeded (outperformance equal to or greater than the ceiling)*	*20.00% of the annual fixed compensation if the objective (target) is reached* *30.00% of the annual fixed compensation if the objective (target) is exceeded (outperformance equal to or greater than the ceiling)*
Achievement rate	17.92%	0.00%	30.00%

Quantifiable qualitative criteria	Implementation of the strategy (deployment of the transformations)	CSR/TCIR[1]	Acquisition synergies[2]	% of senior managers who are women	CO_2 emissions (Scopes 1 and 2 and upstream/ downstream transport activities in Scope 3)
Indicator	Supervisory Board assessment (%)	%	€ millions (€m)	%	million tonnes (mt)
Target	Implementation of the Balanced Score Card	Threshold: 1.25% Target: 1.15% Ceiling: 1.05%	Threshold: €95m Target: €111m Ceiling: €120m	Threshold: 18.00% Target: 20.00% Ceiling: 22.00%	Threshold: 4.200 mt Target: 4.015 mt Ceiling: 3.900 mt
Indicator: 2022 actual	110.00%	1.07%	€117m	18.80%	3.50 mt
Maximum value of each criterion	*10.00% of the annual fixed compensation if the objective (target) is reached* *15.00% of the annual fixed compensation if the objective (target) is exceeded (outperformance equal to or greater than the ceiling)*	*5.00% of the annual fixed compensation if the objective (target) is met* *7.50% of the annual fixed compensation if the objective (target) is exceeded (outperformance equal to or greater than the ceiling)*	*5.00% of the annual fixed compensation if the objective (target) is met* *7.50% of the annual fixed compensation if the objective (target) is exceeded (outperformance equal to or greater than the ceiling)*	*5.00% of the annual fixed compensation if the objective (target) is met* *7.50% of the annual fixed compensation if the objective (target) is exceeded (outperformance equal to or greater than the ceiling)*	*5.00% of the annual fixed compensation if the objective (target) is met* *7.50% of the annual fixed compensation if the objective (target) is exceeded (outperformance equal to or greater than the ceiling)*
Achievement rate	11.00%	7.00%	6.67%	2.00%	7.50%

(1) Total Case Incident Rate.
(2) Scope: Camso, Multistrada and Allopneus (based on 2021 exchange rates).

Maximum value of all quantitative and quantifiable qualitative criteria	150% of annual fixed compensation
Overall achievement rate (quantitative and quantifiable qualitative criteria)	82.08%
Amount awarded *(in €)*	574,583.33
As a % of the reference fixed compensation	82.08%

All quantitative and qualitative objectives were set at the start of 2022 and were not adjusted during the year.

The Compensation and Appointments Committee carefully reviewed achievement rates for each of the quantitative and qualitative criteria. Concerning the quantifiable qualitative criteria, the Committee's conclusions were as follows:

- for the "Implementation of the strategy (deployment of the transformations)" criterion, the Committee noted that the Balanced Score Card objectives had been met, reflecting:
  - changes in the Balanced Score Card in line with expectations,
  - deployment of the People, Profit and Planet aspects of the Michelin In Motion strategy,
  - development of the Around and Beyond Tires businesses;
- for the Corporate Social Responsibility criterion (Total Case Incident Rate, measuring improvements to the safety of Michelin group employees), the Committee noted that the ceiling for the objective had nearly been reached, with the TCIR at 1.07;
- for the criterion concerning implementation of the synergies created by the integration of the Camso, Multistrada and Allopneus businesses, the Committee noted that total synergistic benefits of €117 million had been obtained in 2022, representing nearly 6% more than the target amount.

In conclusion of its analysis, the Committee recommended to the Supervisory Board that cumulative achievement rate in relation to these quantifiable qualitative criteria should be assessed as 82.08%. Given the Calculation Base (annual fixed compensation of €700,000.00), Yves Chapot's annual variable compensation for 2022 amounts to €574,583.33.

After discussing the matter during its meeting on February 10, 2023, the Supervisory Board approved the Compensation and Appointments Committee's recommendations, which were then also approved by the General Partners.

3.4.4.3 Long-term variable compensation granted in 2022: performance share rights

DEFERRED VARIABLE COMPENSATION

On November 17, 2022, 40,073 performance share rights were awarded to Yves Chapot. The book value of these rights at December 31, 2022 was €510,948.15 (based on IFRS 2) and the rights represented less than 0.0057% of the total Michelin shares outstanding at the year-end.

This award was made in application of the 2022 compensation policy, pursuant to the proposal made by the General Partners and after the Supervisory Board had determined the vesting terms and conditions applicable to the total award. It was authorized by the Extraordinary Shareholders Meeting of June 23, 2020[1] and complied with the criteria set out in the 2019, 2020 and 2021 Universal Registration Documents[2].

In application of the 2022 compensation policy, the award is subject to the following specific rules:

- the Managers are required to hold 40% of the vested shares for as long as they remain in office;
- the award for the General Manager and Chief Financial Officer is limited to 120% of his annual fixed compensation for that year;
- in addition, for the period of validity of the authorization (38 months), performance share rights awarded to the Managers may not exceed the equivalent of 0.05% of the Company's capital; this is a specific sub-cap applicable to the Managers within the overall cap of 0.9% applicable to all beneficiaries as mentioned in the above-mentioned resolution.

In accordance with AFEP/MEDEF Code recommendation No. 26.3.3, the equity risk on the performance shares has not been hedged by Yves Chapot and will not be hedged at any time during the holding period.

(1) 25th resolution approved by a majority of 97.02% of the votes cast.
(2) See section 7.1.1 of the 2019 Universal Registration Document, and section 3.3.2.3 of the 2020 Universal Registration Document (2021 compensation policy) and 2021 Universal Registration Document (2022 compensation policy).

The performance criteria are presented below.

INTERIM FULFILLMENT OF PERFORMANCE CONDITIONS UNDER THE NOVEMBER 17, 2021 PERFORMANCE SHARE PLAN FOR EMPLOYEES AND THE MANAGERS

Criteria		*Weighting*	Interim results		
				2022 vs. 2020	
Share price performance	• **Michelin share price** must outperform the Stoxx Europe 600 index by **at least 5 points**, comparing the average closing price in 2020 and in 2023 • Vesting prorated to the achievement rate between the trigger point of 0 and the targeted 5 points.	*30%*		+4.3 points	
			2021	**2022**	**2023**
Corporate social responsibility performance	• Industrial-Michelin Environmental Performance – **i-MEP**(1) must be **below 88 points** in 2023 • Result calculated on a straight-line basis between the threshold of 92 and the targeted 88 points	*20%*	92.6 points	88.8 points	-
	• Change in **average employee engagement rate** must **exceed 1 point** a year on a like-for-like consolidated basis over the 2021-2023 period • Result calculated on a straight-line basis between the threshold of 0.0 and the targeted 1.0 point	*20%*	-2.0 points	+3.0 points	-
Operating performance	• Average annual **growth in revenue** from non-tire and distribution activities, must be **at least 8%** over the 2020-2021, 2021-2022 and 2022-2023 periods • Result calculated on a straight-line basis between the threshold of 3% and the targeted 8%	*15%*	+7.7%	+22.0%	-
	• Total consolidated **ROCE** (including acquisitions, related goodwill and equity-accounted companies) must be **at least 11%** in 2023 • Result calculated on a straight-line basis between the threshold of 10% and the targeted 11%	*15%*	10.3%	10.8%	-

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

For all criteria, fulfillment is calculated as follows:

- performance below threshold: no shares will vest;
- performance between the threshold and the ceiling: number of vested shares calculated on a straight-line basis;
- performance equal to or greater than the ceiling: all the shares will vest.

3.4.4.4 Fringe benefits, stock options and directors' or Supervisory Board members' compensation

In line with the 2022 compensation policy, in 2022 Yves Chapot did not receive (i) any compensation in his capacity as a member of the Supervisory Board of the Company or any controlled entities, (ii) any benefits other than those listed above, or (iii) any stock options of the Company or any controlled entities.

Yves Chapot has a fringe benefit in the form of a Company car (see the table in section 3.6.1.3).

3.4.4.5 Pension benefits

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

In his capacity as General Manager of CGEM, Yves Chapot participates in the supplementary pension plan set up for MFPM and CGEM senior executives (the Michelin Executive Supplementary Pension Plan).

As required by Article D. 22-10-16 of the French Commercial Code, this plan, governed by Article L. 137-11 of the French Social Security Code and Article 39 of the French General Tax Code, is described below:

- as of their retirement date, participants must have served for at least five years as a senior executive to be eligible for benefits;
- 1.5% of benefits vest each year, entitling participants to an annuity representing a replacement rate of up to 15% of the reference compensation (annual average of the best three years of compensation out of the last five years preceding the beneficiary's retirement). In accordance with the government order dated July 3, 2019, no rights have vested since December 31, 2019;
- the vested benefit entitlement is in addition to the replacement rate provided by all pension plans in which Yves Chapot participates. The total replacement rate is capped at 35%;
- an evaluation is carried out in accordance with Group accounting policies;
- benefit entitlement is conditional on participants ending their career at MFPM as an executive employee or executive officer, in accordance with Article L. 137-11 of the French Social Security Code;
- 70% of the prior year's benefit obligation is funded through a contribution to an insured plan.

Mr. Chapot's reference compensation for 2022 in his capacity as executive officer was made up of his annual fixed compensation and his annual variable compensation.

Based on the assumptions in Article D. 22-10-16 of the French Commercial Code introduced by Decree No. 2020-1742, the estimated gross annual pension payable to Mr. Chapot under this plan amounts to €181,000.

The benefit represented by the Company's contributions to the plan is taxed at the rate of 24%. The actual gross replacement rate represented by pension benefits paid under the plan will be well below the 45% ceiling recommended in the AFEP/MEDEF Code.

As General Manager of CGEM, Yves Chapot participates in the PERO mandatory supplementary pension plan in the same way as all employees of CGEM and MFPM.

3.4.4.6 Compensation for loss of office

No compensation for loss of office was paid to Yves Chapot in 2022[1].

3.4.4.7 Non-compete indemnity

No non-compete indemnity was paid to Yves Chapot in 2022[1].

3.4.5 COMPENSATION RATIOS OF THE MANAGERS AND THE CHAIR(MAN) OF THE SUPERVISORY BOARD

Background

The changes in management structure described below have affected the calculation of management compensation ratios:

- Florent Menegaux has been Managing General Partner since May 2018 and Managing Chairman since May 2019;
- Yves Chapot has been General Manager since May 2018;
- Barbara Dalibard has been Chair of the Supervisory Board since May 2021;
- Jean-Dominique Senard was Managing Chairman and General Partner until May 2019;
- Michel Rollier was Chairman of the Supervisory Board until May 2021.

Unlike the corporate officers of joint stock corporations, a Managing General Partner of the Company (which is organized as a partnership limited by shares), who may also be the Managing Chairman, has unlimited personal liability for the Company's debts in the event that the Company is unable to honor its commitments, and can only be relieved of this liability by decision of the Extraordinary Shareholders Meeting. This exceptional liability justifies the payment of specific compensation.

The Company has very few employees (fewer than five, none of whom are corporate directors). The ratios of the Managers' pay and of the Supervisory Board Chair's pay to that of the Company's employees are therefore not meaningful.

Accordingly, the Company has nonetheless chosen to disclose these ratios for its main French subsidiary, Manufacture Française des Pneumatiques Michelin, which employed nearly 79% of the Michelin group's total workforce in France at December 31, 2022.

(1) See detailed disclosures in section 3.6.1.12 of the 2022 Universal Registration Document.

This subsidiary is engaged in manufacturing, sales, and research and development activities and also hosts the vast majority of Michelin group's corporate departments.

The methodology and scope of the information presented are identical to those used for the report prepared for 2021[(1)].

The two performance indicators selected at the level of the Michelin group are total sales and segment operating income ("SOI") excluding changes in exchange rates, which measures the performance of the Group's operating segments.

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

Concerning changes in Florent Menegaux's compensation, the increases and ratios observed in 2022 are not relevant due to the combined effect of two factors – the cumulative recognition of two long-term incentives (LTI) in the same fiscal year, and the increase in his fixed compensation which had been unchanged since 2018.

Due to the replacement in 2020 of a cash-based LTI by a performance share plan, application of the methodological rules described above (recognition of fixed and variable compensation **paid** and the value of performance shares **granted** in the same fiscal year) leads to the cumulative recognition in the same fiscal year of two LTIs for the calculation of the 2022 ratios, as follows:

- first, recognition of an amount (not received by Florent Menegaux) corresponding to the value (€867,000) of 100% of the performance shares theoretically deliverable to him in 2026 under the 2022 plan if all the performance conditions are met, although the performance condition achievement rates that determine the number of performance shares actually delivered to the beneficiaries have historically been in the range of 30% to 59%[(2)];
- second, recognition in the same fiscal year (2022) of the last cash-based LTI bonus, which was granted in 2019 and paid to Florent Menegaux in 2022 (€1,300,000).

In addition, the increase in Florent Menegaux's total compensation reflects not only the Michelin group's solid performance but also the realignment of his compensation with market practices.

Based on the achievement rates for the corresponding performance criteria, Florent Menegaux received variable compensation of €1,350,000 in 2022, versus €581,000 in 2021. In 2020, Florent Menegaux waived part of his fixed and variable compensation due to the Covid-19 crisis.

The 2022 compensation policy for the Managers provided for an increase in Florent Menegaux's fixed compensation (which had not been changed since his appointment in May 2018), to bring it more in line with market practices. Effective from 2022 and for the remainder of his term as Managing General Partner, his basic fixed compensation amounts to €1,100,000 per year[(3)].

Concerning his long-term compensation (LTI), the value of the performance shares granted to Florent Menegaux increased in 2022 to €867,000 (from €727,000 in 2021), mainly due to the raising of the individual ceiling for performance share grants from 100% of his fixed compensation in 2021 to 140% of his fixed compensation in 2022. The raising of the ceiling was also decided in order to realign his compensation with market practices.

(1) By applying the "Guidelines on Compensation Multiples" published by the AFEP in February 2021.

(2) See disclosures in section 6.5.4 of the 2022 Universal Registration Document.

(3) See the 2022 compensation policy for the Managers, described in section 3.3 of the 2021 Universal Registration Document and approved by the General Shareholders Meeting of May 13, 2022 by a majority of 94.70% of the votes cast.

RATIOS PRESENTED IN APPLICATION OF ARTICLE L.22-10-9-I, PARAGRAPHS 6 AND 7, OF THE FRENCH COMMERCIAL CODE

	2022	2021	2020	2019	2018
PERCENTAGE CHANGE IN THE COMPENSATION OF THE CHAIR(MAN) OF THE SUPERVISORY BOARD(1)	**0.0%**	**6.4%**	**28.7%**	**-2.7%**	**0.0%**
Percentage change in the average compensation of employees	12.3%	2.6%	2.9%	2.9%	1.6%
Ratio versus average employee compensation	1.9	2.1	2.1	1.7	1.8
Percentage change in the ratio versus the previous year	-9.5%	0%	26.5%	-5.1%	-1.7%
Ratio versus median employee compensation	2.5	2.8	2.7	2.1	2.3
Percentage change in the ratio versus the previous year	-10.7%	3.7%	26.8%	-5.3%	-2.6%
PERCENTAGE CHANGE IN THE MANAGING CHAIRMAN'S COMPENSATION(1)(2)(3)(4)	**103.0%**	**-6.5%**	**-37.6%**	**8.1%**	**15.0%**
Percentage change in the average compensation of employees	12.3%	2.6%	2.9%	2.9%	1.6%
Ratio versus average employee compensation	77.3	42.9	47.1	77.6	73.8
Percentage change in the ratio versus the previous year	80.2%	-8.9%	-39.3%	5.1%	13.2%
Ratio versus median employee compensation	101.3	55.9	61.0	99.8	94.8
Percentage change in the ratio versus the previous year	81.2%	-8.4%	-38.9%	5.3%	12.0%
PERCENTAGE CHANGE IN THE GENERAL MANAGER'S COMPENSATION(1)(3)(4)	**40.7%**	**28.6%**	**33.0%**	**69.6%**	**-**
Percentage change in the average compensation of employees	12.3%	2.6%	2.9%	2.9%	1.6%
Ratio versus average employee compensation	39.5	31.5	25.1	19.5	11.8
Percentage change in the ratio versus the previous year	25.4%	25.5%	29.0%	64.8%	-
Ratio versus median employee compensation	51.7	41.0	32.6	25.0	15.2
Percentage change in the ratio versus the previous year	26.1%	25.8%	30.2%	65.2%	-
COMPANY PERFORMANCE(5)					
Growth in segment operating income (SOI) (excluding currency effect)	65.2%	-33.4%	6.5%	11.0%	5.6%
Growth in sales (excluding currency effect)	18.2%	-12.6%	7.8%	4.1%	6.2%

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

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

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

(4) Since 2020, the reference amount for variable compensation includes the book value of performance shares awarded to the Managers. The increases and ratios for 2022 are not relevant because application of the methodological rules results in the cumulative recognition of two LTIs, i.e., the value of the performance shares granted in 2022 (deliverable, if they vest, in 2026) and the recognition of long-term compensation received in 2022 (see the detailed explanations in the background information provided in the introduction to this table).

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

3.4.6 PROPOSED RESOLUTION ON THE DISCLOSURES MENTIONED IN ARTICLE L. 22-10-9-I OF THE FRENCH COMMERCIAL CODE

In accordance with the applicable laws and regulations, at the Ordinary Shareholders Meeting, the General Partners and the Supervisory Board will submit to shareholders the required disclosures concerning the compensation paid or awarded in 2022 to the corporate officers.

The resolution to be presented to the Annual Shareholders Meeting of May 12, 2023 concerning all the disclosures contained in sections 3.4.1 to 3.4.5, is set out below.

8th resolution

Approval of the disclosures concerning the corporate officers' compensation packages

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. 22-10-77 I of the French Commercial Code, approves the disclosures mentioned in Article L. 22-10-9 I of the Code, as presented in the Corporate Governance Report set out in sections 3.4.1 to 3.4.5 of the Company's 2022 Universal Registration Document.

3.5 INDIVIDUAL COMPENSATION PAID OR AWARDED TO THE MANAGERS AND THE CHAIR OF THE SUPERVISORY BOARD FOR 2022

In addition to the resolution presented in section 3.4.6 above, the Annual Shareholders Meeting will be asked to adopt the following individual resolutions concerning the Chair of the Supervisory Board and each of the Managers.

3.5.1 VOTE BY SHAREHOLDERS AT THE ORDINARY SHAREHOLDERS MEETING OF MAY 12, 2023 ON THE COMPENSATION PACKAGE OF BARBARA DALIBARD, CHAIR OF THE SUPERVISORY BOARD

This section presents the components of the compensation paid or awarded in 2022 to Barbara Dalibard in her capacity as member then Chair of the Supervisory Board.

Compensation components put to the vote	Amounts paid in 2022	Amounts awarded in respect of 2022	Presentation
Compensation as Supervisory Board member	€91,153.00	€120,000.00	**The amount paid in 2022:** • was awarded in respect of 2021 out of the total annual compensation allocated to the Supervisory Board by the Ordinary Shareholders Meeting of May 17, 2019 (12th resolution adopted by a majority of 99.15% of the votes cast)(1). **The amount awarded in respect of 2022:** • is included in the total annual amount decided by the Annual Shareholders Meeting of May 13, 2022; • has been determined in accordance with the 2022 compensation policy for the members of the Supervisory Board, as described in the 2021 Universal Registration Document (section 3.3.3) and approved by the Annual Shareholders Meeting of May 13, 2022 (7th resolution, adopted by a 99.59% majority of the votes cast).
Annual variable compensation	N/A	N/A	N/A
Deferred variable compensation	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A
Stock options, performance shares and other long-term compensation (stock warrants, etc.)	N/A	N/A	N/A
Fringe benefits	N/A	N/A	N/A
Compensation for loss of office	N/A	N/A	N/A
Non-compete indemnity	N/A	N/A	N/A
Supplementary pension benefits	N/A	N/A	N/A

N/A: Not applicable.

(1) As Barbara Dalibard was elected Chair of the Supervisory Board after the Annual Shareholders Meeting of May 21, 2021, only the compensation of the Chairman in office until that meeting was presented for a vote.

At the Ordinary Shareholders Meeting of May 12, 2023, shareholders will be asked to approve the following ordinary resolution:

11th resolution

Approval of the components of the compensation paid or awarded to Barbara Dalibard for the year ended December 31, 2022

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. 22-10-77 II of the French Commercial Code, approves the fixed, variable and exceptional compensation making up the total compensation and fringe benefits paid during the year ended December 31, 2022 or awarded in respect of that year to Barbara Dalibard, Chair of the Supervisory Board, as set out in section 3.5.1 of the Company's 2022 Universal Registration Document.

3.5.2 VOTE BY SHAREHOLDERS AT THE ORDINARY SHAREHOLDERS MEETING OF MAY 12, 2023 ON THE COMPENSATION PACKAGE OF FLORENT MENEGAUX, MANAGING CHAIRMAN AND GENERAL PARTNER

This section presents the components of the compensation paid or awarded to Florent Menegaux for 2022 in his capacity as Managing Chairman.

Compensation components put to the vote	Amounts paid in 2022	Amounts awarded in respect of 2022 OR Provision set aside in 2022 OR Simulation	Presentation
Fixed compensation	€1,016,670.00	€1,016,670.00	Amount awarded in 2022: • after remaining unchanged since his appointment by the Annual Shareholders' Meeting of May 18, 2018, Florent Menegaux's annual fixed compensation was increased to €1,100,000 from June 1, 2022, with the new fixed amount applied on a pro rata basis from that date; • this annual fixed compensation was determined in accordance with the 2022 compensation policy, as described in the 2021 Universal Registration Document (section 3.3.2.2) and approved by the Annual Shareholders Meeting of May 13, 2022 (6th resolution, adopted by a 94.70% majority of the votes cast).
Annual variable compensation	€1,350,000.00	€905,744.43 (Amount that may be awarded in respect of **2022** in application of the 2022 compensation policy, payable in 2023)	**The amount paid in 2022:** • was due for 2021 and was determined in accordance with the 2021 compensation policy, as described in the 2020 Universal Registration Document (section 3.3.2.2) and approved by the Ordinary Shareholders Meeting of May 13, 2022 (9th resolution, adopted by a 74.17% majority of the votes cast); • is the subject of detailed disclosures in section 3.4.3.2 of the 2020 Universal Registration Document. **The amount awarded in respect of 2022:** • was determined in accordance with the 2022 compensation policy, as described in the 2021 Universal Registration Document (section 3.3.2.3) and approved by the Ordinary Shareholders Meeting of May 13, 2022 (6th resolution, adopted by a 94.60% majority of the votes cast); • is the subject of detailed disclosures in section 3.4.4.2 of this 2022 Universal Registration Document.
Deferred variable compensation	€1,299,726.00	N/A	**The amount paid in 2022:** • was due for 2019 and was determined in accordance with the 2019 compensation policy, as described in the 2018 Registration Document (section 4.4.1 a) 2.2) and approved by the Ordinary Shareholders Meeting of June 23, 2020 (9th resolution, adopted by a 95.75% majority of the votes cast); • is the subject of detailed disclosures in the 2021 Universal Registration Document (section 3.6.2.1).

Compensation components put to the vote	Amounts paid in 2022	Amounts awarded in respect of 2022 OR Provision set aside in 2022 OR Simulation	Presentation
Exceptional compensation	N/A	N/A	N/A
Stock options, performance shares and other long-term compensation (stock warrants, etc.)	N/A	€866,812.76 (book value at December 31, 2022 – determined in accordance with IFRS 2 – of the 67,983 performance share rights awarded in November 2022)	This award was made in application of: • the 2022 compensation policy, as described in the 2021 Universal Registration Document (section 3.3.2.3) and approved by the Ordinary Shareholders Meeting of May 13, 2022 (6th resolution, adopted by a 94.70% majority of the votes cast); • the 25th resolution of the Annual Shareholders Meeting of June 23, 2020 (see pages 395 et seq. of the 2019 Universal Registration Document), adopted by a 97.02% majority of the votes cast. This amount is the subject of detailed disclosures in section 3.4.4.3 of this 2022 Universal Registration Document.
Compensation as a Director/Supervisory Board member	N/A	N/A	N/A
Fringe benefits	€9,755.40	€9,755.40	Company car (accounting value)
Compensation for loss of office	No compensation paid	No compensation awarded	This component: • is an integral part of the 2022 compensation policy, as described in the 2021 Universal Registration Document (section 3.3.2.7) and approved by the Annual Shareholders Meeting of May 13, 2022 (6th resolution, adopted by a 94.70% majority of the votes cast); • is the subject of detailed disclosures in section 3.6.1.12 of this 2022 Universal Registration Document.
Non-compete indemnity	No indemnity paid	No indemnity awarded	This component: • is an integral part of the 2022 compensation policy, as described in the 2021 Universal Registration Document (section 3.3.2.8) and approved by the Annual Shareholders Meeting of May 13, 2022 (6th resolution, adopted by a 94.70% majority of the votes cast); • is the subject of detailed disclosures in section 3.6.1.12 of this 2022 Universal Registration Document.
Supplementary pension benefits	No benefits paid	No benefits awarded	This component: • is an integral part of the 2022 compensation policy, as described in the 2021 Universal Registration Document (section 3.3.2.6) and approved by the Annual Shareholders Meeting of May 13, 2022 (6th resolution, adopted by a 94.70% majority of the votes cast); • is the subject of detailed disclosures in section 3.6.1.12 of this 2022 Universal Registration Document.

N/A: Not applicable.

At the Ordinary Shareholders Meeting of May 12, 2023, shareholders will be asked to approve the following ordinary resolution:

9th resolution

Approval of the components of the compensation paid or awarded to Florent Menegaux for the year ended December 31, 2022

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. 22-10-77 II of the French Commercial Code, approves the fixed, variable and exceptional compensation making up the total compensation and fringe benefits paid during the year ended December 31, 2022 or awarded in respect of that year to Florent Menegaux, Managing General Partner and Managing Chairman, as presented in the Corporate Governance Report set out in section 3.5.2 of the Company's 2022 Universal Registration Document.

3.5.3 VOTE BY SHAREHOLDERS AT THE ORDINARY SHAREHOLDERS MEETING OF MAY 12, 2023 ON THE COMPENSATION PACKAGE OF YVES CHAPOT, GENERAL MANAGER

This section presents the components of the compensation paid or awarded to Yves Chapot for 2022 in his capacity as General Manager.

Compensation components put to the vote	Amounts paid in 2022	Amounts awarded in respect of 2022 OR Provision set aside in 2022 OR Simulation	Presentation
Fixed compensation	€700,000.00	€700,000.00	Amount awarded in 2022: • after remaining unchanged since his appointment by the Annual Shareholders Meeting of May 18, 2018, Yves Chapot's annual fixed compensation was increased to €770,000 from June 1, 2022, with the new fixed amount applied on a pro rata basis from that date; • this fixed annual compensation was determined in accordance with the 2022 compensation policy, as described in the 2021 Universal Registration Document (section 3.3.2.2) and approved by the Annual Shareholders Meeting of May 13, 2022 (6th resolution, adopted by a 94.70% majority of the votes cast).
Annual variable compensation	€824,400.00	€574,583.33 (Amount that may be awarded in respect of **2022** in application of the 2022 compensation policy, payable in 2023)	**The amount paid in 2022:** • was due for 2021 and was determined in accordance with the 2021 compensation policy, as described in the 2020 Universal Registration Document (section 3.3.2.2) and approved by the Ordinary Shareholders Meeting of May 13, 2022 (10th resolution, adopted by a 98.97% majority of the votes cast); • is the subject of detailed disclosures in section 3.4.5.2 of this 2021 Universal Registration Document. **The amount awarded in respect of 2022:** • was determined in accordance with the 2022 compensation policy, as described in the 2021 Universal Registration Document (section 3.3.2.3) and approved by the Ordinary Shareholders Meeting of May 13, 2022 (6th resolution, adopted by a 94.70% majority of the votes cast); • is the subject of detailed disclosures in section 3.4.5.2 of this 2022 Universal Registration Document.
Deferred variable compensation	€227,774.00	N/A	**The amount paid in 2022:** • was due for 2019 and was determined in accordance with the 2019 compensation policy, as described in the 2018 Registration Document (section 4.4.1 a) 2.2) and approved by the Ordinary Shareholders Meeting of June 23, 2020 (10th resolution, adopted by a 96.47% majority of the votes cast); • is the subject of detailed disclosures in the 2021 Universal Registration Document (section 3.6.2.2).
Exceptional compensation	N/A	N/A	N/A

Compensation components put to the vote	Amounts paid in 2022	Amounts awarded in respect of 2022 OR Provision set aside in 2022 OR Simulation	Presentation
Stock options, performance shares and other long-term compensation (stock warrants, etc.)	N/A	€510,948.15 (book value at December 31, 2022 – determined in accordance with IFRS 2 – of the 40,073 performance share rights awarded in November 2022)	This award was made in application of: • the 2022 compensation policy, as described in the 2021 Universal Registration Document (section 3.3.2.3) and approved by the Ordinary Shareholders Meeting of May 13, 2022 (6th resolution, adopted by a 94.70% majority of the votes cast); • the 25th resolution of the Annual Shareholders Meeting of June 23, 2020 (see pages 395 et seq. of the 2019 Universal Registration Document), adopted by a 97.02% majority of the votes cast. This amount is the subject of detailed disclosures in section 3.4.5.3 of this 2022 Universal Registration Document.
Compensation as a Director/Supervisory Board member	N/A	N/A	N/A
Fringe benefits	€9,693.24	€9,693.24	Company car (accounting value)
Compensation for loss of office	No compensation paid	No compensation awarded	This component: • is an integral part of the 2022 compensation policy, as described in the 2021 Universal Registration Document (section 3.3.2.7) and approved by the Annual Shareholders Meeting of May 13, 2022 (6th resolution, adopted by a 94.70% majority of the votes cast); • is the subject of detailed disclosures in section 3.6.1.12 of this 2022 Universal Registration Document.
Non-compete indemnity	No indemnity paid	No indemnity awarded	This component: • is an integral part of the 2022 compensation policy, as described in the 2021 Universal Registration Document (section 3.3.2.8) and approved by the Annual Shareholders Meeting of May 13, 2022 (6th resolution, adopted by a 94.70% majority of the votes cast); • is the subject of detailed disclosures in section 3.6.1.12 of this 2022 Universal Registration Document.
Supplementary pension benefits	No benefits paid	No benefits awarded	This component: • is an integral part of the 2022 compensation policy, as described in the 2021 Universal Registration Document (section 3.3.2.6) and approved by the Annual Shareholders Meeting of May 13, 2022 (6th resolution, adopted by a 94.70% majority of the votes cast); • is the subject of detailed disclosures in section 3.6.1.12 of this 2022 Universal Registration Document.

N/A: Not applicable.

At the Ordinary Shareholders Meeting of May 12, 2023, shareholders will be asked to approve the following ordinary resolution:

10th resolution

Approval of the components of the compensation paid or awarded to Yves Chapot for the year ended December 31, 2022

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. 22-10-77 II of the French Commercial Code, approves the fixed, variable and exceptional compensation making up the total compensation and fringe benefits paid during the year ended December 31, 2022 or awarded in respect of that year to Yves Chapot, General Manager, as presented in the Corporate Governance Report set out in section 3.5.3 of the Company's 2022 Universal Registration Document.

3.6 OTHER INFORMATION ABOUT COMPENSATION OF THE EXECUTIVE OFFICERS

3.6.1 SUMMARY INFORMATION CONCERNING THE EXECUTIVE OFFICERS

The data and tables in this section:

- present the compensation of the Managers and the Chair of the Supervisory Board;
- have been prepared in accordance with the AFEP/MEDEF Code (December 2022);
- comply with AMF recommendation No. 2012-02 (revised) on "corporate governance and executive compensation in companies that refer to the AFEP/MEDEF Code – Consolidated presentation of the recommendations contained in the AMF's annual reports".

3.6.1.1 Compensation, stock options and performance shares awarded to executive officers *(in €)* (based on Table 1 in the AFEP/MEDEF Code)

Florent Menegaux, General Partner and Managing Chairman with unlimited personal liability for the Company's debts	2022	2021
Compensation awarded for the year	1,932,169.83	2,259,985.00
Value of stock options granted during the year	0	0
Value of performance shares granted during the year	866,812.76[(1)]	727,106.88
Value of other long-term compensation plans	0	0
TOTAL	**2,798,982.59**	**2,987,091.88**
Reference CGEM consolidated net income	2,008,883,043.82	1,845,066,544.00

(1) Book value (IFRS 2) at December 31, 2022 of the performance share award described in section 3.4.3.3 of this 2022 Universal Registration Document.

Yves Chapot, General Manager	2022	2021
Compensation awarded for the year	1,284,276.57	1,434,157.00
Value of stock options granted during the year	0	0
Value of performance shares granted during the year	510,948.15[(1)]	484,737.92[(1)]
Value of other long-term compensation plans	0	0
TOTAL	**1,795,224.72**	**1,918,894.92**

(1) Book value (IFRS 2) at December 31, 2022 of the performance share award described in section 3.4.4.3 of this 2022 Universal Registration Document.

3.6.1.2 Compensation paid and awarded to Florent Menegaux *(in €)* (based on Table 2 in the AFEP/MEDEF Code)

Florent Menegaux, General Partner and Managing Chairman with unlimited personal liability for the Company's debts	2022		2021	
	Awarded	Paid	Awarded	Paid
Fixed compensation[(1)]	1,016,670.00	1,016,670.00	900,000.00	900,000.00
Annual variable compensation	905,744.43[(2)]	1,350,000.00	1,350,000.00	581,161.00
Exceptional compensation	0	0	0	0
Compensation as a Director/Supervisory Board member	0	0	0	0
Fringe benefit (car)	9,755.40	9,755.40	9,985.00	9,985.00
TOTAL	**1,932,169.83**	**2,376,425.40**	**2,259,985.00**	**1,491,146.00**
Reference CGEM consolidated net income	2,008,883,043.82	1,845,066,544.00	1,845,066,544.00	625,441,868.00

(1) Compensation paid by Manufacture Française des Pneumatiques Michelin (MFPM), a controlled entity, in consideration of his role as Chairman of the Company.
(2) Gross amount, calculated based on the achievement rate for the applicable performance criteria, subject to approval of the corresponding resolutions by CGEM shareholders at the Annual Meeting of May 12, 2023 (see section 3.4.3).

3.6.1.3 Compensation paid and awarded to Yves Chapot *(in €)* (based on Table 2 in the AFEP/MEDEF Code)

	2022		2021	
Yves Chapot, General Manager	**Awarded**	**Paid**	**Awarded**	**Paid**
Fixed compensation	700,000.00	700,000.00	600,000.00	600,000.00
Annual variable compensation	574,583.33(1)	824,400.00	824,400.00(2)	516,900.00
Exceptional compensation	0	0	0	0
Compensation as a Director/Supervisory Board member	0	0	0	0
Fringe benefit (car)	9,693.24	9,693.24	9,757.00	9,757.00
TOTAL	**1,284,276.57**	**1,534,093.24**	**1,434,157.00**	**1,126,657.00**

(1) Gross amount, calculated based on the achievement rate for the applicable performance criteria, subject to approval of the corresponding resolutions by CGEM shareholders at the Annual Meeting of May 12, 2023 (see section 3.4.4).

3.6.1.4 Compensation received by the non-executive corporate officers (based on Table 3 in the AFEP/MEDEF Code)

See the table in section 3.4.1 below.

3.6.1.5 Stock options granted during the year to executive officers by the issuer and any other Group company (based on Table 4 in the AFEP/MEDEF Code)

No stock options were granted by the Company to the executive officers during the year.

No stock options have been granted to the Managers since 2012.

	Plan no. and date	Type of options (purchase or subscription)	Value of the options calculated by the method used for the consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
Florent Menegaux	-	-	0	0	-	-
Yves Chapot	-	-	0	0	-	-

3.6.1.6 Stock options exercised during the year by executive officers (based on Table 5 in the AFEP/MEDEF Code)

No stock options have been exercised by the Company's executive officers since 2021, when the exercise period for the last plan expired.

	Plan no. and date	Number of options exercised during the year	Exercise price
Florent Menegaux	-	0	-
Yves Chapot	-	0	-

3.6.1.7 Performance shares granted during the year to the executive officers by the issuer and any other Group company (based on Table 6 in the AFEP/MEDEF Code)

108,056 of the 1,899,470 performance share rights given on November 17, 2022 pursuant to the authorization given at the June 23, 2020 Annual Shareholders Meeting were granted to the Managers.

	Plan no. and date	Number of performance share rights granted during the year(1)	Value of the performance shares calculated by the method used for the consolidated financial statements	Vesting date	End of lock-up period	Performance conditions
Florent Menegaux	Plan 17 of November 17, 2022	67,983	€866,812.76	November 17, 2026	November 17, 2026	Detailed information is provided in section 6.5.4.3 "Interim fulfillment of performance conditions under the November 17, 2022 performance share plan"
Yves Chapot	Plan 17 of November 17, 2022	40,073	€510,948.15	November 17, 2026	November 17, 2026	Detailed information is provided in section 6.5.4.3 "Interim fulfillment of performance conditions under the November 17, 2022 performance share plan"

(1) The number of shares granted takes into account the four-for-one stock split and reduction in the shares' par value from €2 to €0.50, decided on May 16, 2022 and effective on June 16, 2022.

3.6.1.8 Performance shares granted to executive officers for which the lock-up period ended during the year (based on Table 7 in the AFEP/MEDEF Code)

In 2022, lock-up restrictions were not lifted on any performance shares granted to executive officers.

	Plan no. and date	Number of performance shares for which the lock-up period ended during the year	Vesting conditions
Florent Menegaux	-	0	-
Yves Chapot	-	0	-

3.6.1.9 Past awards of stock options – Information about stock options (based on Table 8 in the AFEP/MEDEF Code)

See the table in section 6.5.3.1 below.

3.6.1.10 Past awards of performance shares – Information about performance shares (based on Table 9 in the AFEP/MEDEF Code)

See the table in section 6.5.4.3 below.

3.6.1.11 Deferred variable compensation awarded to executive officers (based on Table 10 in the AFEP/MEDEF Code)

See the table in section 3.6.2 below.

3.6.1.12 Managers' employment contracts, supplementary pension benefits and other benefits (based on Table 11 in the AFEP/MEDEF Code)

	Employment contract		Supplementary pension benefits		Benefits or advantages due or likely to be due as a result of terminations or changes of office		Non-compete indemnity	
Executive officer	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Florent Menegaux								
Position: Managing Chairman and General Partner Start date of term of office: 2018 Expiration of term of office: 2026		X(1)	X(2)		X(3)		X(4)	
Yves Chapot								
Position: General Manager Start date of term of office: 2018 Expiration of term of office: 2026	X(5)		X(2)		X(3)		X(6)	

(1) Florent Menegaux resigned from the position that was the subject of his pre-existing employment contract.

(2) Defined benefit pension plan set up for senior executives of MFPM and CGEM. For detailed explanations, see sections 3.4.3.5 and 3.4.4.5. 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.

(3) Benefit defined in the CGEM Bylaws:
– set by the Non-Managing General Partner with the endorsement of the Supervisory Board;
– only payable in the event of forced departure due to a change of strategy or of control;
– capped at two years' fixed and variable compensation (this cap includes any other benefits payable on termination of office such as a non-compete indemnity);
– subject to performance conditions (see section 3.3.2.7).

(4) Indemnity payable in his capacity as an executive officer of MFPM:
– with the possibility for the Supervisory Board to waive implementation of the non-compete clause;
– capped at 24 months' worth of the most recent fixed compensation paid to him by MFPM;
– deducted, where appropriate, from the cap equal to two years' fixed and variable compensation applicable to all termination benefits, including compensation for loss of office payable in the event of a forced departure due to a change in the Company's strategy or control (for detailed explanations, see section 3.3.2.8).
In accordance with Article R. 22-10-40-III of the French Commercial Code, the non-compete indemnity would not be payable if the person concerned retired on leaving the Group.

(5) Suspended employment contract with MFPM.

(6) Indemnity payable under his suspended employment contract with MFPM:
– with the possibility for the Supervisory Board to waive implementation of the non-compete clause;
– capped at 24 months' worth of the most recent aggregate compensation paid to him by MFPM;
– deducted, where appropriate, from the cap equal to two years' fixed and variable compensation applicable to all termination benefits, including compensation for loss of office payable in the event of a forced departure due to a change in the Company's strategy or control (for detailed explanations, see section 3.3.2.8).
In accordance with Article R. 22-10-40-III of the French Commercial Code, the non-compete indemnity would not be payable if the person concerned retired on leaving the Group.

3.6.2 APPLICABLE LONG-TERM INCENTIVE BONUSES AWARDED TO EXECUTIVE OFFICERS IN RESPECT OF PERIODS PRIOR TO 2022

None.

3.7 TOTAL COMPENSATION AWARDED TO THE GROUP EXECUTIVE COMMITTEE

In 2022, the members of the Group Executive Committee (excluding the Managers) received aggregate gross compensation of €7,764,743.38 (including €3,761,166.00 corresponding to the variable component for 2021 paid during the first half of 2022). In 2021, the aggregate gross compensation received by Group Executive Committee members totaled €7,584,025.00 (including €1,383,598.00 corresponding to the variable component for 2020 paid during the first half of 2021). The Group Executive Committee members do not receive any compensation as members of the Boards of any Group companies.

3.8 TRADING IN MICHELIN SHARES BY THE CORPORATE OFFICERS AND THEIR CLOSE RELATIVES IN 2022

Supervisory Board

Jean-Christophe Laourde

16 shares acquired on November 16, 2022 without consideration under the performance share plan (reference price per share: €26.89).

60 shares acquired at a price of €13.31 on November 16, 2022 under the Bib Actions 2022 Group savings plan.

Delphine Roussy

16 shares acquired on November 16, 2022 without consideration under the performance share plan (reference price per share: €26.89).

30 shares acquired at a price of €9.98 on November 16, 2022 under the Bib Actions 2022 Group savings plan.

To the best of the Company's knowledge, no other transactions in the Company's shares were carried out by the Managing Chairman, the Managers, SAGES, Supervisory Board members or their close relatives during the year.

3.9 PROCEDURE FOR ASSESSING AGREEMENTS ENTERED INTO IN THE NORMAL COURSE OF BUSINESS

In accordance with Article L. 225-39 of the French Commercial Code, referring to Article L. 226-10-1 of said Code, the Supervisory Board has established a procedure for the regular review of agreements entered into in the normal course of business, in order to obtain assurance that they are on arm's length terms.

The persons directly or indirectly concerned by any of these agreements do not participate in the review. The procedure is performed by members of the Legal Department who refer to the regulatory framework governing these types of agreement.

3.10 ARTICLES OF INCORPORATION, BYLAWS AND SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

The Bylaws, in French and English, can be downloaded from the Company's website (www.michelin.com).

3.10.1 GENERAL PARTNERS (ARTICLE 1 OF THE BYLAWS)

- Florent Menegaux, Managing Chairman;
- Société Auxiliaire de Gestion – SAGES (registered in the Clermont-Ferrand Trade and Companies Register under number 870 200 466), a simplified joint stock company chaired by Vincent Montagne (see the presentation and role of this company, section 3.1.2).

3.10.2 CORPORATE PURPOSE (ARTICLE 2 OF THE BYLAWS)

All operations and activities directly or indirectly linked to the production, manufacture and sale of rubber, at all stages of manufacture, in all forms and for all uses.

All industrial, commercial and financial operations, related in particular to:

- tires, tire components, tire accessories and manufactured rubber in general;
- mechanical engineering in all its applications, and in particular motor vehicles and industrial vehicles, components, spare parts and accessories;
- the production, sale and use of natural or synthetic chemicals and their derivatives, in particular the various sorts of elastomers, plastics, fibers and resins, and generally all activities and products of the chemicals industry, especially as related to the products and operations described above;
- the filing, acquisition, use, transfer or sale of any intangible property rights, and in particular patents and related rights, trademarks and manufacturing processes relating to the corporate purpose.

To be carried out directly, as well as through equity interests, the creation of new companies, joint ventures (*sociétés en participation*) and economic interest groups (*groupements d'intérêt économique*), contributions, partnerships (*commandites*), the subscription, purchase or exchange of securities, or interests, in all businesses whose activities relate to the aforementioned purposes, or by way of merger or otherwise.

And generally, all commercial, industrial, real estate, securities and financial transactions related directly or indirectly in whole or in part to any of the purposes specified above or to any similar or related purposes.

3.10.3 MANAGERS (ARTICLE 10 OF THE BYLAWS)

The Company is led by a Managing Chairman and managed by one or more Managers, who are individuals and who may or may not be General Partners.

3.10.4 FISCAL YEAR (ARTICLE 29 OF THE BYLAWS)

The Company's fiscal year begins on January 1 and ends on December 31.

3.10.5 STATUTORY ALLOCATION OF PROFITS (ARTICLES 12 AND 30 OF THE BYLAWS)

Allocation to the General Partners of a share of net income (the Profit Share) calculated as follows:

- 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 amount 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.

Net income comprises net revenue for the year less general and administrative costs and all other expenses of the Company, including any depreciation, amortization and provisions deemed necessary. Net income remaining after the allocation to the General Partners, plus any retained earnings brought forward from the prior year, is attributable to shareholders.

The shareholders may decide to make deductions from this attributable net income to be used, as recommended by the Managing Chairman, to create or increase one or more reserve or contingency funds, over which the General Partners shall not have any rights.

3.10.6 SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

Notices of Meeting (Article 21 of the Bylaws)

Notices of Meeting are issued in such form and with such advance notice as is prescribed by law.

Conditions of attendance (Articles 22 and 24 of the Bylaws)

Shareholders may attend General Meetings regardless of how many shares they own, provided such shares are fully paid up and are registered in the Company's share register at least three days before the date of the Meeting.

Exercising voting rights – attribution of double voting rights (Article 22 of the Bylaws)

Owners or proxies of owners of fully paid-up shares registered in the name of the same holder for at least four years shall have two votes per share, without limitation.

In the event of a capital increase paid up by capitalizing reserves, income or additional paid-in capital, the resulting bonus shares distributed in respect of registered shares carrying double voting rights shall similarly carry double voting rights.

Transfer through inheritance, liquidation of marital assets, *inter vivos* transfers to a spouse or to a relative in the ascending or descending line shall not result in the loss of double voting rights or a break in the qualifying period described above.

Shares transferred for any other reason shall lose their double voting rights ipso jure.

Statutory disclosure thresholds

As of the date of this report, the Bylaws do not require shareholders to disclose their interests to the Company when certain shareholding thresholds are exceeded.

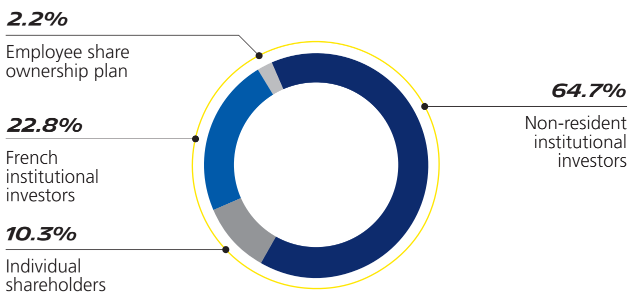
Further information is provided on the Company's website www.michelin.com.

3.11 OWNERSHIP STRUCTURE AND VOTING RIGHTS

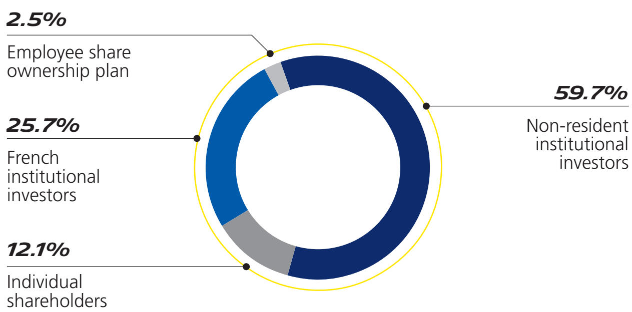
At December 31, 2022:

- share capital: €357,058,707;
- shares outstanding: 714,117,414 all fully paid up;
- voting rights outstanding: 978,544,459.

SHARE OWNERSHIP
(at December 31, 2022)



VOTING RIGHTS
(at December 31, 2022)



At December 31, 2022, 714,117,414 shares were held by the public, corresponding to 100% of the voting rights.

As of December 31, 2022, to the best of the Company's knowledge:

- BlackRock Inc. held 4.99% of the share capital and 3.76% of the voting rights;
- Mage Invest held 4.22% of the share capital and 6.24% of the voting rights;
- no other shareholder directly or indirectly holds more than 5% of the capital and voting rights;
- there are no shareholders' agreements or pacts.

There has been no material change in the Company's ownership structure over the last three years.

3.12 FINANCIAL AUTHORIZATIONS

The information presented in the following tables, in particular the number of shares, the share price and the maximum purchase price, has been adjusted to take into account the four-for-one stock split and reduction in the par value of Michelin shares from €2 to €0.50, decided on May 16, 2022 and effective on June 16, 2022.

3.12.1 GRANTED BY THE ANNUAL SHAREHOLDERS MEETING OF JUNE 23, 2020

Issuance of shares and share equivalents with pre-emptive subscription rights

Corporate action	Resolution	Duration (expiration date)	Maximum issue amount, based on a share price of €26(1) *(in €)*	Maximum aggregate par value of shares *(in €)*	Utilization during the year
Issuance of shares and/or securities carrying rights to shares	16th	26 months (August 2022)	• €6.52 billion (ordinary shares) • €2.50 billion(4) (securities carrying rights to shares)	€126 million(2)(3) (less than 35% of issued capital)	None
Issuance of new shares by capitalizing reserves	20th	26 months (August 2022)	€4.16 billion	€80 million	None

(1) CGEM share price at December 31, 2022, rounded up to the nearest whole number.

(2) With the aggregate par value of shares issued in connection with all of the authorized transactions not to exceed €126 million, excluding any shares issued under the 20th resolution (23rd resolution).

(3) This amount may be raised by up to 15% if the issue is oversubscribed, subject to the ceilings set respectively in the 16th, 17th and 18th resolutions (19th resolution).

(4) With the aggregate nominal amount of all debt securities, with or without rights to shares, authorized by the 16th, 17th, 18th and 19th resolutions not to exceed €2.5 billion (23rd resolution).

Issuance of shares and share equivalents without pre-emptive subscription rights

Corporate action	Resolution	Duration (expiration date)	Maximum issue amount, based on a share price of €26(1) *(in €)*	Maximum aggregate par value of shares *(in €)*	Utilization during the year
Issuance of shares and/or securities carrying rights to shares	17th	26 months (August 2022)	• €1.82 billion (ordinary shares) • €2.50 billion(4) (securities carrying rights to shares)	€35 million(2)(3) (less than 10% of issued capital)	None
Issuance of shares and/or securities carrying rights to shares through an offer governed by Article L. 411-2 of the French Monetary and Financial Code (*Code monétaire et financier*)	18th	26 months (August 2022)	• €1.82 billion (ordinary shares) • €2.50 billion(4) (securities carrying rights to shares)	€35 million(2)(3)(5) (less than 10% of issued capital)	None
Issuance of ordinary shares in connection with a stock-for-stock offer or in payment of contributed assets	21st	26 months (August 2022)	• €1.82 billion	€35 million(5)	None

(1) CGEM share price at December 31, 2022, rounded up to the nearest whole number.

(2) With the aggregate par value of shares issued in connection with all of the authorized transactions not to exceed €126 million, excluding any shares issued under the 20th resolution (23rd resolution).

(3) This amount may be raised by up to 15% if the issue is oversubscribed, subject to the ceilings set respectively in the 16th, 17th and 18th resolutions (19th resolution).

(4) With the aggregate nominal amount of all debt securities, with or without rights to shares, authorized by the 16th, 17th, 18th and 19th resolutions not to exceed €2.5 billion (23rd resolution).

(5) Amount to be included in the maximum total capital increase authorized under the 23rd resolution.

Employee share issues and/or issue of shares to the Managers and the Chair(man) of the Supervisory Board

Corporate action	Resolution	Duration (expiration date)	Comments	Utilization during the year
Issuance of new ordinary shares	22nd	26 months (August 2022)	Less than 2% of issued capital	None
Share grants and performance share plans	25th	38 months (August 2023)	• Performance conditions over three years • Capped at 0.9% of issued capital	Issuance of 1,899,470 rights(1)

(1) Please refer to sections 6.5.4 and 6.5.5.

Share buyback program

Corporate action	Resolution	Duration (expiration date)	Comments	Utilization during the year
Share buyback program	5th	18 months (December 2021)	• Statutory limit of 10% of issued capital • Maximum purchase price: €45	None
Share cancellations	24th	24 months (June 2022)	10% of the current capital	None

(1) See section 6.5.6.

3.12.2 GRANTED BY THE ANNUAL SHAREHOLDERS MEETING OF MAY 21, 2021

Share buyback program

Corporate action	Resolution	Duration (expiration date)	Limitations	Utilization during the year
Share buyback program	5th	18 months (November 2022)	• Statutory limit of 10% of issued capital • Maximum purchase price: €45	Buyback of 718,060 shares(1)
Share cancellations	14th	24 months (May 2023)	10% of issued capital	None

(1) See section 6.5.6.

3.12.3 GRANTED BY THE ANNUAL SHAREHOLDERS MEETING OF MAY 13, 2022

Issuance of shares and share equivalents with pre-emptive subscription rights

Corporate action	Resolution	Duration (expiration date)	Maximum issue amount, based on a share price of €26(1) *(in €)*	Maximum aggregate par value of shares *(in €)*	Utilization during the year
Issuance of shares and/or securities carrying rights to shares	19th	26 months (July 2024)	• €6.50 billion (shares) • €2.50 billion(4) (securities carrying rights to shares)	€125 million(2)(3) (less than 35% of issued capital)	None
Issuance of new shares by capitalizing reserves	24th	26 months (July 2024)	€4.16 billion	€80 million	None

(1) CGEM share price at December 31, 2022, rounded up to the nearest whole number.

(2) With the aggregate par value of shares issued in connection with all of the authorized transactions not to exceed €125 million, excluding any shares issued under the 24th and 26th resolutions (27th resolution).

(3) This amount may be raised by up to 15% if the issue is oversubscribed, subject to the ceilings set respectively in the 19th, 20th and 21st resolutions (23rd resolution).

(4) With the aggregate nominal amount of all debt securities, with or without rights to shares, authorized by the 19th, 20th, 21st and 23rd resolutions not to exceed €2.5 billion (27th resolution).

Issuance of shares and share equivalents without pre-emptive subscription rights

Corporate action	Resolution	Duration (expiration date)	Maximum issue amount, based on a share price of €26(1) *(in €)*	Maximum aggregate par value of shares *(in €)*	Utilization during the year
Issuance of shares and/or securities carrying rights to shares	20th	26 months (July 2024)	• €1.82 billion (ordinary shares) • €2.50 billion(4) (securities carrying rights to shares)	€35 million(2)(3) (less than 10% of issued capital)	None
Issuance of shares and/or securities carrying rights to shares through an offer governed by Article L. 411-2 of the French Monetary and Financial Code (*Code monétaire et financier*)	21st	26 months (July 2024)	• €1.82 billion (ordinary shares) • €2.50 billion(4) (securities carrying rights to shares)	€35 million(2)(3)(5) (less than 10% of issued capital)	None
Determination of the issue price	22nd	26 months (July 2024)	• €1.82 billion (ordinary shares) • €2.50 billion(4) (securities carrying rights to shares)	€35 million(2)(3)(5) (less than 10% of issued capital)	None
Issuance of ordinary shares in connection with a stock-for-stock offer or in payment of contributed assets	25th	26 months (July 2024)	€2.54 billion	€35 million(5)	None

(1) CGEM share price at December 31, 2022, rounded up to the nearest whole number.

(2) With the aggregate par value of shares issued in connection with all of the authorized transactions not to exceed €125 million, excluding any shares issued under the 24th and 26th resolutions (27th resolution).

(3) This amount may be raised by up to 15% if the issue is oversubscribed, subject to the ceilings set respectively in the 19th, 20th and 21st resolutions (23rd resolution).

(4) With the aggregate nominal amount of all debt securities, with or without rights to shares, authorized by the 19th, 20th, 21st and 23rd resolutions not to exceed €2.5 billion (27th resolution).

(5) Amount to be included in the maximum total capital increase authorized under the 20th resolution.

Employee share issues and/or issue of shares to the Managers and the Chair(man) of the Supervisory Board

Corporate action	Resolution	Duration (expiration date)	Comments	Utilization during the year
Issuance of new ordinary shares	26th	26 months (July 2024)	Less than 2% of issued capital	Issuance of 3,872,090 shares(1)

(1) Please refer to sections 6.5.4 and 6.5.5.

Share buyback program

Corporate action	Resolution	Duration (expiration date)	Limitations	Utilization during the year
Share buyback program	5th	18 months (November 2023)	• Statutory limit of 10% of issued capital • Maximum purchase price: €55	Buyback of 3,608,476 shares(1)
Share cancellations	28th	24 months (May 2024)	10% of issued capital	Cancellation of 4,326,536 shares(1)

(1) See section 6.5.6.

3.13 CHANGE OF CONTROL

Because the Company is organized as a *société en commandite par actions* (partnership limited by shares), any shareholder gaining control of the capital and corresponding voting rights could not exercise control over the Company without the approval, in accordance with the Bylaws, of the Non-Managing General Partner and/or, as the case may be, all of the General Partners and/or the Supervisory Board, which would be required to make the following decisions:

- election of new Managers;
- amendment of the Bylaws;
- election of new General Partners.

3.14 STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 22-10-78 OF THE FRENCH COMMERCIAL CODE ON THE CORPORATE GOVERNANCE REPORT

In accordance with French professional auditing standard NEP 9510[1], the Statutory Auditors' review of the Supervisory Board's Corporate Governance Report, pursuant to Article L. 225-235 of the French Commercial Code, is described in the Statutory Auditors' report on the annual financial statements presented in section 5.3.3 herein.

(1) Norme d'exercice professionnel *9510 (approved by the government order of October 1, 2018 published in France's* Journal Officiel, *edition no. 0232, on October 7, 2018) on the subject of the Statutory Auditor's procedures relating to the management report, other documents on the audited entity's financial position and financial statements and information included in the Corporate Governance Report, as communicated to the members of the governance body called on to approve the financial statements.*

NON-FINANCIAL PERFORMANCE

4. NON-FINANCIAL PERFORMANCE

INTRODUCTION

In a world faced with such daunting and urgent challenges as climate change, biodiversity loss and the just transition, the criteria for economic and social development have profoundly changed. To ensure its sustainability, a company must embed social, economic and environmental issues deep into its decision-making.

This is the thrust of the Group's **All Sustainable** vision, which is rooted in the constant search for the right balance between employee growth and fulfillment, economic and financial performance to secure our independence, and a positive contribution to the planet and its inhabitants. Through this process, the Group hopes to make its purpose – offering everyone a better way forward – a reality.

The All Sustainable vision holistically informs the Group's strategy, while structuring its deployment and performance metrics.

In addition to the governance body leading the process, Michelin has launched a six-part transformation program(1) to improve its ability to address environmental, employee relations and social issues ("I am Michelin" and "All in Action for the Environment").

- Convinced that the destiny of humankind is closely tied to a respect for nature, Michelin is assertively stepping up its innovation capabilities to develop products, services and solutions based on their life cycle assessments;
- The Group's strategy and programs are fully aligned with international environmental and social agreements and the world's most ambitious enterprises, such as the Science Based Targets initiative (SBTi);
- As a private-sector company, Michelin shares with its ecosystem – international organizations, governments, non-profits, non-governmental organizations, etc. – a responsibility to take action to meet collective challenges, particularly the need for more sustainable mobility.

More than ever, the Michelin Group is determined to help drive the transition the world needs to become more environmentally responsible and socially inclusive.

The sustainable development process, devised with our external stakeholders, is aimed at both attenuating our environmental impact and enhancing our positive contribution to society.

(1) By enabling every internal stakeholder to engage in the process, the Transformation projects supplement the management of sustainable development issues by the Group's governance mechanisms (see section 4.1 Sustainable Development and Mobility Report/Governance).

METHODOLOGY

SDG 12.6

DEFINITION OF CONTENT AND SCOPE OF REPORTING

The Michelin Group consists of Compagnie Générale des Etablissements Michelin (CGEM), a French *société en commandite par actions* (partnership limited by shares) listed on the Euronext Paris stock exchange. As such, in every host country around the world, it applies the corporate social responsibility (CSR) reporting standards defined by French legislation.

This report therefore complies first and foremost with the provisions of the French Commercial Code (*Code de commerce*), which in its Articles L. 225-102-1 and L. 22-10-36 requires every company that is publicly traded in France (or which has an average of more than 500 employees under permanent work contracts and (i) more than €20 million in total assets or (ii) more than €40 million in annual net revenue) to include in its management report a non-financial statement, disclosing how the company manages the social and environmental impact of its business operations, as well as the impact of these operations with regard to upholding human rights and preventing corruption and tax evasion.

To strike the right balance between regulatory compliance, meeting stakeholder expectations (as increasingly expressed in emerging international reporting standards) and maintaining readability, the report is organized into two sections. The first, the Sustainable Development and Mobility Report, offers a common core of content addressing the shared expectations of all our stakeholders. This is followed by the Non-Financial Statement (4.2) and the Duty of Care Plan (4.3), which are presented in the form of concordance tables, whose disclosure categories specifically refer to the related paragraphs in Chapter 1 above and the Sustainable Development and Mobility Report below. In particular, this report has been prepared in accordance with **Global Reporting Initiative (GRI)** compliance reporting[1], the Auto Parts standard of the **Sustainability Accounting Standards Board (SASB)**, and the degree of impact on the ***17 United Nations Sustainable Development Goals***[2]*, as expressed in the concordance tables at the end of this chapter.*

The Michelin Group applies all the Recommendations of the ***Task Force on Climate-related Financial Disclosures (TCFD)*** issued on June 29, 2017.

REPORTING CYCLE AND PERIOD

The reporting cycle is annual, with this year's reported data covering the 12 months from January 1 to December 31, 2022.

INDICATORS

Based on the ambitious objectives and targets set for 2030, certain key performance indicators were defined in 2020. For comparative purposes, historical data for these new indicators are presented over the past two years.

For the other key indicators, which have not changed, performance data are still reported over the past five years.

ESG data have been reported on michelin.com[3] since 2021.

Restatements: If calculation methods change or erroneous data are corrected, a restatement is issued, with an explanation systematically provided for each indicator.

Unless otherwise specified, when a new company joins the Group, data for years prior to the date of acquisition are not restated.

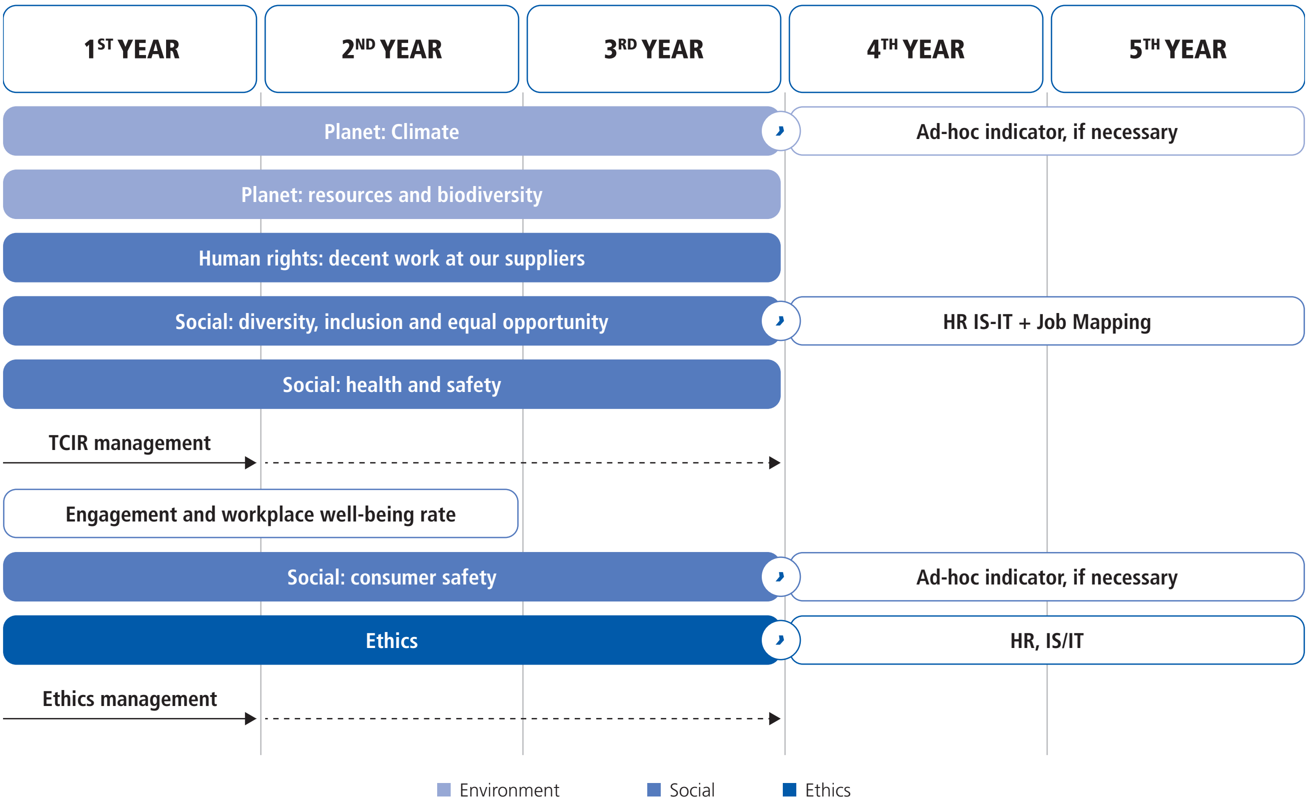
(1) In accordance with the standards specified in GRI 1: Foundation 2021, effective for reports published on or after January 1, 2023.
(2) United Nations Sustainable Development Goals.
(3) https://www.michelin.com/en/finance/key-figures-and-indicators/sustainability-performances/

General scopes of reporting

The scope of CSR reporting is intended to be the same as the Michelin Group's accounting scope of consolidation. These scopes are regularly enlarged with new companies through the Group's acquisition-led growth strategy.

The principles for integrating new companies into the CSR reporting process were defined in 2022.

- **Newly acquired companies are integrated into the CSR reporting** process(1);
- **Data coverage for the consolidated indicators** depends on their relevance to **the industry, the materiality of their impact and the maturity of the company**;
- **Most companies are integrated within three years** after closing. For certain indicators, however, whose calculation and consolidation require **the installation of an information system and/or an alignment with the company's business**, integration can take **up to five years after closing**;
- **Health & safety** and **ethics** indicators are managed and tracked from the first year.



Employee relations indicators

Michelin has redefined its employee information reporting process in compliance with Articles L. 225-102-1, L. 22-10-36 and R. 225-105 et seq. of the French Commercial Code.

(1) Excluding joint ventures that are less than 50% owned.

Data collection tools and reporting scope

Applications

Workday personnel management software has been used to manage employee data in the main consolidated companies since 2019.

Scope of reporting

Workforce numbers are consolidated at Group level. In recent years, the Michelin Group has made significant acquisitions, whose employee data are now being seamlessly integrated into the Group's Personnel Department information systems. Most of the employee information analyzed in compliance with Article R. 225-105 of the French Commercial Code (workforce numbers, working hours, health & safety data, labor relations, training, equal opportunity) concerns all of the Group's consolidated units except for the dealership networks and companies acquired in recent years[1], i.e., **82% of all employees on payroll**, versus 79.5% in 2021. This corresponds to the scope of reporting in our human resources management software. **The significant increase in the percentage of the workforce covered by reported data attests to the progress made in the management of employee information.** Unless otherwise specified, these data concern employees under all types of work contracts, except interns, apprentices and work-study trainees.

The annual Moving Forward Together employee engagement survey is conducted in the One Michelin scope of reporting, which includes all the companies in the Group's accounting scope of consolidation and all the subsidiaries[2].

Indicator consolidation method

Data were reported by the country organizations and companies in accordance with corporate guidelines. These guidelines describe, for every Michelin host country and member company, the process for compiling the information required by Article R. 225-105 of the French Commercial Code. They also specify the implementation and outside audit procedures that ensure that the process is managed efficiently and consistently across the organization. Lastly, they define the indicators or cite the references in which they are defined. Each country organization is responsible for the fairness and accuracy of the reported data.

Certifications

ISO 45001: 2018 Occupational health and safety management systems.

- 10 *certified facilities*[3].

Societal indicators

The Group's engagement with local communities through its employees is designed to meet three objectives: development of the local economy, the personal growth of people in the community, and road safety. The resources allocated by the Group to community outreach programs and their real-world impact are reflected in the monetary value of the financial assistance provided, the time devoted by employees, the number of people benefiting from the programs, and the number of jobs created with Michelin's support.

Environmental indicators

The environmental impact of Michelin facilities

Since 2021, the ***industrial – Michelin Environmental Performance indicator (i-MEP)*** has replaced the previous MEF indicator, which enabled Michelin to manage and demonstrate the steady reduction in its environmental impact from 2005 to 2020. The change was prompted by the progress made over that period. The new indicator was defined to reflect the following main factors:

- changes in certain areas, such as the increased use of renewable energies;
- the availability of resources, with the inclusion of a water stress coefficient specific to each facility;
- alignment with the Group's VOC objectives: volatile organic compound (VOC) use is now measured.
- the progress made since 2005: landfilled waste is no longer tracked.

In this way, the ***i-MEP*** improves tracking of the sustained progress the Group hopes to drive over the 2021-2030 period. The base year is 2019, which was deemed more representative than 2020 due to the impact of the health crisis.

This indicator is calculated based on data for each of the five components expressed in units per tonne of semi-finished and finished product output. As a result, its ratios *are not comparable to the ratios used during the MEF period (2005-2020), which were based solely on finished product output.* This change means that the indicator now more accurately reflects the diversity of the Group's manufacturing operations.

(1) Air Captif, BlackCircle, CVB, Euromaster, Fenner, Ihle, Klinge, Lehigh, Multistrada, Oliver Rubber, Sascar, Tablet, Teleflow, Tplus, Tyredating, Wine Advocate, Roadbotics, MTP, Allopneus, Call for You, Log for You, PT Lestari, Cemat.

(2) See the calendar of new company acquisitions in the Group report. Historical data have all been restated to ensure that inter-year comparisons are meaningful.

(3) The number of certified facilities is steadily increasing, in line with customer expectations and standards.

Basic components and weighting of **i-MEP**:

i-MEP INDUSTRIAL
Michelin Environmental Performance

Components	Weighting
Energy use	20
CO_2 emissions	20
Organic solvent use	20
Water withdrawals x water stress	20
Amount of waste generated	20

Methodological note

By definition, the 2019 Group i-MEP baseline is equal to 100. The formula for calculating the i-MEP is as follows:

$$\text{i-MEP INDUSTRIAL} = \frac{\text{Reporting year energy use (GJ/t of SF + FP)} \times 20}{\text{Group energy use 2019 (GJ/t of SF + FP)}} + \frac{\text{Reporting year } CO_2 \text{ emissions (t/t of SF + FP)} \times 20}{\text{Group } CO_2 \text{ emissions 2019 (t/t of SF + FP)}} + \frac{\text{Reporting year water stress x water withdrawals (cu.m/t of SF + FP)} \times 20}{\text{Group water stress x water withdrawals 2019 (cu.m/t of SF + FP)}} + \frac{\text{Reporting year organic solvent use (kg/t of SF + FP)} \times 20}{\text{Group organic solvent use 2019 (kg/t of SF + FP)}} + \frac{\text{Reporting year waste generated (kg/t of SF + FP)} \times 20}{\text{Group waste generated 2019 (kg/t of SF + FP)}}$$

Data collection tools and reporting scope

Applications

Data are reported in the same format by every site around the world via a networked application. The reported indicators are defined and standardized in a reference guide that is used during internal audits and independent reviews.

Scope of reporting

In 2022, the scope of i-MEP reporting covered 75 production plants, natural rubber processing facilities and Technology Centers having a material impact on the environment. Data are collected for the period from January 1 to December 31, 2022.

If a new facility is opened, it tracks i-MEP data after completing a one-year break-in period. In the case of closure, the facility is removed from the MEP at the end of the calendar year in which it closed. The environmental data for these facilities are included in the MEP until the last month of reported production. In 2022, no new facilities were added to the scope of reporting(1) and none were removed (the Davydovo plant in Russia operated for part of the year).

Recently acquired businesses are gradually integrated into the Group indicator through a process based primarily on aligning and consolidating their data. Using this process, data from Camso's operations were aligned and consolidated in 2021, resulting in an impact estimated at around 3% of the Group's i-MEP components. To confirm that these contributions are integrated into the i-MEP, the same data began to be reported on a parallel track in 2022, a process that will be pursued in 2023. Fenner's operations were reviewed according to the same alignment process in 2022, with consolidation scheduled for 2023.

Certifications

ISO 14001: 2015 Environmental management systems.

- *93.4% of production facilities have been certified, covering 98.6% of tire output.*

ISO 50001: 2018 Energy management systems.

- *4 certified facilities;*
- energy performance improvement system based on lean manufacturing principles and compliant with ISO 50001;
- deployed in 88% of the production facilities in the i-MEP scope of reporting.

Environmental performance of acquisitions

The Michelin Environmental Policy stipulates that *"concerning newly created or acquired companies, the implementation plan is defined with the head of the company and submitted to the Environmental Governance for validation."* As such, the environmental performance of Camso, Fenner and Multistrada is now being tracked and improvement targets aligned with the 2030 and 2050 objectives are being deployed.

(1) Errata: Environmental data for the Soretama plant in South America have been reintegrated in line with the base year, with the result that they show one more facility in 2022 than in 2021. The 2021 Universal Registration Document erred in mentioning 77 facilities for the year. The actual number was 74 in 2021.

Environmental performance	Camso 2022	Camso Objective	Fenner 2022	Fenner Objective	Multistrada 2022	Objectives are aligned with the targets set in:
Water withdrawals *(cu.m)*	433,500[(1)]	Being defined by the teams	576,286[(1)]	Being defined by the teams	352,600	4.1.1.4 f) Water
Waste produced *(tonnes)*	18,800[(1)]		7,918[(1)]		4,783	4.1.1.4 e) Waste
Energy consumption *(GJ millions)*	1.16[(1)]		0.70[(1)]		0.83	4.1.1.4 c) Energy/CO_2
CO_2 emissions *(tonnes)* (scope 1 et scope 2)	107,400[(1)]		41,817[(1)]		111,040	
VOC consumption *(tonnes)*	700[(1)]		295[(1)]		57.5	4.1.1.4 d) VOC emissions
Included in the 2022 i-MEP	no		no		no	

(1) Data reliability to be improved in 2023.

The Group's carbon footprint

Since 2014, Michelin has used the CDP Climate Change questionnaire to disclose its annual CO_2 emissions in the three scopes defined in the core Greenhouse Gas Protocol documents: "*The Greenhouse Gas Protocol:* A Corporate Accounting and Reporting Standard (revised edition)"[(1)] and its supplement Corporate Value Chain (Scope 3) Accounting and Reporting Standard[(2)]:

- Scope 1: emissions from fixed or mobile sources that are owned or controlled by the Company;
- Scope 2: emissions from the generation of purchased electricity, heating, cooling and steam consumed by the Company;
- Scope 3: emissions that are a consequence of the activities of the Company, but occur from sources not owned or controlled by the Company. The standard specifies 15 activity categories, of which 12 correspond to the Group's value chain. Of these, 11 are required in public reporting, and one is optional. The latter concerns emissions from the use of sold products[(3)] that indirectly consume fuel or electricity, such as tires.

In accordance with the GHG Protocol, Scope 1, 2 and 3 inventory is calculated for an overall base corresponding to the Group's consolidated financial reporting, with the calculations for each Scope based on GHG Protocol methodologies and guidelines. The salient methodological points are as follows:

- Scopes 1 and 2: Calculations are based on primary data from the facilities' energy bills and standardized CO_2 emission factors.

  The method of calculation is documented in an internal standards manual. Results are issued as part of the i-MEP indicator tracking process. Emissions excluded from inventory data account for less than 5% of Scope 1 and Scope 2 greenhouse gas emissions.

  The CO_2 emissions of the companies mentioned above in the section on the Environmental Performance of Acquisitions, were similarly calculated using primary data from the facilities' energy bills and standardized CO_2 emission factors. The reliability of these assessments needs to be further improved[(4)].
- Scope 3: Calculations are based on secondary data, assumptions made in the absence of certain data, and current state-of-the-art CO_2 emission factors found in the main databases (e.g., www.ecoinvent.org). The method of calculation is documented in an internal standards manual. Because it is difficult to obtain reliable primary data outside the boundaries of operational control, the estimated uncertainty of the results ranges from ±10% to ±30%, depending on the activity category. Data in the categories subject to a CO_2 emissions reduction target are updated annually. The other activity categories are updated every three years, with the last exercise conducted in 2020 for the 2020-2022 reporting cycle. The upstream and downstream transportation category includes data from Michelin, Multistrada and Camso. Beginning in 2023, all the reported categories will be updated annually.

FAIR, VERIFIABLE DATA

For the sixteenth consecutive year, Michelin's CSR data were reviewed by PricewaterhouseCoopers Audit, the Statutory Auditor designated as an independent third party. In 2022, for the fourth time, their review was conducted in accordance with the enabling decree of August 9, 2017, which defines guidelines for independent third parties in performing their review of the Non-Financial Statement. Following the review, PricewaterhouseCoopers Audit issued a report attesting to the presence, fairness and compliance of the required information.

(1) World Business Council for Sustainable Development and World Resources Institute.
(2) World Resources Institute and World Business Council for Sustainable Development, September 2011.
(3) Examples include apparel (requires washing and drying), food (requires cooking and refrigeration), and soaps and detergents (require heated water).
(4) In January 2023, the SBTi validated the Scope 1 and 2 greenhouse gas emission reduction target as compatible with the "well below 2°C" pathway. The new target includes the recent acquisitions mentioned in section 4.1.1.4 b) Reducing the environmental footprint of the production plants. As a result, it encompasses data outside the i-MEP scope of reporting. This change is not yet reflected in this report.

4.1 SUSTAINABLE DEVELOPMENT AND MOBILITY REPORT

INTRODUCTION – MICHELIN SUSTAINABLE DEVELOPMENT AND MOBILITY

Approach

Michelin's All Sustainable vision informs everything the Group does to fulfill its purpose of "offering everyone a better way forward." In particular, it ensures that all of the improvement objectives and targets are addressed at every stage in the definition and deployment of the Group's strategy.

Governance

The Group's CSR governance system is based on the guidelines in the ISO 26000 (Social Responsibility), ISO 14001 (Environmental Management) and ISO 20400 (Sustainable Procurement) standards.

Participation of Group Executive Committee (GEC) members in CSR governance

The nine members of the Executive Committee assist the two Managers in their strategic decisions concerning sustainable development[1] and other issues. As of December 31, 2022, the Committee included:

- the Chief Personnel Officer and Executive Vice President, Safety and the Environment, Progress and Transformations;
- the Executive Vice President, High-Tech Materials;
- the Executive Vice President, Automotive, Motorsports, Experiences and Americas Regions;
- the Executive Vice President, Specialties, Africa/India/Middle East, China, East Asia and Australia Regions;
- the Executive Vice President, Distribution, Services & Solutions, Strategy, Innovation and Partnerships;
- the Executive Vice President, Manufacturing;
- the Executive Vice President, Urban and Long-Distance Transportation and European Regions;
- the Executive Vice President, Engagement and Brands; and
- the Executive Vice President, Research & Development.

Committee members participate in the governance bodies dedicated to the environment, human rights, health & safety and ethics, according to their area of responsibility in the Group. The organization, responsibilities and objectives of each Governance body are presented in each section.

Oversight by the Group Management Committee (CDG)

The Group Management Committee tracks progress on sustainable development and mobility at dedicated meetings held twice a year.

The Committee includes all the members of the Executive Committee, as well as the heads of the following functions: Legal, Purchasing, Finance, Information Systems, Internal Control, Audit and Quality, Strategy, Supply Chain, Corporate and Business Services, China Region and North America Region.

Led by the Corporate Vice President, Sustainable Development and Mobility, these sessions verify that steady progress is being made towards the Ambitions targets and validate the strategic objectives of the Ethics Committee and the Environment, Human Rights and Employee Health & Safety governance bodies, including the management of the Group's non-financial risks and their internal control. A Sustainable Finance Governance body was created in 2022.

A CSR Supervisory Board committee (CSRC)

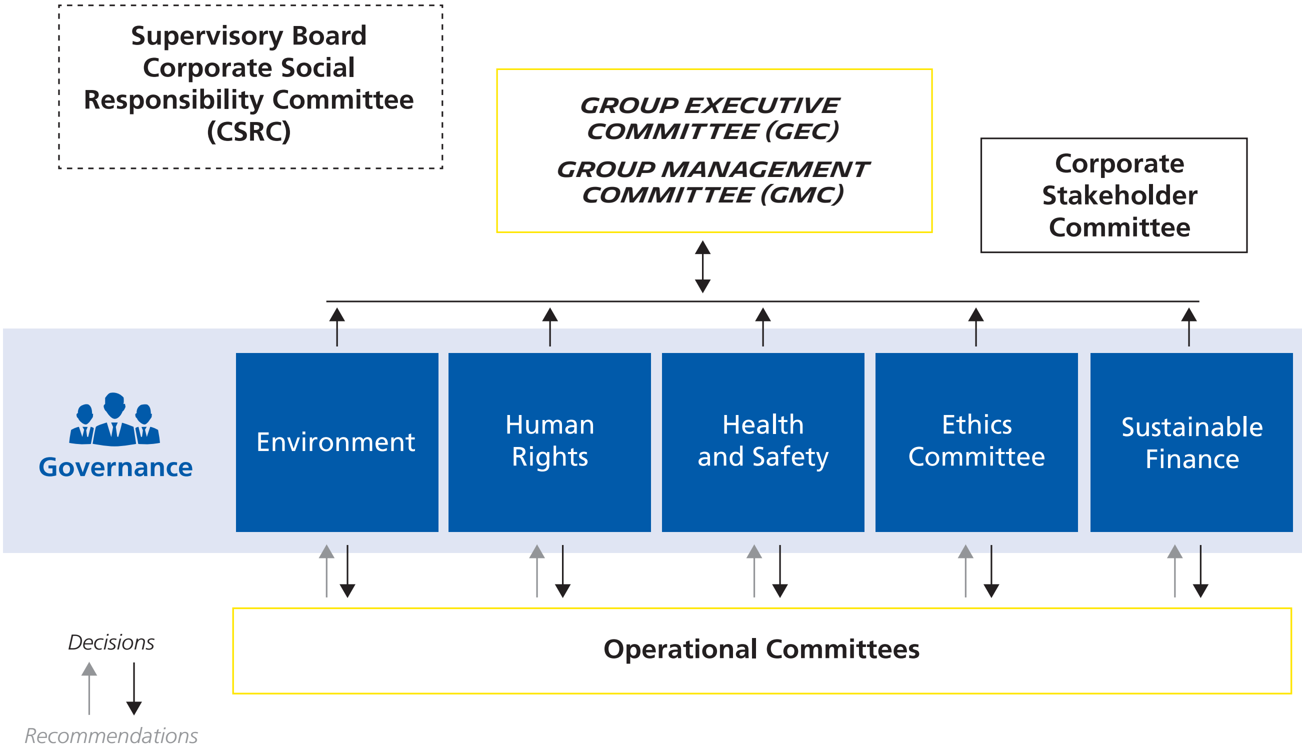
In 2020, the CGEM Supervisory Board set up a CSR Committee to analyze in detail the issues involved in Michelin's corporate social responsibility and to support Board deliberations and recommendations and Manager decisions in this area.

The membership, responsibilities, procedures and deliberations of the CSR Committee in 2022 are presented in section 3.2.11 Corporate Social Responsibility Committee (CSRC) of this Universal Registration Document. During the year, the Committee's work mainly consisted in reviewing the following issues.

- Cross-functionally, the Committee:
  - reviewed the Non-Financial Statement included in the Universal Registration Document, paying particular attention to the most significant key CSR performance indicators, and recommended improvements, taking into account the Group's various sustainability rankings;
  - was presented the principles for managing CSR issues, including the governance system organized around four themes[2] and comprising a Stakeholder Committee;
  - continued to monitor regulatory developments, in particular the Corporate Sustainability Reporting Directive (CSRD) and its draft European Sustainability Reporting Standards (ESRS);
  - continued to analyze the steps taken by Michelin to classify its business activities according to their contribution to the European Union's environmental objectives;
  - was informed of the Stakeholder Committee's activities;
  - prepared its work program for 2023;
- In the area of the Group's environmental responsibility, the Committee analyzed the climate action plan, the biodiversity strategy and the end-of-life strategy for tire products;

(1) GRI 2-14/1: Governance.
(2) Environment; Human Rights; Health, Safety and Security; Ethics Committee.

- In the area of employee-related and social responsibility, the Committee:
  - analyzed the roadmap for including acquired companies in the scope of risk management processes covering human rights, ethical and environmental risks;
  - reviewed the CSR risk matrix, in the form of an analysis of the CSR risk maps and related methodologies. CSR risks are grouped into different risk families[(1)]. These issues were reviewed during the joint session organized with the Audit Committee.



Challenges and performance

In line with the latest guidance issued by the European Securities Markets Authority (ESMA) on the risk factors to be reviewed pursuant to the revised European prospectus directive, some of the main CSR risk factors identified by the Group are not covered in the "Risk Management" section (see section 2.1 Risk factors specific to Michelin, description and related management systems). This is because these risks, which have long been addressed by Michelin, have been effectively attenuated by the prevention systems in place across the Group. Moreover, while most of the issues raised by these risks are already considered to be among the Group priorities in its materiality matrix, they do not seem to be necessarily specific to Michelin, within the meaning of Regulation (EU) 2017/1129 of the European Parliament.

(1) Safety and performance of products and services, health and safety of employees or third parties, business ethics, human rights, the environment, people management and social risks, as presented by the Group's Audit and Risk Management Director.

Materiality matrix

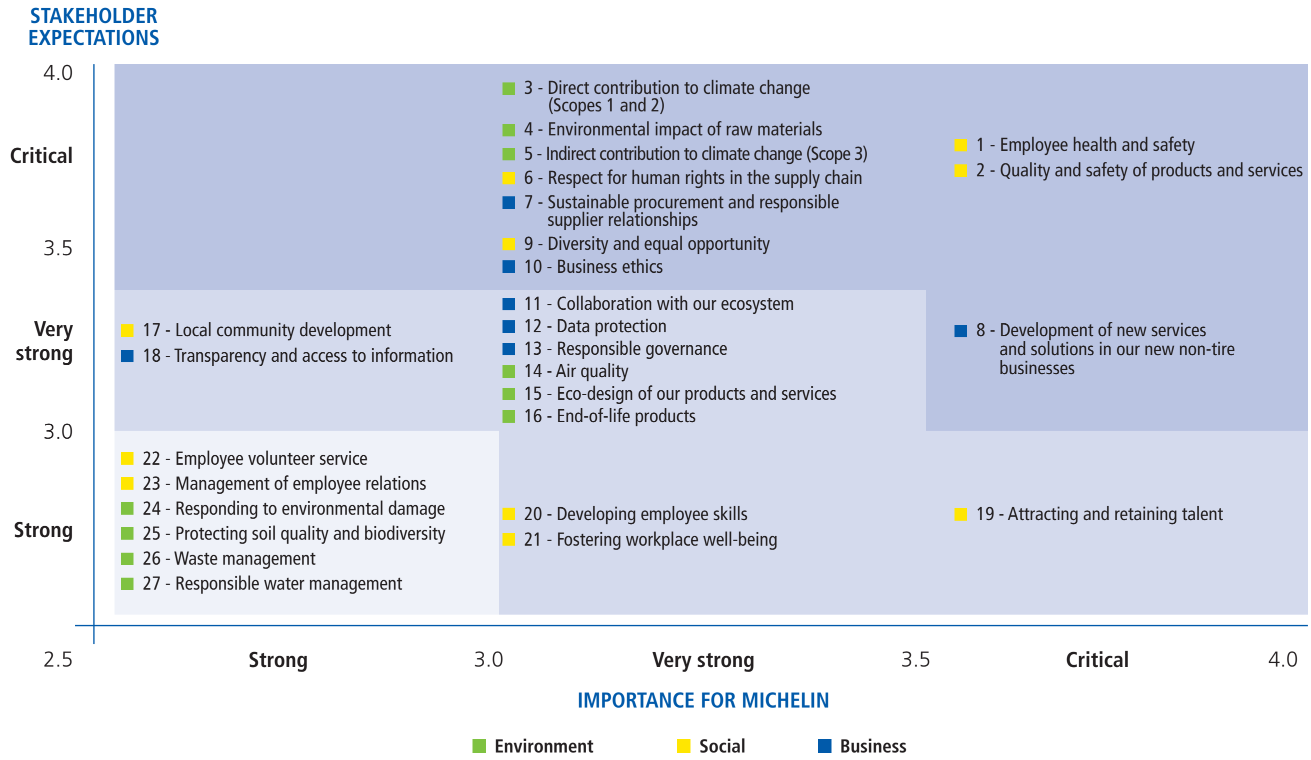
Devised in 2021, the **materiality matrix** plots the **27 core issues** for the Group and its stakeholders.

In particular, the matrix shows:

- a general convergence among outside stakeholders and Michelin Group employees concerning the relative importance of the issues;
- support for the 3P (People, Profit, Planet) approach, with both internal and external stakeholders expecting the Michelin Group to address every aspect of sustainable development.

Taking a more detailed look, the matrix highlights the importance of:

- carbon emissions, in environmental issues;
- an employee-focused approach (health, safety, diversity and inclusion, and improved talent retention), in labor relations issues;
- ethics and product quality, in business issues.



Of the 27 issues, the Group initially selected the **ten most critical** (shaded in darker blue in the matrix) and expressed them as risks, forming the core of its Non-Financial Statement. These ten risks, which are the most material to the Group, were identified on the basis of the materiality matrix exercise, which was last carried out in 2021[(1)]. Each issue's management process is further detailed below, in its dedicated section.

The remaining 17 issues comprise:

- seven environmental issues addressed in this chapter, with a section discussing the climate change adaptation plan;
- six employee relations & human rights issues discussed in the Duty of Care Plan;
- four business issues discussed in detail in Chapter 3, while "Data protection" issues are dealt with below and "Collaboration with our ecosystem" is addressed in Chapter 1. "Transparency and access to information" is the whole purpose of this Universal Registration Document.

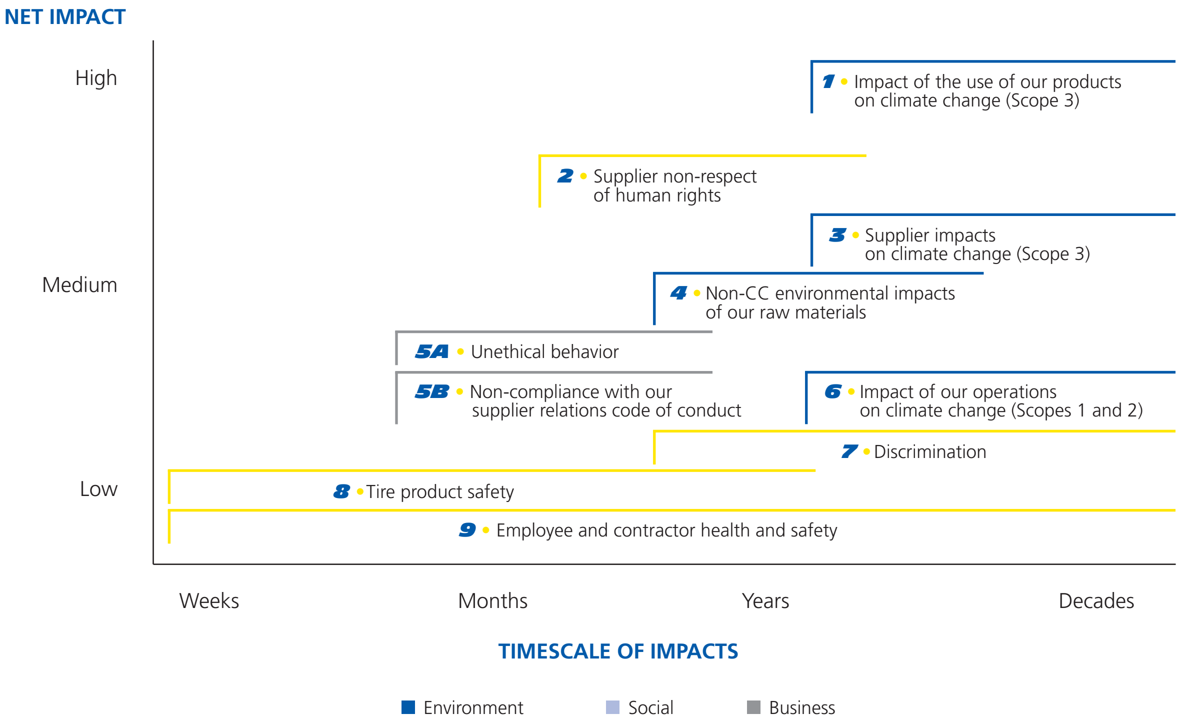
Note that the issues of "Attracting and retaining talent" and "Quality and safety of products and services" are also addressed in Chapter 2, given their specific features and impact on the Group, and that the issue of "Development of new services and solutions beyond tires" is discussed in Chapters 1 and 2.

(1) The materiality matrix will be reviewed in 2023.

The cross-reference table below illustrates the link between the matrix's ten most critical issues and their related non-financial risks.

Materiality matrix issue	Risks identified in the CSR map	Concordance
1 – Employee health and safety	9 – Employee and contractor health and safety	4.1.3 Employee health and safety 4.1.2.4 Supporting employee growth and development
2 – Quality and safety of products and services	8 – Tire product safety	4.1.4.3 Guaranteeing the quality of our products and services
3 – Direct contribution to climate change (Scopes 1 & 2)	6 – Climate change impact of our Scope 1 & 2 operations	4.1.1.1 a) Transition plan: decarbonizing our operations/Scopes 1 & 2: reaching net zero emissions in the manufacturing operations by 2050
4 – Environmental impact of raw materials	4 – Non-climate change-related impact of our raw materials on the environment	4.1.1.2 Enhancing the circularity of our products
5 – Indirect contribution to climate change (Scope 3)	3 – Climate change impact of our suppliers (Scope 3)	4.1.1.1 a) Transition plan: decarbonizing our operations Scope 3: reducing emissions from our transportation operations Scope 3: reducing emissions from purchased raw materials and components
	1 – Climate change impacts from the use of our products (Scope 3)	4.1.1.1 b) Transition plan: company strategy /Opportunities and risks/Designing ultra-energy efficient products
6 – Respect for human rights in the supply chain	2 – Supplier failure to respect human rights	4.1.4.2 Demonstrating our CSR commitments through responsible procurement policies
7 – Sustainable sourcing and responsible supplier relations	5 b – Non-compliance with our Supplier Relations Code of Conduct	4.1.4.2 Demonstrating our CSR commitments through responsible procurement policies
8 – Developing products and services beyond tires	Strategic risk addressed in section 2 Chapter 1	2.1 Risk factors specific to Michelin, description and related management systems/Risk 6: M&A and major projects The Group's business growth strategy with, around and beyond tires
9 – Diversity and equal opportunity	7 – Discrimination	4.1.2.2 Instilling an inclusive culture of diversity and preventing discrimination
10 – Business ethics	5a – Ethical violations	4.1.4.1 Ensuring ethical business practices

Map of the most critical non-financial risks



Whether environment, employee or business-related, the issues in the materiality matrix have all been translated into risk families based on the internal risk assessment method (specified in more detail in section 2.1. Risk factors specific to Michelin, description and related management systems). They were then assessed and plotted by the Group's experts according to:

- **their net impact on outside stakeholders**, i.e., their potential severity, assessed on multiple criteria, including their impact on the environment and people, and the risk mitigation measures deployed through existing mechanisms;
- **their impact timeframe**, i.e., how long the risks may occur.

In the case of environmental risks, the plots reflect the main risks throughout a product's life cycle.

As part of this continuous improvement dynamic, the Group has also formally defined a methodology to address **double materiality** factors, which consists of measuring and prioritizing both the risks that impact the Group and the risks that the Group potentially poses to its ecosystem. To do so, two scales are now used: one to assess the impact on the Group's finances, image and employees; and the other to gauge the Group's accountability for its social and environmental impacts. The accountability scale combines the extent of the negative externalities and the degree to which the Group contributes to or influences management of the related risk. This assessment method is the same as the one historically used by the Group for product safety risks, which was applied in 2022 to two environmental risks[(1)].

With regard to the main environmental risks, such risks relate both to the impact of the Group's operations on its ecosystem and to the short- and medium-term impact of climate change on the Group's business model, operations and financial performance[(2)].

The risks and their remediation plans are discussed below in the following sub-sections:

- The Environment;
- Human rights and people management;
- Employee health and safety;
- Ethics and compliance.

(1) TRWPs and non-compliance with environmental commitments.

(2) In accordance with AMF Recommendation No. 2018-12 of October 29, 2018, the 2019 AMF "Report on the Social, Societal and Environmental Responsibility of Listed Companies" and the European Commission's guidelines on reporting climate-related information, issued on June 20, 2019.

Indicators

Michelin is pursuing its 2030 commitments structured around the 3Ps (People, Profit, Planet) announced in 2021.

To drive continuous improvement in its performance, **eight objectives relate to non-financial aspects**[(1)]**.**

Managed on an annual basis, these objectives are enabling the Group to steadily improve in all its *financial, environmental, employee and social* responsibilities, as embodied in its All Sustainable vision.

In addition to these Ambitions, Michelin has long deployed clearly defined processes and meaningful indicators capable of tracking and improving its corporate social responsibility performance. The outcomes of the most important of these processes and indicators are presented in this report.

Non-Financial Statement: Michelin, a recognized All Sustainable approach

A wide variety of indices, labels and ratings regularly assess the Group.

To assess its environmental, social and governmental (ESG) performance as objectively as possible, the Michelin Group tracks the ratings and scores assigned to it by the leading internationally recognized non-financial rating agencies.

SUSTAINALYTICS	MSCI	CDP	ECOVADIS	ISS-OEKOM	MOODY'S ESG
LOW RISK	AAA	A- and A-	Platinum	B-	73/100

The scores attributed by the non-financial rating agencies in 2022 attest to the Group's excellent ESG performance:

- **SUSTAINALYTICS** (ESG RISK RATING): Improvement in the overall rating and therefore in the level of risk, from 12.5 to 12.2 with a LOW RISK profile, ranking the Group ninth in the global auto components industry;
- **MSCI:** Michelin maintained its **AAA** rating, the highest on MSCI's ESG rating scale. The rating confirms the Group's position as industry leader in addressing the full range of environmental, social and governance issues;
- **CDP**: Independent non-financial rating organization CDP awarded Michelin a score of A- in both categories based on its assessment. The Group had again demonstrated exceptional leadership in **tackling the challenges of climate change and water security**. Michelin has also responded to the CDP Forests questionnaire since 2021 (CDP does not assign a rating for natural rubber);

Michelin was also recognized as a leader in the **Supplier Engagement** category for the third year running. Since 2018, we have been bringing our suppliers on board our approach to measuring and reducing our carbon footprint through the CDP Supply Chain program;

- **ECOVADIS:** Michelin achieved a score of 77/100 and retained its **Platinum** Medal rating for its CSR commitment and leadership (awarded to the top 1% of rated companies);
- **ISS ESG:** Michelin retained its B- rating and PRIME status, thereby continuing to rank in the top decile across all the rated industries;
- **MOODY'S ESG** (formerly VIGEO EIRIS): Michelin was once again awarded the **highest A1+** ESG Rating by Moody's ESG, maintaining its overall score at 73/100. This ranked the Group at the **top of the 38 companies assessed in the Automotive sector**.

Michelin was also retained in the **Euronext Vigeo Eiris** index (France 20, Europe 120, Eurozone 120, World 120) and the **FTSE4Good** index, **and included in the recently created CAC 40 ESG Index**.

Helping to meet the United Nations Sustainable Development Goals

By measuring its actions against the United Nations Sustainable Development Goals (SDGs), Michelin hopes to respond more effectively to rising stakeholder expectations for better CSR communication, and to gain greater insight into its future challenges.

In the same way as the content of this Sustainable Development and Mobility Report (Chapter 4), the Growth and Value Creation Model presented in Chapter 1 correlates the Group's commitments for 2030 with the main objectives of the related SDGs.

This approach is presented in more detail on the Group's corporate website: https://www.michelin.com/en/sustainable-development-mobility/performance-transparency/un-sustainable-development-goals/.

Since 2020, Michelin has participated in a working group on the UN SDGs with all the member companies of the Tire Industry Project (TIP), which accounts for more than 60% of the world's tire production. In 2021, a roadmap identifying the tire industry's main impacts, along with the levers for action that member companies can activate across their value chain, was issued to align their contribution with the framework offered by the UN SDGs.

In 2022, the TIP report on the main environmental indicators was enhanced with new waste and other indicators[(2)], while an extension to a broader-based ESG document is under study.

(1) *See Chapter 1/ The Group's balanced scorecard.*
(2) *https://www.wbcsd.org/Sector-Projects/Tire-Industry-Project/Industry-Environmental-Impact-Measurement.*

THE GROUP'S MAIN NON-FINANCIAL PERFORMANCE INDICATORS

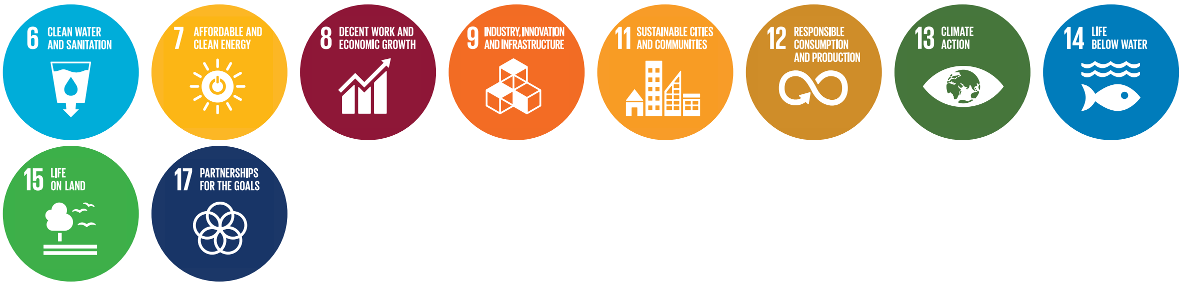
Helping to meet the United Nations Sustainable Development Goals	CSR risks/issues	Key performance indicators	Baseline year	Results 2020	Results 2021	Results 2022	2030 Objectives
		THE ENVIRONMENT					
		CLIMATE					
	Climate change impacts from the use of our products (Scope 3)	**Energy efficiency of our products/tires***	**2020**	**100**	**+0.5%**	**+1.8**	**+10%**
	Climate change impact of our suppliers	Suppliers of raw materials and components with a science-based target[1]		13%	21%	30%	70% in 2024
		Change in CO_2 emissions from transportation activities *(millions of tonnes of CO_2)*	2018	-15.6%	16.5%	-14.1%	-15%
	Climate change impact of our Scope 1 & 2 operations	**Change in Scope 1 and 2 CO_2 emissions from the manufacturing facilities***	**2010**	**-36.5%**[2]	**- 28.7%**	**-40.6%**	**-50%**
		RESOURCES AND BIODIVERSITY					
	Non-climate change-related impact of our raw materials on the environment	Use of sustainable materials in our tires*		28%	29%	30%	40%
		Percentage of sourced natural rubber volumes whose compliance with Sustainable Natural Rubber Policy criteria has been assessed[3]		-	-	New	80%
	Impact of our direct operations on the environment	**i-MEP*** • **Energy use** • **CO_2 emissions** • **Amount of waste produced** • **Use of organic solvents** • **Water withdrawals weighted by water stress**	**2019**		**92.6**	**88.8**	**-1/3**

(1) Scope 3, category 1: Purchased goods and services, according to Greenhouse Gas Protocol terminology.
(2) The 2020 result was not representative of a normal operating environment due to pandemic-related disruptions.
(3) See section 4.1.1.3 b) Michelin's commitment to biodiversity/2022 outcomes and 2030 objectives/Natural rubber.

Helping to meet the United Nations Sustainable Development Goals	CSR risks/issues	Key performance indicators	Baseline year	Results 2020	Results 2021	Results 2022	2030 Objectives
EMPLOYEE RELATIONS AND HUMAN RIGHTS							
DECENT WORK AT OUR SUPPLIERS							
	Supplier failure to respect human rights	Percentage of suppliers meeting the human rights target		86%	89%	89%	>95%
		% of natural rubber volumes used by the Group covered by human rights assessments (RubberWay®)		30%	41%	58%	80% in 2025
DIVERSITY, INCLUSION AND EQUAL OPPORTUNITY							
	Discrimination and harassment	**IMDI(1): a composite indicator tracking diversity and inclusion*** • **Gender balance** • **Identity** • **Nationality** • **Disability** • **Age** • **Social background**		**60/100**	**65/100**	**70/100**	**80/100**
		Percentage of women in management and supervisory positions		28.2%	28.9%	28.9%	35%
		Percentage of women in top management (Group executives)		15.5%	17.2%	18.7%	35%
		% of employees receiving a decent wage in each host country			95%	98.5%	100% in 2025
HEALTH AND SAFETY							
	Employee and contractor health and safety	**TCIR***		**1.19**	**1.29**	**1.07**	**<0.5**
		Engagement rate*		**82%**	**80%**	**83%**	**85%**
		Workplace well-being indicator			76%	79%	80%
CONSUMER SAFETY							
	Product safety at our partners	**Partner NPS***	**2020**	**40.3**	**38.9**	**41.6**	**+10 points**
VOLUNTEER SERVICE							
MICHELIN VOLUNTEERS							
	Employee volunteer service	Percentage of employees engaged in Michelin Volunteers initiatives			2.5%	8.7%	20%
ETHICS AND ANTI-CORRUPTION							
ETHICS							
	Ethics violations	Number of alerts to the ethics hotline			1226	1,740	
		% of employees trained in anti-corruption practices			New	92%	>98%
	Non-compliance with our Supplier Relations Code of Conduct	% of purchasing employees trained in ethical risks in supplier relations			New	84%	>90%

* *A balanced scorecard indicator.*
(1) *2020 and 2021 data have been recalculated following a change in the method of calculating certain sub-indicators.*

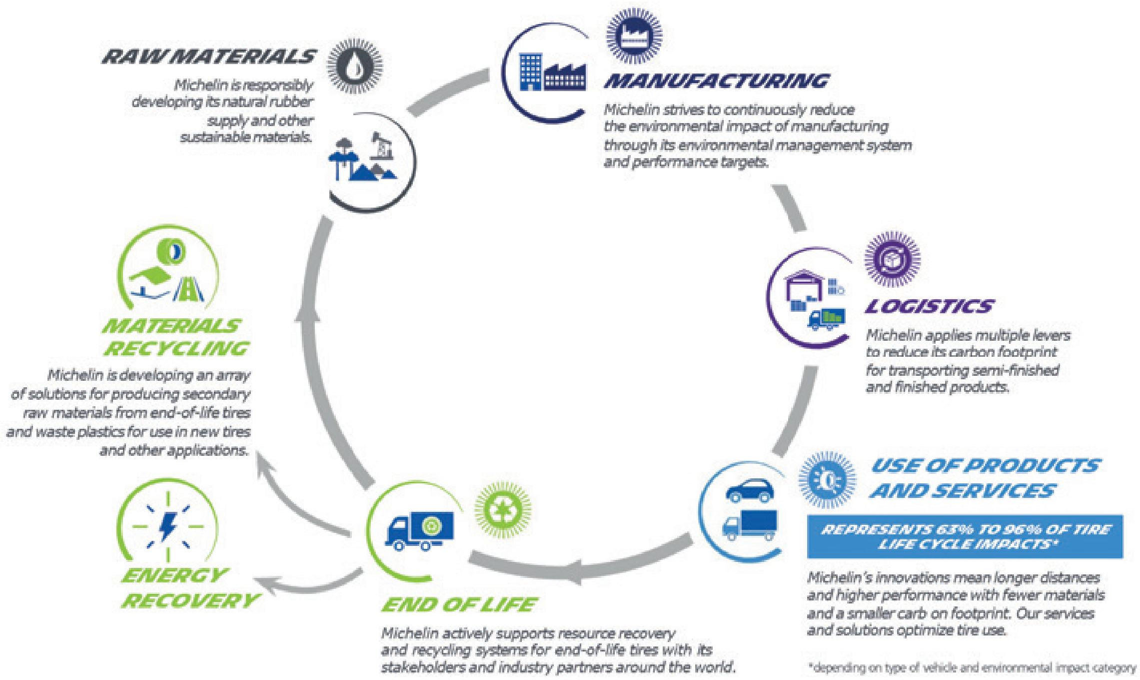
4.1.1 THE ENVIRONMENT



In exercising its social responsibility, Michelin has in recent years assessed and addressed the environmental impact of its operations across the entire life cycle of its products, from the extraction and processing of raw materials to product use and on to end-of-life recycling.

Life cycle assessments have shown that production phases, from raw materials to finished product, can account for up to 30% of a tire's environmental impact, compared to up to 96% for the in-use phase, depending on the type of tire and vehicle.

THE LIFE CYCLE OF A TIRE



In response, Michelin has deployed policies to attenuate the risks arising from the environmental footprint of its products, services and business operations (purchasing, manufacturing and supply chain), towards mitigating climate change. Targets for improvement have been set and performance indicators have been introduced in all these areas.

In 2020, the Group's commitment was expressed in the preparation and publication of the Michelin Environmental Policy, which is designed to manage pollution risks and draw down its environmental footprint to total neutrality. The levers for action have been ranked according to the prioritizing hierarchy:

The hierarchy defines the medium-term issues for action in line with the scale of the challenges they represent throughout the product life cycle. Applicable to every Group unit, it will effectively align the initiatives underway in the different business segments with the Group's environmental goals and its 3P-based All Sustainable vision.

In addition, the Group is actively supporting the circular economy through the "Michelin 4R" strategy, which is designed to address the challenges of resource preservation and end-of-life product management by activating four levers: Reduce, Reuse, Recycle and Renew.

The following section presents the outcomes of the application of the environmental policies now in place.

It does not cover the dealership networks, which do not have any manufacturing operations and whose environmental impact is estimated at less than 5% of the Group total.

ENVIRONMENTAL GOVERNANCE

The Environmental Governance body is chaired by the Executive Vice President of Manufacturing, and the Executive Vice President of the Research and Development, who are both members of the Group Executive Committee. Led by the Group Environment and Prevention Director and coordinated by the Sustainable Development Director, the body also comprises eight other standing members representing the Standards and Regulations Department, the Sustainable Development and Mobility Department, the Materials Research Department, the Risk Management Department, the Purchasing Department, the B2B On-Road section of the Research and Development Department, the Information Systems Security, Security, Health & Safety and Environment Department, and the High-Tech Materials Business Line.

The Environmental Governance body meets two to three times a year. It validates environmental policies, objectives and strategies, and tracks the proper execution of the action plans deployed to meet the objectives. It ensures that environmental risk is under control and that, if necessary, effective preventive or remedial measures have been defined and implemented. The body is supported by the work of three multidisciplinary Operational Committees – the Carbon Strategy Committee, the Circular Economy Operational Committee and the Biodiversity Operational Committee – which are tasked with coordinating initiatives, watching for weak signals, assessing emerging risks and identifying opportunities to reduce environmental impacts[1].

4.1.1.1 Implementing a climate strategy SDG 13.1, 13.2 and 13.3

Climate change risks

As a global industrial player, the Michelin Group has significant interactions with the natural environment throughout the life cycle of its products and services. The **main risk factors identified by the materiality analysis**[2] **concern the climate change impact of carbon emissions from the Group's direct operations (Scopes 1 and 2), as well as the use of its products**[3]**, and the operations of its suppliers (Scope 3)**[4]**.**

In addition, the physical impacts of climate change on its business, and the possible impacts from the inadequate management of the environmental transition, have also been identified as risk factors by the Group's risk management system[5].

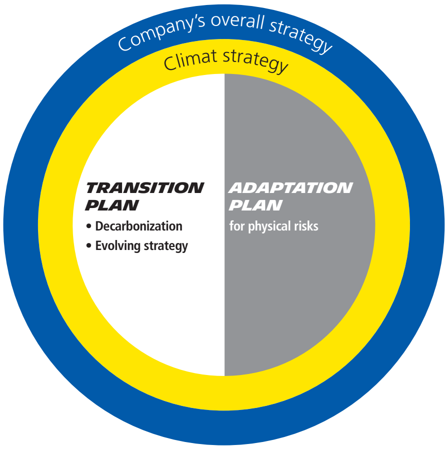
The policies, objectives, levers for action and indicators in place to mitigate these risks have been integrated into the Transition Plan and the Adaptation Plan described below, in line with TCFD recommendations.

(1) *See section 4.1 Sustainable Development and Mobility Report/Governance/Oversight by the Group Management Committee (CDG).*
(2) *See section 4.1. Sustainable Development and Mobility Report/Materiality matrix.*
(3) *See section 4.1.1.1 b) Transition plan: company strategy/Opportunities and risks/Designing ultra-energy efficient products.*
(4) *See section 4.1.1.1 a) Transition plan: decarbonizing our operations/Scope 3: reducing emissions from purchased raw materials and components.*
(5) *See section 2.1 Risk factors specific to Michelin, description and related management systems/Risk 1 – Physical impacts of climate change/Risk 5 – Environmental transition risks.*

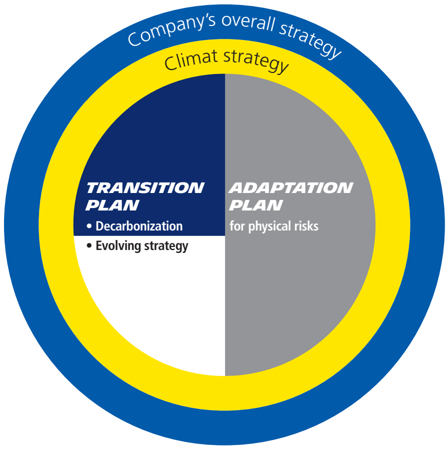
The Group's climate strategy is organized around two key outcomes. First, a transition plan includes both initiatives to decarbonize direct and indirect activities in the value chain (Scopes 1, 2 and 3) and a resilient strategic plan to support a low-carbon economy. Second, an adaptation plan to prepare for the physical impacts of climate change.

The strategy is based on three principles:

- achieve net-zero emissions by 2050 by fulfilling our external emission reduction commitments by 2030;
- identify risks and opportunities based on climate change scenarios;
- transparently disclose the information expected by our external stakeholders.



4.1.1.1 a) Transition plan: decarbonizing our operations



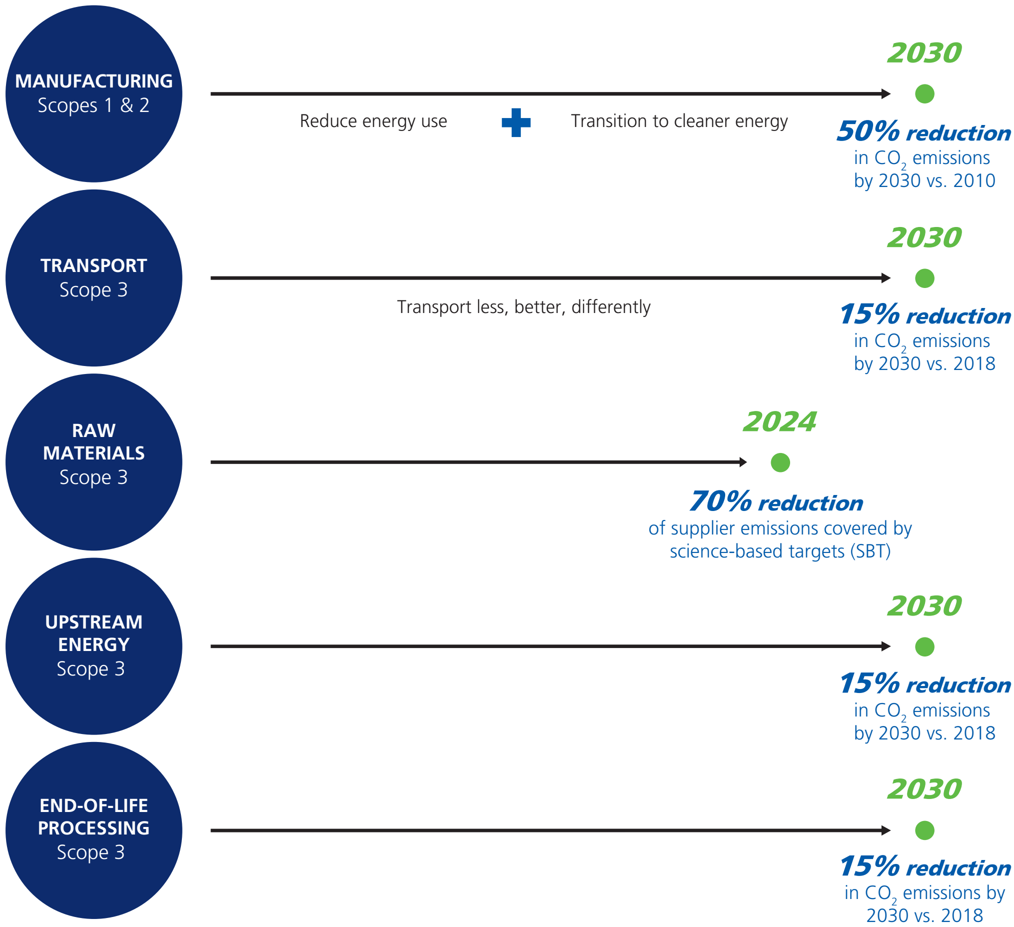
As part of its decarbonization plan, Michelin aims to reach net zero emissions by 2050[(1)] in Scopes 1, 2 and 3[(2)], with initially a priority focus on reducing to as close to zero as possible emissions from:

- **all its production plants;**
- **its transportation operations;**
- **its supply chain with its raw materials and components suppliers.**

(1) For Michelin, setting course to net zero means (i) reducing carbon emissions from its own operations and the operations of its value chain by 90% and (ii) over the longer term, preparing solutions to capture and store enough carbon to offset each year's residual emissions. This is aligned with the process defined in the SBTi's Corporate Net-Zero Standard, October 2021.

(2) Scope 3 (excluding the in-use phase): see section 4.1.1.1 a) Transition plan: decarbonizing our operations/Scope 3: reducing emissions from our transportation operations/Scope 3: reducing emissions from purchased raw materials and components/Scope 3: reducing emissions from upstream purchased energy and end-of-life treatment of sold products.

In July 2021, Michelin joined the "Race To Zero" campaign, answering the call to action led by the international Science Based Targets initiative (SBTi), the United Nations Global Compact and We Mean Business. Under this commitment, it has defined short-term (2024–2034) milestones and long-term (2035–2050) targets for reduction in all three scopes (excluding the in-use phase) and will neutralize any residual emissions every year to reach net zero by 2050. The five milestones, presented below, have been approved by the SBTi[(1)]:



(1) The four short-term Scope 3 milestones, which were originally set in 2019, were reapproved by the SBTi in January 2023. The Scope 1 and 2 milestone has been recalculated to reflect recent acquisitions and a more recent baseline year (see Methodology/Environmental performance of acquisitions). The recalculation, which does not invalidate the initial milestone set in 2020, was approved in 2023 but has not been factored into this report.

The Group's carbon footprint

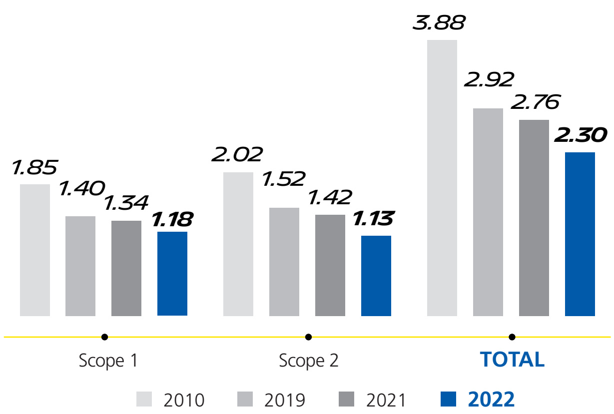
Michelin regularly updates its inventory of CO_2 emissions from its activities in accordance with the Greenhouse Gas Protocol[(1)].

INVENTORY OF SCOPE 1, 2 AND 3 CO_2 EMISSIONS

Scope	Inventory *(millions of tonnes of CO_2)*	Year	Group sources covered by the inventory	Comments
SCOPE 1	1.18[(2)]	2022	CO_2 emissions from the boiler houses at production and R&D sites	Michelin controls the assets at which energy is used, thus generating CO_2 emissions. The change in emissions volumes in 2022 compared with the 2010 baseline is presented below *(see Scope 1 and Scope 2 CO_2 Emissions)*. GRI 305-1: Direct (Scope 1) GHG emissions GRI 305-2: Direct (Scope 2) GHG emissions
SCOPE 2	1.13[(2)]	2022	CO_2 emissions from generating the electricity and steam used by the production and R&D sites	
SCOPE 3 REQUIRED	16	2022	CO_2 emissions from the relevant activity categories corresponding to the Group's value chain (see Breakdown of Scope 3 CO_2 emissions by category)	Michelin's ability to influence activities in the value chain varies by category. The tonnage is an estimate, with the margin of uncertainty ranging from ±10% to ±30%, depending on the category. As a result, it is not yet possible to present reliable data on how these estimated emissions evolve over time. GRI 305-3: Other indirect (Scope 3) GHG emissions.
SCOPE 3 OPTIONAL	~ 130	2022	Indirect CO_2 emissions from sold tires in use	Thanks to its research and development expertise, Michelin has a significant impact on vehicular CO_2 emissions through the energy efficiency of its tires[(3)]. Inventoried tires include all passenger car, light truck, heavy truck and bus tires intended for on-road use, but not two-wheel tires, which account for less than 1% of emissions. The reported figure's estimated ±30% margin of uncertainty reflects the assumptions concerning the number of vehicles fitted with tires sold worldwide by the Group, whether the vehicles have internal combustion or electric powertrains, the distance traveled over the reporting year, the lifespan of the sold tires and the energy mix in the countries where the vehicles are used.

CHANGE IN SCOPE 1 AND SCOPE 2 CO_2 EMISSIONS[(1)] *(MARKET-BASED)*

(millions of tonnes of CO_2)

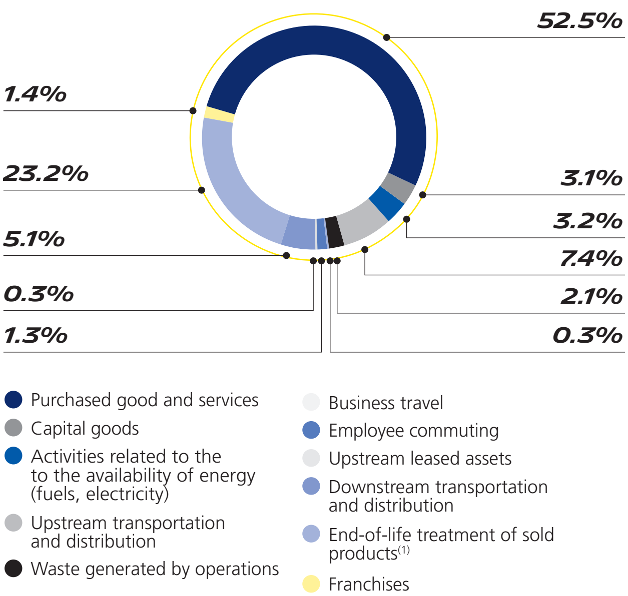


(1) Scope 2 emissions for 2010 were recalculated following a change in method in 2015 on differentiated emission factors for purchased steam.

Note: Because 2020 was not representative of a normal operating environment and cannot be used as a base year for measuring progress, the baseline figures are from 2010 and 2019.

(1) See Methodology/The Group's carbon footprint.
(2) See section 4.1.1.4 b) Reducing the environmental footprint of the production plants/Summary table of environmental data – Group.
(3) See section 4.1.1.1 b) Transition plan: company strategy/Opportunities and risks/Designing ultra-energy efficient products.

BREAKDOWN OF REQUIRED DISCLOSURE SCOPE 3 CO_2 EMISSIONS BY CATEGORY



(1) Total CO_2 tonnage emitted during the end-of-life treatment of sold tires has been estimated at 3.7 million tonnes based on an aggregate recovery and reuse rate of 76% (see section 4.1.1.2 d) The Michelin 4R circular economy process/Recycle). If the reuse of secondary raw materials from the end-of-life treatment of sold tires is taken into account, as in the ISO 14067: 2018 Greenhouse Gases – Carbon Footprint of Products method, a total of 6.4 million tonnes of CO_2 were avoided. By not using new raw materials, including petroleum derivatives, the recovery and recycling of end-of-life tires helps to avoid emitting CO_2.

Scopes 1 and 2: reaching net zero emissions in manufacturing operations by 2050

OUR AMBITIOUS OBJECTIVES:

To help mitigate climate change:

- Michelin has been measuring and steadily reducing its CO_2 emissions since 2005;
- by 2050, the Group aims to achieve net zero carbon emissions from its entire production base (Scopes 1 and 2).
- for 2030, the Group has set the target of reducing emissions from its production plants by 50% compared with 2010.

Note

In January 2023, the SBTi approved the following greenhouse gas emission reduction target for Scopes 1 and 2, which is consistent with the "well below 2°C" global warming scenario:

Michelin commits to reduce its absolute Scope 1 and 2 greenhouse gas emissions 27.5% by 2030 from a 2019 base year[(1)].

This new milestone encompasses data outside the current scope of reporting described in the methodological note above because:

1. It includes recent acquisitions, as mentioned in the *Methodology/Environmental performance of acquisitions* section.
2. It has also updated the baseline year from 2010 to 2019.

Neither of these changes is reflected in this report, but both will be addressed in next year.

OUR LEVERS FOR ACTION:

The emissions reduction program is built around two major processes:

- consuming less (energy efficiency);
- consuming better (energy transition).

(See section 4.1.1.4 c) Reducing energy use and greenhouse gas emissions).

Because the challenge of carbon neutrality can be met only if global energy demand is kept under control, the Group has defined a "prioritizing hierarchy of levers," applicable to every project impacting the energy consumption of its production plants.

(1) The target boundary includes biogenic emissions and removals from bioenergy feedstocks.

THE PRIORITIZING HIERARCHY OF LEVERS APPLIED TO THE NET ZERO EMISSIONS PROGRAM

Scrutinize the need (design and size)

- Instill an "*energy-efficient*" *culture*

Energy efficiency levers

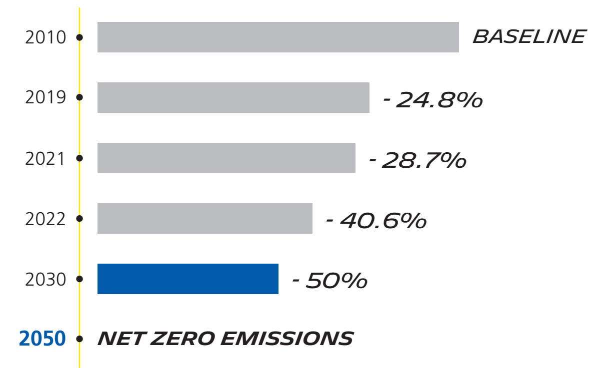
- **Reduce by doing more** with less. *Use insulation, automation, more energy-efficient equipment*
- **Reuse by closing** heat transfer loops.
  Recycle by capturing heat for another application.
  Install dual-flow ventilation and heat pump systems

Emission factor levers

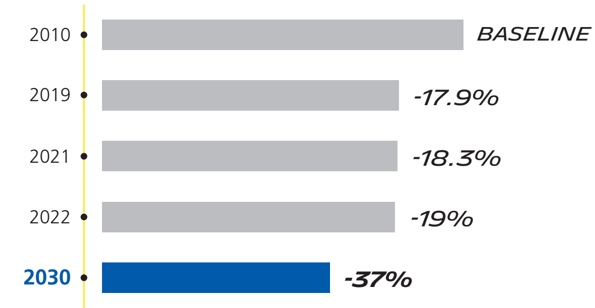
- Use of renewable energies

- ***Key performance indicators:*** *tonnes of CO_2 in absolute value and in gigajoules per tonne of semi-finished and finished product.*

REDUCTION IN CO_2 EMISSIONS FROM THE MANUFACTURING FACILITIES
(millions of tonnes of CO_2)



IMPROVEMENT IN THE ENERGY EFFICIENCY OF THE MANUFACTURING FACILITIES(1)



Michelin's carbon pricing system

Since 2016, the Group has incorporated an internal carbon price into its method of calculating return on investment for capital projects undertaken to:

- improve energy efficiency;
- increase production capacity, upgrade heating plants and improve logistics.

The price is currently €100 per tonne of avoided CO_2.

Carbon quota systems

In the European Union countries, direct CO_2 emissions from the 15 Group facilities that operated heating plants with more than 20 MW capacity in 2021 are subject to allowances issued under the EU's Emissions Trading Scheme (ETS). With the start of ETS phase 4, free allocations of allowances have fallen sharply, to just 26% of requirements in 2022 from 76% in 2020. Since 2017, the Group has gradually purchased allowances on the market, which are covering returns from the plants and smoothing the related costs.

In China, emissions trading schemes were introduced in 2013 in seven cities and provinces. The one in Shanghai, covering an initial three-year period until 2015, is still in effect while waiting for a national system to be introduced. Over the 2013-2022 period, overall emissions from the two plants concerned were covered by the allowances.

Created in 2005, the CO_2 Allowance Management Committee tracks legislation governing carbon markets and taxes in all of the countries where Group production facilities are located. Comprising specialists in greenhouse gases, energy buying, energy efficiency, finance and accounting, its role is to define CO_2 allowance management principles and guidelines, ensure their proper application and conduct the necessary forecasting studies.

(1) Until 2020, the energy efficiency indicator was reported per tonne of finished product. With i-MEP, as indicated in the section on methodology at the beginning of Chapter 4, the performance ratio is expressed per tonne of total manufactured output of both finished and semi-finished products. The 2010 value of total gigajoules per tonne, which was not tracked at the time, has been recalculated and presented here for reference. The recalculation was based on the fact that the proportion of semi-finished products in total output remained relatively constant between 2010 and 2019 and that the energy efficiency programs targeted all forms of energy used in the production plants.

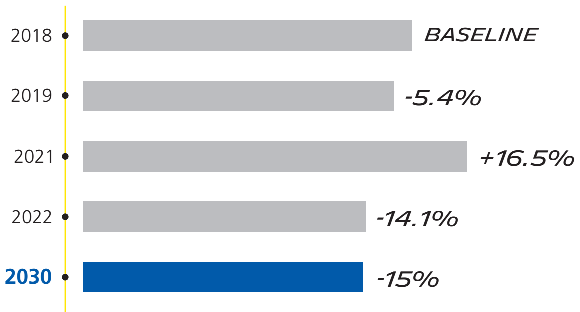
Scope 3: reducing emissions from our transportation operations

OUR OBJECTIVE:

To reduce CO_2 emissions from logistics operations, in tonnes, by 15% between 2018 and 2030. The objective, which has been approved by the SBTi, covers the supply of natural rubber to the production plants, the inter-plant transportation of semi-finished products, customer deliveries and warehouse operations.

- ***Key performance indicator:*** *tonnes of CO_2 in absolute value.*

CO_2 EMISSIONS FROM TRANSPORTATION OPERATIONS
(millions of tonnes of CO_2)



Emissions are measured using EcoTransIT World software[(1)], which supports sustainable and sufficiently reliable and data-consistent calculation for driving progress in every host region.

CO_2 emissions from transportation operations stood at 1.38 million tonnes in 2018[(2)]. This 2018 baseline was updated in 2022 to include emissions from CAMSO and to adjust certain emission factors. In 2021, CO_2 emissions amounted to 1.6 million tonnes (adjusted for the 2018 scope of reporting), representing a 16.5% increase from 2018.

In 2022, CO_2 emissions declined to 1.182 million tonnes, corresponding to a 14.1% reduction on 2018 with similar sales volumes. The performance was primarily led by structural improvements in the operating regions.

Structural improvements in efficiency delivered encouraging results, with the "tonne of CO_2 released per tonne sold" indicator declining by 12.8% between 2018 and 2022 as a result of initiatives to activate the three strategic levers: **transport less, transport better and transport differently.**

OUR LEVERS FOR ACTION:

Transporting less, the fundamental lever

The resulting analytics help identify where inventory should be ideally located to improve product availability, while avoiding unnecessary transportation. They also guide the choice of production sites, with a preference for local facilities to limit the transfer of finished products between producing and consuming regions.

This lever's performance indicator is the ratio of tonnes transported to tonnes sold. In 2022, it improved by 4.6% year-on-year, mainly due to the elimination of certain deliveries in Europe and North America.

Transporting better, an operational lever

The second lever consists of optimizing current transportation systems, based on three avenues for improvement:

Engaging with our transportation partners

Michelin firmly believes that partnerships with logistics providers are mutually beneficial over the long term. LABS set up with European carriers over the year to explore *People, Profit and Planet initiatives* helped to nurture their close collaborative relationship with the service providers and broaden their perspective on the deployment of solutions to reduce their environmental impacts. In North America, a meeting was held in 2022 with the region's largest trucking companies to identify new pathways to addressing CSR issues.

Optimizing our current transportation systems

Truck and container fill rates are optimized using digital applications and mechanical systems. In the United States, results-oriented initiatives undertaken to optimize load factors at several facilities have saved the equivalent of 450,000 truck kilometers. With the support of a number of engaged stakeholders, a demonstration of a jumbo 32-meter long EcoCombi semi-trailer was organized to promote the technology and prepare its deployment in France and the rest of Europe. In Brazil, an LNG-powered EcoCombi solution was introduced for inter-plant deliveries, leading to a 20% reduction in route carbon emissions.

Promoting and developing multimodal solutions

In Europe and the United States, Michelin has led a number of major projects to deploy multimodal solutions, New solutions are constantly being developed and deployed to expand the existing system. Nearly 7% of shipments travel by train or ship in Europe, for example, and more than 25% in the United States. The Group is maintaining the pace of deployment with, in particular, a call for tenders in North America to confirm the feasibility of transferring more than 750 truck miles to rail.

Transporting differently, a lever for innovation

The third lever is activated by implementing innovative solutions, informed by two processes:

Collaborating with outside organizations

Michelin is continuing to play a leading role in such associations as France Supply Chain, Clean Cargo and the Aspen Institute. Engaged involvement in these organizations is helping to identify actionable levers, while laying the foundations for collaborative work on innovative issues supporting decarbonized transportation. In 2022, Michelin actively participated in the Clean Cargo Working Group that updated the methodology for calculating emissions from container sea freight.

(1) Accredited by the GLEC Framework and compliant with the EN 16258 standard and the GHG Protocol.
(2) Note: the above 2018 figure differs from that published in the 2020 Universal Registration Document due to adjustments in calculation assumptions for Europe.

Innovating to deploy more environmentally friendly technologies and practices

Michelin takes an active part in discussions about the future of logistics, in a commitment to promoting and deploying innovative technologies. The Group uses natural gas and electric trucks for deliveries in Europe and the United States. In Thailand, the release of nearly 6,000 tonnes of CO_2 was avoided in 2022 by using biofuel in trucks. In addition, in Europe, a France Supply Chain working group brought together more than 12 shippers and 23 carriers with the goal of deploying 100 hydrogen-powered trucks by 2024-2025. The group helped us to understand every aspect of this new technology and to bring on board an entire ecosystem, spanning range, vehicle uptime, recharging infrastructure and maintenance servicing.

Michelin also participated in the Shippers' Coalition for Low Carbon Maritime Transport, which issued two tenders in 2022 for a north transatlantic (Europe-North America) service operated by wind-powered container ships. When this innovative, energy-efficient shipping solution starts to be deployed in 2025, it will reduce by 50% the environmental impact of more than 100,000 TEUs[1] a year, including 9,000 for Michelin.

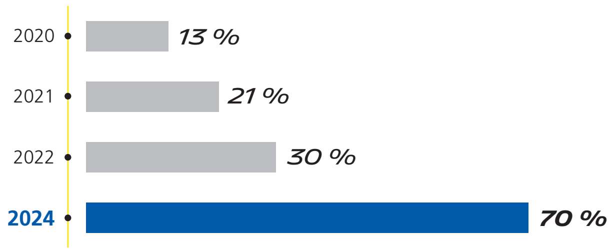
Scope 3: reducing emissions from purchased raw materials and components

OUR OBJECTIVE:

In 2020, the SBTi approved the Group's environmental targets, including one relating to purchased goods and services, i.e., that suppliers representing 70% of greenhouse gas emissions from purchased goods and services (Scope 3, category 1) will have set science-based reduction targets by 2024.

- ***Key performance indicator:*** *percentage of CO_2 emissions from suppliers of purchased goods and services (Scope 3, category 1) that have set science-based greenhouse gas emission reduction targets for 2024.*

PERCENTAGE OF EMISSIONS FROM PURCHASED GOODS AND SERVICES SOURCED FROM SUPPLIERS WITH SCIENCE-BASED TARGETS



Purchased goods and services: inventory

Emissions from purchased goods and services (Scope 3, category 1 in the Greenhouse Gas Protocol, which excludes emissions related to purchased logistics services) represent around half of all Scope 3 emissions excluding the in-use phase (category 11).

Given that raw materials account for around 85% of emissions from purchased goods and services, programs to reduce supply-chain related emissions proritize the supply of raw materials, alongside the significant gains being made in purchased logistics services.

OUR LEVERS FOR ACTION:

The Group has taken a proactive approach to identifying the purchasing categories and suppliers that represent the largest sources of GHG emissions. These suppliers are encouraged to initiate, step up or accelerate their commitment to reducing their GHG emissions.

The CDP questionnaire provides a comprehensive system for disclosing environmental information in order to assess the strategies in place to abate climate change. In 2018, Michelin joined the CDP's Supply Chain Program and engaged its leading raw materials suppliers to participate in it, encouraging them to measure and disclose their greenhouse gas emissions and to develop strategies to reduce them.

A new campaign was conducted in 2020 and every year since then. Of the 103 raw material suppliers asked to submit data in 2022, nearly 85% responded. Together, they represented approximately 65% of the emissions from the Group's purchased goods and services category and approximately 55% of raw materials and natural rubber spend. In addition, 65% of the suppliers who responded to the CDP Climate Change questionnaire scored B- or higher, indicating that their emissions abatement systems were fairly mature. In 2022, the CDP recognized the Michelin Group's ability to engage its suppliers in reducing carbon emissions with a CDP Supplier Engagement Leader award.

CDP™ SUPPLIER ENGAGEMENT LEADER 2022

(1) *Twenty-foot equivalent unit.*

Scope 3: reducing emissions from upstream purchased energy and end-of-life treatment of sold products

The Scope 3 CO_2 emission reduction targets approved by the SBTi include two indirect activities in the value chain, as defined by the GHG Protocol:

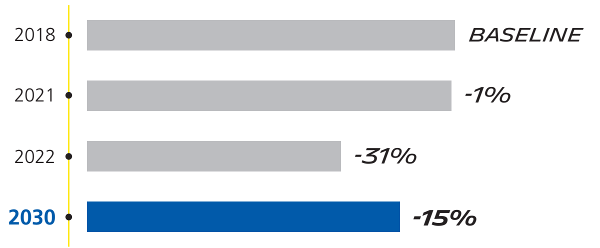
- Upstream energy: the extraction, production and transportation of fuels, purchased or acquired by a company or consumed in the generation of electricity or heat used by the company;
- the end-of-life treatment of sold products.

OUR OBJECTIVE:

Reduce CO_2 emissions, in tonnes, by 15% between 2018 and 2030**.**

- ***Key performance indicator:*** *tonnes of CO_2 in absolute value from upstream purchased energy and end-of-life treatment of sold products.*

CO_2 EMISSIONS FROM UPSTREAM PURCHASED ENERGY



END-OF-LIFE TREATMENT OF SOLD PRODUCTS

The current state of carbon accounting and a lack of primary data prevent us from reliably measuring the emissions impact of our end-of-life treatment initiatives. To build a tracking metric, Michelin is working with the International Reference Center for the Life Cycle of Products, Processes and Services (CIRAIG) to identify solutions to the methodological obstacles.

OUR LEVERS FOR ACTION:

- **Reducing energy use and gradually phasing in renewables**, which is being planned and managed to meet the Group's Scope 1 and 2 objectives[(1)]. This is based on the assumption that the upstream generation and delivery of fuel from renewable sources or of purchased renewable energy are generally less energy intensive and therefore release less CO_2 than fossil fuels/energy;
- **Supporting lower carbon end-of-life product recovery and recycling solutions** and deploying circular economy models.

OUTCOMES IN 2022:

Upstream energy

The year-on-year reduction in 2022 was led by (i) the decline in electricity emission factors in a large number of countries, according to data published by the International Energy Agency; (ii) the reduction in energy use by the Group's production plants; and (iii) the growth in the proportion of renewable energy used by the sites.

End-of-life treatment of sold products

The recovery and reuse of materials from end-of-life tires raises a number of technological, organizational and financial challenges. To overcome them, Michelin has launched two major projects[(2)].

- **BlackCycle**[(3)], an EU-funded research project launched in 2020 that is developing technologies to recover high-quality secondary raw materials from scrap tires. These raw materials could be used not only by the tire industry, but also in other technical applications, by closing resource loops and supporting the development of a circular economy. Initial projections from the project show a one-kilogram reduction in CO_2 releases for every kilogram of substituted material.
- **Joint call to action by Michelin and Bridgestone** issued in November 2021 to enrich the recycling ecosystem for end-of-life tires and promote the circular economy in the rubber industry, particularly by using carbon black recovered from recycled tires.
- **Understanding CO_2 and other environmental impacts**: Michelin is partnering with CIRAIG to deepen its understanding of the environmental impacts of end-of-life tire treatment solutions by performing life cycle assessments on the various recovery and reuse technologies.

Investing in socially responsible funds

Since 2014, Michelin has invested €5.96 million in the Livelihoods Carbon Fund, which supports reforestation, agroforestry and low-carbon cookstove projects on three continents. Conducted in collaboration with local NGOs, its projects help to reduce GHG emissions, while improving quality of life in local communities.

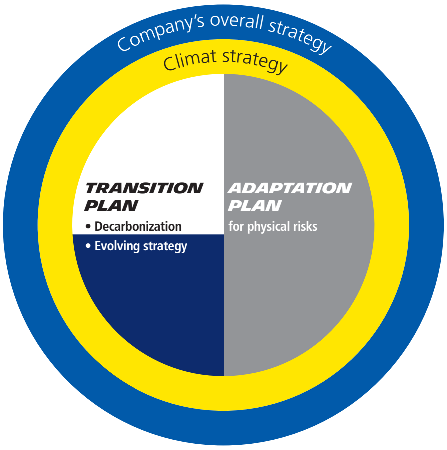
In 2022, eight projects were supported in Africa, Asia and South America. Four, in Kenya, Burkina Faso, Malawi and Peru, have installed several tens of thousands of energy-efficient cookstoves in village homes, which eliminate toxic smoke and the time-consuming task of collecting wood, while cutting GHG emissions by 50%. Another project is restoring mangrove forests in Indonesia, which fertilize the surrounding cropland and revitalize marine biodiversity, providing additional economic and nutritional value to local communities. Three agroforestry projects, two in India and one in Kenya, involve the planting of both trees and crops. This technique helps to empower farmers and make them more financially independent by improving land productivity and diversifying the crop base, while increasing biodiversity and sequestering large amounts of CO_2.

(1) See above, Scopes 1 and 2: reaching net zero emissions in the manufacturing operations by 2050.
(2) See section 4.1.1.2 d) The Michelin 4R circular economy process/Recycle.
(3) BlackCycle brings together seven industrial partners, five research & technological organizations (RTOs) and an innovation cluster as part of a European consortium in five countries (EU Grant Agreement No 869625).

4.1.1.1 b) Transition plan: Company strategy

Offering the most efficient mobility solutions without compromising on safety is the very heart of Michelin's past, present and future positioning, as reflected in products that lead the market in energy efficiency, CO_2 emissions abatement and long-lasting performance. As part of its strategic plan, the Group is continuing to innovate to support the transition to low-carbon mobility for people and goods, in particular by:

- designing **products that are ultra-energy efficient throughout their life cycle,** from production and use to end-of-life recycling;
- developing **services and solutions that optimize the use and management of vehicle fleets**, while improving their fuel/energy efficiency;
- driving the emergence of new **mobility solutions**, led by ecosystem-driven innovation and, notably, the development of the hydrogen mobility industry.



Climate change opportunities and risks in light of TCFD principles are presented *in section 4.1.1.1 d) Engagement and transparency/ Applying the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).*

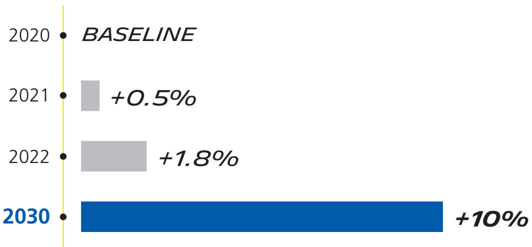
Designing ultra-energy efficient products

Using a tire on a vehicle requires additional energy that, in an internal combustion vehicle, entails the burning of fuel and therefore the release of greenhouse gases.

OUR OBJECTIVE:

Improve the energy efficiency of tires by 10% in 2030 compared to 2020.

- ***Key performance indicator:*** *improvement in tire rolling resistance compared with the 2020 baseline, weighted by sales tonnages in the reporting year.* ***Scope of reporting:*** *Passenger car, Light truck and Truck tires*[(1)].



In 2022, Michelin improved the energy efficiency of products sold during the year by 1.8% compared with products sold in 2020.

OUR LEVERS FOR ACTION:

Reducing a tire's rolling resistance helps to improve a vehicle's fuel efficiency, which in turn reduces both CO_2 emissions during use and ambient air pollutants, such as NOx and SOx. Lower rolling resistance also increases the range of electric vehicles.

Over the past 20 years or more, Michelin has improved the fuel efficiency of its tires by more than 20%, without ever compromising on safety or longevity. Between now and 2030, the Group will continue to drive progress in its tire product plan, supported and amplified by the deployment of eco-design processes in the Research and Development Department.

Reduce the rolling resistance of Passenger car and Light truck tires

Improvements in the rolling resistance of tires brought to market in 2022 were led by three lines, the MICHELIN e.Primacy, the MICHELIN Primacy 4+ and the MICHELIN Pilot Sport EV, all of which delivered a wide array of new technologies.

On average, driving on MICHELIN e.Primacy tires reduces a vehicle's fuel consumption by 0.2l/100km and its CO_2 emissions by 5g/km, which throughout the life of the tire represents 174kg in avoided CO_2 emissions. For drivers of electric vehicles, this record energy efficiency translates into 7% longer range. MICHELIN Pilot Sport EV is the first tire specifically designed for electric sports cars. The life cycle assessments (LCAs) of both these lines were disclosed in an Environmental Product Declaration (EPD)[(2)], which enables tiremakers to transparently report comparable environmental performance data over a product's entire life cycle.

(1) The indicator covers 87% of the scope of reporting.
(2) The EPDs, which were certified by an independent third party, are available at environdec.com.

Following on from the MICHELIN Primacy 4, brought to market in 2018, the MICHELIN Primacy 4+ delivers excellent lifespan performance(1) and is best-in-class in wet braking when worn(2), thereby enabling consumers to use their tires as safely and for as long as possible.

Every Michelin tire range is "made to last," delivering real financial and environmental value to consumers with their durability, their totally safe, long-lasting performance down to the final kilometer, and their contribution to reducing CO_2 emissions and improving fuel efficiency.

This commitment was already demonstrated in 2016 with products, like the MICHELIN CrossClimate+, that guarantee safe driving in all weather conditions, in every season, throughout their entire lives. This performance is being upheld by the latest generations, with the MICHELIN CrossClimate 2 tire, introduced in 2021, and the MICHELIN CrossClimate2 SUV launched in 2022.

Reduce the rolling resistance of Truck tires

In Truck tires, a myriad of technological advances is delivering not only a significant improvement in fuel efficiency and with it a reduction in CO_2 emissions, but also exceptionally efficient use of the component materials thanks to remarkably long tread life and the ability to run the tire down to the last millimeter of the legal wear limit. Brought to market in 2016, the MICHELIN X® LINE™ ENERGY™ tires for long-haul trucks are the first set of big rig tires to be rated A in energy efficiency, on any axle, under EU tire-labeling rules. In addition, the MICHELIN X® MULTI™ ENERGY™ tire for regional truckers, launched in 2017-2018, has reaffirmed the Group's commitment to offering innovative solutions that both improve performance and protect the environment.

In 2021 and 2022, Michelin sustained its innovation drive in this area by renewing and expanding its MICHELIN X® LINE™ ENERGY™ and MICHELIN X® MULTI™ ENERGY™ ranges to meet the challenges of CO_2 emissions standards in Europe and North America. The ENERGY™ lines are now being deployed in the fast-growing markets of Brazil, China and India.

2021 also saw the launch of a number of new products to enable more sustainable mobility in urban areas.

With the introduction of the MICHELIN X® Incity™ EV Z tire, MICHELIN is supporting the electrification of city buses, with improved energy efficiency(3) and load bearing capacity(4).

With the forthcoming deployment of zero-emission vehicles, Michelin is forging partnerships with its OEM customers to support the environmental transition in the road transportation industry(5).

In 2022, the average energy efficiency of MICHELIN tires was improved by the growth in sales of recent ranges, such as the MICHELIN X® MULTI™ ENERGY™, the MICHELIN X® Incity™ EV Z and the MICHELIN X® MULTI™ Z, and by the introduction of the MICHELIN Agilis 3 in the *Last Mile Delivery* segment and of other products in the MICHELIN X® MULTI™ Z family.

Developing services and solutions that optimize the use and management of vehicle fleets

Another pathway to reducing CO_2 emissions is the product-service economy, which involves either (i) the combined supply of a product and a service to manage and maintain tires in ways that optimize their energy efficiency and other performance features; or (ii) the provision of a service alone that streamlines certain cumbersome fleet processes to make driving fleet vehicles more efficient, safer and greener.

Today, Michelin's Services & Solutions business line designs, develops and prototypes new, data-enabled mobility solutions for the transportation industry. Michelin helps fleet customers to optimize their management, improve their safety performance and margins, and reduce their carbon footprint with a wide range of solutions, such as:

- EFFITIRES™ and Michelin Tire Care, which take the trouble out of tire maintenance, and vehicle-focused solutions to improve operating efficiency and safety performance;
- Michelin Connected Fleet, which helps to reduce empty kilometers, thereby optimizing fleet operations and vehicle use while improving their energy efficiency;
- Michelin Connected Fleet's MoveElectric solution, which guides commercial fleets through the planning and transition process and supports EV operations once they are up and running;
- Watèa by Michelin, an all-in-one offering combining the supply of battery or hydrogen fuel cell EVs with recharging solutions, a package of services and long-term support, making the energy transition both operationally and financially feasible. By helping customers shift their fleets to low-carbon operations sooner, Michelin is making a significant contribution to mitigating their impact on the environment;
- MICHELIN Consulting & Services offers mining companies advanced productivity and safety solutions that help reduce the environmental impact of their operations;
- MICHELIN MEMS® 4, the world's leading remote tire pressure and temperature monitoring system for mining machines, reduces equipment downtime and helps increase tire life by warning of failures and avoiding premature replacement.

(1) Longevity: External tests conducted by Dekra Test Center, at Michelin's request, in July 2021, on the 205/55 R16 91V size fitted on a VW Golf comparing the MICHELIN Primacy 4+ tire (31,246 km) to its competitors, the BRIDGESTONE TuranzaT005 (-15,998 km), the CONTINENTAL PremiumContact 6 (-5,655km) and the GOODYEAR EfficientGrip Performance 2 (+2,093 km). Longevity test run in average real usage (D50) with a 12,200 km run and extrapolated longevity at 1.6 mm.

(2) Wet braking new and worn: External tests conducted by TÜV SÜD Product Service, at Michelin's request, between 80-20 kph, in May-June 2021, on the 205/55 R16 91V size on a VW Golf 8 (worn means buffed on a machine until the tread wear indicators appear, according to European regulation ECE R30r03f) comparing the MICHELIN Primacy 4+ tire (new: 22.9m – worn: 31.5m) to its competitors, the BRIDGESTONE TuranzaT005 (new: 22.7m – worn: 36.4m); the CONTINENTAL PremiumContact 6 (new: 23.0m - worn: 35.3m); and the GOODYEAR EfficientGrip Performance 2 (new: 23.7m – worn: 35.6m).

(3) Michelin calculations based on rolling resistance values.

(4) Load bearing capacity increased to a maximum of eight tonnes, or 15% more than the previous X® Incity™ XZU range.

(5) The SuperTruck programs in the United States and the European Consortium.

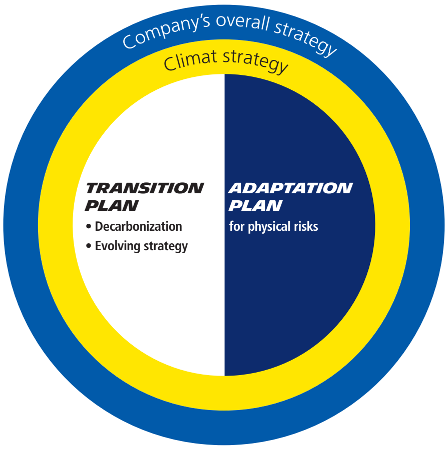
Developing new mobility solutions: hydrogen

As a trailblazer with more than 20 years of expertise in hydrogen fuel cells, Michelin is seeking to become a world leader in hydrogen-powered systems through SYMBIO, its joint venture with Forvia. SYMBIO offers a comprehensive range of compact, pre-validated and pre-integrated StackPack® fuel-cell systems that meet all the power and durability requirements for zero-emission mobility.

In October 2022, the venture announced the deployment of the HyMotive project, designed to accelerate its industrial ramp-up and the development of new disruptive innovations. It will enable SYMBIO to increase production capacity in France to 100,000 systems a year by 2028, while creating 1,000 local jobs. To drive the faster development of hydrogen mobility, Michelin also supports an ecosystem approach. One compelling example is Hympulsion, a public-private partnership formed in 2017 between Michelin and the Auvergne-Rhône-Alpes Region, ENGIE, Banque des Territoires and Crédit Agricole that is tasked with deploying France's Zero Emission Valley (ZEV) project. The simultaneous deployment across an entire region of hydrogen production, storage and distribution infrastructure and hydrogen-powered vehicles means that the system will be immediately operational, spurring the emergence of a profitable, sustainable new market. ZEV's planned deployment of 20 hydrogen filling stations and a fleet of 1,200 hydrogen-powered vehicles by 2024 makes it the largest renewable hydrogen mobility project in France. It is expected to avoid the use of 4.3 million liters of diesel fuel and the release of 13,000 tonnes of CO_2 per year.

Michelin is also committed to leveraging motorsports to spur the faster roll-out of hydrogen mobility solutions. Motorsports' demanding requirements stimulate research and development and enable technologies to be tested in extreme conditions. This is why the Group and Symbio became lead partners in MissionH24, a project that is in particular looking to integrate hydrogen-powered technology into endurance race vehicles competing in the 24 Hours of Le Mans in 2025.

4.1.1.1 c) Adaptation plan: responding to the physical risks of climate change



The plan to adapt to the physical risks of climate change has been defined and approved. The Environmental Governance body reviewed these risks and recommended that in 2022 they be addressed in long-term decisions, such as approving raw material suppliers, building or expanding production facilities and merger/acquisition projects. A physical risk manager has been appointed to deploy the action plan in 2023.

Risks related to extreme weather events have in fact long been managed as part of the Operational Continuity Plan, a comprehensive process designed to manage all of the Group's business interruption and continuity of supply risks, whether climate-related or not. The Group's crisis management capabilities reduce the potential impact of major crises[1].

Risks impacting natural rubber supplies. Rubber tree plants can only grow in the planet's narrow intertropical convergence zone. Although these plants are particularly resilient, they are exposed in these regions to direct and indirect climate change-related impacts and to the increasing scarcity of arable land. Michelin teams are developing and promoting highly resilient agricultural practices, in particular to preserve soil quality and vitality by maintaining a permanent plant cover. The Group tracks and models changing climate and health conditions in the production regions, directly on the plantations it supports and in partnership with its natural rubber suppliers and the research organizations in the International Rubber Research and Development Board (IRRDB). Lastly, the Group is pursuing its research and development and eco-design programs to optimize the quantity of natural rubber used per thousand kilometers traveled. In addition to managing physical risks, the Group continues to pursue opportunities to produce natural rubber sustainably and responsibly[2].

(1) See section 2.1 Risk factors specific to Michelin, description and related management systems/Risk 1 – Physical impacts of climate change.
(2) See section 4.1.4.2 c) A dedicated approach for natural rubber.

4.1.1.1 d) Engagement and transparency

CDP Climate Change

The CDP ranked Michelin among the most forward-looking companies in the areas of transparency and combating climate change in 2022, assigning it a score of ***A-*** in recognition of its strategy, the reduction in its CO_2 emissions and its long-term commitment to further reducing its carbon footprint.

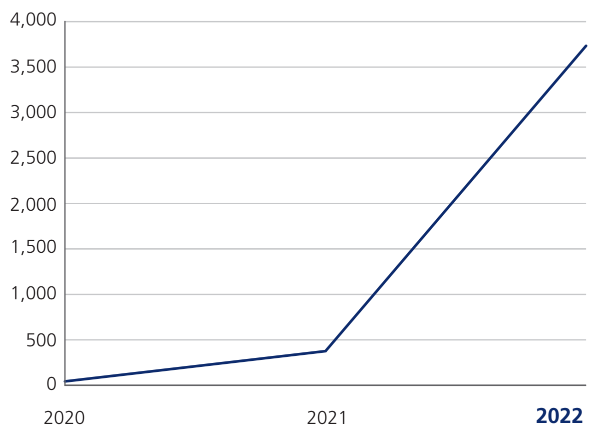
Each year, the Michelin Group responds to the CDP Climate Change, CDP Water Security and since 2021, the CDP Forest questionnaires. *The* CDP is an independent, non-financial rating organization. Michelin's full response may be found on the CDP platform[1] and on the Group's website[2].

Raising employee awareness of climate issues

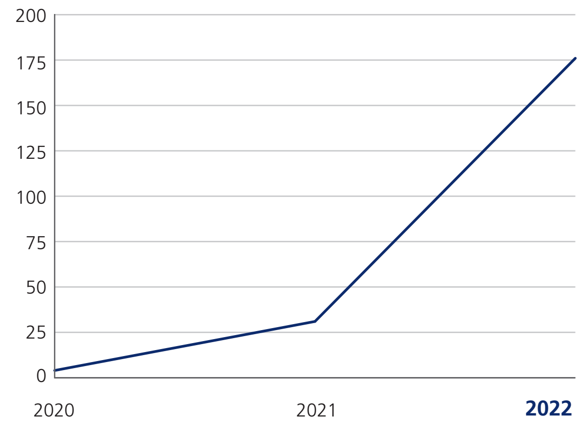
To raise employee awareness about the All in Action for the Environment transformation program, the collaborative Climate Fresk[3] workshop was chosen as the preferred tool for imparting knowledge and a shared language on global warming issues.

These workshops teach participants about the causes and consequences of global warming and empower them to take action. First organized in 2020, Climate Fresks had been attended by **more than 4,000 people** across the Group by 2022. To maintain the pace of deployment at every level of the organization, more than 150 facilitators have been trained.

NUMBER OF EMPLOYEES ATTENDING CLIMATE FRESK WORKSHOPS



NUMBER OF CLIMATE FRESK WORKSHOPS HELD



Applying the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Since 2018, the Michelin Group has been gradually applying the recommended guidelines issued on June 29, 2017 by the TCFD and, in 2020, demonstrated its support for the task force as a signatory.

Embracing TCFD principles implies driving change up, down and across the entire organization as it shifts to a market strategy and operations consistent with the below 2°C global warming scenario, while addressing the impacts arising from above 2°C scenarios.

(1) https://www.cdp.net/en/responses.
(2) https://www.michelin.com/documents/reponse-au-questionnaire-cdp-climate-change-2020-en-anglais-seulement/
(3) https://fresqueduclimat.org/

Detailed information concerning the application of TCFD recommendations may be found in the public answers to the CDP Climate Change 2022 questionnaire (see https://www.cdp.net/en/responses). A summary of these disclosures is presented below[1]:

Governance	
Roles, responsibilities and control	**Climate strategy** As part of the Supervisory Board's role of exercising permanent oversight of the Group's management, its CSR Committee reviews the climate strategy, including the transition plan and the adaptation plan, and issues recommendations. **Transition plan/decarbonizing our operations and adaptation plan** The Environmental Governance body reviews climate-related and energy transition issues impacting the Group's business operations and, under this remit, makes decisions on behalf of the Group Executive Committee. It ensures that targets for decarbonizing operations are met and that climate-related physical risks are identified and properly managed. The body comprises two Executive Committee members and representatives from eight departments, supported by a group of in-house experts forming the Carbon Strategy Committee[2]. Via the Executive Committee, it may receive opinions concerning the Group's climate change strategy issued by the Corporate Stakeholders Committee[3]. **Transition plan/Company strategy** The Group Executive Committee manages the transition plan in relation to the Group's strategy, based on its analysis of the climate scenarios. Climate change-related transition issues are identified in the strategic planning process and the resulting priorities are then defined in the business line strategic plans.
Strategy	
Time horizons considered when identifying, assessing and managing risks and opportunities	**Long-term (16 to 30 years)** Build a roadmap to lower the carbon intensity of the Group's business operations, aligned with the Paris Agreement/1.5°C scenario and the goal of reaching net zero emissions in Scopes 1, 2 and 3 by 2050; analyze physical risks with global warming scenario modeling; review climate change/societal scenarios for strategic or innovation purposes (see below). **Medium-term (6 to 15 years)** Manage strategic risks and opportunities requiring decisions related to (i) manufacturing facilities (type of energy, energy utilities, deployment of new technologies and/or processes); (ii) future CO_2 allowance costs; (iii) research and development priorities (environmental footprint of future tire generations, new powertrains and high-tech materials); (iv) the strategic foresight analysis of the economic environment and trends in the mobility of people and goods; (v) responses to forthcoming changes in standards and regulations; (vi) the review of climate change/societal scenarios for strategic or innovation purposes (see below); (vii) the building and management of decarbonization roadmaps to meet CO_2 emission reduction targets; and (viii) the analysis of physical risks with global warming scenario modeling and preparation of adaptation plans. **Short-term (0 to 5 years)** Operational management: (i) analyze exogenous factors, such as investors, customers, competitors, peers, NGOs, institutions and other stakeholders; (ii) make decisions concerning reductions in Scope 1 and 2 carbon emissions (e.g., energy efficiency projects and renewable energy purchases) and Scope 3 emissions (e.g., supply chain organization, engagement with suppliers and new partnerships); (iii) manage regulated carbon quotas; (iv) prepare strategic plans and create new solutions and partnerships; (v) implement R&D projects in low carbon/energy efficient materials, products and services; (vi) deploy a tactical strategy to address standards and regulations; (vii) manage prevention and protection measures against extreme weather events; (viii) manage media coverage of climate change-related social responsibility issues; (ix) engage with public and private sustainable mobility stakeholders to support the decarbonization of the transportation industry via the Movin'On ecosystem and the Transport Decarbonization Alliance.

(1) This information has been structured according to the framework recommended for energy and transportation companies in "Climate-related financial reporting: Operational framework for a constructive dialogue between investors and companies", issued in July 2018 by the MEDEF French business network, the French Insurance Federation and the French Asset Management Association.

(2) See section 4.1.1 The Environment/Environmental governance.

(3) See section 4.1.2.3 Dialogue with stakeholders.

Climate scenarios used	**Scope 1 and 2 emissions pathways** The 2030 and 2050 reduction targets[1] were determined on the basis of the 1.5°C scenario: "*In model pathways with no or limited overshoot of 1.5°C, global net anthropogenic CO_2 emissions decline by about 45% from 2010 levels by 2030 (40-60% interquartile range), reaching net zero around 2050 (2045-2055 interquartile range).*" *IPCC Special Report: Global warming of 1.5°C.* **Physical risks** Two global warming scenarios were used, RCP 4.5 and RCP 8.5, over two time frames, 2030 and 2050, in developing a physical risk assessment application for direct operations (production facilities) and indirect operations (key raw material suppliers). **Strategy and innovation** Working with international transition experts and applying state-of-the-art practices, the Group has prepared four possible climate change/societal scenarios[2] for how its business environment could evolve under the impact of climate change and the policies likely to emerge as a result[3]. The scenarios are distinct from one another and based on contrasting, yet equally plausible assumptions. Each is described by: • a qualitative narrative built around both planetary boundaries and a range of desirable and undesirable, complex and paradoxical factors, covering political, technological, socio-economic and legal/regulatory issues; • quantitative Kaya identity indicators (global population, GDP per capita, energy intensity and carbon footprint of consumed energy) and a set of public indicators representative of each scenario that enable us to identify their implications and assess their materiality over time; • a global map displaying the scenario or blend of scenarios deemed most likely for each country. **Use of scenarios** In recent years, scenarios have been used by the business lines and operating units for strategic planning and/or innovation purposes. In 2021, the Executive Committee reassessed the Group's strategy in light of the four scenarios and came to the following conclusions: 1. strategic fundamentals are retained in every scenario; 2. regardless of the scenario, connectivity and outside partnerships will play an important role; 3. trends in vehicle fleets, urban mobility, micro-mobility and intermobility will have a favorable impact and environmental degradation will have a negative impact; 4. there are several innovation priorities, including the development of end-of-life tire management solutions and the adaptation of products, services and operations to higher temperatures; 5. most of the organization would benefit from continuing to develop carbon emission reduction solutions for their customers and upgrading operations across the value chain to manage physical and transitional risks more effectively; 6. climate scenarios should continue to be analyzed and the five-year strategic plan adjusted accordingly. The Executive Committee decided to reassess the Group's strategy in light of the latest scenarios at least every three years and/or in the event of one of the following events: a regulatory requirement, a new strategy or a failure of the current strategy, or the availability of likely new scenarios. **Summary of key assumptions and indicators** Increase in global mean surface temperature: • four global warming pathways ranging from 1.7°C to 3.7°C by the end of the century. Time horizons: • 2035, with a qualitative description, a quantitative characterization based on a set of macro-indicators and a global representation of scenarios by country; • 2050, with elaborate, situational narratives painting a vivid picture of life in each scenario. Contextual assumptions underlying all four scenarios: • the coexistence of four CO_2 pathways over the coming decades in the different countries of the world; • a closer look at the key decade from 2024 to 2035; • consideration of environmental issues other than climate change (resource depletion, collapse of biodiversity, impact of various forms of pollution). Constant assumptions: • UN population forecasts; • human beings are essentially driven by their own interests and the interests of their loved ones and communities; • a world as politically and socio-economically fragmented as today's, in which countries choose a variety of different strategies; • an irreversibly digitalized world. Variable assumptions: • the landscape of environmental crises and shocks having an impact on society; • the economic system and economic growth; • the pace of energy decarbonization; • the development of technological inventions and strategies, particularly those supporting the climate transition and climate change adaptation; • predominant lifestyles and consumer spending patterns; • the political regime and its priorities.

(1) See section 4.1.1.1 a) Transition plan: decarbonizing our operations.

(2) An additional, extremely pessimistic alternative scenario was used to test the values attributed to the Group's plant and equipment. The results are presented in note 2.6 to the consolidated financial statements.

(3) See 4.1.1.1 b) Transition plan: company strategy.

Main risks and opportunities and their potential financial impacts	**Transition opportunities** • ***Market*****:** develop and promote mobility products and services that are low-carbon and/or suitable for use in adverse weather conditions, in response to market trends driven by legislation (emissions standards, minimum tire performance standards), technology (growing take-up of electric vehicles) or emerging new demand from corporate customers (fleet management) and consumers. *See section 4.1.1.7 2022 report on the Michelin Group's activities in respect of the European Taxonomy Regulation, Eligible Proportion of 2022 Sales, Capital Expenditure and Operating Expenditure/activities 3.6 and 8.2).* • ***Technologies:*** develop and bring to market hydrogen propulsion systems supporting the energy transition on a variety of vehicles. Annual revenue over the medium term estimated at €1,500 million. **Transition risks** • ***Market:*** achieving net zero emissions by 2050, thereby meeting customer and investor expectations, entails higher costs to introduce or deploy new practices, technologies, processes and organizations. Over the medium term, the provisional average annual cost of reducing the Scope 1 and 2 carbon footprint is estimated at €90 million in capital expenditure. • **Legal and regulatory compliance*:*** increasing CO_2 allowance costs on regulated markets. Annual operating expenses over the short term are estimated at €22 million. **Physical risks** • ***Extreme weather events:*** deterioration of production capacity in facilities operated by the Group and its suppliers caused by increasingly frequent and severe extreme weather events (production shutdowns, supply chain disruptions, damage to production assets). Over the short term, the maximum net impact on annual operating income is estimated at €150 million to €400 million.
Metrics and targets	
Greenhouse gas emissions	CO_2 emissions, Scopes 1, 2 and 3: *see section 4.1.1.1 a) Transition plan: decarbonizing our operations/Inventory of Scope 1, 2 and 3 CO_2 emissions.*
Reduction targets	Scopes 1 and 2: *see section 4.1.1.1 a) Transition plan: decarbonizing our activities/Scopes 1 and 2: reaching net zero emissions in the manufacturing operations by 2050.* Required Scope 3 (excluding the in-use phase): *see section 4.1.1.1 a) Transition plan: decarbonizing our operations/*Scope 3: reducing emissions from our transportation operations/Scope 3: reducing emissions from purchased raw materials and components/Scope 3: upstream purchased energy and end-of-life treatment of sold products. Optional Scope 3 (in-use phase)*: see section 4.1.1.1 b) Transition plan: company strategy/Designing ultra-energy efficient products.*
Spending	**Manufacturing operations**: €62 million was invested in 2022 as part of the production plant decarbonization plan (Scopes 1 and 2). **Research, development and process engineering:** €468.5 million was invested in 2022 to enable the introduction of technologies to improve the rolling resistance of our tire products and the installation of molds for the new tire lines that reduce rolling resistance compared to the previous generations. *See section 4.1.1.7 2022 report on the Michelin Group's activities in respect of the European Taxonomy Regulation, activity 3.6.*

Taxonomy reporting: See section 4.1.1.7 2022 report on the Michelin Group's activities in respect of the European Taxonomy Regulation

4.1.1.2 Enhancing the circularity of our products SDG 8.4, 9.4, 12.2, 12.4, 12.5, 13.2 and 17.17

Risks related to other impacts of raw materials on the environment (excluding climate change) (1)

As the only point of contact between a vehicle and the road, tires play a vital role in road safety. They are made of around 200 different materials, such as elastomers (natural and synthetic rubber), plasticizers and chemicals, which are all essential to delivering performance.

A variety of raw material factors, such as their natural or fossil origin, their production or extraction method and their increasing demand can generate environmental impacts, including resource depletion, pollution and/or loss of biodiversity.

In addition, the emission of tire and road wear particles (TRWP)[2] generated by abrasion during a tire's in-use phase can also have an impact on the environment.

Through a policy of continuous innovation, focused on sustainable mobility, Michelin is making every effort to attenuate the adverse environmental impact of its products throughout their life cycle and to help conserve resources.

This policy is grounded in eco-design practices, the use of life cycle assessments, and the deployment of a circular economy approach known as **Michelin 4R**.

In 2017, the Group presented its ambitions for sustainable mobility through its VISION concept, which comprises both a wheel and an airless tire, fully connected and made from sustainable materials, whose "rechargeable" tread can be produced on demand by 3D printing. VISION lies at the core of Michelin's sustainable development and mobility strategy and offers a compelling illustration of its circular economy approach.

At the Movin'On Summit in 2019, Michelin unveiled UPTIS, a combined airless, puncture-proof tire and wheel assembly developed in partnership with General Motors. UPTIS eliminates any risk of flats or blowouts, thereby improving both the safety of motorists and the productivity of business fleet operations. This feature also reduces the use of raw materials in production, which in turn reduces waste. UPTIS represents a decisive milestone in making the VISION concept a reality.

4.1.1.2 a) Increment the use of sustainable materials

Michelin defines sustainable materials as renewable bio-based materials, such as natural rubber or butadiene produced from biomass ethanol, or materials made from recycled sources (recovered or reused materials).

Renewable bio-based materials[3] are made from raw materials derived from natural resources that are naturally replenished on a human timescale, such as biomass. This excludes fossil fuels like oil, natural gas and coal, as well as minerals.

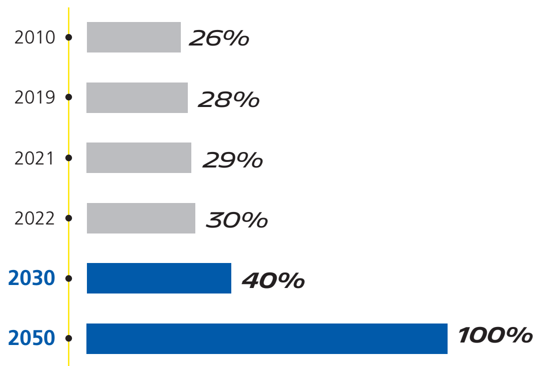
Recycled materials[4] are made from raw materials or feedstocks recovered from industrial or household waste that has been reprocessed into products, materials or substances. Recycling does not include energy recovery or the reprocessing into materials that are to be used as fuels.

OUR OBJECTIVE:

The Group's ambitious objective is to manufacture its tires entirely from sustainable materials by 2050, backed by a commitment to incorporating an average of 40% sustainable materials by 2030.

This commitment is measured by the **Average Sustainable Materials Rate (ASMR)** indicator

AVERAGE SUSTAINABLE MATERIALS RATE (ASMR)



In 2022, the percentage stood at 30%, an improvement on 2021 and in line with the roadmap to meet the 2030 target of 40%.

During the year, the Group continued to enhance the maturity of dedicated technologies in its R&D projects, increase the use of certain sustainable materials in existing tires, and improve traceability in certain supply chains with its suppliers, reflecting its active commitment to meeting its sustainable materials objective.

(1) See section 4.1 Sustainable Development and Mobility Report/Challenges and performance/Materiality Matrix.

(2) See section 2.1 Risk factors specific to Michelin, description and related management systems/Risk 7 – Environmental risks from the use of our products: Tyre and Road Wear Particles.

(3) As defined by the OECD and the American Chemical Society in "12 Principles of Green Chemistry."

(4) As defined in European Directive 2008/98/EC on waste.

THE EMPREINTE PROJECT

To take its All Sustainable approach to the next level, Michelin launched **the EMPREINTE project** in late 2020.

Funded by the PIA (Programme d'Investissements d'Avenir) run by ADEME as part of the French automotive industry recovery plan, the new project is designed to deliver effective solutions for **recycling or bio-sourcing materials** and **eco-designing products**. These solutions will improve the overall environmental footprint of tires by guaranteeing in-use performance fully aligned with expectations for new vehicles and emerging mobility needs.

By addressing the major challenges of sustainable mobility, the EMPREINTE project is targeting two strategic markets: personal mobility (Passenger car tires) and freight transportation (Truck tires).

The five-year project covers **four closely related research areas**, which will help drive future innovation:

- **materials**: development of new sustainable materials (recycled and bio-based, sourced for example from recovered waste) and their production processes;
- **tires**: design and development of "sustainable" demonstrator tires, made from these new materials but still delivering the same optimal performance;
- **connectivity**: development of connected capabilities and predictive maintenance solutions to optimize in-use tire impacts;
- **manufacturing:** optimization of tire manufacturing processes to manage the industrial complexity associated with these new materials.

In October 2022, Michelin unveiled new tires designed by the EMPREINTE project that feature 45% sustainable materials in the passenger car tire and 58% in the bus tire. In both cases, this represents a 50% increase in the sustainable material content compared with current tires.

The new fitments have been approved for open road use and offer the same premium performance as Michelin's benchmark tires. Their sustainable materials could be more widely deployed in some of the tires that Michelin will bring to market in 2025.

4.1.1.2 b) Deploying eco-design practices

Michelin is gradually rolling out a process to systematically assess the environmental footprint of all its new product projects based on eco-design principles.

In 2020, Michelin joined the Pôle Eco-conception association, France's leading center for eco-design and life cycle performance management, to improve its methods, make its process more robust and continue to develop its eco-design capabilities.

In 2021, the Environmental Governance body approved the publication of an "Eco-design Charter," based on guidelines in the ISO 14006: 2020 and NF X30-264: 2013 standards. It presents key eco-design principles and specifies the basic rules that all Group units are expected to apply to any project engaged in an eco-design process (e.g., involving research, products, services or business, digital and/or production processes).

4.1.1.2 c) Broadening the use of life cycle assessments

Michelin has long used life cycle assessments (LCAs) and is continuously improving its expertise in measuring the lifetime environmental impact of its products via such indicators as global warming potential, resource depletion, photochemical oxidation and water acidification and eutrophication. This approach, which is based on ISO 14040 guidelines, provides greater insight into these impacts that then informs the design choices made to reduce them.

Since 2012, Michelin has been involved with eight other international corporations in supporting the International Life Cycle (ILC) Chair, the primary research unit of the International Reference Centre for the Life Cycle of Products, Processes and Services (CIRAIG), which is addressing such major issues as the decarbonization of power generation and use, the efficient use of resources and energy, the circularity of material flows and planetary limits.

Michelin is also a member of SCORELCA, a French association that conducts research commissioned by its 12 active members and partners. Like those pursued by the ILC Chair, its research programs are helping to enhance the methodological skills used by the Group's LCA expertise unit.

Similarly, Michelin has worked for several years with other tiremakers in the Tire Industry Project (TIP)[1] to draft product category rules (PCRs) defining a set of industry-specific, ISO 14025-compliant guidelines that manufacturers can apply to determine the environmental impact of their products. The TIP has developed a PCR that is technically comprehensive, global in scope and capable of supporting consistent, harmonized assessments.

4.1.1.2 d) The Michelin 4R circular economy process

LCAs have shown that production phases, from raw materials to finished product, can account for up to 20% of a tire's environmental impact. This poses a variety of challenges, such as reducing the impact of mobility on ecosystems, natural resources and human health, limiting its effects on climate change and securing supply. To ensure that natural resources are used more wisely, Michelin is simultaneously rolling out four initiatives under the Michelin 4R banner, for Reduce, Reuse, Recycle and Renew.

Since 2017, this process has been managed by the Circular Economy Operational Committee, whose multidisciplinary members are led by the Sustainable Development and Mobility team. It defines and tracks process deployment, identifies risks and opportunities, leads the related initiatives and proactively plans for changes in legislation and compliance. Its activities and outcomes are validated by the Environmental Governance body[2].

Reduce

In addition to its initiatives to improve tire energy efficiency to reduce the CO_2 released during the in-use phase[3], the Michelin Group is also leading research and development programs focused on reducing resource consumption and harmful pollution from the use of its products.

Reducing resource consumption

The Group's research and development is guided by a clear commitment to designing and manufacturing tires with less material, while lengthening their service lives and enabling them to deliver the same safe driving experience and ever-improved performance.

Beyond setting performance objectives for new tires, Michelin is also committed to delivering performance over time by extensively testing worn tires, so as to demonstrate that tires can and should deliver very high performance until the tread wear indicators appear. If motorists were confident that their tires would remain safe throughout their useful lives, they would be encouraged to use them until they reached the legal minimum tread depth – of 1.6 mm in Europe – which would avoid the unnecessary use of 400 million tires a year worldwide and help to both reduce raw materials consumption and cut CO_2 emissions by up to 35 million tonnes a year (estimates based on calculations for Europe).

In 2019, European institutions accepted the principle of testing wet grip on worn tires in revising the General Safety Regulation for vehicles[4]. Along with the entire automotive industry, Michelin is contributing to the working group formed as part of the UNECE World Forum for the Harmonization of Vehicle Regulations, which is defining a test method for future legislation.

Reducing harmful pollution from the use of our products: tire and road wear particles (TRWPs)

Factoring in the environmental impact of its business activities is a major concern at Michelin. That's why the Group is proactively engaged with the tire industry in analyzing the potential impacts from tire and road wear particles (TRWPs), the mixture of tire tread and road surface debris generated by the friction between tires and the road.

Since 2006, Michelin has been working to deepen our knowledge of these particles, in particular as part of the research being led by the Tire Industry Project (TIP) to collect, characterize and understand both their composition and flow, as well as their potential impact on the environment and human health.

(1) Tire Industry Project: Launched in 2005, the Tire Industry Project is a voluntary initiative dedicated to addressing the tire industry's sustainability challenges and issues. It currently comprises 11 of the world's leading tiremakers: Bridgestone Corporation, Continental AG, Cooper Tire & Rubber Company, The Goodyear Tire & Rubber Company, Hankook Tire Company, Kumho Tire Company, Inc., Michelin Group, Pirelli Tyre SpA., Sumitomo Rubber Industries, Ltd., Toyo Tire & Rubber Company Ltd., and Yokohama Rubber Co., Ltd. The TIP operates under the auspices of the World Business Council for Sustainable Development (WBCSD).

(2) See section 4.1.1 The Environment/Environmental Governance.

(3) See 4.1.1.1 b) Transition plan: Company strategy/Designing ultra-energy efficient products.

(4) Regulation (EU) No. 2019/2144 of the European Parliament and of the Council of November 27, 2019 on type-approval requirements for motor vehicles and their trailers, and systems, components and separate technical units intended for such vehicles, as regards their general safety and the protection of vehicle occupants and vulnerable road users.

In addition, Michelin continues to carefully track the research being conducted worldwide that could serve to enhance current scientific knowledge. A wide variety of studies conducted by the TIP and other research organizations are providing converging signals that TRWPs account for a small percentage of total urban air pollution particles. Moreover, according to a recent study commissioned by the tire industry, a geospatial model of the Seine watershed indicated that only 2% to 5% of TRWPs released into the environment reach estuaries and potentially the marine environment[(1)].

The TIP regularly releases its TRWP research studies at: https://www.wbcsd.org/Sector-Projects/Tire-Industry-Project/Resources/Tire-Road-Wear-Particles-Papers.

The CEOs of the TIP member manufacturing companies approved a decision to continue adding to existing knowledge by launching a new cycle of TRWP research projects addressing areas such as:

- sampling of TRWP presence in different environmental compartments (air, rivers, soil, estuaries) and modeling TRWP fate in the environment;
- analyzing the degradation of TRWPs;
- investigating the potential health impacts from long-term exposure to TRWPs.

Similar research is being pursued by the European Tyre and Rubber Manufacturers Association (ETRMA), which in July 2018 launched the Tyre and Roadwear Platform, a multi-stakeholder platform, facilitated by CSR Europe, dedicated to sharing scientific knowledge and co-designing mitigation options to reduce the environmental impact of TRWPs.

Working with representatives from governments, academia, non-governmental organizations and industries, it seeks to foster open, inclusive dialogue among all stakeholders, in order to holistically explore the TRWP challenge.

Lastly, it is already possible to start making a positive contribution to reducing TRWP releases, both collectively and individually.

Collectively, by defining a standardized test and using it to remove the worst performing tires from the market by enforcing tire abrasion thresholds. To support regulation that would limit acceptable levels of particle releases from all tires worldwide, Michelin and other ETRMA members are helping to define a standardized TRWP emissions testing method.

In late 2022, the European Commission published the proposed text of the EURO VII regulation, which contains a section addressing the reduction of particle emissions from road tires through compliance thresholds, which could be based on the abrasion test method proposed by the industry.

Individually, by developing innovations that enable the Group to design tires that help to further reduce TRWP emissions.

Regardless of any ongoing studies, Michelin has always led the way in using materials more efficiently. This process has driven a steady reduction in TRWP emissions from its tires. **The Group is committed to further reducing overall particulate emissions from its new tire families.**

PARTICULATE EMISSIONS ARE BEING REDUCED WITH EACH NEW RANGE

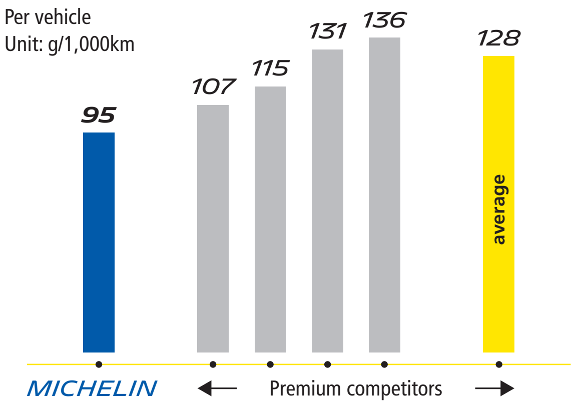
DEKRA studies in 2020 (MARK20B, MARK20E) and 2021 (MARK21E).

In 2022, the Allgemeiner Deutscher Automobil-Club (ADAC) updated its comprehensive study on determining whether tires with lower TRWP emissions are less safe, by measuring tire abrasion from around 100 tire models of different sizes and comparing the releases to the results of braking distance tests on dry, wet and, for winter tires, snowy roads.

Analysis of the ADAC results shows that MICHELIN often ranked first as the brand releasing the fewest particles per kilometer, on average, among all the tires tested, while still delivering excellent performance in the safety-relevant categories.

(1) This research is available to the public at https://www.tyreandroadwear.com/.

TRWP EMISSIONS: MICHELIN VS. OTHER PREMIUM TIREMAKERS



Source: ADAC Tyre test: Tyre abrasion – On road tests, April 2022

Reuse

Solutions such as repairing, regrooving and retreading tires help to conserve raw materials because they extend a casing's useful life and use less raw material compared to manufacturing a new tire. The Group is extending these solutions to Truck, Aircraft and Earthmover tires.

Michelin Truck tires can be regrooved when the tread is worn, then mold-cure retreaded using the Remix process or pre-cure retreaded and regrooved a second time before the components are reused in end-of-life tire recovery solutions. For example, assuming the tire has a theoretical lifespan of 100,000 km, regrooving can add 25,000 km without any additional material. Retreading can then add a further 100,000 km using four times less raw material than it takes to make a new tire. Lastly, the final regrooving increases total tread life by another 25,000 km.

In all, with one retreading and two regroovings, a Michelin Truck tire can last 2.5 times longer than a new Michelin tire with only around 30% additional material.

This offers three benefits compared with a non-retreadable, non-regroovable tire, whether premium or budget:

- a financial benefit from the lower cost per kilometer;
- environmental benefits, by considerably reducing raw materials use;
- social benefits, by creating more jobs. Everywhere that retreading/regrooving is practiced, the logistics operations and related services (collection, inspection, maintenance, retailing, etc.) help to stimulate the local economy.

Recycle

The deployment of technically and economically viable systems to recycle and treat end-of-life tires is a major challenge that Michelin is determined to address, in every country, in cooperation with all of the stakeholders concerned. Indeed, for many years, the Group has been encouraging the introduction of effective solutions and continues to play a leading role.

A study conducted by TIP in 2019 showed that 88% of all end-of-life tires, regardless of brand, sold in the 45 countries under review were collected and the majority of them were recovered and reused[(1)]. According to data presented in this same study, of the total tire tonnage brought to market by Michelin in 2019 in those countries, an estimated 76% was recovered and reused, of which 43% as material, 29% as fuel and 4% in earthworks.

In 2022, the Group continued to participate in end-of-life tire recycling programs through its active membership in a variety of industry associations, including in particular:

- the TIP: ELT management solutions have to be deployed locally, with the involvement of stakeholders up and down the value chain. This is why, in addition to the knowledge acquired in recent years on volumes and recovery methods, the TIP organized discussions in the United States, Europe and China to gain greater insight into management and recycling issues. Although tire collection and management performance in these three regions has clearly improved over the past 20 years, these forums revealed opportunities for further progress, for example, by passing more appropriate, more consistent legislation, sharing knowledge more broadly and expanding collaboration among stakeholders. The TIP has rolled out an action plan to address these opportunities, developing, in particular, a digital platform to improve ELT data sharing and support information exchange in ELT management channels;
- industry associations, including the European Tyre and Rubber Manufacturers Association (ETRMA), the United States Tire Manufacturers Association (USTMA) and the Japan Automobile Tyre Manufacturers Association (JATMA). In its joint programs with these associations, 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, and exercising its influence to encourage material recovery, which optimizes the reuse of tire components as secondary raw materials and generally offers a smaller carbon footprint than energy recovery.

(1) *Global ELT Management* – A global state of knowledge on regulation, management systems, impacts of recovery and technologies, Tire Industry Project, December 2019: https://www.wbcsd.org/Sector-Projects/Tire-Industry-Project/End-of-Life-Tires-ELTs.

The Group is also investing in the development of end-of-life tire recovery and reuse technologies.

- In 2017, Michelin acquired Lehigh Technologies, a US company specializing in the design and production of micronized rubber powders derived from recycled end-of-life tires and other rubber-based industrial products. In 2022, the Group began building a Lehigh Technologies workshop at its Olsztyn plant in Poland, with production scheduled for start-up in 2023.
- In April 2020, the Group announced a partnership with Sweden's Enviro to develop and mass produce a highly innovative pyrolysis technology that recovers high-quality products like recycled carbon black, pyrolysis oil, steel and gas, which can then be re-incorporated into the production cycle of various industries. In 2022, Michelin secured a site in Chile's Antofagasta region to launch its recycling services in the country. After coming on stream late in first-half 2023, the plant will collect end-of-life tires from local mining companies and process them via shredding and grinding. The new business enables the Group to support the deployment of Chile's new Extended Producer Responsibility bill, which came into effect in 2023.

Michelin is also involved in other recycling ventures, such as the partnership formed in November 2020 with Canadian start-up Pyrowave to speed up the industrialization of an innovative technology to recycle polystyrene plastic waste.

The Pyrowave process breaks down polystyrene to recover its original building blocks of styrene monomers, a key component in synthetic rubber. Once recovered, the monomers can be used in the manufacture of synthetic elastomers for our tires, as well as in new polystyrene products and many other applications. With this partnership, Michelin is helping new value chains to emerge in the circular plastics economy.

On November 22, 2021 **Michelin and Bridgestone** jointly issued a call to action to enrich the recycling ecosystem for end-of-life tires and promote the circular economy in the rubber industry. The two main global tire leaders hope to enable and increase the use of carbon black recovered from recycled tires[(1)]. A progress report on the initiative, in which some 20 industry stakeholders are participating, was presented on November 16, 2022, with proposed specifications for the carbon black recovered from end-of-life tires with pyrolysis technology.

In addition, for more than ten years now, Michelin has been ensuring that all of its tire manufacturing waste is recovered[(2)].

BlackCycle, a European project for recycling end-of-life tires into new tires

Launched in 2020, the BlackCycle project brings together 13 organizations[(3)] in a European public-private partnership that aims to create, develop and optimize a full value chain, from ELT feedstock to secondary raw materials (SRMs), with no waste of resources in any part of the chain and a specific attention for the environmental impact. These SRMs will be used to develop new ranges of passenger car and truck tires, which will be sold commercially in European and global markets.

Funded by the Horizon 2020 program, the consortium is based in five European countries (France, Spain, Germany, Greece and Switzerland) and includes seven industrial partners, five research & technological organizations (RTOs) and an innovation cluster. Coordinated by Michelin, its governance system comprises a steering committee, a cluster synergies board and a technical support committee.

Renew

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

- Project BioButterfly, in partnership with Axens and IFPEN, is developing a bio-butadiene production process using ethanol derived from biomass. The goal is to create innovative synthetic rubbers that are more environmentally responsible. The development phase got underway in 2015 and the completed industrial demonstrator is scheduled for start-up in early 2023.
- BioImpulse, a collaborative public/private research project that is helping to create a new, fully bio-based adhesive resin that is safer for human health. The consortium is coordinated by Michelin subsidiary ResiCare.

Michelin is also a member of BioSpeed, a consortium of companies committed to accelerating the market uptake of next generation bio-based materials.

Lastly, Michelin is sustainably and responsibly developing its natural rubber supply chain[(4)].

(1) See section 4.1.1.1 b) Transition plan: decarbonizing our operations/Scope 3: upstream purchased energy and end-of-life treatment of sold products.

(2) See 4.1.1.4 e) Reducing and managing waste.

(3) Michelin, Orion Engineered Carbons, Pyrum Innovations, Quantis, CSIC-Instituto de Carboquímica (ICB), CPERI/CERTH, Sisener Ingenieros SL, Aliapur, Estato Umweltservice GmbH, HERA Holding, AXELERA, Ineris and Fundación ICAMCYL (https://blackcycle-project.eu/).

(4) See section 4.1.4.2 c) A dedicated approach for natural rubber.

4.1.1.3 Supporting biodiversity SDG 8.4 and 15.9

Michelin, like every company, relies on biodiversity and ecosystem services, such as the supply of raw materials, water provisioning and climate regulation, to conduct its business sustainably. This is why the Group is stepping up its commitments and initiatives to combat climate change, conserve resources and safeguard biodiversity.

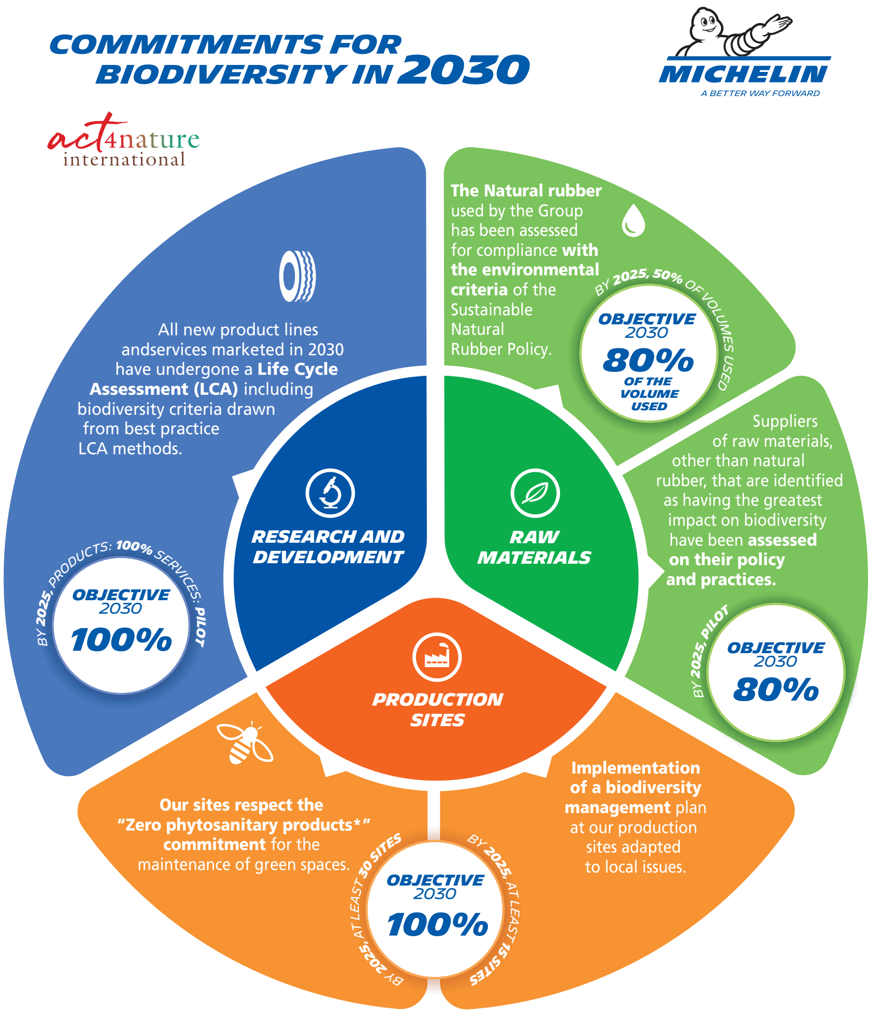
4.1.1.3 a) The Biodiversity Operational Committee

Created in 2018, the multidisciplinary Biodiversity Committee comprises experts from the Environment, Research and Development, Purchasing and Sustainable Development Departments. It prepares the Group's biodiversity strategy and submits it to the Environmental Governance body. It is tasked with detecting even the most latent issues, assessing emerging risks and defining targets for reducing the biodiversity impact of the Group's operations. It leads the preparation of roadmaps for the operating units and oversees the deployment network.

4.1.1.3 b) Michelin's commitment to biodiversity

In 2018, the Group formalized its commitment to biodiversity by joining the **act4nature** initiative (**act4nature international** since 2020), launched by French association Entreprises pour l'Environnement (EpE). In so doing, it pledged to support a charter of ten common commitments and defined five individual commitments focused on corporate governance, stakeholder dialogue, research and development, raw materials and manufacturing facilities[1].

In 2021, Michelin renewed its commitment to easing the pressure on biodiversity from its operations across the value chain by setting objectives for 2030 as part of its strategy's All Sustainable vision: **Michelin in Motion**.



* Pesticides, herbicides and fertilizer have been replaced with mechanical pest control and alternative solutions.
** Intermediate milestones for 2025 have also been defined and approved by the Environmental Governance body.

(1) The 2018-2020 commitment outcomes were reviewed in the 2020 Universal Registration Document, page 228.

2022 outcomes and 2030 objectives

Research and development

In 2030, life cycle assessments, using biodiversity criteria from the most mature LCA methods, will be performed for every new product or service brought to market.

- As of end-2022, the LCA deployment plan was firmly on-track, with **LCAs completed for at least 75% of new** Passenger car and Light truck, Truck and Specialty[1] product projects.

Raw materials

Natural rubber

In 2030, 80% of the natural rubber volumes used by the Group will be assessed for compliance with the environmental criteria in its Sustainable Natural Rubber Policy[2].

- In 2022, Michelin analyzed the gap between the Policy's environmental criteria and the practices applied in its subsidiaries and joint ventures[3], which account for 4.5%[4] of sourced natural rubber volumes. The action plans required to ensure compliance have been defined and implemented.

  At the same time, Michelin and its partner, WWF France, finalized the compliance framework for the procurement of natural rubber from industrial tree farms.

  In 2023, the framework will be rolled out and a risk mitigation framework will be developed and piloted for sourcing regions where the majority of tree farms are operated by village smallholders.

By year-end 2022, 80% of the Group's sourced natural rubber volumes will be mapped with RubberWay®[5]

- **At year-end 2022, 80% of the Group's sourced natural rubber volumes were mapped.**

Other raw materials

In 2030, 80% of raw material suppliers, excluding natural rubber, identified as having the greatest impact on biodiversity, have had their policies and practices assessed.

- In 2022, a study was conducted to identify the raw materials with the greatest biodiversity impact, based on the findings of the Science Based Targets for Nature (SBTN) materiality matrix and raw materials life cycle assessments.

Manufacturing facilities

Pesticide-free groundskeeping

By 2030, all of our production plants and research facilities will have banned pesticides and herbicides in groundskeeping.

- As of end-2022, 12 facilities in France were maintaining their grounds without using any pesticides or herbicides, three others had phased out all but one product, under a maximum three-year waiver, and one site in China was transitioning to pesticide-free.

Biodiversity management plan

By 2030, all of the production plants will have introduced a biodiversity management plan that appropriately addresses local issues.

- By the end of 2022, eight production plants that had previously identified pollution risks had implemented control plans and one research facility had prepared a management plan based on Natura 2000 guidelines.

Other initiatives carried out in 2022 with the network of manufacturing and research facilities, such as the creation of a network of *Biodiversity Champion Sites* and the organization of a *No Pesticides Convention* in Europe, are described in *section 4.1.1.3 d) Preserving biodiversity around Group manufacturing and research facilities.*

Other initiatives undertaken in 2022

During the year, Michelin pursued its engagement with the ***Natural Capital Lab***[6] initiative founded by WWF France and the Environmental Accounting Chair at AgroParisTech, the University of Paris-Dauphine, Reims Champagne-Ardenne University and the Louis Bachelier Institute. Led by the AgroParisTech Foundation, the Lab is dedicated to supporting companies in testing robust sustainability tools.

As part of the initiatives, Michelin tested the first two stages in the ***Science Based Targets for Nature (SBTN)*** method, which helps first to identify the dependencies and material impacts of Michelin's operations on biodiversity across the value chain and then to map these impacts geographically and define priority actions aligned with local issues. A compilation of feedback from Michelin and other stakeholders was published (in French) by the Natural Capital Lab in 2022[7].

---

(1) Tires for earthmovers, farm machinery, aircraft, etc.
(2) https://natural-rubber.michelin.com/fr/committments-and-transparency/overall-approach.
(3) Michelin's Green Gold Bahia Program in Brazil, RLU in Indonesia and SIPH in West Africa.
(4) The rate is calculated based on the volume of natural rubber sourced in the prior year.
(5) This objective's target date was originally set for end-2020, but was deferred to end-2022 due to the pandemic.
(6) https://lab-capital-naturel.fr/.
(7) https://lab-capital-naturel.fr/media/integrer-l-entreprises-dans-les-limites-planetaires.pdf.

4.1.1.3 c) Preserving biodiversity and ecosystems in rubber tree farming

As one of the world's leading users of natural rubber, a critical raw material in tire manufacturing, Michelin is especially attentive to the impacts that rubber farming and processing can have on biodiversity and ecosystems. In particular, it has deployed a dedicated process to assess risks in the natural rubber supply chain[(1)].

The Group's **Sustainable Natural Rubber Policy,** published in 2016 and updated in 2021, defines specific environmental criteria that the Group has pledged to meet, and which are also included as contractual obligations in natural rubber procurement contracts.

The Group has reaffirmed its commitment to "zero deforestation" and includes among its criteria compliance with such principles as:

- preserving High Conservation Value (HCV) areas, High Carbon Stock (HCS) areas and peatlands;
- preserving surface water and groundwater;
- using pesticides and chemical inputs judiciously;
- avoiding the introduction of potentially invasive alien species;
- encouraging the creation of environmental buffer zones around bodies of water, and between producing regions and HCV areas;
- supporting biodiversity conservation by raising awareness among local communities and stakeholders.

The Policy applies to every supplier and is supported by a roadmap to 2025[(2)] that describes the initiatives and objectives guiding its implementation.

Combating deforestation[(3)]

Of the roughly six million natural rubber farmers worldwide, Michelin estimates that it sources from around two million, most of whom are village smallholders working on just a few hectares. To combat deforestation in such a complex, highly fragmented supply chain, the Group is exercising its duty of care and conducting a program to review the jurisdictions at risk of deforestation in its sourcing countries[(4)], based on the RubberWay®[(5)] application and a **deforestation risk analysis tool** developed with the WWF. Based on this risk analysis, prevention and mitigation measures will be gradually introduced to reach a significant portion of the farmers in the jurisdictions concerned[(6)].

Reducing pesticide use

While natural rubber production does not require the intensive use of chemicals, their judicious use at various stages in the production and processing cycle may help to improve efficiency, for example by treating certain plant diseases.

In 2021, **Michelin committed to (i) reducing pesticide use per hectare by 50% by 2025 in the 85,000 hectares of rubber tree farms operated by the Group and its joint ventures; (ii) eliminating herbicides entirely on 50% of its planted hectares by 2030**; **and (iii) immediately banning all use of pesticides classified as "prohibited" and "highly restricted" by the Forest Stewardship Council (FSC).**

- By the end of 2022, the amount of pesticide used per hectare on rubber tree farms operated by the Michelin Group and its joint ventures had been reduced by 65%.

Michelin also intends to identify any at-risk pesticide use practices with data inputted into the RubberWay® application by stakeholders across the supply chain and to promote best alternative farming practices as widely as possible. The commitment has been approved by the corporate Environmental Governance body.

4.1.1.3 d) Preserving biodiversity around Group manufacturing and research facilities

Systematically identifying nearby protected areas

In 2013, the Group's production plants and research facilities conducted an initial survey to **identify nearby areas classified as protected** under supranational, national or local legislation. In 2018, the facilities performed the update recommended every five years, which showed a total of 196 protected areas within a radius of five kilometers of each one. When the updated data was analyzed with regard to the GRI 304-1 indicator[(7)], it showed that 28 facilities in eight countries, representing a total surface area of 6,600 hectares, are located less than a kilometer from one or more protected areas.

These findings have been integrated into each facility's environmental risk analysis and management plans have been revamped or deployed at the eight plants that had identified areas at risk of pollution. The list of at-risk areas will be updated in 2023, along with the environmental risk analysis application, which will make the biodiversity impact of environmental factors easier to grasp.

A network of Biodiversity Champion Sites

A network of *Biodiversity Champion Sites* was set up in 2022, with seven facilities in France, China, the United States, Mexico and Thailand volunteering for initial participation. The members met four times during the year, in particular to exchange best practices, compare local legislation and work on defining a model biodiversity management plan that could be deployed at other manufacturing or research facilities. *Biodiversity Fresk* workshops were also trialed during the year.

(1) See section 4.1.4.2 c) A dedicated approach for natural rubber.
(2) https://purchasing.michelin.com/wp-content/uploads/sites/34/2021/01/Sustainable-Natural-Rubber-Roadmap-2020-2025_EN.pdf.
(3) See 4.1.4.2 c) A dedicated approach for natural rubber/Assessing supply chain risks
(4) https://purchasing.michelin.com/en/we-care-about-the-environment/.
(5) https://rubberway.tech/.
(6) See 4.1.4.2 c) A dedicated approach for natural rubber/Assessing supply chain risks/Frontline initiatives.
(7) GRI 304-1: Operational sites owned, leased or managed in or adjacent to protected areas or areas of high biodiversity value outside protected areas.

Pesticide-free groundskeeping

Europe

In September 2022, a No-Pesticides Convention brought together environmental and purchasing experts, groundskeeping contractors and an NGO for two days, with the goal of capitalizing on the success of the French sites in this regard and facilitating the banning of pesticides on all of the Group's sites across Europe. Following the event, a 2023-2026 roadmap for the transition of the European sites was devised and a groundskeeping charter was drafted for attachment to future contracts.

China

In January 2022, the 72-hectare Shenyang plant became the first Group facility in Asia to ban the use of pesticides and herbicides in grounds maintenance, preferring instead to explore a combination of mechanized and physical methods, such as high-pressure water jetting, insect lamps and manual and animal weed control. In addition, chemical groundskeeping fertilizers have been replaced by organic fertilizers. In all, this enabled the plant to eliminate around 100 kg of pesticides, herbicides and fertilizers. The pesticide-free commitment will be factored into the plant's environmental management system standards in 2023.

Local initiatives designed to address local issues

Ladoux, France

CENA – In July 2011, an agreement was signed with the Auvergne Regional Nature Conservancy (CENA) to ensure protection of a 3.5-hectare area containing continental salt meadows on the grounds of the Ladoux Technology Center. Extremely rare in Europe, this type of habitat is home to protected maritime species in the Auvergne region (such as the sea plantain and black grass) and has been designated as a priority for conservation. In 2021, the conservation area was expanded by 1.7 hectares.

Collaboration with CENA was deepened in 2022 by the close support provided during preparation of the above-mentioned *2022-2030 Ladoux Biodiversity Management Plan*. A roundtable bringing together the Environment and Prevention Department, employee volunteers, management and the groundskeeping contractor identified some thirty biodiversity initiatives for the period to 2030, such as maintaining the corridor of thermophilic hillsides, restoring segetal flora, reclaiming wetlands and preserving the grasslands in the Limagne plain.

Natura'Ladoux – In addition, the Natura'Ladoux non-profit association, which was founded in 2016, is leading local preservation programs, for example, to vary mowing patterns to protect orchids, build nest boxes and bird tables for passerines and perform site development studies. It also organizes activities to raise employee awareness, such as species watching and tracking. In 2022, the association also participated in the Center's Environment Day and in the roundtable discussions of initiatives to include in the *2022-2030 Ladoux Biodiversity Management Plan*.

Cropland – In 2020, for the first time, the cropland used as testing grounds for agricultural tires, which had been left fallow for several months, was rehabilitated using only farm machinery, without any pesticides. In 2021, a steering committee comprising Center representatives and local farmers was set up to review and reduce the use of pesticides and herbicides, whose frequency of application is tracked using the dedicated IFT indicator. The results of the 2021-2022 campaign revealed that the Center's average frequency was lower than the regional average. In 2022, a number of measures were undertaken, such as eliminating the use of pesticides and herbicides around the salt meadow or rotating crops according to prior-year feedback.

Rif– A project to restore the Rif canal was undertaken in 2021 to revitalize around one hundred meters of the waterway and limit bank erosion with a variety of vegetation engineering techniques (combs, aquatic plant weirs, vegetated berms). In 2022, the observed improvements enabled the design of a possible new development of the waterway from 2023 to 2025.

Montceau-les-Mines, France

At the Montceau-les-Mines plant, an afternoon dedicated to biodiversity was organized to raise awareness among a hundred students from nearby schools. Nesting boxes will be built and installed on plant grounds.

The Michelin Ecological Reserve in Bahia, Brazil

Michelin created the 3,350-hectare Michelin Ecological Reserve (REM) in Bahia Brazil in 2005 to preserve one of the world's most species-rich tropical rainforests, in a region suffering from widespread deforestation and environmental degradation. In 2021, the reserve was expanded by 550 hectares and now covers a total 3,900 hectares.

To protect the Reserve from hunters, forest rangers were hired to conduct regular day and night patrols, which have reduced hunting by 91%, allowing wildlife abundances to increase to 117%. Certain species critically threatened with extinction, such as the yellow-breasted capuchin monkey *(Sapajus xanthosternos)* and the red-billed curassow *(Crax blumenbachii)*, are once again flourishing in the Reserve, which has become essential for their long-term survival.

Every year, more than 100 scientists are supported by the REM research program, which has funded 120 ecological studies over the past 16 years, resulting in the publication of 160 scientific papers. Ten new species were discovered in 2022, bringing to 30 the number of previously unknown species found since the Reserve was opened.

As part of the program launched in 2005 to restore deforested areas, REM has planted 108,500 trees spanning 275 species, enabling the forest to regain 300 hectares. The Reserve also protects the 61-meter high Pandaca Grande waterfalls, which are visited by more than 80,000 tourists a year.

The REM educational outreach program helps young people in neighboring communities increase their awareness of environmental issues and encourages them to seek sustainable solutions for their communities.

Today, REM is one of the best-protected areas of the Atlantic Forest, which is one of the most species-rich biomes in the world. The Reserve has also demonstrated that it is possible to produce natural rubber while preserving biodiversity.

Querétaro, Mexico

In December 2022, the Michelin plant in Querétaro, Mexico was awarded the "Seal of Biodiversity" by the local Municipality, in coordination with the Polytechnic University of Santa Rosa Jauregui. The certificate is granted to property owners and institutions representing islands of biodiversity, due to the presence of native flora and fauna, and to high environmental value sites that preserve the integrity and features of local ecosystems.

Shenyang, China

Promoting biodiversity on-site

Located in a chemical industry park, where biodiversity is not abundant, the Shenyang plant is nevertheless investing every year in the construction of biodiversity-friendly areas. One example is the floating island built in 2022 in a rainwater overflow basin that not only provides a home for local species of aquatic animals and plants, but also purifies water quality. Eventually, it could serve as a home to a complete aquatic micro-ecosystem.

Raising employee awareness

In February 2022, the plant officially set up the Committee for a *Culture of Environmental Stewardship*, tasked with building employee awareness and organizing environmental protection activities. In September, at the Shenyang Green Factory event, biodiversity was addressed during the sustainable "Smart Manufacturing" exhibition.

4.1.1.4 Reducing the environmental footprint of our manufacturing operations

SDG 6.3, 6.4, 7.2, 7.3, 8.4, 9.4, 11.6, 12.2, 12.4, 12.5 and 14.1

Risks related to manufacturing operations

The main environmental risks arising from the tire manufacturing process concern the use of energy, water and raw materials resources, the release of pollutants into the air, water and soil, the production of waste and the release of greenhouse gas emissions.

The Group is exposed to the risk of legal or financial consequences if its operations cause soil, water or air pollution or if it fails to comply with the applicable local, national or international environmental regulations and standards. These risks are effectively controlled through the Environmental Management System[(1)].

The Group's environmental policy is aligned with the 3P Vision (People, Profit, Planet). Since 2020, the Environmental Policy has affirmed, in its general policy section, both the fundamental principles for addressing environmental issues and the Group's ambitious objectives. A section dedicated to the production plants and offices defines how these principles should be applied to enable each one to manage its operations sustainably. This process is impelled by three main drivers:

- improving environmental performance and reducing impacts;
- identifying and managing environmental opportunities and risks;
- complying with applicable legislation and Group guidelines.

Improvements in environmental performance are being led by four programs[(2)] (Energy/CO_2, Volatile Organic Compounds, Waste and Water), each with two objectives:

- ensure that the Group's 2030 targets are met by defining a roadmap and the technical levers to be deployed;
- prepare for the future by defining ambitious improvement targets for 2050, as well as effective intermediate milestones.

Each program is managed by a program leader, with the support of a multidisciplinary team of experts who perform medium and long-term opportunity and feasibility studies. They are all overseen by the Environmental Governance body[(3)]. Each program's policies and outcomes are described in detail in this section.

The pace of progress in the four programs is tracked consistently across every production plant and manufacturing unit by a shared composite indicator, **i-MEP**, which is described in the methodological note.

At the same time, the Group has developed an Environmental Management System to prevent the risks of soil contamination and to protect sensitive ecosystems around its facilities.

4.1.1.4 a) An Environmental Management System backed by a network of experts

The Group's EMS is designed to enable each plant to manage its impact on the environment, on both a day-to-day and long-term basis. It comprises a process to track compliance with legislation and Michelin standards, the obligation to define and meet, every year, improvement targets aligned with local issues and Group commitments, and procedures to attenuate the risks of accidental pollution. It is structured into processes, so as to ensure compliance with ISO 14001-2015 standards. Since 2018, all of the production plants subject to certification have been certified to these standards.

Group guidelines dictate that every new production facility must earn ISO 14001 certification within five years of start-up. In 2022, 93.4% of all facilities were certified[(4)]. ISO 14001-certified facilities accounted for 98.6% of the products produced during the year.

To ensure the effectiveness of both the system's operating procedures and the implemented solutions, a networked organization is in place, comprising around 100 specialists based in every host country, plant, and Operating and Corporate Departments.

(1) See section 4.1.1.4 a) An Environmental Management System backed by a network of experts.
(2) See Methodology.
(3) See section 4.1.1 The Environment/Environmental Governance.
(4) Including the production plants, natural rubber processing facilities and Technology Centers having a material impact on the environment.

Dedicated training courses to support EMS deployment have raised environmental awareness among all of the nearly 76,000 employees working on certified sites, along with a varying number of subcontractors and temporary workers.

In 2022, €58.6 million, or 46% more than in 2021, was committed to projects to enhance the environmental performance of the production facilities.

These budget amounts are based on the definition recommended by the French Accounting Board (CNC recommendation 2003-R02 of October 21, 2003), which covers only outlays that are "supplementary" (i.e., excluding routine maintenance, operating costs, waste management and similar expenses) and "exclusively environmental" (i.e., excluding the environmental aspects of capital expenditure projects).

Budget allocation is analyzed in the following table.

Group	Total expenditure		
(in € thousands)	**2022**	**2021**	**2020**
Air pollution prevention	3,953	9,750	3,657
Surface water pollution prevention	2,963	2,200	1,457
Soil and subsurface water pollution prevention	4,703	3,147	1,965
Waste reduction and recycling	2,539	3,264	2,299
Sustainable use of water resources	4,140	2,259	1,532
Sustainable use of energy resources	27,498	16,479	6,405
Reduction of greenhouse gas emissions	10,855	2,402	3,038
Preserving biodiversity [1]	668	-	-
Other	1,299	623	914
TOTAL	**58,618**	**40,124**	**21,268**

As of December 31, 2022, total consolidated provisions for environmental risk amounted to €23.4 million.

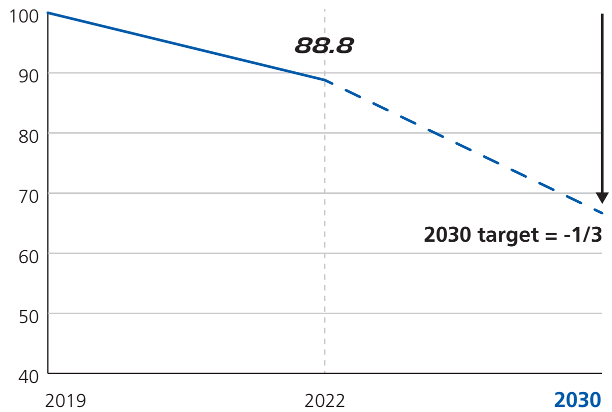
4.1.1.4 b) Reducing the environmental footprint of the production plants

Since 2005, Michelin has measured the key impacts from its manufacturing operations. Improvements driven by the four environmental programs are tracked at every level, from the sites to the Group Executive Committee, through the **i-MEP**[2] composite performance indicator, which measures five variables: energy consumption and water withdrawals, CO_2 emissions, volatile organic compound (VOC) consumption and the amount of waste generated. The i-MEP is displayed in the Group's balanced scorecard and is one of the strategic indicators that every plant must track to measure its operational excellence.

In 2020, each program defined its 2030 roadmaps. **Based on the identified technical levers, the i-MEP indicator is expected to decline by one-third over the period to 2030.** The objectives of the four programs are described in more detail below.

The 2022 performance is analyzed in the following tables.

Improvement in the industrial – Michelin Environmental Performance (i-MEP) Indicator



Improvement in the industrial – Michelin Environmental Performance (i-MEP) Indicator

Ambitions for 2030	2030 Ambition compared with 2019	2019	2022	2023 target	% change 2022/2019
i-MEP	-1/3	100	88.8	87	-11.2

(1) In 2020 and 2021, outlays for "preserving biodiversity" were recognized in "Other."
(2) The i-MEP was introduced in 2021 to replace the MEF indicator used from 2005 to 2020.

Summary table of environmental data – Group

i-MEP component	Ratios 2022	Ratios 2019	Ratios % change 2022 vs. 2019	Absolute values by i-MEP component – Group 2022	2019	Unit	% change 2022 vs. 2019	GRI and SASB indicators[1]
Energy consumption *(GJ/t of SF+FP)*	**4.35**	**4.40**	**-1.16%**	**39,039**	**40,302**	**x 10^3 GJ**	**-3.13%**	**GRI 302-1 TR-AP-130a.1**
Michelin point sources	1.97	2.24	-12.11%					GRI 302-3
Steam purchased, net	0.54	0.36	49.43%					GRI 302-4
Electricity purchased, net	1.84	1.80	2.35%					
CO_2 emissions[2] *(t/t of SF+FP)*	**0.26**	**0.32**	**-19.80%**	**2,304**	**2,919**	**x 10^3 t**	**-21.08%**	**GRI 305-1**
Direct emissions from Michelin point sources (Scope 1)	0.13	0.15	-12.56%	1,177	1,401	x 10^3 t	-15.97%	GRI 305-2
Indirect emissions, steam generation (Scope 2)	0.03	0.02	51.41%	272	162	x 10^3 t	68.03%	GRI 305-4
Indirect emissions, electricity generation (Scope 2)	0.10	0.15	-36.52%	855	1,356	x 10^3 t	-36.97%	GRI 305-5
Water withdrawals *(cu.m/t of SF+FP weighted by water stress)*	**3.15**	**3.36**	**-6.14%**	**26,101**	**28,227**	**x 10^3 cu.m**	**-7.53%**	**GRI 303-1**
Organic solvent consumption *(kg/t of SF+FP)*	**0.66**	**0.83**	**-20.58%**	**5,917**	**7,634**	**t**	**-22.50%**	**GRI 305-7**
Waste generated *(kg/t of SF+FP)*	**33.09**	**36.10**	**-8.33%**	**297,077**	**330,836**	**t**	**-10.21%**	**GRI 306-2 TR-AP-150a.1**
i-MEP INDICATOR PERFORMANCE (IN POINTS)	**88.78**	**100**	**-11.22%**					
Other environmental indicators								
Total Michelin direct and indirect emissions avoided *(tonnes of CO_2)*				37,000	24,000			GRI 305-5
Sulfur dioxide emissions *(kg/t of SP+FP)*	0.15	0.15	0.0%					GRI 305-7
Nitrogen dioxide emissions *(kg/t of SP+FP)*	0.18	0.17	3.23%					GRI 305-7
Hazardous waste generated *(kg/t of SP+FP)*	3.23	3.05	5.90%	28,960	28,852	t		GRI 306-2 TR-AP-150a.1
Number and total surface area of facilities located less than one kilometer from a protected area				28 facilities[3] totaling 6,600 ha				GRI 304-1
In 2022, the Michelin Group did not incur any significant fines or non-monetary sanctions for non-compliance with environmental legislation and/or regulations.								GRI 307-1

(1) GRI = Global Reporting Initiative Standards, 2016; SASB = Sustainability Accounting Standard Board, Auto parts, 2018.

(2) "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, revised edition", World Business Council for Sustainable Development and World Resources Institute.

(3) Inventories carried out in 2018. The update is done every five years.

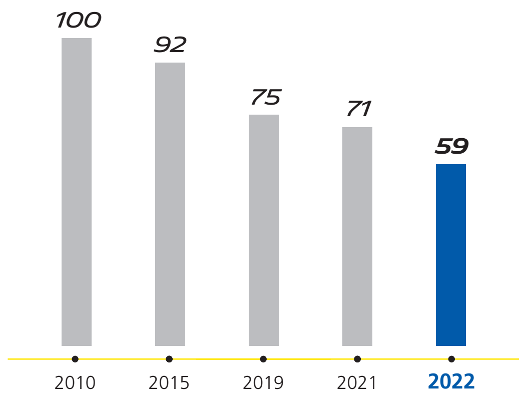
4.1.1.4 c) Reducing energy use and greenhouse gas emissions

OUR AMBITIOUS OBJECTIVES

The Group's objective is to achieve net zero carbon emissions(1) across its entire production base by 2050. For 2030, the Group's objectives are to:

- **reduce emissions from Group production facilities** by 50% versus 2010 in absolute terms **(indicator:** tonnes of Scope 1 and 2 CO_2 released);
- **eliminate the use of coal** to generate own or purchased heat **(indicator:** % of coal in our heat sources);
- **improve production plant energy efficiency by 37%** versus 2010 **(indicator:** MWh used per tonne produced).

CHANGE IN CO_2 EMISSIONS*
(base 100)



* *Absolute value.*

In 2022, total CO_2 emissions from the Group's production plants were down 21% compared with 2019, for a 41% reduction since 2010.

The ratio of CO_2 emissions per tonne of output stood at 0.26, versus 0.32 in 2019.

These improvements were driven by a two-pronged strategy designed to:

1. **reduce energy use;**
2. **shift to a less carbon-intensive energy mix.**

The first objective is being pursued through an energy efficiency process in the production plants, while the second is being met by activating both structural levers, to upgrade energy supply infrastructure to use less carbon-intensive energies, and market levers to purchase less carbon-intensive energies.

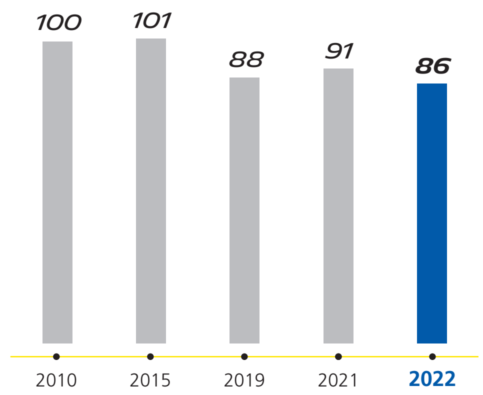
In 2022, carbon emissions declined by 16.5% year-on-year, led by:

- the more than 5% decline in output;
- the 0.72% improvement in energy efficiency, thanks to the application of best practices in such processes as curing, compounding and building air management;
- the increase in the share of electricity from guaranteed renewable sources in the power mix, from 42% to 52%, thanks to the initial purchases of I-RECs in China and Thailand.

Capital expenditure committed during the year came to €62 million, slightly higher than forecast.

Improving energy efficiency

ENERGY CONSUMPTION, 2010-2022*
(base 100)



* *Absolute value.*

2030 Roadmap

Since 2020, the technical levers to be activated over the current decade have been identified and organized into three families:

1. Applications of best technical practices.
2. Process electrification.
3. Heating plant and utility decarbonization projects.

Together, these projects are expected to improve energy efficiency by 37% in 2030 compared to 2010. In 2022, the process electrification projects were brought forward in response to the energy crisis.

2022 Achievements

Energy efficiency improved by 0.71% year-on-year in 2022. This underperformance from last year's forecast target of 2.3% a year was attributable to the energy crisis, which seriously disrupted production plant output, starting in Europe in the first half and spreading worldwide by year-end. Improving energy use flexibility during periods of reduced output is a real challenge.

In response to the energy crisis in Europe, the Group launched an energy conservation plan based on the disciplined application of best practices:

- recommended thermostat settings by building and by season;
- tighter fluid leakage control;
- management of production shutdowns and restarts.

Energy efficiency and conservation remain priorities in the net zero emission roadmap. **In 2022, 290 projects were completed, requiring €62 million in capital expenditure, committed as follows:**

- **Application of best practices: 58%;**
- **Process electrification: 12%;**
- **Heating plant and utility decarbonization projects: 30%.**

(1) Net emissions = Scope 1 and 2 emissions less absorptions from the atmosphere.

2023-2027 plan

The 2023-2027 strategic plan is built on a forecast gain in energy performance of around 3% a year. The capital budget to meet these objectives has been increased to more than €90 million a year.

Driving the Group's energy transition

2030 Roadmap

As part of its commitment to achieving net zero carbon emissions across its entire production base by 2050, the Group has set an intermediate target of reducing its emissions by 50% by 2030 compared to 2010. In addition to improving energy efficiency, the Group is exploring a wide array of sustainable solutions to use renewable sources to generate not only electricity but also heat by burning biomass and biogas as fuel. The latter is a more difficult challenge, as the commercial supply of sustainably produced biogas and biomass is not growing as fast as the supply of electricity from guaranteed renewable sources.

At the end of 2022, 50 plants prepared their 2030 roadmap, based on a combination of the most fit-for-purpose projects to drive energy efficiency (consuming less) and the energy transition (consuming better).

2022 Achievements

Increasing the use of renewable energies

In a commitment to sustainably reducing the Group's carbon footprint, strategies have been in place since 2008 to increase the use of renewable energies.

Today, 19 Group facilities are equipped with renewable energy installations:

- Photovoltaic panels on four facilities in Thailand, six in Germany and one each in India, China, France and Spain;
- Biomass-fired boilers at two plants in France;
- Purchase of heat generated by a household waste incinerator at two facilities in France;
- Purchase of heat from biomass-fired facilities at one plant in France.

Compared with the emissions from previously used energy sources, **these on-site renewable energy installations avoided the release of over 45,900 tonnes of CO_2 in 2022**, of which 37,000 tonnes directly reduced the Group's total CO_2 emissions (versus 21,000 in 2019).

At end-2022, several projects were under consideration, including the installation of a biomass-fired boiler and photovoltaic panels in **Cuneo,** Italy and the installation of electric boilers and heat pumps powered by electricity from guaranteed renewable sources in **Nyiregyhaza,** Hungary, and **Golbey,** France.

Eliminating coal

Today, four of the Group's manufacturing facilities are still equipped with coal-fired boilers, in Olsztyn (Poland), Louisville KY (United States), Bassens (France) and Pirot (Serbia), while another, in Shenyang, China, purchases steam from a coal-fired plant. In 2018, the Environmental Governance body[(1)] approved the goal of eliminating coal as an energy source in the production plants by 2030. Studies are underway at four of the five plants to replace coal with another primary energy source, such as natural gas or biomass from sustainably managed sources.

The Group's first zero emission plant

Since the end of 2019, the Gravanches plant in Clermont-Ferrand (France) has been heated by a heat pump system that recovers waste process heat. With all its other energy needs covered for the past three years by purchasing electricity from guaranteed renewable sources, Gravanches has become the Group's first net zero carbon emissions site. The 470 MWh of gas needed to supply heat during pump maintenance outages are covered by purchases from renewable sources with guarantees of origin.

Purchasing electricity from guaranteed renewable sources

Since 2017, all of the Group's production plants in the European Union use electricity from renewable sources, mainly through direct purchases of electricity with guarantees of origin as defined by Directive (EU) 2018/2001[(2)] but also, to a lesser extent, through the purchase of unbundled guarantees of origin. Electricity with renewable energy certificates has been purchased in Brazil, the Republic of Serbia and China since 2021, and in Thailand since 2022.

In 2022, this represented nearly 2,377,801 MWh, for which the corresponding I-RECs were duly canceled in the registry. In all, they covered nearly 52% of consumed electric power and avoided the release of 730,000 tonnes of CO_2 during the year. Without these purchases, the Group's emissions would have been 32% higher for the year.

In Asia, six plants use electricity generated on-site from renewable sources under on-site power purchase agreements (see table below).

In all, 22.7% of the heat and power used by the Group in 2022 came from renewable sources. [SASB TR-AP-130a.1]

(1) *See section 4.1.1 The Environment/Environmental Governance.*

(2) *https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2018.328.01.0082.01.ENG.*

4.1.1.4 d) Reducing harmful air emissions

Reducing VOC emissions

OUR AMBITIOUS OBJECTIVES

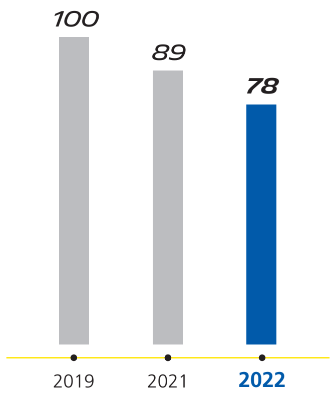
The Group's strategy to lower its VOC emissions is based on reducing the use of organic solvents in production processes. **The VOC objective for 2050 is to phase out all VOC-generating organic solvents completely from the tire manufacturing processes. The 2030 milestone is to reduce VOC use by 50% compared to 2019.** Some sites, such as Nyiregyhaza in Hungary and Shenyang in China, have set the challenge of going VOC-free well before 2050 and possibly by 2030.

To meet these targets, levers have been defined by a VOC program underway since 2017. Since the vast majority of VOC-generating organic solvents are used in the assembly plants, the program is managed **by tracking the quantity of solvents used, in kilograms per tonne of finished product (tires).** This calculation method is different from the one used to track the VOCs in the i-MEP, but it enables more efficient management of the VOC program by focusing only on tire production, which uses VOC-generating solvents.

Achieving this objective means activating the three levers for action described below and launching innovative research projects to overcome the main technical obstacles.

CHANGE IN VOC EMISSIONS*

(base 100)



* *Valeur absolue.*

2022 Achievements

In 2022, VOC consumption per tonne of finished product declined by 9% compared to 2021.

The Group's VOC strategy is based on activating three key levers:

- Deploying **good manufacturing practices** to optimize solvent use, in particular by tracking quantities used, precisely adjusting the solvent applicators, using just the right amount of solvent and maintaining performance over time. In some cases, it also means undertaking studies to improve our understanding of the interactions between the various production parameters and VOC consumption.

The following examples illustrate a few of these practices:

REDUCE

- a large number of plants have been equipped with portable flowmeters that measure solvent use in real time. Analyzing the data enables us to compare solvent application by machine, by size and by product, so that practices can be aligned. The plants are continuing to apply best practices, with a primary focus on reducing use to just the right amount and rethinking solvent consumption points;
- in China, for example, the plant in Shenyang was able to reduce its solvent use by 25% compared to 2021 by optimizing spray nozzle sizes;
- the Ardmore OK plant in the United States cut solvent consumption by 20% compared to 2021, on machines recently equipped with new spray nozzles;
- partially refreshing product interfaces resulted in a 20% reduction in solvent use at the Homburg plant in Germany. The solution, which delivers just the right amount of solvent required, is scheduled for deployment at the Alessandria, Italy plant in 2023.

- The introduction of **new process, materials and product solutions** designed to reduce or remove organic solvents at certain interfaces. For example:

AVOID

- a VOC-free water-based solution was industrially upscaled in several plants, including Cuneo in Italy, Karlsruhe in Germany, Shenyang in China, Nyiregyhaza in Hungary and Roanne in France. The Roanne facility's advanced understanding of the solution's implementation process is likely to facilitate its large-scale deployment in 2023;
- a large number of production facilities continued to replace solvents with a thin rubber film on an interface between two products. This was particularly the case at the Shenyang site in China, which cut consumption per tonne of finished product by 70% compared with 2021.

REDUCE

- The installation in 2022 of new dissolving rollers at the Asheboro NC retreading center in the United States has reduced solvent use by approximately 10%. Installation at two additional US plants is planned for 2023.
- research and development teams are **designing lower organic solvent use** into projects, to ensure that tomorrow's products minimize their impact on VOC emissions. In 2021, internal project specifications were upgraded to set higher targets for reductions in VOC use.

AVOID

- In 2022, **an exploratory project was launched** to examine the complete elimination of VOCs on the most solvent-intensive interface.

These three improvement drivers are embraced and documented by the VOC program, which is pursuing the initiatives underway to deploy best practices, identify innovations and explore ways of further reducing solvent use in the future.

A network of Group VOC experts meets twice a year to discuss the deployment of best practices, the development of new process, material and product solutions and the progress on innovative research projects. Similar networks are in place for groups of plants with identical processes and/or identical solutions. The above-mentioned industrial upscaling of a water-based brightening solution offers a compelling example of sharing and support among Group units pursuing the same objective. This ability to work together will undoubtedly make it possible to meet the 2030 target.

Nitrogen oxide (NOx) and sulfur oxide (SOx) emissions

In general, reported data concern nitrogen oxide and sulfur oxide emissions from the Group's heating plants that can vary widely from year to year, because they are calculated based on the periodic (often quarterly) measurement of emission concentrations. In addition, given that purchased steam is not included in the calculation, reported data depend on the mix between generated and purchased steam.

In 2022, specific NOx emissions amounted to 0.18 kg per tonne of output, versus a calculated 0.17 kg in 2019. SOx emissions came to 0.15 kg per tonne of output, versus a calculated 0.15 kg in 2019.

In 2015 and 2016, four upgrades helped to significantly reduce NOx and SOx emissions by: (i) replacing the use of fuel oil with natural gas at three production facilities in Canada; (ii) closing the former Shenyang plant in China, which used a coal-fired boiler; (iii) replacing the on-site coal-fired steam generation facility at the Shanghai plant with the purchase of steam from a gas-fired CHP power station; and (iv) fitting a DeSOx/DeNOx scrubber on the coal-fired boiler at the Bassens plant in France. In 2020, a coal-fired boiler was replaced by a gas-fired installation at the Olsztyn plant in Poland. The total elimination of coal-fired boilers in all of the Group's production facilities by 2030 will drive a further significant reduction in these emissions[1].

4.1.1.4 e) Reducing and managing waste

OUR AMBITIOUS OBJECTIVES

By 2050, the Group hopes to reduce the amount of waste produced per tonne of total output by 50% compared to 2019 (indicator: kilogram of waste per tonne of semi-finished and finished product). To support progress towards this ambitious goal, **an intermediate milestone of a 25% decrease versus 2019 has been set for 2030.**

To meet all these reduction targets, the waste program is capitalizing on the digitization of waste data and the Group's 4R strategy:

AVOID

Eliminate waste at the source. Examples of levers include:

- avoiding single-use products;
- encouraging suppliers to re-use returnable packaging;
- eliminating boiler ash by phasing out coal as an energy source.

REDUCE

Reduce the amount of waste. Examples of levers include:

- improving process management (higher compliance rates);
- developing technological upgrades (less materials wastage);
- applying good manufacturing practices and raising employee awareness.

REUSE

Reduce the amount of waste by instilling a reuse culture. Examples of levers include:

- fixing what can be fixed;
- reusing industrial equipment among plants;
- reusing non-compliant materials across the Group by creating synergies among the business lines or with acquisitions.

(1) See section 4.1.1.4 c) Reducing energy use and greenhouse gas emissions/Eliminating coal.

RECYCLE

When waste cannot be avoided, prefer materials recovery and reuse solutions to recovering energy through incineration. In this way, waste can be reused to manufacture new products. Examples include recycling unvulcanized rubber waste to make gaskets, wheels and a variety of other non-tire rubber products, regenerating solvents and reusing process sludge to make outdoor flooring tiles.

In addition to reducing waste, the Group is committed to recovering and reusing all the waste it does produce. As a result, its waste policy prohibits landfilling, unless it can be shown that there is no technically and environmentally viable treatment option for the waste in question. However, this is only to be used as a stopgap while waiting for a recovery and reuse solution.

2022 Achievements

In 2022, the Group's waste expert network was restructured by geography (Asia, Europe and America) following the hiring of new members.

Due to business conditions and the decline in output, the Group's waste performance ratio remained virtually unchanged year-on-year in 2022, with only a 0.7% reduction. In absolute terms, however, the amount of waste produced declined by 5.2% over the year, to 297 kt.

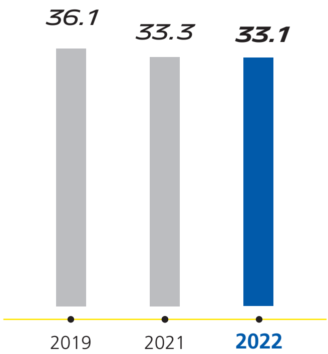
A full 96.5% of this waste was recovered and reused, either as fuel or as new material, maintaining the high rate (over 96%) achieved in recent years. [SASB TR-AP-150a.1]

In addition, by focusing on materials recovery instead of other waste treatment channels, 71% of all waste was recovered as reusable materials in 2022.

Lastly, 9.8% of total waste generated in 2022 was classified as hazardous under each country's legislation. [SASB TR-AP-150a.1]

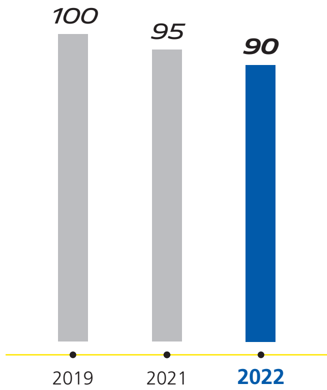
WASTE PERFORMANCE, 2019-2022

(Ratio in kilograms of waste per tonne of finished and semi-finished product)



WASTE PRODUCED, 2019-2022*

(base 100)



* *Absolute value.*

WASTE GENERATED

(kt)

2019	330.8
2021	315
2022	297.1

4.1.1.4 f) Reducing water withdrawals and effluent discharge

OUR AMBITIOUS OBJECTIVES

The Group is committed to eliminating all of its impact on water availability in local communities by 2050.

It is well aware of the growing scarcity of this vital resource and is pursuing its strategy of steadily reducing withdrawals. **Its 2030 objective is to reduce these withdrawals, weighted for each facility's specific water stress coefficient, by 33% compared to 2019 (indicator: water stress x cu.m per tonne of semi-finished and finished product).**

To meet this 2030 target, the Group is activating levers aimed at:

REDUCE

- reducing and eliminating leaks;
- reducing steam consumption;
- reducing evaporation;
- using water-saving systems;
- measuring and controlling water use;
- raising people's awareness of water issues.

REUSE **RECYCLE**

- optimizing recycling and/or reuse.

Organization in place to meet the objective

Introduced in 2017, the Water Program is structured around the water expert team (WET), a network of water stakeholders who meet quarterly to:

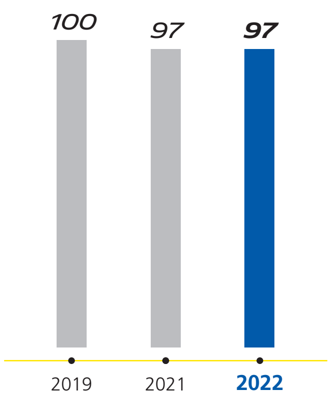
- identify levers to reduce water withdrawals;
- find and share best practices;
- identify possible synergies with energy initiatives and stakeholders;
- organize the deployment of these levers and practices.

In 2020, a Group-level water roadmap was defined for 2020-2030, based on the potential gains from each lever. In 2021 and 2022, the production facilities prepared their own water roadmaps to 2030, using the Group levers, shared best practices and site-specific diagnostics or workshops.

2022 saw the launch of the Lean Water process, which lays down a methodological foundation for meeting the 2030 water objectives more effectively. Following the phases in the Define, Measure, Analyze, Implement and Control (DMAIC) process, all the tools and methods needed to meet and document progress on a production site were listed and a three-year plan was defined to finalize their creation.

WATER WITHDRAWALS, 2019-2022*

(base 100)



* *Absolute value.*

2022 Achievements

In 2022, the water performance ratio per tonne of semi-finished and finished product remained virtually unchanged year-on-year, with just a 0.29% improvement reflecting the 5% decline in output and the greater need for cooling water during the summer heatwave in Europe. In absolute terms, water withdrawals were down 5% for the year.

Nevertheless, despite the challenging environment, projects to further reduce water withdrawals were carried out in 2022. The following examples illustrate how the levers are being activated in support of the Group's strategy to reduce its water withdrawals:

- Ciligeon, Indonesia: improved mechanical seals in the mixers and pumps have helped to save more than 3,800 cu.m of water a month, i.e., nearly 5.5% of the site's total consumption;
- Shanghai, China: the plant has increased the amount of recyclable water by increasing the efficiency of one of its water treatment processes. Compressed air is injected into the wastewater, which enhances oil-water separation and improves recycling. In all, the system can save up to 2,800 cu.m of water a year;
- Campo Grande, Brazil: installation of a reverse osmosis system to treat part of the plant's process effluent now enables 65% of the treated water to be recycled and reused upstream in the cooling towers;
- Vitoria, Spain: a decanter centrifuge was optimized to store and reuse the plant's sand filter flushout water. The decanter was equipped with new water recirculation pumps that enable the reuse of 39,000 cu.m of water a year, reducing the site's water needs by 3%;
- Greenville SC, United States: a review of the plant's cooling needs and the distribution of cold production between the cooling towers and the chiller units led to the installation of a new system to manage cooling setpoints based on wet bulb temperatures. The new settings and new control system have improved cooling tower operation, helping to reduce both energy and water consumption (by 31,500 cu.m a year in the latter case).

Water use disclosures

Since 2016, Michelin has responded to the CDP Water Security questionnaire to disclose its water withdrawals by source and by water stressed area (in line with GRI-303-3). **The Group received a score of A- in 2022[1].**

4.1.1.4 g) Preventing releases to soil and groundwater

The Group's Environmental Management System includes a dedicated process to prevent the risk of chronic or accidental spills based on three fundamentals: (i) clearly defined operating procedures, (ii) environmental impact awareness building; and (iii) results-oriented actions.

In addition to the pollution risk prevention measures, all the production plants are expected to follow the contaminated sites and soil (CSS) procedures designed to mitigate any risks to human health and/or the environment from the Group's operations, thereby enabling further business development. These procedures call for:

- applying a step-by-step methodology in accordance with international CSS study standards (desktop reviews, on-site inspections, choice of remediation strategy, remediation and monitoring);
- seeking support from expert CSS service providers;
- factoring in current and future uses;
- addressing, if needed, the potential off-site impacts downstream from a spill in addition to the impacts within the physical perimeter of the Group's property.

These procedures do not replace compliance with prevailing local legislation, particularly if the latter is inadequate to protect human health, the environment and the Group's reputation. They apply at every stage in the Group's business life-cycle (acquisitions, mergers, integration, soil displacement on sites in operation, leasing, disposal).

(1) https://www.michelin.com/documents/reponse-au-questionnaire-cdp-water-security-2020-en-anglais-seulement/

4.1.1.4 h) Abating noise pollution and odors

Although entirely innocuous, odors are nonetheless an issue for Michelin plants, some of which are located in built-up areas. These odors may be generated by the process used to produce certain types of natural rubber components used in tire manufacturing.

The standard solution, based on the thermal oxidation of effluents, has been retrofitted at several European facilities and at the plant in Shenyang, China. New technologies are also being explored. In the case of noise pollution, manufacturing operations whose noise levels are not particularly significant consistently comply with local legislation in every host community. When designing new facilities or extensions, guidelines are followed to ensure that noise-generating equipment, such as fans and other auxiliary systems, are installed far from the property boundaries.

More generally, the on-site teams work with Group experts to abate the odors, noise and other potential environmental nuisances that manufacturing operations may cause local residents.

4.1.1.5 Measuring and reducing the environmental impact of digital technology

In line with the Group's All Sustainable vision, the Digital Sustainability initiative has begun by reviewing and optimizing the environmental impacts of digital technology. It will be expanded in 2023 with an action plan to address the social and employee-related impacts.

The carbon footprint of the Group's digital activities is estimated at 34 kt CO_2e a year, the equivalent of all the emissions from a production plant or 1.2% of the Group's Scope 1 and 2 emissions.

Designed to strike the right balance between the digital transformation and the environmental transition, the Digital Sustainability strategy is helping to meet the Group's environmental objectives. It is overseen by a governance body comprising top managers

and is built around two processes:

- **GreenIT, to measure and optimize CO_2 emissions.** Initiatives include extending laptop service lives from four to five years, integrating carbon abatement criteria in tenders and deploying best frugal and efficiency practices.
- **IT for Green, to promote digital technologies as a lever for reducing the environmental impact of the Group's activities. Examples include:**
  - reducing production plant water use through data analytics. In this way, 160,000 cu.m of water was saved in 2022 at the Olsztyn plant alone;
  - reducing carbon emissions. Replacing on-track testing with digitalized type approval circuits, for example, could cut carbon emissions from the certification process by 40%.

To enhance employee engagement, Michelin has undertaken awareness-raising and training initiatives around the environmental impacts and challenges of digital technology. These include deploying the digital collage and developing new skills, such as digital services life cycle assessments (the benchmark method for assessing environmental impacts) and eco-design processes.

4.1.1.6 Valuing our environmental externalities

In 2020, Michelin initiated an exercise to place a monetary value on its environmental impacts, starting with the ones addressed by commitments to the planet.

Undertaken as part of the All Sustainable strategy, the exercise is designed to facilitate the representation of environmental issues, enhance transparency with stakeholders and provide a valuation method for use in assessing the performance of Group units or during acquisitions.

These volumes are as follows:

- total tonnes of Scopes 1 and 2 CO_2 emissions, as described in section 4.1.1.4 b) /Summary table of environmental data - Group;
- total tonnes of CO_2 emissions in part of Scope 3, covering the upstream and downstream transportation and distribution of natural rubber, semi-finished products and finished products (see section 4.1.1.1 a));
- total tonnes used of organic solvents generating volatile organic compounds (VOCs) (see section 4.1.1.4 d);
- total cubic meters of water withdrawn, both used and discharged. (see section 4.1.1.4 f)).

The initial valuation, whose methodology is described below, was performed on the basis of volumes in 2019, which was chosen as a baseline because it was the last year before the health crisis.

The production facilities covered by the valuation are the same as in the scope of reporting for the environmental indicators, as described in the section on methodology at the beginning of Chapter 4.

The valuation method used is based on the OECD definition of valuing "avoidance costs", with input from ISO 14007: Environmental management – Guidelines for determining environmental costs and benefits and ISO 14008: Monetary valuation of environmental impacts and related environmental aspects.

It is based on determining the euro cost, per tonne or cubic meter of reduction, of the solutions implemented or scheduled to be implemented to reduce emissions, use or withdrawals of the selected externalities. The value of these externalities is then calculated by applying the unit cost to the total volume of current emissions, use or withdrawals.

The cost calculations for the solution always include the necessary capital expenditure. They also include operating expenses when (i) additional consumables must be purchased after VOC-generating organic solvents have been replaced by aqueous solutions; and (ii) additional treatment products must be purchased when wastewater or effluent is reused.

This valuation method is limited by the fact that it is based on the cost of eliminating volumes that are reducible using known solutions. There remains the unknown potential cost of disposing of the residual volumes, whose disposal generally costs the most or requires technologies that do not yet exist and whose cost is unknown (and which could cost more or less than existing technologies).

To offset this limitation, which could cause us to underestimate the cost of negative externalities, the following conservative approaches have been factored into the calculation method:

- We considered that the solutions implemented or scheduled to be implemented would reduce the amounts emitted, used or withdrawn over 12 years, i.e., the depreciation period for the corresponding purchased equipment, even though this is often much shorter than historically observed life spans, which can extend to several decades (e.g., tire curing presses or steam-generating boilers whose longer service lives are used to value CO_2 emissions).
- We increased the cost of certain capital expenditure outlays (e.g., by 20% when valuing water withdrawals).
- The calculations are cross-checked against outside benchmarks to confirm that the unit externality costs determined by our generic method rank at the top of the range calculated according to these outside methods.

In the end, the unit costs used to value the three externalities are:

- for water, €2.4 per cu.m, as determined by the method;
- for VOCs: €2,100 per tonne, based on the outside benchmark, which was higher than the calculation from the method;
- For CO_2: updating the avoidance cost calculation resulted in an increase in the cost per tonne recognized in the balance sheet, to €120 at year-end 2022 from €100 in 2021. The increase primarily reflected the growing proportion of projects to electrify tire curing presses in the capital expenditure plan used as a reference.

The outside benchmarks used for cross-checking were as follows:

- CO_2: (i) the prices applied by leading corporations in their internal carbon fees; (ii) the price indicated in Delft University's *Environmental Prices Handbook 2017 (Environmental prices for average atmospheric emissions in the Netherlands – "central" carbon dioxide price)*; and (iii) carbon quota prices on the European market;
- VOCs: the price indicated in Delft University's *Environmental Prices Handbook 2017 (Environmental prices for average atmospheric emissions in the Netherlands – "central" volatile organic compounds price)*;
- WATER: we compared the calculated cost to what it would have been initially, had we applied the three methods used by 19 companies that answered yes to the question "Does your company use an internal price on water?" on the CDP 2020 Water Security questionnaire and were attributed an A (18 companies) or A- (1 company) score.

To take the monetary measurement of its externalities to the next level, in March 2021, Michelin joined the Value Balancing Alliance (VBA), an organization of multinational companies from a variety of industries that is developing and testing a methodology capable of translating environmental, social and economic impacts into comparable financial data.

In 2022, the total cost of valued externalities stood at €493 million, a steep 16.4% decline from the 2019 baseline, based on the same unit cost per tonne of CO_2 (€120), as follows:

COST OF TARGETED NEGATIVE EXTERNALITIES

		2019 Actual		2021 Actual		2022 Actual	2023 Forecast	
		At a cost of €100 per tonne of CO_2	At the updated cost of €120 per tonne of CO_2	At a cost of €100 per tonne of CO_2	At the updated cost of €120 per tonne of CO_2	At a cost of €120 per tonne of CO_2	At the cost of €100 per tonne of CO_2	At the updated cost of €120 per tonne of CO_2
CO_2 emissions: Scopes 1 and 2	*Thousands of tonnes*	**2,919**	**2,919**	**2,764**	**2,764**	**2,304**	**2,160**	**2,160**
Unit cost	*€/t*	100	120	100	120	120	100	120
Fair value	*In € millions*	292	350	276	332	276	216	259
CO_2 emissions: Scope 3 Upstream and downstream transportation and distribution */**	*Thousands of tonnes*	**1,301**	**1,301**	**1,510**	**1,510**	**1,182**	**1,156**	**1,156**
Unit cost	*€/t*	100	120	100	120	120	100	120
Fair value	*In € millions*	130	156	151	181	142	116	139
VOC consumption	*t*	**7,634**	**7,634**	**6,782**	**6,782**	**5,917**	**5,310**	**5,310**
Unit cost	*€/t*	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Fair value	*In € millions*	16	16	14	14	12	11	11
Water withdrawals	*Thousands of cu.m*	**28,227**	**28,227**	**27,498**	**27,498**	**26,101**	**25,362**	**25,362**
Unit cost	*€/cu.m*	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Fair value	*In € millions*	68	68	66	66	63	61	61
TOTAL COST	*In € millions*	**506**	**590**	**508**	**593**	**493**	**404**	**470**
Change from 2019						-16.4%	-20.2%	-20.4%

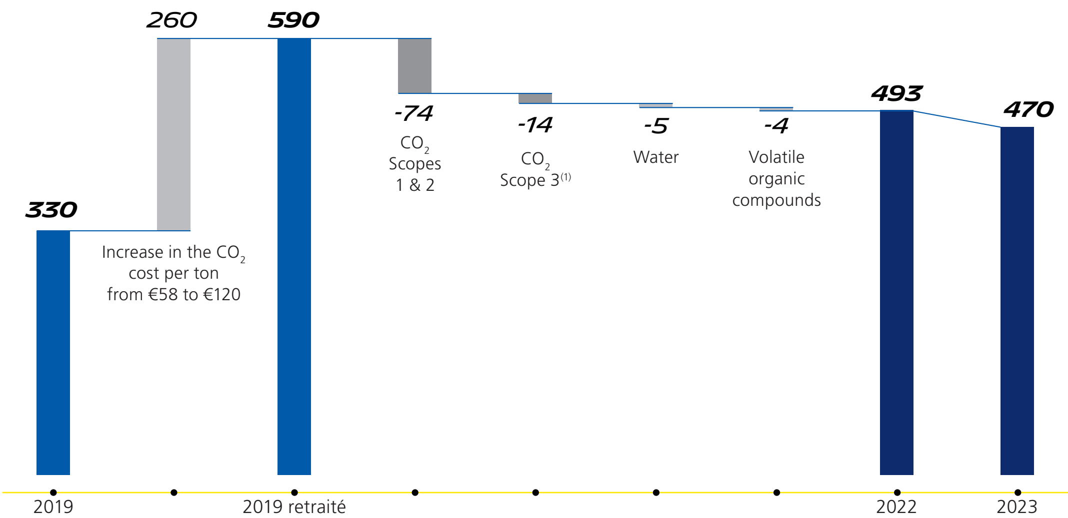
* *Proportion of Scope 3 upstream and downstream transport and distribution corresponding to our SBTi commitments.*
** *2022 data includes CAMSO.*

The 2022 performance was attributable to the following factors:

- **Scope 1 and 2 CO_2 emissions:**
  - Sustained improvement in the ratio of emissions per tonne of output, led by the take-up of best practices and the capital expenditure committed under the production plant decarbonization plan.
  - The more than 5% decline in production over the year.
  - An increase in the share of electricity from guaranteed renewable sources in the power mix, from 42% to 52%, thanks to the purchase of I-RECs in China and Thailand.
- **Scope 3 emissions from upstream and downstream transportation and distribution:**
  - Structural improvements in the "tonne of CO_2 released per tonne sold" indicator, as a result of initiatives to activate the three strategic levers: transport less, transport better and transport differently.
  - Robust year-on-year gain on 2021, whose performance was adversely impacted by supply chain disruptions.
- **VOC consumption:**
  - Sustained activation of the three levers of the Group's VOC strategy:
    - Deploying good manufacturing practices to optimize solvent use.
    - Introducing new process, materials and product solutions designed to reduce or remove organic solvents.
    - Including organic solvent use reduction criteria in every project from the research and development phases.
- **Water withdrawals:**
  - Positive impact of the ongoing deployment of projects to reduce water withdrawals despite the summer heatwaves in Europe, which increased the cooling water needs in the production process.

ANALYSIS OF EXTERNALITY COSTS

(in € millions)



(1) Inbound and outbound transportation and distribution of natural rubber, semi-finished products and finished product

4.1.1.7 2022 report on the Michelin Group's activities in respect of the European Taxonomy Regulation

Regulation (EU) No. 2020/852 of June 18, 2020, commonly known as the European Taxonomy Regulation, establishes a framework to encourage investment in sustainable economic activities by requiring companies to disclose the proportion of their sales, capital expenditure and operating expenditure that contributes substantially to one or more of six environmental objectives:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy, waste prevention and recycling;
- pollution prevention and control;
- protection and restoration of biodiversity and ecosystems.

The European Commission has therefore defined a certain number of technical screening criteria designed to build a common language of sustainability and, consequently, support investment flows into activities that make a substantial contribution to meeting those six objectives.

This information must be disclosed every year in the Non-Financial Statement, which in France is included in the management report for the year.

Scope

For this second Taxonomy reporting exercise, as for the first, only the economic activities recognized by the European Regulation as substantially contributing to the first two environmental objectives – climate change mitigation and climate change adaptation – had to be disclosed.

As in the first reporting exercise, companies must disclose the proportion of their 2022 sales (turnover), capital expenditure and operating expenses that are associated with economic activities that qualify as "taxonomy-eligible," i.e., classified in the EU Taxonomy system.

Starting this year, they also have to disclose the proportion of their sales, capital expenditure and operating expenses that are "taxonomy-aligned," i.e., that meet the technical screening criteria associated with each of the eligible activities in three ways: they contribute substantially to one or more of the six environmental objectives; they do no significant harm to the remaining objectives; they comply with the Regulation's minimum safeguards.

The sales, capital expenditure and operating expenses reviewed for the purpose of this report concern all of the Michelin Group's worldwide operations, corresponding to the scope of consolidated financial reporting for the year, in accordance with the provisions of the Delegated Act.

Reporting cycle

As with the Non-Financial Statement, the reporting cycle is annual, with the data used for this year's report covering the 12 months from January 1 to December 31, 2022.

Joint ventures and associates

Because disclosures must be aligned with IFRS financial ratios, companies in which the Group exercises joint control or significant influence are excluded from the calculation of the KPIs defined by the Delegated Act of the Taxonomy Regulation. As a result, only fully consolidated subsidiaries of the Michelin Group are included in the calculation of the sales, capital expenditure and operating expense indicators. On the other hand, the Delegated Act provides for the possibility of reporting additional ratios that would include joint ventures and associates.

Partnerships with joint ventures are an integral part of the Group's All Sustainable growth strategy with, around and beyond tires. As such, their relationship with taxonomy-eligible activities is discussed even though their activity is excluded from the disclosed indicators. For example, Symbio, a joint venture owned equally by Michelin and Forvia, is dedicated to designing, manufacturing and marketing hydrogen fuel cell systems for all types of electric vehicles. Its business therefore falls within the scope of activity 3.2 "Manufacture of equipment for the production and use of hydrogen" and contributes to the environmental objective of mitigating climate risk.

Treatment of the tire manufacturing activity – technical screening criteria

To date, the "manufacture of rubber tyres and tubes, retreading and rebuilding of rubber tyres" (NACE Code C2211) is not one of the economic activities listed in the Taxonomy with regard to the two climate change-related environmental objectives.

However, the tire industry can contribute substantially to meeting the targets for reducing greenhouse gas emissions in the overland transportation industry. This is because tires play an important role in a vehicle's energy efficiency, in as much as they use energy as they roll and thereby release CO_2. Known as rolling resistance, this phenomenon accounts for up to 20% of emissions from an internal combustion passenger car and more than 30% from a truck. Rolling resistance is regulated at the EU level through minimum performance standards and labeling to encourage consumers to choose the most energy efficient tires, i.e., the ones with the lowest rolling resistance.

ROLLING RESISTANCE: EUROPEAN LABELING SCALE REDUCED FROM 6 TO 5 CLASSES IN 2021

Passenger car tires				Light truck tires				Truck tires			
kg/t*	Old	New	kg/t*	kg/t*	Old	New	kg/t*	kg/t*	Old	New	kg/t*
6.5	A	A	6.5	5.5	A	A	5.5	4	A	A	4
7.7	B	B	7.7	6.7	B	B	6.7	5	B	B	5
9	C	C	9	8	C	C	8	6	C	C	6
10.5	E	D	10.5	9.2	E	D	9	7	D	D	7
12	F	E		10.5	F	E		8	E	E	
	G				G				F		

* Upper limit of the rolling resistance class.

At the current pace of improvement in the rolling resistance of tires sold in Europe, the reduction in the proportion of CO_2 released by rolling resistance would represent 10% of the targeted 327-million-tonne reduction in greenhouse gas emissions from the European transportation industry by 2030, assuming a reduction in CO_2 emissions from automotive transportation corresponding to the well-below 2 degrees scenario (WB2D). In a more ambitious scenario for tire rolling resistance innovation, this contribution could rise to 15%, if the average tire in the European replacement market moves up to performance class B, or even 20% in the best case, if the average improves to class A. This means that by improving tire rolling resistance, technological innovation in the tire industry can make a substantial contribution to the climate change mitigation objective *(source: Michelin survey).*

A direct link between tire rolling resistance and a vehicle's carbon emissions

For a passenger car releasing 133 g of CO_2 per kilometer, 27 g or 20% are attributable to the rolling resistance of its tires, if they perform in line with the European market average (class D according to the new European labeling system). If it were equipped with class C tires, the vehicle's emissions would decline by 4 g/km, or by 7 g/km with class B tires and by 11 g/km with class A tires.

Pending recognition of this contribution by including it in the Taxonomy's economic activity C2211, the Michelin Group has identified economic activity "*3.6 Manufacture of other low-carbon technologies*," which comprises the "manufacture of technologies aimed at substantial GHG emission reductions in other sectors of the economy. The economic activities in this category could be associated with several NACE codes, in particular from C22 (...) in accordance with the statistical classification of economic activities established by Regulation (EC) No. 1893/2006."

Under activity 3.6, tires may be deemed to contribute substantially to the climate change mitigation objective if they "demonstrate substantial life-cycle GHG emission savings compared to the best performing alternative technology/product/solution available on the market."

Rolling resistance was an obvious choice as a technical screening criterion for tires, in light of:

- its direct link to the potential for reducing the transportation industry's emissions, as detailed above;
- the text of the Delegated Act of the Taxonomy Regulation dedicated to the "climate change mitigation" environmental objective, which mentions tires and rolling resistance in the description of the "do no significant harm" screening criteria for urban transport-related activities 6.3 and 6.5. It stipulates that tires equipping vehicles concerned by these activities must comply with requirements in the two highest populated rolling resistance classes on the market;
- the existence of a European labeling system that sets rolling resistance standards;
- its selectivity, given that choosing rolling resistance as a technical screening criterion effectively excludes from eligibility so-called specialty tires (for farm machinery, mining equipment, aircraft and two-wheelers). For these tires, rolling resistance is not a particularly relevant performance criterion, even though, among other customer benefits, they can help improve fuel efficiency and therefore reduce CO_2 emissions.

Compliance of eligible tires with the "low carbon intensity" concept is based on:

- the direct link between tire rolling resistance and the potential for reducing emissions from the transportation industry, as detailed above;
- Michelin's decades-long track record of steadily reducing the rolling resistance of its tires to improve fuel efficiency and thereby decarbonize the transportation industry, and its commitment to continue improving the energy efficiency of its products (with a targeted 10% improvement over the 2021-2030 decade);
- the exclusion from eligible activities of passenger car, light truck and truck tires with class E rolling resistance, which is the least efficient. The European classes have been translated into minimum rolling resistance standards, expressed in kg/t, so that every tire sold around the world can be compared to a universal criterion.

Michelin has calculated an alignment criterion for the tire business by analogy with the specifications in the Delegated Act of the Taxonomy Regulation mentioned above, while restricting it to the two highest rolling resistance classes on the market. The European classes have been translated into minimum rolling resistance standards, expressed in kg/t, so that every tire sold around the world can be compared to a universal criterion. As a result, only the most energy efficient tires on the market, with rolling resistance within the upper limits defined in the table below, will be considered as aligned.

Tire category	Rolling resistance class	Maximum rolling resistance for aligned tires (kg/t)
Passenger car tires	A and B	<=7.7
Light truck tires	A and B	<=6.7
Truck tires	A and B	<=5.0

This approach reflects the spirit of the alignment criterion in activity 3.6, which requires that the technological solution reduce carbon emissions more substantially than the best performing alternatives on the market. In this way, selecting only tires in higher rolling resistance classes than the market average ensures compliance with the criterion, because the designated rolling resistance ceilings are extremely selective. For example, a document published by the European Tyre & Rubber Manufacturers' Association in February 2021 noted that in 2020:

- class A and B passenger car tires still only represented 5.3% of the European market (2.3% in 2012-2013), with a predominant 48.5% share for class D (the new label replacing the former class E cited in the document);
- class A and B van tires still only represented 3.4% of the European market (2.8% in 2012-2013), with a predominant 53.8% share for class D (the new label replacing the former class E cited in the document);
- class A and B truck tires still represented only 8.5% of the European market (4.4% in 2012-2013), with demand focused on classes C-D (74%).

Table of eligible activities

The following table shows all of the Michelin Group's activities identified as eligible (excluding the activities of joint ventures and associates):

European Taxonomy		Corresponding Michelin Group activity	Substantial contribution to one of the two climate change-related objectives		Reported KPIs		
Economic activity	**Description**	**Michelin activity**	**Mitigation**	**Adaptation**	**Net sales**	**Capex**	**Opex**
3.6 Manufacture of other low-carbon technologies	Manufacture of technologies aimed at substantial GHG emission reductions	Passenger car and Light truck tire manufacturing	X		X	X	X
3.6 Manufacture of other low-carbon technologies	Manufacture of technologies aimed at substantial GHG emission reductions	Truck tire manufacturing	X		X	X	X
8.2 Data-driven solutions for GHG emission reductions	Development or use of ICT solutions that are aimed at collecting, transmitting and storing data and at its modeling and use where those activities are predominantly aimed at the provision of data and analytics enabling GHG emission reductions	Development of fleet management telematics solutions to improve fleet fuel efficiency	X		X	X	X

In the 2021 report, we identified activity 7.3 "Installation, maintenance and repair of energy efficiency equipment" to disclose the capital expenditure committed as part of the production plant decarbonization plan. After verification, this activity only applies to projects concerning buildings and real estate. None of the activities listed in the Act allow for the disclosure of either the replacement of legacy coal-fired boilers or the expenditure committed to electrify tire curing presses, even though electrification will cut energy use in this production phase by more than 80% and the entire program will represent sizable capital outlays (see note 2.6 Climate risk in the Financial Report). As a result, such capital expenditure is disclosed as non-aligned CapEx. This reporting issue has been submitted to the European Commission.

2022 Results: Eligible and aligned proportion of 2022 sales, capital expenditure and operating expenses:

The detailed tables of these indicators, which comply with Delegated Act (EU) 2021/2178 rules concerning the content and presentation of Taxonomy-related disclosures, are presented at the end of the methodology section.

- **52% of sales were Taxonomy-eligible, down five points from 2021.**

  Half the decline stemmed from the relatively slower growth in the activity 3.6 sales compared to the gains in other Group businesses.

  The other half reflected the change in the method of rating tire rolling resistance, which has made the process more robust and auditable, in particular by harmonizing methods across the B2B and B2C activities;

- **64% of capital expenditure was Taxonomy-eligible, stable compared to the 66% disclosed for 2021;**
- **13% of sales and 19% of capital expenditure aligned with the substantial contribution criteria, demonstrating the ability of Michelin's products and services (i) to help reduce transportation-related CO_2 emissions more substantially than the best performing alternatives on the market; and (ii) to lead the way to future performance in line with the Group's objective of improving the energy efficiency of its products by 20% between 2010 and 2030.**

  With 13% of its sales derived from tires with class A and B rolling resistance ratings, Michelin outperforms the European market, where these ratings accounted for only 3.4% to 8.5% in 2020, depending on the category (see the European Tyre & Rubber Manufacturers' Association study mentioned above). The outperformance is even more impressive considering that the 13% ratio is based on total Group sales in every tire category and business activity, whereas the European Tyre & Rubber Manufacturers' Association's ratios relate solely to the Passenger car, Light truck and Truck tire markets. When calculated only on the sales of Passenger car, Light truck and Truck tires, Michelin tires with class A and B rolling resistance ratings stood at 21% of the worldwide total.

  The proportion of capital expenditure aligned with the substantial contribution criteria, which at 19% is clearly higher than the similarly aligned sales ratio, illustrates Michelin's commitment to continuously improving the energy efficiency of its products, in line with its strategic objectives.

- **By design, the Taxonomy-eligible and aligned proportions of operating expenses track the proportion of sales** (see Principles used to calculate KPIs by eligible activity, below).
- **Michelin's commitments and outcomes, as well as the improvement momentum built up in recent years, enable it to meet the "do no significant harm" and "minimum safeguards" screening criteria. The only exception is the "pollution" criterion, despite the Group's overarching regulatory compliance and the deployment of a Group-wide Chemical Risk Management policy, due to the lack of a definition of "essential use" for certain chemicals** (see "Analysis of the "do no significant harm" and "minimum safeguards" screening criteria", below).
- **In conclusion, the failure to meet the "Pollution" criterion, for the reasons described above, leads us to report 0% alignment of the Group's 2022 sales, capital expenditure and operating expenses.**

Principles used to calculate KPIs by eligible activity

Note concerning the 2022 calculation of the aligned portion of activity 8.2 (sales, capital expenditure and operating expenses): *Given the priority focus in 2022 on clarifying the alignment of activity 3.6 with the screening criteria of "no significant environmental harm" and "minimum safeguards," calculation of the aligned portion of the activity 8.2 KPIs, based on the technical screening criteria of "substantial contribution" and "no significant environmental harm," has been deferred to a later date. The information presented below therefore concerns the analysis of eligibility in activity 8.2 and of eligibility and alignment in activity 3.6.*

Sales

Sales data concern:

- Sales of Passenger car, Light truck and Truck tires, corresponding to Taxonomy activity 3.6. These data exclude sales of tires with class E rolling resistance and sales of motorsports tires, specialty tires and any other tires that do not meet the definition of the eligible tire activity described above.
- Sales of the fleet management services and solutions, corresponding to Taxonomy activity 8.2 (e.g., the Masternaut, Sascar, NexTraq and Watèa businesses). The fleet management business, which relies heavily on the collection, processing and reporting of requisite data, focuses on lowering customer fuel consumption, for example by offering solutions to optimize routes or driving practices.

Taxonomy-aligned sales:

- Activity 3.6: sales of Passenger car, Light truck and Truck tires with rolling resistance rated A and B.
- Activity 8.2: sales of fleet management solutions meeting the following two conditions:
  - The solution's information and communication technology is used primarily to supply data and analytics enabling a reduction in greenhouse gas emissions.
  - Where an alternative solution or technology is available on the market, the solution demonstrates substantial life-cycle GHG emissions savings compared to the best performing alternative solutions/technology.

These sales are included in the Group's consolidated sales, as reported in the consolidated financial statements, to calculate the percentage of eligible and aligned sales.

Capital expenditure

The European Taxonomy defines the methods for calculating alignment ratios. By analogy, the Group reports its eligible capital expenditure, which may be:

- associated with the activity's eligible sales;
- associated with a capital plan to expand eligible activities or to transform eligible activities into aligned activities within five years, or up to ten years if warranted by the features of the activity in question;
- individual capital outlays that are not associated with an activity intended to be marketed by the Group.

Some of the Group's capital expenditure is directly committed to each activity. For other capital expenditure (in infrastructure shared by several activities, for example, or in semi-finished goods production units serving several activities), the Group uses an allocation method based on each activity's proportion of use of the assets concerned. The capital expenditure reported for a given activity is therefore all of the capital expenditure directly committed to it plus the indirect capital expenditure allocated to it, less capital expenditure on corporate projects.

In the case where some capital expenditure is associated with an activity that is not marketed by the Group, these outlays are reported separately to avoid double counting.

To assess aligned capital expenditure, the following criteria were used:

For activity 3.6:

- capital expenditure committed to introduce technologies designed to improve the rolling resistance of our tire products;
- capital expenditure related to the molds for the new tire lines that reduce rolling resistance compared to the previous generations;
- indirect capital outlays enabling the production of the aligned proportion of sales.

For activity 8.2:

- the amount of aligned capital expenditure is calculated pro rata to the aligned sales. Given the amounts involved to date, a further analysis of capital expenditure would not lead to a significant change in the proportion of aligned capital expenditure at Group level.

  In compliance with the Article 8 Delegated Act, the capital expenditure denominator used to calculate eligible and aligned portions include additions to tangible and intangible assets resulting from business combinations. As a result, it differs from the amount of capital expenditure usually reported by the Group.

Operating expenses

In accordance with the European Taxonomy, the only operating expenses disclosed in this report are direct non-capitalized costs relating to research and development, building renovations, maintenance and repair, short-term leases and any other direct expenses related to the day-to-day servicing of the property, plant and equipment assets. These expenses, which constitute the denominator by which the eligible and aligned expenses will be divided to determine the KPI, are recorded in the Group's information systems at the level of the consolidated financial statements. They are not recorded on a more granular level, however, making it impossible to calculate the total amount included in the numerator to determine the proportion of eligible and aligned operating expenses without performing complex estimates, which would in any case be too approximate to be meaningful. Eligible/aligned operating expenses are therefore calculated proportionally to the percentage of eligible/aligned sales.

Analysis of the "do no significant harm" and "minimum safeguards" screening criteria

Climate change adaptation

The Taxonomy Regulation requires us to:

Identify the materiality of a list of chronic and acute climate phenomena with respect to our activities:

After review, retain all the relevant climate phenomena to support diagnostics.

Select the sites for assessment on the basis of their materiality:

- sites with the most employees (based on number of employees);
- sites critical to business continuity;

for a total of 90 sites in priority 1 and 120 in priority 2.

Assess their potential impacts:

Diagnostics were initiated in 2021 and continued in 2022 (28 sites to date). They have now been extended to:

- new facility projects;
- supplier sites during the new supplier approval process;
- sites involved in mergers and acquisitions;

Further diagnostics are planned for 2023 and 2024.

Define adaptation solutions capable of attenuating the most significant impacts

Solutions have already been identified as part of the supply and business continuity risk management process. Examples include:

- Building strategic stocks of finished products or raw materials;
- Creating a storage area at a different facility for a production plant's output; finding a second supplier;
- Process engineering a Group product for back-up production in a different plant;
- Approving another raw material as a substitute;
- …

Additional solutions derived from the diagnostics are expected to be identified in 2024 and 2025.

Define an implementation plan for these solutions:

Solutions have already been implemented as part of the supply and business continuity risk management process (see above).

The implementation plan for the additional solutions derived from the diagnostics will be fully defined by the end of 2025.

Sustainable use and protection of water and marine resources

The Taxonomy Regulation requires us to:

Identify material risks related to preserving water quality or avoiding water stress caused by our activity.

These risks have been identified:

- Materiality of a water stress risk: Nine sites are located in high water stress areas according to the WRI Aqueduct Water Risk Atlas (baseline water stress index) or the WWF Water Risk Filter (water depletion aspect). Two of these sites are in Europe;
- Materiality of a water quality risk: Our manufacturing facilities are classified as installations whose activity may pose a risk or disadvantage to people and the environment (ICPE classification in France or the equivalent in other European countries).

If the risk is material:

Perform environmental impact assessments in line with Directive 2011/92/EU and manage the risks to achieve "good water status" and "good ecological potential".

Impact studies are required under national legislation for every project likely to have a significant impact on the environment.

- Water stress:

  In the past, the Michelin Group has demonstrated the ability to meet its targets for reducing water withdrawals by its facilities, including both use and discharges. In 2019, for example, it had already reduced the volume of water withdrawals by 28% compared to 2010.

  The 2030 objective is to reduce water withdrawals, including both use and discharges, weighted by each plant's water stress coefficient, by 33% compared to 2019.

  The Group is committed to eliminating all of its impact on water availability in local communities by 2050.

- Water quality:

  We operate in full compliance with local legislation in every host country, particularly in Europe where each member state is responsible for transposing the provisions of the Water Framework Directive 2000/60/EU into local law.

  Impact studies are performed in compliance with national legislation for every project likely to have a significant impact on the environment.

  In 2023, we will launch a plan to improve our understanding of the discharges and effluent from our facilities, exceeding the requirements of local legislation, and of the capacity of the receiving environments.

Michelin has responded to the CDP Water Security questionnaire since 2016 and was attributed an **A-** score in 2022.

Transition to a circular economy, waste prevention and recycling

The Taxonomy Regulation requires that the activity assess the availability and, whenever possible, the deployment of techniques that support:

Reusing and using secondary raw materials and recovered components in fabricated products:

Michelin is deeply engaged in making better use of resources and is leveraging its 4R (Reduce, Reuse, Recycle, Renew) circular economy approach to incorporate a growing percentage of sustainable materials [1] into its products. To this end, it is fast tracking the development of its All Sustainable innovations and investing in R&D, technologies and materials. It has also forged partnerships with a variety of public and private sector stakeholders. The Group is committed to achieving full circularity in its tires by 2050. Already by 2030, its tires will be 40% made of sustainable materials.

Designing fabricated products for high durability, recyclability, easy disassembly and adaptability:

Michelin is activating a number of levers to reduce the environmental impact of its activities, products and services.

- Eco-design:

  Eco-design provides a framework for innovation that helps to reduce the environmental footprint of new solutions by improving our knowledge of life-cycle impacts and our ability to manage them, while supporting even closer collaboration among people in the Group's different job families.

- Improving a tire's mass efficiency:

  Improving mass efficiency means using less product to travel the same distance, which can be achieved in two main ways:

  - Reducing mass and delivering the same performance: reducing mass by optimizing tire design so that the same distance can be traveled using less raw material.
  - Increasing a tire's service life (in kilometers), using the same mass and delivering the same performance: a tire's service life can be lengthened by optimizing the design or by changing usage patterns.

- End-of-life treatment of sold products.

Managing process waste with a focus on recycling rather than disposal:

Between 2005 and 2020, the quantity of process waste generated per tonne of tire has decreased by around 32%, and the quantity of waste landfilled has fallen by more than 92%.

By 2050, the goal is to reduce the amount of waste produced per tonne of total output by 50% compared to 2020 (in kilograms per tonne of semi-finished and finished product).

A 2030 milestone has been set at a 25% reduction versus 2020 in the quantity of waste produced per tonne of total output (in kilograms per tonne of semi-finished and finished product).

Information and traceability of substances of very high concern (SVHC) throughout a fabricated product's life-cycle:

SVHCs are fully traceable, in compliance with legislation.

Pollution prevention and control:

Appendix C to Annex 1 in Delegated Regulation (EU) 2021/2139 on the climate change mitigation objective defines the criteria for compliance with pollution prevention and control regarding the use and presence of chemicals. To meet the criterion of no significant pollution harm, a company must demonstrate that it does not manufacture, market or use various chemicals regulated by European legislation, including (a) persistent organic pollutants (POPs Regulation); (b) chemicals containing mercury or mercury compounds; (c) ozone depleting substances; (d) hazardous chemical substances in electrical and electronic equipment (unless they comply with article 4 of the WEEE Directive); and (e) substances restricted by Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation (unless they meet the conditions in Annex XVII).

In its tire manufacturing activities, Michelin complies with these European regulations and therefore meets the criteria defined by the European Taxonomy in paragraphs a) to e) of Appendix C hereafter.

In addition to regulatory compliance, Michelin has defined a Chemical Risk Management policy designed to protect human health and the environment from the harmful effects of chemical use. In particular, prioritized action plans are defined and deployed to restrict the use of certain chemicals or replace them whenever technically feasible.

Appendix C also defines as a compliance criterion the absence of use of chemicals on the REACH Candidate List (f) and of any substance that may be included in Annex XIV of the REACH Regulation (g) except where its use has been proven to be essential for society.

Chemicals play a core role both in our tire manufacturing process and in delivering key performance attributes such as safety, endurance and a small environmental footprint.

Many of these substances meet criteria f) and g) and are used in compliance with the European and national regulations intended to safeguard human health and the environment. They include:

- the butadiene monomer used in the production of elastomers, the main component in tire tread compounds;
- the antioxidant and antiozonant 6PPD, a widely used stabilizing additive in tires.

(1) Materials sourced from bio-based, renewable or recycled feedstocks.

Because the objective criteria for assessing whether the use of these products is essential for society have not been defined, Michelin cannot comment on this aspect of the regulation. As a result, in assessing alignment with the European Taxonomy in respect to 2022, compliance with criteria f) and g) cannot be asserted.

Michelin has noted that, in the December 19, 2022 reply to draft FAQ 176, the European Commission affirms that it will define objective criteria for assessing "essential use" in 2023. While continuing to deploy an ambitious environmental policy in line with its All Sustainable strategy, Michelin will reassess Taxonomy alignment on the basis of these criteria.

Protection and restoration of biodiversity and ecosystems:

The Taxonomy Regulation requires:

An Environmental Impact Assessment (EIA) or screening to be completed in accordance with Directive 2011/92/EU. Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment have been implemented.

For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and, based on its conclusions, the necessary mitigation measures have been implemented.

- Each site's environmental risk assessment addresses biodiversity through two criteria:
  - The presence of protected natural areas;
  - The presence of plant or animal species classified by the International Union for the Conservation of Nature (IUCN).

  Each new project on a site is also subject to an environmental risk assessment using the process defined in the Environmental and Risk Prevention Management System (SMEP), before being factored into the site's environmental risk assessment during its regular update in compliance with the 14001 standard.
- These assessments are part of the following process:
  - In 2021, Michelin renewed its commitment to easing the pressure on biodiversity from its operations across the value chain, by setting 2030 objectives for research and development, raw materials and the manufacturing facilities as part of its All Sustainable strategy.
  - ISO 14001 certification of the manufacturing facilities and the continuous upgrades in Group standards ensure that the Group's environmental policy is properly applied.

Minimum safeguards:

Taxonomy Regulation 2020 specifies in Article 18 that:

"The minimum safeguards referred to in point (c) of Article 3 shall be procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights."

Michelin upholds the highest international human rights standards in conducting its business and across its value chain. It has been a signatory of the UN Global Compact since 2010. The Group's approach is rooted in recognized international standards, in particular the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights and the fundamental conventions of the International Labour Organization (ILO), in particular as concerns child labor, forced labor, non-discrimination and freedom of association and collective bargaining.

Since 2014, the approach has been coordinated by a multidisciplinary Operational Committee, overseen at the highest level of the Company by a Human Rights Governance Body chaired by the Executive Vice President & Chief Personnel Officer with input from the Executive Vice President, Manufacturing, both of whom are members of the Group Executive Committee.

Every year since 2017, Michelin has published a Duty of Care Plan, which describes the main human rights risks incurred by the Group and its suppliers in their operations, along with the measures in place to prevent them.

In 2017, Michelin became a member of Businesses for Human Rights (EDH), a French association that supports companies in their human rights commitment.

The Michelin Duty of Care Plan and the Master Policy on Human Rights may be found on the Michelin website:

https://www.michelin.com/en/documents/duty-of-care-plan-2021/

https://www.michelin.com/en/documents/michelin-master-policy-on-human-rights/

In addition, Section 4.1.4.1 below describes Michelin's commitment to ethical business practices, including:

- the global ethical framework;
- preventing corruption;
- protecting employee privacy and personal data;
- combating tax evasion;
- upholding competition law.

Detailed presentation of the eligible and aligned proportions of 2022 sales, capital expenditure and operating expenditure in compliance with Delegated Act (EU) 2021/2178 on the content and presentation of Taxonomy-related disclosures.

TABLE 1 – SALES

Proportion of sales from products or services associated with taxonomy-aligned economic activities – disclosure covering 2022.

(in € millions)				Substantial contribution criteria						Does not significantly harm criteria										
	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine ressources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine ressources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of turnover Year 2022	Taxonomy aligned proportion of turnover Year 2021	Category enabling activity	Category transitional activity
ECONOMIC ACTIVITIES		**€**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**YES/ NO**	**YES/ NO**	**YES/ NO**	**YES/ NO**	**YES/ NO**	**YES/ NO**	**YES/ NO**	**%**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (taxonomy-aligned)																				
…		0	0%	0%	0%	N/A	N/A	N/A	N/A											
Sales of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	N/A	N/A	N/A	N/A								0%			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Manufacture of other low-carbon technologies	3.6	14,772	52%	13%	N/A	N/A	N/A	N/A	N/A	N/A	YES	YES	YES	NO	YES	YES	0%		E	
Data-driven solutions for GHG emission reductions	8.2	226	1%	0%	N/A	N/A	N/A	N/A	N/A	N/A	YES	N/A	NO	N/A	N/A	YES	0%		E	
Sales of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)		14,998	52%	13%	N/A	N/A	N/A	N/A	N/A											
TOTAL SALES OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1+A.2) (A)		**14,998**	**52%**	**13%**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**								**0%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Sales of Taxonomy-non-eligible activities (B)		**13,593**	**48%**																	
TOTAL (A+B)		**28,590**	**100%**																	

TABLE 2 – CAPITAL EXPENDITURE

Proportion of capital expenditure from products or services associated with taxonomy-aligned economic activities – disclosure covering 2022.

(in € millions)				Substantial contribution criteria						Does not significantly harm criteria										
ECONOMIC ACTIVITIES	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine ressources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine ressources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of CapEx Year 2022	Taxonomy aligned proportion of CapEx Year 2021	Category enabling activity	Category transitional activity
		€	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (taxonomy-aligned)																				
…		0	0%	0%	0%	N/A	N/A	N/A	N/A											
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0	0	N/A	N/A	N/A	N/A								0%			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Manufacture of other low-carbon technologies	3.6	1,579	60%	19%	N/A	N/A	N/A	N/A	N/A	N/A	YES	YES	YES	NO	YES	YES	0%		E	
Data-driven solutions for GHG emission reductions	8.2	98	4%	0%	N/A	N/A	N/A	N/A	N/A	N/A	YES	N/A	NO	N/A	N/A	YES	0%		E	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)		1,677	64%	19%	N/A	N/A	N/A	N/A	N/A											
TOTAL CAPEX OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1+A.2) (A)		**1,677**	**60%**	**19%**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**								**0%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		**943**	**36%**																	
TOTAL (A+B)		**2,620**	**100%**																	

TABLE 3 – OPERATING EXPENSES

Proportion of operating expenses from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2022.

(in € millions)				Substantial contribution criteria						Does not significantly harm criteria										
	Code(s)	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine ressources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine ressources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of OpEx Year 2022	Taxonomy aligned proportion of OpEx Year 2021	Category enabling activity	Category transitional activity
ECONOMIC ACTIVITIES		€	%	%	%	%	%	%	%	YES/ NO	YES/ NO	YES/ NO	YES/ NO	YES/ NO	YES/ NO	YES/ NO	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (taxonomy-aligned)																				
…		0	0%	0%	0%	N/A	N/A	N/A	N/A											
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	N/A	N/A	N/A	N/A								0%			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Manufacture of other low-carbon technologies	3.6	(868)	52%	13%	N/A	N/A	N/A	N/A	N/A	N/A	YES	YES	YES	NO	YES	YES	0%		E	
Data-driven solutions for GHG emission reductions	8.2	(13)	1%	0%	N/A	N/A	N/A	N/A	N/A	N/A	YES	N/A	NO	N/A	N/A	YES	0%		E	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)		(881)	52%	13%	N/A	N/A	N/A	N/A	N/A											
TOTAL OPEX OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1+A.2) (A)		**(881)**	**52%**	**13%**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**								**0%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		**(798)**	**48%**																	
TOTAL (A+B)		**(1,679)**	**100%**																	

4.1.2 HUMAN RIGHTS AND EMPLOYEE RELATIONS

4.1.2.1 Ensuring respect for human rights SDG 8.7, 17 and 16

4.1.2.1 a) Employee relations standards and responsibilities

Michelin makes every effort to uphold human rights in all its businesses and in every host community. Its employee relations vision is aligned with the universal principles of human rights and international labor conventions.

A process grounded in international principles

Michelin has signed, pledged to uphold and applies a variety of reference texts around the world:

- the United Nations Global Compact and its ten fundamental principles, since 2010;
- the OECD Guidelines for Multinational Enterprises;
- the UN Guiding Principles on Business and Human Rights;
- the International Labour Organization's fundamental Conventions, particularly in relation to:
  - freedom of association and protection of the right to organize,
  - the elimination of discrimination in employment and occupation,
  - the abolition of forced labor,
  - the effective abolition of child labor, and
  - the right to a safe and healthy work environment.

These principles have also inspired the Group's internal reference documents, including:

- the Code of Ethics;
- the Anti-Corruption Code of Practice;
- the Michelin Purchasing Principles.

In 2022, for the first time, **a Master Policy on Human Rights was issued and distributed across the Group**. Widely promoted among employees worldwide, these documents have been translated into French and English and are available for consultation at any time on each country organization's intranet site.

To enhance its expertise and capitalize on best practices, in 2017, Michelin also joined the EDH association[1], which comprises around 20 French companies engaging with these issues. In addition, the Group is a member of the Global Deal initiative, which promotes social dialogue and decent work around the world, and of the Business 4 Inclusive Growth initiative in cooperation with the OECD. After chairing the Human Rights Club of the Global Compact France in 2021 and 2022, Michelin now sits on the Club's steering committee.

4.1.2.1 b) Organization and ambitions

A governance body led by senior management

The Group's human rights policies, objectives and strategy are validated twice a year by the **Human Rights Governance Body**, which is chaired by the Executive Vice President & Chief Personnel Officer (a member of the Executive Committee). Other governance members include: the Executive Vice Presidents of Manufacturing and of Engagement and Brands (both members of the Executive Committee), the Chief Procurement Officer, the General Counsel and the Vice Presidents of Public Affairs, Sustainable Development and Mobility, Internal Control and Safety & the Environment.

Note that health and safety issues are managed by a separate organization, the Employee Health and Safety Governance Body. The Human Rights Governance Body is supported by input from a multidisciplinary **Operational Committee** comprising representatives from the corporate departments in charge of Sustainable Development and Mobility, Purchasing, Personnel, Internal Control, Risk Management, Employee Relations, Public Affairs, Diversities & Inclusion, Legal Affairs/Compliance, and Manufacturing. Meeting ten times a year, it prepares an annual action plan engaging Michelin in a continuous improvement process.

A Master Policy on Human Rights

In 2022, a Master Policy on Human Rights was prepared, distributed across the Group and posted on the corporate website[2]. It expresses Michelin's principles concerning nine issues:

- discrimination;
- harassment;
- health & safety;
- decent wage and social protection;
- freedom of association and collective bargaining;
- privacy and personal data;
- child labor;
- forced labor;
- impact on local communities.

The Master Policy defines the scope of application, supplier compliance guidelines, recommended duty of care procedures in each operating region, and the principles of application in countries where the policies may be contradictory with local legislation or customs. For most issues, this umbrella policy refers back to the more detailed policies already in effect across the organization.

(1) Entreprises pour les droits de l'homme (Businesses for Human Rights).
(2) https://www.michelin.com/en/sustainable-development-mobility/for-people/respecting-human-rights/.

2030 ambitions and their performance indicators

Policy implementation is being supported by the ambitions defined for 2030, with performance tracked by measurable targets and indicators. **The six ambitions are as follows:**(1)

Objective	Indicator	2019	2020	2021	2022	2030 Objective
1 – A company where everyone feels physically safe at work	TCIR	1.43	1.19	1.29	1.07	<0.5
	Well-being indicator			76%	79%	80%
2 – A company offering a decent wage and supportive employee benefits	% of employees receiving a decent wage in each host country	-	-	95%	98.5%	100% in 2025
	% of employees covered by a floor of such benefits as health insurance, life insurance and parental leave for birth/adoption	-	-	New in 2021	-	75% in 2025 and 100% in 2030
3 – A company whose supply chain ensures decent work for every employee	Percentage of suppliers assessed that comply with the Group's human rights standards	85%	86%	89%	89%	≥95%
	Percentage of natural rubber volumes used by the Group covered by human rights assessments of a representative sample of farmers (via the RubberWay® application)	20%	30%	41%	58%	80% from 2025
	Number of village smallholders whose working conditions and/or livelihoods have improved as a result of remediation projects	-	-	New in 2021	467	30,000
4 – A company that allows diversity to flourish in all its forms	IMDI, a composite indicator tracking inclusion and diversity (see section 4.1.2.2 b)	-	60	65	70	80/100 points
5 – A company that listens to the opinions of internal stakeholders	Percentage of *employees who respond positively to the Moving Forward Together survey question*: "I feel like my opinion matters and my ideas are taken into account in my company."	-	-	69%	71%	80%
6 – A company that blends harmoniously into its environment and is beneficial for its local host communities	Percentage of employees involved in local volunteer programs	<10% in the legacy scope of reporting	-	2.5%	8.7%	20%

Note that some of the newly defined indicators do not yet have any prior-year comparatives.

(1) *The three ambitions expressed in the 2021 Universal Registration Document – to be (i) a company where employees develop their employability; (ii) a company in which everyone feels like an owner/stakeholder; and (iii) a company where employees are motivated/engaged – have been maintained, but are no longer being led by the Human Rights Governance body.*

Human rights risks identified and factored into the Group's risk management process

In 2022, the Risk Management Department defined a human rights risk category that addresses the following policy points:

- harassment and discrimination (see section 4.1.2.2 Instilling an inclusive culture of diversity and preventing discrimination);
- employee health and safety (see section 4.1.3 Employee health and safety);
- decent wage and social protection (see section 4.1.2.3 f) Offering fair compensation and benefits);
- freedom of association (see section 4.1.2.3 Promoting responsible social dialogue);
- product safety (see 4.1.4.3 Guaranteeing the quality of our products and services); protecting employee privacy and personal data (see section 4.1.4.1 Ensuring ethical business practices);
- child labor (see below: decent work-related risks now being assessed);
- forced labor (see below: decent work-related risks now being assessed);
- potentially negative impacts on local communities (see section 4.1.2.5 d) Addressing the risk of potentially negative impacts of our business on local communities).

The management of risks relating to discrimination, harassment, employee relations, health & safety, psychosocial issues, forced labor, child labor and personal data is continuously tracked by the Internal Control department using self-assessments and test audits, whose results are followed up with the implementation of action plans.

A deeper understanding of several issues in 2022

Based on the findings of a 2021 audit, a human rights action plan for the 2022-2025 period was prepared in 2022, supported by 16 task sheets, each assigned to an implementation leader with dedicated objectives and milestones. Scheduled actions include drafting a policy (completed in 2022), implementing programs to address possible shortfalls in the areas of discrimination and forced labor, and strengthening the human rights clauses in acquisition contracts.

The new Master Policy on Human Rights has been rolled out in the Group's nine operating regions, which have defined an organization and appointed implementation leaders. In addition, a process for integrating newly acquired companies was devised, which will ensure that human rights indicators are tracked in their organization within five years.

After launching a fair wage initiative, we were able to verify and guarantee that in 2022, 98.5% of employees were paid at least the equivalent of the living wage benchmark(1). This commitment will be pursued in 2023 by working with the Fair Wage Network to earn certification of all Group member companies. In 2022, a new milestone was reached with the launch of the **Michelin One Care Program, designed to provide every employee with social protection covering parenthood, death and access to healthcare.**

To fight against harassment, the **Integrity project**, which introduced robust prevention and reports handling procedures, was completed in March 2022, with operational oversight assigned to the Group Ethics Committee and the Human Rights Governance body. To verify that the procedures are being properly applied across the organization, ten internal control audits were performed in each operating region in 2022. A harassment prevention program is currently being defined, based on the initiatives developed during the Integrity project and the various compliance programs already in place across the Group. By year-end, the e-learning module on harassment had been completed by 86,134 Group employees, representing **88% of the consolidated workforce**(2). These awareness building initiatives prompted people to speak up, causing harassment reports to increase to 26% of all reports to the ethics hotline in 2022.

Decent wage-related risks now being assessed in the contracting chain

The **mapping exercise for supplier human rights risks** was completely overhauled in 2020 and updated in 2022, which enabled purchasing categories to be ranked according to their human rights risks. When cross-referenced with the analysis based on sourcing countries posing human rights risks, this category analysis enabled us to prioritize supplier assessments and deployment of preventive actions (see section 4.1.4.2 b). Suppliers are generally assessed with desktop reviews, which assign them an overall score and separate scores by issue, including a dedicated score in "labor and human rights" performance. More rarely, they may be asked to respond to self-assessment questionnaires (see section 4.1.4.3). In 2021, an indicator was introduced to track supplier human rights compliance, with the 2030 objective that 95% of assessed active suppliers earn the expected score. The Group's whistleblowing system is also open to suppliers.

To address human rights risks in the natural rubber supply chain, the **RubberWay®(3) mobile application** deployed by the Group in seven countries since 2017 has gathered **information from 136,778 village smallholders** on such topics as income, working hours, working conditions and child labor. Following a more in-depth analysis by district to identify the highest risk regions, a number of projects to improve farmers' living and working conditions have been launched since 2020 (see section 4.1.4.2.c).

(1) As determined by independent expert Fair Wage Network.
(2) With access to the Intouch human resources management system.
(3) 4.1.4.2 c) A dedicated approach for natural rubber/The RubberWay® application.

4.1.2.2 Instilling an inclusive culture of diversity and preventing discrimination

SDG 4.3, 4.4, 4.5, 5.1, 5.5, 8.5, 8.6, 10.2 and 10.3

Discrimination risks

Every person is unique and contributes to diversity. Respecting individuals in all their uniqueness is the basis of the Group's Diversities & Inclusion Policy. **Diversity comes in many forms**, including gender, age, culture, religion, social background, disability, sexual orientation, union membership, family situation, political opinion and physical appearance.

Michelin's approach to diversity and inclusion is guided by three intentions: (i) **that its teams be representative of all the diversity found in their local host communities**; (ii) **that each person be treated fairly and feel free to express their authentic self and uniqueness**; and (iii) **that diversity be experienced in a spirit of inclusion and tolerance, so that it can also help to drive collective performance**.

Reflecting and supporting these intentions, **Michelin does not tolerate any form of discrimination** anywhere in the Group, with respect to anyone or for any reason whatsoever, including in cases allowed by local practice or custom. Employees have access to recourse in every country.

4.1.2.2 a) A comprehensive, worldwide commitment

Policies and objectives

First deployed in 2005, the Group's diversity process was formally described in an initial policy document in 2018. This was followed in 2021 by a new Diversities & Inclusion Policy that sets out guidelines for the entire Group, as well as an objective for 2030. Progress towards the objective is being measured by the Diversities & Inclusion Management Index (IMDI), a composite indicator comprising 12 sub-indicators in five metrics: gender diversity, identity, multi-national management, disability and equal opportunity in promotions. Each of the five metrics is weighted equally in calculating the Index.

In addition, the Code of Ethics, which was updated in 2021, emphasizes Michelin's commitment to combating all forms of discrimination, specifies a number of sensitive situations (hiring, promotions, training, various employee benefits, etc.), cites 12 discrimination criteria as examples and describes real-world situations demonstrating conduct to be encouraged or avoided.

Governance and organization

Diversity management is built on a multi-level global organization. Led by the Corporate Vice President, Sustainable Development and Mobility, the process is managed by a Steering Committee comprising the Executive Vice President, Personnel and the heads of Training, Hiring, Employee Relations and Sustainable Development. The guiding objectives are approved by the **Human Rights Governance body**.

An international Diversities & Inclusion network bringing together D&I managers from each geographic region was organized in 2022. Meeting every two months, the network is led by the Group so that each region can work on every aspect of diversity and help to drive improvements in the IMDI indicator. In 2022, for example, each operating region defined measurable targets for several diversity issues. The D&I network supplements the existing network that already shares best practices in this area.

Team initiatives around the world

Impelled by the Group, a wide range of programs and initiatives have been undertaken in the country organizations, including:

- local Diversities & Inclusion Councils tasked with organizing and fostering diversity in North America, Brazil and other countries;
- diversity charters signed in the South American countries (2022), Romania, France and Spain (2018);
- company-wide agreements signed in France in 2021;
- diversity-related forums and events in China, Brazil, Mexico, India, France and other countries;
- local networks formed in the United States (11 community-based business resource groups), Europe (WoMen Forward, since 2014), Hungary (Seniors' Club) and Brazil (Women in Sales);
- Diversities & Inclusion pages on country and regional intranets, and video messages from leading regional executives addressing the issue, in France, the United States, Mexico, Brazil and other countries;
- outside partnerships with local associations in the United States, Brazil, India, Poland and other countries.

Training to encourage inclusion and attenuate the risk of discrimination

A variety of training and sensitivity programs are being led to instill a culture of diversity and inclusion and to encourage everyone to treat people solely on the basis of their skills, avoiding any bias based on prejudice or discriminatory stereotypes. In particular, a half-day class-based **bias and stereotype awareness seminar** has been offered for all Group managers since 2020. In 2022, nearly 3,000 new participants were trained, particularly in Europe, South America and Asia, bringing the total number of employees having completed the program to almost 12,000. A new two-hour module was also designed and introduced.

Listening to employee concerns and opinions

By participating in the tenth annual worldwide Moving Forward Together: Your Voice for Action survey (MFT), employees were able to express their opinions about diversity and inclusion issues. In addition, throughout the year, employees around the world are encouraged to submit progress ideas capable of improving diversity and inclusion.

4.1.2.2 b) Targeted initiatives in the five areas of diversity

To track and improve diversity across the organization, Michelin has introduced a composite indicator reflecting five diversity metrics, each with a target for 2030.

2030 IMDI objective	IMDI 2022	IMDI 2021	IMDI 2020
80/100 points	70	65	60

The five IMDI metrics	2022 score	2021 score	2020 score
Gender equality in the workplace	69.2	56.2	48.2
Identity (age, religion, sexual orientation, etc.)	70.7	73	68
Multi-national management	76.2	76.6	69.4
Disability	66.7	56.2	50.8
Equal opportunity	66.6	64.1	64.1

Attesting to the Group's commitment to this objective, of the five metrics in the IMDI diversity and inclusion indicator, three (gender balance, disability, equal opportunity) further improved in 2022, raising the aggregate score to 70/100 from 65. In particular, the proportion of women continued to rise, to 18.8% of senior managers (17.3% in 2021) and to 29.4% of all managers and supervisors (28.9% in 2021). The percentage of employees who started their careers as production operators further increased, to 14.8% from 13.8% in 2021, and disability ambassadors were appointed in 16 of the 17 host countries with more than 1,000 employees. Lastly, two of the sub-indicators of the identity metric also improved, testifying to the growing acceptance of all forms of diversity across the Group.

GENDER EQUALITY IN THE WORKPLACE

Group objective: "Aim to set the gender balance benchmark in our industry" and achieve gender balance among Group senior executives and managers by 2030.

Issue	Indicator	2022	2021	2020	Ambition 2030
Gender equality in the workplace	% of women in positions of responsibility rated N or above	29.4%	28.9%	28.2%	35%
	% of women in positions of responsibility rated G or above	18.7%	17.2%	15.5%	35%
	Compa gap ratio, men/women, categories 1 to 4	2.61%	3.45%	3.62%	<2.2

The percentage of women employees continued to increase in 2022, to 19.6% at year-end, fueled by hiring programs and steadily upgraded workstation ergonomics. Although, much like in the automotive industry as a whole, women accounted for just 13.6% of production operators in 2022 (excluding distribution networks), they were better represented among technical staff (30.1%) and, to a lesser extent, in management and supervisory positions (29.5%). In 2022, more than 38% of new hires were women **in the administrative employees, technicians, supervisors and managers categories**.

WOMEN AS A PERCENTAGE OF EMPLOYEES AT DECEMBER 31, 2022

Percentage of women by employee category and region	Production operators	Administrative employees and technicians	Managers and supervisors[(1)]	Total	GRI Indicator
North America	15.4%	32.8%	26.2%	19.2%	GRI 102-08
South America	14.2%	25.9%	31.8%	18.8%	
Europe	14.2%	29.5%	30%	20.8%	
Africa/India/Middle East	10.7%	18.9%	27.5%	10.9%	
Asia (excluding India)	14.6%	41%	33%	21.4%	
GROUP TOTAL	**13.6%**	**30.1%**	**29.5%**	**19.6%**	**GRI 102-08**

(1) Employees with a level of individual responsibility of A to N, according to the Hay method used by the Group.

Supported by a multi-year improvement plan, three Executive Committee members are leading the Group's progress in hiring and promoting women in Marketing & Sales, R&D and Manufacturing. Every year, the Regional Presidents set measurable annual targets, backed by action plans.

Making Group jobs more appealing to women

To enhance manufacturing's appeal to women, Michelin is pursuing initiatives in schools and universities around the world to present the diversity of industrial jobs and their appeal to women in the surrounding communities. Plant tours for students and meetings with women employees in a variety of inspiring roles enable girls to see themselves meeting the challenges of today's manufacturing industry. To support this process, women employees can now volunteer to act as ambassadors for their jobs, not only in manufacturing but also in other job families with a low percentage of women, **such as marketing and sales, R&D, IS/IT and digital technology.**

With the same objective of attracting more women to the shopfloor, the production plants are deploying a variety of programs to **improve workstation ergonomics.** In every host country, workshops are being analyzed, workstation by workstation, to identify the ones that are accessible to women and to upgrade facilities as needed so more women can be hired. These studies are supporting the hiring of a growing number of women in the plants, including in operator positions.

Michelin is also committed to facilitating **work-life balance** with a variety of supportive benefits, including flextime arrangements, working from home (see section 4.1.3.4 a), daycare facilities and nursing rooms, financial aid for childcare, service centers, and maternity support in particular.

Increasing the percentage of women in management and on executive bodies

A dedicated action plan is being pursued in every region to increase the number of women in management. The percentage of management and supervisory positions held by women[(1)] has risen steadily since 2013, from 22.5% to **29.5% in 2022**. To maintain this momentum and break the glass ceiling, the objective is now to reach 35% by 2030, along with a second target of having woman account for 35% of so-called "Group Manager" positions[(2)] by 2030 versus 18.7% in 2022.

At January 1, 2022, the Executive Committee was made up of nine members, whose role is to assist the Group's two Managers. In 2022, five of the 11 members of the CGEM Supervisory Board and two of the four members on each of the Board Committees (Audit, Compensation and Appointments and CSR) were women[(3)]. The Supervisory Board and its CSR Committee are both chaired by women.

Ensuring wage equality worldwide

Every year, country Personnel Department managers analyze the compensation of men and women employees and define action plans to close any gaps. For many years, the Group has used the compa ratio gap indicator to measure the difference between men and women's compensation, based on the market rate for a similar position. Because its statistical processing method enables comparisons on a broader scale, in 2022, the Group decided to use the compa ratio to replace the previous indicator based on basic salary data. Using this method, based on market compensation for a given position in a sample of 330,855 employees, the overall gender gap was **-2.61% in 2022, versus -3.45% in 2021[(4)].** In France, the company-wide agreement negotiated in 2022 renewed the partnership between MFPM and the French National Institute of Demographic Research (INED France). An independent study by INED researchers found that the residual value of the like-for-like gender pay gap was less than 1% in every employee category. Lastly, since early 2019, MFPM has calculated and disclosed its Gender Equality Index, **which again stood at 99/100 in 2022.**

In 2022, Michelin was nominated for the Humpact Emploi France award, which honors the most employment-friendly company in France, regardless of industry, based on its job creation track record and virtuous labor policies.

(1) Employees with a level of individual responsibility of A to N, according to the Hay method used by the Group.
(2) Employees with a level of individual responsibility of A to G, according to the Hay method used by the Group.
(3) See also section 3.1.3.3 Diverse profiles and experiences represented on the Board – gender balance on management bodies (categories 1 to 4).
(4) Categories 1 to 4.

IDENTITY (THE SUM OF AN INDIVIDUAL'S PERSONAL CHARACTERISTICS, SUCH AS AGE, SEXUAL ORIENTATION, ETHNICITY OR RELIGION):

Group objective: "Enable every person to be who they really are and to bring their authentic selves to work."

	2022	2021	2020	Ambition 2030
MFT question[1]: "In my workplace, I am treated with respect, regardless of who I am or what my position is."	85%	84%	83%	>80%
MFT question: "In my workplace, I believe that people are treated fairly (for job assignments, promotions, etc.) regardless of their background, personal characteristics or other differences."	67%	65%	62%	>80%
Difference between the highest score in an age category and the lowest score in an age category on the MFT survey question: "I can fulfill my career objectives at Michelin."	4 points	3 points		No difference among the age categories

Michelin seeks to encourage people to express their differences so that they can feel at ease in the corporate community. To enhance everyone's ability to embrace a multitude of differences, the Group organizes bias and stereotype sensitivity training (see section 4.1.2.2 a).

In 2022, a project was undertaken to ensure that the Group's communication to employees and outside stakeholders speaks to everyone, regardless of their **gender identity**. The resulting document, which describes practices that can be used depending on local customs and conditions, has been distributed to ethics committees and chief communications officers in every region.

In North, South and Central America, LGBTQ employee networks organized events and information campaigns to heighten their acceptability.

In Brazil, the hiring department focused in 2022 on addressing several forms of diversity, with an emphasis on race, disability, gender, LGBTQIA+ people and people over 50. Employees were also encouraged to indicate their race in internal systems, with a quarter responding positively.

In Canada, an anonymous self-identification questionnaire was sent to all employees during the year to get a quantified view of diversity and workplace equity in the company. The findings helped to determine the percentage of employees who were members of a visible minority, indigenous persons or persons with disabilities, as well as a breakdown by gender, with the goal of deploying corrective action plans if the results fail to align with Canadian labor market data.

MULTI-NATIONAL MANAGEMENT:

Group objective: "All of the Group's host country nationalities and cultures are represented in all the corporate functions in the operating regions and at headquarters, in line with the geographical footprint of each business. In each country and region, more than 80% of management positions are held by locals".

	2022	2021	2020	Ambition 2030
% of employees with a level of responsibility from A to I working in a growth region who signed their first employment contract in that growth region	85.8%	83.2%	78.8%	80%
% of non-French nationals among the Group's 100 most senior executives	33.3%	35%	30%	50%

Michelin is committed to nurturing the emergence of a highly skilled global team of local managers. Particular attention is paid to fostering the emergence of local managers in the growth regions of South America, Southeast Asia, China, India and the Middle East. **In 2022, 85.8% of managers in the growth regions were locals.** With the new IMDI index, Michelin is taking its objective to the next level by aiming for half of its 100 most senior executives to be non-French nationals by 2030 In 2022, the percentage was 33.3%.

(1) Moving Forward Together survey.

DISABILITY:

Group objective: "Michelin offers career paths to people of all abilities, in accordance with its talent development policy".

	2022	2021	2020	2030 Objective
Percentage of country organizations with more than 1,000 employees with at least 2% of the workforce recognized as disabled	35.7%	38.5%	46.7%	100%
Percentage of country organizations that have appointed an Ambassador with expertise in workplace disability issues	97.6%	88%	60%	100%

Michelin has long pursued a commitment to hiring people with disabilities and retaining employees who become disabled at some point in their careers. Disabled employees made up 6.89% of the French workforce in 2022, once again exceeding the legally mandated quota of 6%. In Poland, one autistic and ten hearing-impaired employees were hired for the first time.

During the year, the network of Diversities & Inclusion managers was also asked to recommend pathways to progress in this area and to exchange best practices. This inspired two new country organizations, in Thailand and Mexico, to plot a course to meeting the Group's minimum target of disabled employees accounting for 2% of the workforce. Discussions were also initiated with Handicap International to be able to count people with disabilities even in countries where these data are confidential.

EQUAL OPPORTUNITY

Group objective: "Every employee can develop their talents in the company, regardless of where they started at Michelin. As a manufacturing company, Michelin pays particular attention to promoting production operators (category 5)".

	2022	2021	2020	2030 target
Percentage of category 1 to 4 employees who began their careers as category 5 (production operators)	14.8%	13.8%	13.4%	20%
Percentage of managers (NRI A to N) promoted from within	69.8%	72.7%	73.9%	80%

Promoting from within is one of the Group's core values. This is why the new IMDI indicator includes targets for the career development of people hired as production operators and for the percentage of managers promoted from within.

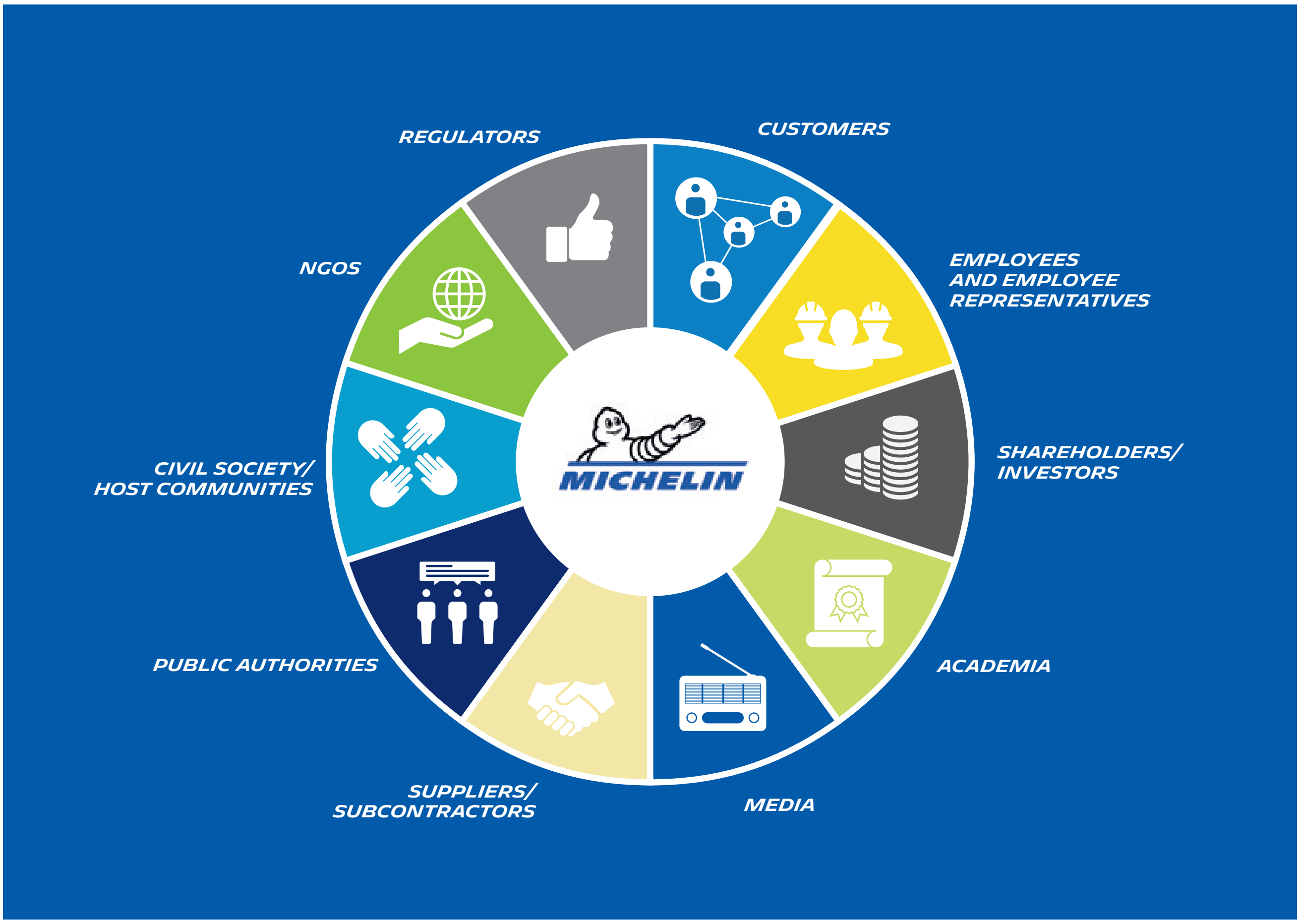
Michelin also strives to support the social inclusion of disadvantaged people in its host neighborhoods.

In France, MFPM has been deploying a program since 2019 in 1,514 disadvantaged neighborhoods in French cities, leading such results-oriented initiatives as hiring refugees for maintenance positions under the Hope program (14 hires under permanent contracts since 2019), mentoring young people from disadvantaged urban neighborhoods and helping to hire people alienated from the workforce through Humando, Simplon and other programs. Partnerships were also formed with associations to hire refugees in several other European countries in 2022.

4.1.2.3 Dialogue with stakeholders SDG 8.5, 8.8, 10.4

By "stakeholders", Michelin means the people or groups of people who are impacted by its business or who may impact it in return, so that corporate strategy reflects their needs and expectations.

Building trust-based relationships with stakeholders is an opportunity for the Group to improve its ability to foresee and purposefully challenge its social responsibility commitments.



Michelin has long nurtured continuous dialogue with all its stakeholders, including *customers, investors, employee representatives, suppliers, public authorities, local communities, international organizations and NGOs.* For example, the associated Group departments organize specific meetings every year with each category of stakeholders, led by one or several engagement managers.

Within the Group, the Sales, Marketing, Investor Relations, Purchasing, NGO Relations, Public Affairs, Employee Relations and Personnel Management departments, as well as plant communication managers, are responsible for taking into account and responding constructively to the expectations of their stakeholders. To this end, the departments regularly contact and meet with Group stakeholders throughout the year, at both the corporate and local levels.

4.1.2.3 a) A corporate committee

The Corporate Stakeholder Committee is made up of independent members from outside the Group who are representative of the Group's key stakeholders. They are selected by a Steering Committee, which is also tasked with organizing meetings and events. Its members include one of the two Managers of the Group, the Executive Vice Presidents of Engagement and Brands and Urban and Long-Distance Transportation and the Presidents of the European Regions, all of whom are members of the Group Executive Committee.

Members of the Corporate Stakeholder Committee are chosen for their ability to represent the Group's various stakeholders, as well as for their expertise, geographic origin and interest in sustainable development issues. They are appointed for three-year terms, renewable once.

The Committee offers advice and support in assessing the alignment of Michelin's sustainable development strategy with outside needs and expectations. It meets with the Group Executive Committee once a year.

In 2022, the Committee comprised 12 standing members from Europe, Asia, North America, Africa and other regions who were all representative of the Group's key stakeholders, i.e., a supplier, two customers, a trade union, two NGOs, an investor, an international organization, a philosopher, a leading urban mobility transformation researcher, a representative of the new economy and a young person.

Held in person at the Ladoux, France center on September 1 and 2, 2022, the Committee's seventh annual meeting with members of the Group Executive Committee focused on two main themes: Michelin's **circular economy strategy** and **2030 objectives, and the initiatives to increase the appeal of the Group's manufacturing jobs**. The recommendations report was shared with the teams for further discussion and input into action plans.

4.1.2.3 b) Dialogue with civil society organizations

Michelin nurtures ongoing dialogue with civil society organizations involved in both environmental and social responsibility issues.

A corporate Relations with Civil Society Organizations unit, in place since 2014, is supported by a network of 28 correspondents around the world. Trained both internally and externally, the correspondents can draw upon both a handbook (A Practical Guide to NGO Relations) and a methodology. They are subject to an internal quality control audit every two years on average. Tasked with initiating dialogue with NGOs on targeted issues and understanding their expectations.

They regularly engage with such social and human rights NGOs as Amnesty International, Global Witness, the International Federation for Human Rights (FIDH), Human Rights Watch and Reporters Without Borders. In 2020 and 2021, for example, Michelin addressed a controversy concerning a Belarusian supplier (with which it has since suspended all business relations) by working closely with the Belarus Helsinki Committee, the Danish Institute for Human Rights, the FIDH, Free our Belarus, the International Center for Civil Initiative – Our House (ICCI), and the Business and Human Rights Resource Center (BHR, Kiev), as well as with the Professional Union of Belarusians in Britain (PUBB), the IndustriALL Global Union and the International Labour Organization.

In line with Michelin's 2015 pledge to consult all its external stakeholders every two years on the issue of sustainable natural rubber, meetings were held in 2016, 2018, 2020, and, most recently, in November 2022, when around twenty social and environmental NGOs, as well as representatives of producers, manufacturers and academics, were invited to take part in a two-day seminar at the Group's headquarters in Clermont-Ferrand.

The Group reviewed its progress over the past two years and presented its action objectives and performance metrics for the next five years. Discussions focused on two issues in particular: initiatives to support local communities involved in rubber farming and improvements in traceability in rubber farming.

4.1.2.3 c) Fostering closer relations with environmental protection associations

Whenever appropriate, Michelin nurtures close ties with environmental protection associations and organizations. These initiatives concern not only the production facilities or the Technology Center, but also office facilities. Partnerships have also been formed with local, national and international associations, in particular to support biodiversity[(1)].

In 2022, Michelin pursued the cooperation agreement with the World Wildlife Fund (WWF) signed in 2015 and renewed in 2018 to promote sustainable natural rubber around the world. The Group is a founding member and active supporter of the Global Platform for Sustainable Natural Rubber (GPSNR), a multi-stakeholder platform that encourages best practices across the natural rubber value chain. In addition to the WWF, several other NGOs are actively participating in the platform's activities, including Birdlife International, the International Federation of Human Rights Leagues, the Forest Stewardship Council, Global Witness, Mighty Earth, the Rainforest Alliance and EarthWorm. Lastly, the Group nurtures attentive dialogue with a wide variety of national and local NGOs to help protect the environment and encourage the development of good practices.

4.1.2.3 d) Dialogue with investors

In 2022, the corporate Investor Relations team, accompanied by the Managing Chairman and/or the General Manager and Chief Financial Officer, engaged with institutional shareholders in a variety of ways, including leading in-person and digital roadshows, participating in automotive, ESG and general-interest conferences and organizing various shareholder events.

In early October, a roadshow dedicated to governance issues was organized by the Investor Relations team and the Group's General Counsel, accompanied by the Chair of the Supervisory Board.

During the year, the Investor Relations team responded to questionnaires from rating agencies, credit rating agencies and proxy voting agencies.

In 2022, the Group posted its first ESG data report for 2021 online in a single spreadsheet to facilitate stakeholder access[(2)].

(1) See section 4.1.1.3 Supporting biodiversity.

(2) Available at www.michelin.com and updated in 2022.

4.1.2.3 e) An assertive social dialogue process

Michelin's identity and philosophy have always impelled the Group to engage in an assertive social dialogue process, which it sees as a driver of sustainable performance. The Duty of Care Plan and the risk mapping exercise cover the quality of social dialogue as an issue, with the risks to the Group primarily concerning employer attractiveness, skills and employee engagement (see section 4.1.2.4 Supporting employee growth and development).

In 2015, Michelin **issued a policy that recognizes the positive contribution of freedom of association, collective bargaining and staff representation independent of management,** which are a source of proposals and ensures that employees' fundamental needs are taken into account in every host community. Its application around the world is overseen by a Group Director of Social Development, who is also tasked with improving social dialogue where it falls short of Group standards. This initiative is helping to drive steady progress, especially for production operators. In addition, managers receive training in the legal aspects of labor relations.

Compliance with Policy commitments is also verified by an internal control process.

In a commitment to enhancing the effectiveness of the social dialogue process in all its host communities, in line with their particular features and characteristics, Michelin has been a member of the Global Deal since 2017.

It was in this same spirit that in late 2019, Michelin announced it was setting up a Global Works Council. Through such an economic, social and environmental observatory, the Group hopes to encourage a social dialogue process commensurate with its image and capable of driving its overall performance. The Global Works Council was created in early 2020 with 39 employee representatives from all the Group's operating regions.

At its second meeting, held in person on October 19 and 20, 2022, the participants, including three Group Executive Committee members, reviewed in detail Michelin's 3P strategy (People, Profit, Planet) in the production plants and the new growth territories. Employee relations issues were also addressed, in particular through the deployment of a guaranteed living wage and skills development opportunities for everyone.

Demonstrating the intentions of the new policy

The notion of social dialogue, which implies, in particular, sharing key issues more broadly and deeply so as to encourage the entire workforce to participate in defining strategy, is gradually informing all of the Group's management practices. The Group provides all the information stakeholders need to form an objective, reasoned opinion and express it with confidence as part of the social dialogue process. The structure and content of this information are negotiated with employee representatives and comply with legal obligations in each country.

Restructuring is a fact of business life, an exceptional, yet in certain circumstances unavoidable, event that must be undertaken to maintain the Company's viability. It therefore has to be managed responsibly, aligned with the three pillars of the Group's All Sustainable vision. Michelin is also a member of Business for Inclusive Growth (B4IG). In this regard, should restructuring be necessary, the Group takes care to ensure that all of the affected employees are reassigned or outplaced, while easing the impact on local communities with, in particular, revitalization initiatives.

In addition, Group policy specifies that the project must be announced as soon as possible and carried out in accordance with the procedures negotiated with employee representatives.

In every country, meetings are periodically organized to share, in line with standard French practices, detailed financial and social information among local executives, line managers and employee representatives. Transparently explaining the issues so that they are understood by all parties creates conditions conducive to much more responsible dialogue during negotiations.

In France, talks initiated in 2019 concerning the industrial diagnostic reviews performed in the country's 15 production facilities (see the 2019 Universal Registration Document) enabled each one to roll out a genuine co-construction process in early 2021. Employees, their representatives and local management came together to submit informed proposals to improve plant competitiveness with the full support of every stakeholder, as part of the France 2021-2023 simplification and competitiveness project.

In this same spirit of co-construction, a very broad spectrum of office and administrative employees remained actively involved in performing diagnostic reviews and defining simplification drivers, to help determine the conditions for implementing the various projects in the Simply program.

In parallel, negotiations with employee representatives in France resulted in a framework agreement on (i) the terms and conditions of the annual Collective Settlement Agreements (RCCs) and (ii) measures to support employees in their career development and retraining. Implementation of the latter has been generally appreciated by the beneficiaries and acknowledged by the employee representatives. The framework agreement specified the co-construction methodology for working with employee representatives and unions during the three-year project (2021-2023). It has now been extended by the broader "People and their Working Environment, 2023-2027" agreement, which incorporates the notion of collective intelligence.

An increasingly mature social dialogue process and workplace environment in every Region

In Western Europe, conditions in the Passenger car and Truck tire markets have forced the Group to reconfigure its manufacturing footprint, in particular by terminating production operations at the plants in La Roche-sur-Yon in France and Bamberg in Germany announced in 2019. Nevertheless, responsible social dialogue has been constantly maintained with employee representatives, so that everyone can work together to jointly define the most effective procedures for implementing the restructuring process (see section 4.1.2.3 c) and supporting people.

To date, all the 858 impacted Bamberg employees have found a solution through retirement, transfer to another Group facility, outplacement and/or a career change after in-house retraining. At the La Roche-sur-Yon plant, only 20 of the 619 impacted employees are still in the transition phase.

The quality of social dialogue generally improved around the world, and particularly in Europe, as seen in the findings of the 2022 engagement survey.

Moreover, the health crisis and the geopolitical instability that impacted every region of the world revealed a very deep social cohesion across all our geographies, by strengthening ties between local management and employee representatives.

Listening to employees via the annual engagement survey

Employee engagement is 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 engagement rate and employee feelings about their work, in light of the seven aspects of the Group's employee value proposition. It was conducted across the Group[1] for the tenth year in a row in 2022, with, for the first time, more than 100,000 employees participating. This represented **an 89% response rate**, a two-point increase on the prior year. Employee confidence in the survey illustrates how managers are increasingly using it to support dialogue in their teams and drive continuous improvement. Such a high response rate also ensures the credibility of the findings.

In 2022, the overall employee engagement rate rose by three points, to 83%, with similar gains among production operators, administrative employees and managers. The improvement was very noticeable in a highly tense environment, roiled by inflation and supply chain disruptions.

The engagement rate highlights the very good employee perception of the way the **crises we are facing are being managed**. The survey also showed that the priority issues are (i) preparing employees to meet our new challenges; (ii) simplification; and (iii) well-being in the workplace.

Encouraging employees to submit Progress Ideas

First introduced in 1927, Michelin's pioneering participatory innovation process, known as Progress Ideas, offers every employee the opportunity, spontaneously and at any time, to act as an agent of continuous improvement across the Group by suggesting solutions to improve a situation or solve a problem, thereby contributing to the innovation dynamic.

Managers are expected to encourage their team members to submit these ideas and make them a reality.

The results attest to the success of the Progress Idea system in the Group, with more than 21,900 employees submitting at least one idea in 2022, or 30% of the workforce that had access to the process.

Of the total **44,789 ideas** received in 2022, more than 16,350 were implemented during the year, delivering improvements in areas of special interest to the Group, such as safety, quality, working conditions, cost savings, diversity and the environment.

Encouraging intrapreneurship

In 2014, **the Michelin Innovation Lab (MIL) intrapreneur program** was launched to offer every employee an opportunity to explore new business territories and monetize innovations, with the goal of helping to drive the Group's growth. Currently present in Europe, North America and China, the MIL operates in three of our four strategic non-tire growth paths: Experience, Services and Solutions, and High Tech Materials.

In 2022, it **supported more than 100 ideas submitted from across the organization**. During the year, around a dozen reached the incubation stage, with defined objectives and budget, with a view to becoming new business activities.

The MIL also supports employee skills development through coaching programs that encourage personal empowerment, risk-taking (and therefore the possibility of failure), innovative thinking and unlimited curiosity.

Dream big and embrace the Group

The Group recently completed an unprecedented collective intelligence initiative, which invited every employee to join in co-building the Corporate Dream.

This gave everyone the opportunity to express their views on the major challenges facing humanity that Michelin and its unrivaled capabilities could help meet by 2050. More than 13,600 employees participated, through nearly 8,000 contributions and 80,000 votes on an easily accessible application.

In this way, the Group is dreaming of breaking boundaries in the areas of social progress, climate change, health and natural resources. "Having a dream is necessary to harness our energies and fulfill our Purpose," noted Managing Chairman Florent Menegaux. "Dreaming means projecting beyond ourselves and thinking of future generations. We have to dream big because Michelin has so much to offer."

This is the start of a long-term process for the Group's employees to embrace this collective dream and make it their own, in a pioneering spirit of optimism and innovation.

4.1.2.3 f) Offering fair compensation and benefits

Compensation, payroll taxes and other employee benefits

Employee benefits expense amounted to €6,950 million in 2022.

	Total employee benefits expense in 2022 *(in € millions)*	Production operators	Administrative employees and technicians	Management staff	Provisions and provision reversals for pension obligations	Taxes and provisions
Group	6,950	2,471	2,670	1,334	16	458

For the entire Group, the allocation of employee benefit costs by function (wages and salaries, payroll taxes, etc.) is presented in Note 7 "Employee benefit costs" in section 5.2 Consolidated financial statements for the year ended December 31, 2022.

(1) One Michelin scope of reporting.

Ensuring that compensation reflects each employee's performance and level of responsibility

Michelin is committed to offering every employee compensation that is personalized, fair and market-competitive, and that reflects their individual performance and level of responsibility. Compensation policies are implemented with a long-term view, taking into account each person's professional development, so as to enable people to advance according to their abilities and the needs of the Group. Compensation is also carefully aligned with evolving market conditions and local practices.

In every host country, compensation is competitively set and raised with a constant eye on achieving the right balance between employee satisfaction and financial performance.

The Group's variable compensation policy is designed to:

- enhance its ability to attract and retain talented employees in every host country;
- empower and incentivize everyone to meet our growth challenges;
- encourage collaborative working methods;
- give everyone a stake in the Group's earnings and share created value more equitably.

The new system will be founded on the following basic principles:

- a similar system for everyone, regardless of job position or business, level of responsibility or country;
- bonuses comprising the following components:
  - a Group Bonus for every employee, depending on how well the Group meets its objectives,
  - a Team Bonus, depending on how well shared objectives are met, thereby encouraging people to work more collaboratively;
- the bonuses will be indexed to the Group's results and if the objectives are exceeded, over-performance will be rewarded;
- bonus amounts will be defined for each level of responsibility and aligned with job market practices in each country.

Integrating CSR performance criteria into executive compensation

Tasked with helping to define Group strategy and its execution, the Strategic Operations Group (GOS) comprises the Group's 100 most senior executives, including the Managers, the members of the Group Executive Committee (CEG) and the members of the Group Management Committee (CDG).

These members receive a significant portion of their annual compensation in the form of performance share rights, whose number depends on the member's:

- level of responsibility;
- country of posting (or of origin in the case of expatriates);
- performance against objectives, including managerial performance (ICARE model[1]).

The performance condition is based on three closely related criteria reflecting different aspects of Michelin's People, Profit and Planet strategy, which are presented in detail in Chapter 6 Investor relations (see section 6.5.4 Share grants and performance shares).

If all of the performance criteria are fully met, the granted rights would represent no less than 20% of the fixed compensation of these employees.

Guaranteeing a living wage for all employees

In 2020, Michelin worked with independent expert Fair Wage Network to develop a methodology to analyze employee compensation in its member companies. Since 2021, it has been committed to verifying and guaranteeing 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.

In 2022, a review of Group compensation[2] found that **98.5% of employees are paid at least the equivalent of the living wage benchmarks** defined by the Fair Wage Network.

This commitment will be pursued in 2023 by working with the Fair Wage Network to earn certification of all Group member companies.

Offering a variety of supplementary compensation

Depending on the country and local labor market practices, employees may be offered various forms of supplementary compensation. In France, for example, the 2020-2022 discretionary profit-sharing agreement renegotiated with the trade unions is structured in two tiers:

- the first defines the profit-sharing framework applicable by each company;
- the second defines specific profit-sharing criteria for each plant or office, such as the achievement of production targets, the reduction in material waste and the digital certification rate. These profit-shares, which are paid in the first quarter of the following year, can amount to up to 8% of an employee's salary.

Employee benefit policies reflecting Michelin's social responsibility

Employee benefit policies cover healthcare coverage, insurance and post-retirement benefits, but also mobility, the family and education. National benefit systems are supplemented to ensure that employees enjoy competitive benefits in most host countries. Benefit policies are regularly updated in response to changes in the economic and legal environment and in social needs.

In addition, in 2021, Michelin defined the Michelin One Care Program, a set of basic **social protection** benefits to which every employee is entitled. The Program embodies **the Group's commitment to supporting every employee at key stages in their lives, covering parenthood, death and access to healthcare. Roll-out began in 2022, for scheduled completion in 2025.**

In 2022, the Michelin One Care Program was honored with the "Universal Social Protection" award by the Compensation and Employee Benefits Observatory (ORAS, a member of the RH&M Group).

(1) ICARE: Inspiring, Create trust, Awareness, Results, Empowerment.
(2) The 2022 campaign covered 97% of Group companies, representing 96% of the consolidated workforce. The companies that were not reviewed had only been acquired during the year or were in the process of being sold.

Protecting employees from the financial consequences of an accident or illness

Michelin is continuing to deploy and upgrade systems to safeguard employees, as well as their spouses and children, against the potentially significant financial consequences of an illness or an accident. In most countries, healthcare plans cover medical expenses and insurance coverage guarantees an income in the case of disability leave or death.

A wide range of proactive workplace health and safety initiatives are being assertively deployed (see section 4.1.3.2 a) Systematically monitoring employee health, to prevent and manage occupational illnesses) and public health campaigns on such topics as nutrition and vaccinations are regularly conducted on-site.

Supplementing national pension systems

With life expectancy on the rise, a growing number of countries have national pension systems that may not be sufficient to meet employees' expectations. In response, in certain countries, Michelin has implemented systems that provide employees with additional post-retirement income, in accordance with their length of service.

For more details concerning Michelin pension plans, please refer to Note 27 "Employee benefit obligations" in section 5.2 Consolidated financial statements for the year ended December 31, 2022.

Enabling every employee to become a shareholder on preferential terms

Employee share ownership is a strong indicator of employee confidence in the Group's future and strategy. By becoming shareholders, employees enjoy the special position of both contributing to and sharing in the value their Company creates. This is a real-world illustration of the "I am Michelin" transformation program, one of whose goals is to enhance employee buy-in and sense of co-destiny with their Company.

The year 2022 was a turning point for Michelin's employee share ownership process, with a number of developments designed to incentivize employees and improve access:

- annualization of the global BIB'Action employee share ownership plan;
- a shareholder-approved four-for-one stock split, which made the investment more affordable;
- a redesigned offer with preferential terms, including a 20% discount on the reference price and a graduated matching contribution in free shares.

Despite the uncertain economic environment, the results were very positive, with 47 country organizations participating and more than half of all employees taking up the offer, with a higher average investment than in previous plans

As of year-end, around 77,500 active employees worldwide were Michelin shareholders, owning an aggregate 2.2% of the Group's issued capital(1) and representing nearly **60% of the workforce.**

4.1.2.3 g) Transparency: information concerning redundancy plans, job retention initiatives and retraining, placement and support programs during the year

France

1. **The La Roche-sur-Yon plant**

On October 10, 2019, MFPM announced its plan to close the La Roche-sur-Yon plant in France before the end of 2020, which would also have a direct impact on the semi-finished products workshop at the Cholet plant.

An agreement on job retention initiatives was signed with a majority of trade union representatives on January 23, 2020 and implemented on April 1, 2020. At that time, 613 jobs were eliminated at the La Roche-sur-Yon plant and 68 in the semi-finished products workshop at the Cholet plant.

As of December 31, 2022, 94 employees had opted for early retirement, 126 had accepted a transfer within the Group and 480 had been outplaced. Of the employees who took retraining leave with the support of an outplacement firm, 69% have found a job or started their own business and 7% are still being assisted by the firm in finding a job or starting their own business.

A three-year revitalization agreement signed with the French government on June 30, 2020 will help to create 613 new jobs. By year-end 2022, authorities had approved applications to support 540 jobs, of which 281 had been created.

Separately, Michelin began working with leading public-sector stakeholders in the region to devise a project to transform the site into a multi-purpose center of excellence, combining manufacturing, research and training activities focused on sustainable energy, innovative mobility solutions and other future-facing technologies. The project is underpinned by the same principles as applied in the revitalization of the Dundee and Bamberg sites.

2. **Three-year project to transition the manufacturing and corporate and administrative operations**

On January 6, 2021, Michelin announced a strategic project to transition its operations in France over the 2021-2023 period, specifying that it would not entail any layoffs.

To implement the project, Michelin and the unions signed the ADAPT France 21-23 framework agreement on April 27, 2021, defining the support measures for all impacted employees, whether they wish to remain with the Group or prefer to pursue their careers elsewhere.

Under its terms, the parties will negotiate mutually agreed annual severance packages (RCCs), which will be used to support the changes in the workforce and jobs resulting from the project over the next three years.

For employees who volunteer to leave the Group, support measures include early retirement opportunities open to all eligible employees and an outplacement program.

(1) See the consolidated financial statements and Chapter 6, Michelin investor relations – Capital and ownership structure.

Under the 2021 and 2022 RCC agreements, 846 employees had requested early retirement and 255 had opted for outplacement.

The 2023 RCC agreement, signed on January 11, 2023, provides for up to 319 voluntary early retirements and up to 210 voluntary outplacements at Manufacture Française des Pneumatiques Michelin (MFPM), Pneu Laurent (PLA) and Simorep & Cie (CSM).

Italy

In Italy, as part of the Group-wide initiatives being pursued over the 2021-2023 period, the following measures were taken:

- termination in late 2021 of inner tube production at the Cuneo plant, with all the people concerned finding a solution suited to their needs;
- organizational changes in the offices and plants were supported by company-wide early retirement agreements, which concerned 136 people in 2022.

Germany: Bamberg/Hallstadt plant

The gradual closure of the Bamberg plant was announced on September 25, 2019, when the facility had 858 people on payroll. A redundancy plan was negotiated and signed in March 2020.

Tire production operations were terminated on December 17, 2020.

As of December 31, 2022, all the employees had left Michelin and most of them, despite the Covid-19 situation, had found employment elsewhere or opted for early retirement. As of January 1, 2023, 40 people still working in the residual operations were being supported in their job search by a transitional employment transfer agency.

A project to revitalize the site is now underway with the goal of creating new jobs, stimulating the local economy in the Bamberg area, and supporting the transition to a low-carbon economy.

On December 17, 2021, one year after the last tire rolled off the line, a new company, Cleantech Innovation Park GmbH (CTIP), was formed in cooperation with the city of Hallstadt and the district of Bamberg to serve as a home for sustainable technology companies, R&D institutions and universities. The State of Bavaria has also announced it will provide funding for the revitalization project. Ten former Bamberg plant employees have been hired at CTIP.

United Kingdom: Marfleet/Hull plant

On December 13, 2022, Fenner Dunlop Engineered Conveyor Solutions announced the closure of its Marfleet/Hull plant in 2023, which will affect 70 jobs.

Russia accounted for a significant proportion of the plant's sales, which have since been halted by the war in Ukraine. An employee support plan, including financial packages and access to outside retraining and recruitment services, was negotiated and accepted by the employees. Production operations will cease in late 2023.

4.1.2.4 Supporting employee growth and development SDG 4.3, 4.4 and 4.5

As part of our All Sustainable strategy, we need to attract and retain new talent to secure our independence and continue to innovate.

With this in mind:

- the Personnel function's vision is to foster an environment in which employee growth and development is at the heart of the Michelin saga;
- the Corporate Personnel Department is tasked with ensuring that:
  - the requisite skills and talents are available to the Company in the right place at the right time,
  - employees have access to a full range of resources to grow professionally (a skills management system, development solutions, etc.) and boost their employability,
  - the employee development process is focused on acquiring leadership and behavioral skills,
  - social dialogue is consistently high-quality.

The Personnel Department upholds the values of respect, diversity and inclusion and the equal treatment of all employees, in particular by ensuring compliance with the seven personnel policies: Hiring, Employee Development, Employee and Team Compensation, Diversities & Inclusion, Employee Relations, Health, Safety and Quality of Worklife, and Anti-Harassment.

Every unit has a Development Partner reporting to the Corporate Personnel Department and supported by the unit's line managers and Competency Managers. Employee support and development processes are based on the Group-wide Workday HR information system.

Workforce overview

The workforce increased by 6% in 2022, to **132,213 people**[1] at December 31, 2022 from 124,767 a year earlier, lifted by the integration of recently acquired companies into our systems.

The weighting of the respective operating regions remained relatively unchanged. France accounted for 14% of the workforce, with more than 18,100 employees on payroll nationwide.

(1) Including the dealership networks and recently acquired companies.

NUMBER OF EMPLOYEES AT DECEMBER 31, 2022[1]

	Africa, India, Middle East	North America	South America	Asia (excluding India)	Europe	Group total
EMPLOYEES ON PAYROLL, consolidated companies, under any form of work contract, excluding temp agency workers						
2022	**8,258**	**24,870**	**8,290**	**23,550**	**67,245**	**132,213**
2021	7,750	23,538	8,490	19,108	65,881	124,767
FULL-TIME EQUIVALENT EMPLOYEES of consolidated companies, excluding interns, work-study trainees, apprentices and temp agency workers						
2022	**8,216**	**23,797**	**7,474**	**22,656**	**62,774**	**124,918**
2021	7,735	22,386	7,753	19,062	61,478	118,414

Employees by gender at December 31[1]	2021	2022
Men	80.2%	80.1%
Women	19.8%	19.9%

(1) In the consolidated companies, under any form of work contract, excluding interns, work-study trainees, apprentices and temp agency workers

Employees by category at December 31[1]	2021	2022
Production operators	61.5%	61.8%
Administrative and technical staff and supervisors	28.9%	28.9%
Management staff	9.6%	9.3%

(1) In the consolidated companies, under any form of work contract, excluding interns, work-study trainees, apprentices and temp agency workers

4.1.2.4 a) Human resources planning and development

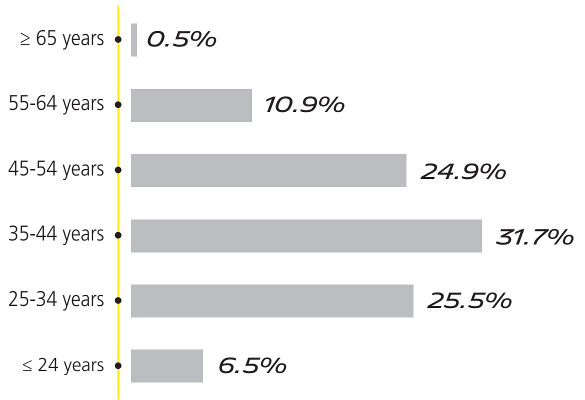
For the new skills development process to work, units and employees should be informed and advised about the talents and skills needed both immediately and over the next three to five years. This means being able to accurately foresee the emergence of new professions, jobs and skill-sets, and how they will inevitably evolve in response to the ever-faster transformation of our ecosystem.

The ultimate goal of the Strategic Workforce Planning (SWP) process is to have the right number of skills in the right place at the right time and at the right cost, so that Michelin can realize its ambitions in current and future markets.

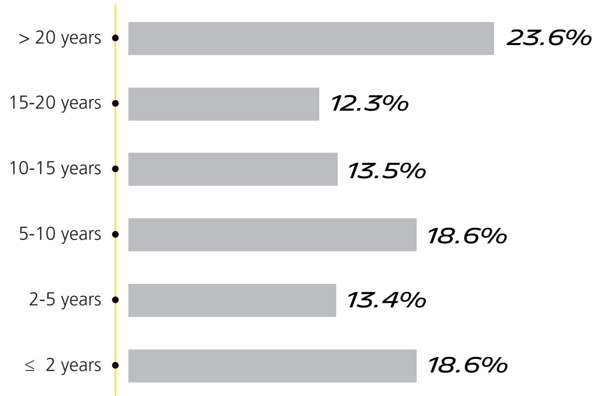
Aware of these challenges, in 2021, Michelin redefined its SWP process, which consists of identifying the Group's skills and workforce needs over the coming five-year period and recommending action plans to address them with hiring, reskilling and upskilling solutions.

Led by the Competency Managers, the process is carried out in the form of a project in response to a specific problem posed, for example, by a new organization, significant changes in a job family or skill needs, or a strategic issue raised by the Group Executive Committee.

AGE PYRAMID[2]



SENIORITY[2]



(1) The sum of the figures rounded up or down to the nearest whole number generates a one-FTE difference.
(2) Concerns all employees except Group managers and senior managers, InTouch classification.

Contract employees

In 2022, **contract employees represented 3.9% of full-time equivalent employees,** compared with 4.1% in 2021.

Temp agency workers

In 2022, **temp agency workers represented 1.71% of employees on payroll**.

4.1.2.4 b) Employer appeal, promoting from within, team succession plans

The new hiring policy introduced in 2018 reaffirmed the following vision: "The MICHELIN Employer Brand is a factor of differentiation in hiring the people the Group needs, in addition to promotions and transfers from within the organization".

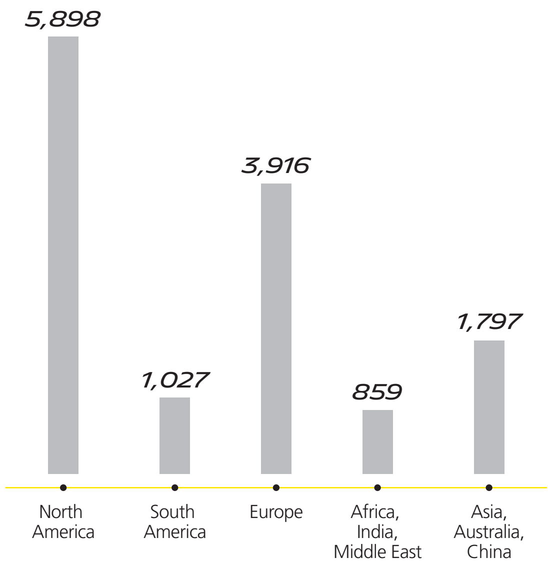
In 2022, each of the **nearly 13,500 people hired under permanent contracts** during the year attended an induction program that guided them through their first days on the job and gave them *first-hand insights* into Michelin's culture and history. The program is also designed to deepen their knowledge of the Group's values and their understanding of its strategy, organization and operating procedures. Experienced through seminars tailored to each employee category, the induction process encourages the development of communities and the ability to work collaboratively.

Michelin consistently prefers to promote from within. As of 2022, 69.8% of people in management had come up through the ranks after being promoted one or more times after their induction period. In addition, potential reviews serve as a basis for effectively managing the people most likely to progress within the organization.

Employee movements as of December 31, 2022

NEW HIRES

New hires under permanent work contracts.



The number of new hires continued to increase in 2022, to **13,497** from 10,241 in 2021, Of the new hires, **more than 27% were women**.

SEPARATIONS BY REASON

Separations in 2022	Resignation	Dismissal/ termination by mutual agreement	Retirement	Death	Total
Group	7,167	2,435	1,829	131	11,562

Scope: Employees under permanent work contracts, excluding the dealership networks and recently acquired companies.

The three main reasons for separation are resignations, dismissals and terminations, and retirement.

In all, the Group's **attrition rate stood at 12.2%** for the year.

4.1.2.4 c) Employee growth and development

A core component of the employee development policy, job mobility is now defined as a "*differentiating factor needed to fulfill the Group's strategic vision. It is an indispensable lever for developing people, enriching their experience and improving their ability to take on broader responsibilities, for their own benefit and for the benefit of the Group.*" Offers of job mobility are based on potential reviews that assess behavior, results and skills.

The system deployed since 2018 ensures that employees are fully and transparently informed of the performance standards, development aspects and mobility opportunities for a given posting or job, *in alignment with the needs of the Group's organizations and business lines and their own personal aspirations*.

Team succession plans are now being managed by the team leader, and "underwritten" by the Personnel Department in a support role. As a result, keeping everyone aware of job vacancies is the cornerstone of the Job Posting process, which is now being deployed across the Group as part of the Workday human resource information system.

In addition, a continuous skills development process has been introduced with three objectives:

- ensure that the person has the critical skills required for the job, thanks to certification by their manager;
- enable the person to improve their job performance, so as to increase their contribution to the performance of their team or unit;
- guide the person in their career development and offer them opportunities to move to a new posting, job or job family.

Employee growth and development is at the very heart of Michelin's Purpose and we strongly believe that successfully adapting to changes in the workplace depends on our ability to prepare employees for the jobs of tomorrow. This means that we have to continuously reassess our jobs and skills needs, while enhancing people's employability to sustain our performance.

This process is structured by **regular performance reviews[1] for more than 90% of employees**, while a career development system based on People Reviews concerns more than 74%.

In response to today's volatile, uncertain, complex and ambiguous world, Michelin set up a talent campus to support employees in their career development or retraining. Known as the **Manufacture des Talents**, it enables people to cultivate their lifelong-learning mindset, while helping to enhance the attractiveness of our host communities and improve talent retention. The Manufacture des Talents: "We're here to help, but the journey is yours."

Manufacture des Talents centers will be set up in a number of regions around France. In 2022, for example, a 2,500 sq.m facility opened its doors in Clermont-Ferrand (France) for Michelin employees. Participants are offered a unique learning experience focused on innovation, excellence and inclusion, built around both training courses (job skills and practices) and services (career guidance, etc.).

4.1.2.4 d) A division of roles to support the process

Michelin is committed to "*enabling every employee to take an active role in managing their career and professional development, with the support of line managers*".

Each team has been assigned a Local Development Partner and a network of Local Competency Managers, who all work together with team managers to cover the risk of a skills gap:

- **the Development Partner**, each team's initial contact person, whose primary mission is to support managers in leading the personal and professional development of their team members. In terms of risk management, they ensure that Group policies are effectively applied on-site, at the front line. Depending on the circumstances, they are qualified to examine any Personnel-related appeals or requests;
- **the Competency Manager**, who is an expert both in skills management and in their job family. They support the development partners in ensuring that the new skills management system is being properly deployed and used by managers and employees.

4.1.2.4 e) Enhancing skills through training

Investment in employee growth and development in 2022 remained close to that of the prior year. Group employees completed **4.46 million hours of training during the year.**

The percentage of training hours per total hours worked came to an estimated 2.4%, compared with 2.6% in 2021. The number of hours delivered online continued to rise, by more than 30% over the year. To deliver this average investment of **41 hours of training per person** on payroll, the Learning & Development function comprises **1,012 full-time professionals**, of whom nearly half are dedicated to training production operators.

The "InTouch Learn" learning management system lets employees directly access both global and local training courses and content. Managers are automatically informed when one of their employees signs up for a course. Everyone is therefore free to choose the courses they need, in compliance with local rules.

(1) Frequent feedback interviews for categories 1 to 4, InTouch classification.

4.1.2.5 Encouraging employee and corporate engagement in local communities

SDG 8.3, 10.2 and 11.4

Michelin believes that the relationships with all its stakeholders, especially the communities near its facilities, are of paramount importance. As part of this holistic vision, the Group is involving all of its suppliers in the community engagement process, requiring them to meet its own high standards and supporting them through outreach.

The Group is also deeply involved in developing and promoting its host communities, by respecting and addressing their expectations and interests. This commitment is manifested in job creation initiatives, training programs, a significant proportion of local sourcing, the payment of local income and other taxes, support for the preservation of each community's natural and cultural heritage, and financial support for projects led by NGOs, associations and other players.

These actions significantly enhance Michelin's impact in all its locations, thereby contributing to initiatives undertaken to prevent the risk of diminished attractiveness as an employer.

To coordinate these objectives more effectively, the Group has organized four major worldwide action programs: Michelin Volunteers (formerly Local Community Engagement), Michelin Development, skills-sharing and the Michelin Foundation.

4.1.2.5 a) Supporting local jobs and businesses with Michelin Development

MORE THAN 41,000

jobs created with the support of Michelin Development, of which

30,000 IN FRANCE SINCE 1990

Supporting local companies with expertise and funding

Michelin is actively involved in creating jobs through its Michelin Development business. The only organization of its kind with a uniquely flexible approach, **Michelin Development** provides local companies with expertise and technical support in a wide variety of areas, including industrial organization, workplace safety, energy efficiency, information technology, the supply chain and more.

This support can be backed by funding in the form of subsidies or five-year, low-interest, collateral-free loans, designed to create leverage with individual or institutional investors, thereby kick-starting a dynamic process of local job creation.

The start-ups supported in 2022 covered a very diverse array of businesses. Projects in any industry are eligible for support as long as they are sound and their champion is competent and motivated.

Over the past 30 years, Michelin Development has helped to create more than 41,000 jobs in France, Spain, Italy, the United Kingdom, Canada and the United States.

A sustained, active presence in local labor markets in France

Since it was formed in 1990, Michelin Development has helped to create more than **30,000 jobs in France.**

Most of its activities involve spontaneous support for local jobs. In 2022, 122 agreements were signed engaging Michelin to support the creation of **1,087 jobs** in local companies, backed by around €3.7 million in loans and subsidies granted.

In 2022, a little under half of its financial commitments were dedicated to production plants being reorganized that were covered by a revitalization agreement. One such agreement, signed in the Clermont-Ferrand region following the elimination of 970 jobs at Group headquarters, was completed at end-2021 after meeting its target. Similarly, closure of the La Roche-sur-Yon plant in late 2019 was supported by a revitalization agreement to create 613 jobs, of which 350 had been filled by the end of 2022.

During the year, the supported SOHOs and SMEs created jobs in a very wide variety of sectors, including:

- in the Indre et Loire department, 104 jobs have been created over the past five years by Loire Valley Invest, a regional investment fund in which Michelin Development was a seed investor. This public-private fund, which invests exclusively in innovative small businesses in the region, offers Michelin Development a fresh lever for creating sustainable jobs, in addition to its own support programs;
- in the Loire region, a small, family-owned chocolate manufacturer is being supported in its expansion by (i) a skills-sharing arrangement with the Michelin plant in Roanne, which provides expertise in organization, industrial performance management and safety; and (ii) a low-interest loan for the created jobs. The company is engaged in a proactive CSR commitment, with participatory governance, green energy and responsible procurement contracts with smallholder cocoa cooperatives in Africa and South America;
- in Muzillac (Morbihan, Brittany), Michelin Development helped a reskilled employee with seasoned experience in plastics processing to set up Alterplast, a plastics processing, thermo-forming and plastic boilermaking company. The support was provided in collaboration with the Initiative Vannes network, with Michelin offering regular mentoring to enable the company to successfully get off the ground;
- as part of the local economic revitalization agreement in the Puy-de-Dôme department, the CoCoShaker social entrepreneur incubator was supported for the Auvergne Terre d'Emergence des Coopérations program. Funding was provided to enable an employee to complete a doctoral dissertation on the impact of multi-stakeholder collaborative innovation on social entrepreneurship in rural communities.

Applying a similar approach in many countries

Since 2002, similar organizations have been set up in other countries.

In Spain, Michelin Development's operations are managed by Fundación Michelin España Portugal, which supported the creation of **147 jobs** in 18 companies in 2022. Since 2004, Michelin Development has committed more than €8.6 million in Spain, enabling the creation of 4,500 jobs in more than 700 companies based in labor markets around the Group's four Spanish plants.

In Italy, the Fondazione Michelin Sviluppo helped to create **22 jobs** in start-ups and innovative SMEs in 2022. In addition, €42,000 in funding was granted directly to companies during the year, and another €21,000 was contributed to social initiatives promoting regional growth and land-use development. The latter funds were allocated to four start-ups whose business models are based on circular economy projects.

In all, around 2,500 jobs have been created since 2005 and some €2.4 million in direct funding has been granted to 334 approved applicants.

In the United Kingdom, following the announcement in November 2018 that it was phasing out tire production at its Dundee plant, Michelin approached local public authorities with a plan to co-construct an ambitious project to transform the site. In December 2018, a memorandum of understanding was signed between Michelin, Dundee City Council and Scottish Enterprise, Scotland's national economic development agency. In June 2019, the three parties became equal shareholders in a new company, Michelin Scotland Innovation Parc (MSIP), which acquired the Dundee site's 32 hectares of land and buildings on January 1, 2021 with funding provided equally by the Scottish public authorities and Michelin.

Since then, **13 companies have moved to the site and 153 local jobs have been created. In addition, 1,400 young people visited the site in 2022.**

The Skills Academy is ready to welcome its first students.

4.1.2.5 b) Participating harmoniously in local community life through our employees

Michelin has a long tradition of social engagement, with a wide range of philanthropic and community outreach initiatives conducted locally and regionally by the plants, the country organizations, the Regions and, since 2014, the Michelin Foundation.

In place since late 2013, the policy encouraging employees to get involved in their local communities was revised in 2021 and new guidelines were drafted and distributed. Now known as **Michelin Volunteers**, the new policy defines eligible initiatives more precisely than before, to distinguish them more clearly from the Group's business activities. It also heightens the emphasis on employee participation in such initiatives, with a **Group-wide target of 20% of employees involved in 2030**. This goal reflects the Group's active support for volunteer initiatives that benefit local communities, which serve as a vector of engagement and pride, while also helping employees to stretch their capabilities in areas different from their daily jobs. Parallel to launching the updated policy, Michelin introduced a **new reporting process for the initiatives**, based on an internal web platform whose easy access from any Michelin facility enables the acquisition of a large amount of data, which in turn facilitates data consolidation at Group level.

Reported numbers declined in 2020 and 2021, reflecting both the revised approach, which tightened eligibility and eliminated certain types of initiatives, and the global pandemic, which curtailed opportunities for volunteering. **Participation climbed sharply in 2022, however, with close to 10,900 employees or 8.7% of the global workforce engaging in initiatives in every region of the world**. Compared with the nearly 5,000 participants in 2021, the strong upturn attests to employees' enthusiastic embrace of the revised policy. During the year, the main initiatives concerned education (30% of projects), followed by health and community outreach (25%), environmental protection (12%), diversity and inclusion (8%) and sports (8%).

In all, Michelin employees donated around **4,300 days** to projects that benefited some 80,000 people in local communities around the world. Examples include:

- a zero waste campaign in **China**, with recycling workshops, second-hand markets and recyclable waste collection helping to raise funds to plant trees and purchase children's school supplies;
- initiatives in **Brazil** to promote beach access for people with disabilities by offering para-sports activities on Rio de Janeiro beaches;
- an educational support program in the **United States**, with employees volunteering as mentors, tutors and lunch buddies for children in a number of communities;
- a campaign in **Thailand** to encourage walking and running, which involved more than 1,000 employees and resulted in the planting of more than 10,000 trees, based on one tree planted for every 10,000 steps;
- collection drives for the Auvergne Food Bank organized in supermarkets in Clermont-Ferrand, **France**.

In addition, €2.1 million was donated to local communities during the year, of which one third was allocated to health and outreach projects.

4.1.2.5 c) The Michelin Foundation: demonstrating our corporate culture and values

€12 MILLION
allocated in 2022 by the Michelin Foundation to
80 PROJECTS

The Michelin Foundation supports outstanding, innovative projects aligned with the Group's humanist culture and values of respect. It is led by a General Delegate who reports to the Board of Directors, chaired by Florent Menegaux.

Since its creation in 2014, the Foundation has supported more than 500 projects in its five areas of focus: sustainable mobility, the environment, education and outreach, sports and health, culture and heritage.

Its activities in 2022 were seriously impacted by the unstable international environment (war, economic crisis, pandemic) and by climate change emergencies. Supported projects included a number of notable cases focused on community outreach, education and the environment.

Responding to an array of crises with an international commitment:

- in May, an unprecedented economic crisis in Sri Lanka required an emergency medical response to deliver essential life-saving medicine to the country, in partnership with on-site teams from the **United Nations Development Programme (UNDP)**;
- In Clermont-Ferrand, a project to support the Ukrainian people financed the housing and training of around twenty Ukrainian women doctors at the **International Center for Endoscopic Surgery (CICE)**, enabling them to pursue their careers and continue working, despite the conflict.

Paying special attention to **school drop out rates**, a trend aggravated by the crises:

- **C'Possible** – in France, there are currently one million young people aged 16 to 25 who have no diploma, no training and no job. ***The Foundation's objective:*** *to increase the number of volunteers from the business and academic communities nationwide to guide 16,000 young people to success every year through 2025;*
- **Enfants d'Asie** – a French association that advocates for children's rights and supports disadvantaged children in the Philippines, the Southeast Asian country most impacted by the pandemic and by child abuse and other socio-economic problems. ***The Foundation's objective:*** *to raise awareness among 10,000 students in nine schools, and support 200 children identified as being at risk of dropping out.*

The Michelin Foundation is also pursuing its **commitment to the environmental transition** by supporting awareness-building and training projects for young people.

- The **Campus de la Transition** works in French higher education to train teachers in the climate emergency and environmentally responsible behavior. ***The Foundation's objective***: *to expand train-the-trainer capabilities with four courses trialed in four universities in Montpellier and Greater Paris, with the goal of cascading down awareness to more than 3,000 students a year.*
- **Biodiv'Educ** is raising awareness of biodiversity and environmental stewardship among young people aged 6 to 18 through innovative workshops using digital technology and video games. ***The Foundation's objective***: *to reach 210,000 young people in the four departments of the Auvergne region.*

These projects are described on the Foundation's website, fondation.michelin.com/en/

4.1.2.5 d) Addressing the risk of potentially negative impacts of our business on local communities

While its plants and other facilities deliver benefits to local communities, the Group is aware that they can also have potentially negative impacts.

In 2019, action principles designed to prevent any risk of a negative impact on local communities were defined based on four situations: when a new production plant is being built, when it is being operated, when it is closed down and when rubber plantations are bought and managed. Key principles included identifying possible negative impact risks, deploying remedial action plans, maintaining dialogue with neighboring stakeholders, introducing a complaints mechanism, focusing on hiring locally and training people in the local community. The WWF was consulted on the draft project.

One result is that new plant construction projects now include local community impact studies, covering such areas as access to land and respect for the community's cultural heritage. Independent studies of this type have been performed in India, Indonesia and Mexico, resulting in recommendations that were followed by the Group. In Mexico, for example, before construction began on a new tire plant, the study found a risk concerning land rights in the local community. The Group then determined that it had the legal right to acquire the land and made sure that the project was beneficial to local economic development. In particular, it helped to finance the renovation of local public infrastructure and the creation of a vocational school.

4.1.2.5 e) Making a public commitment to supporting sustainable mobility

Transitioning to a low-carbon economy with low-carbon mobility for people and goods requires systemic change at every level of society. Recognizing that the challenges are collective in nature and involve international institutions, national and local public decision-makers, civil society and the private sector, Michelin has long been committed to bringing together a wide range of stakeholders around such sustainable mobility issues as minimizing its environmental footprint (GHG emissions, noise and air pollution), optimizing its efficiency, protecting people's health and safety and ensuring universal access[1].

In 2022, Michelin maintained its active commitment to various major global institutional partnerships, and is now **internationally recognized as one of the leading champions of sustainable mobility, even in areas outside its core tire business**.

For example, the Group is proud to be the only private-sector representative on the steering committee of the **Sustainable Mobility for All (SuM4All) consortium**, a major initiative to support countries in the Global South, led by the World Bank and involving a number of UN agencies and multilateral development banks. In 2022, Michelin continued to actively contribute to two new SuM4All projects, one on safe mobility, co-led by the International Road Federation (IRF) with funding from the Michelin Foundation, and the other on gender issues in the transportation industry.

During the year, the Group also expanded its role in the Transport Decarbonisation Alliance (TDA), a coalition of the "3 Cs" (Countries, Cities/Regions and Companies) currently chaired by the state of California, which is advocating for real-world collective solutions for a net-zero emissions transportation industry by 2050. Michelin also pursued its active support for the Sustainable Low Carbon Transport (SLOCAT) platform, which is seeking to federate non-state transportation stakeholders as the industry's focal point for the UNFCCC[2], tasked with organizing their participation in successive COPs. Over the years, SLOCAT has become one of the Group's leading partners in the international arena.

Lastly, through its Foundation, Michelin is continuing to support the initiatives undertaken by the **Climate Chance Association***,* made up of French and African non-state actors active in the mobility sector and committed to the climate. In particular, it is backing the project to build national transport roadmaps in a number of emerging economies and countries in the Global South, such as Morocco, Côte d'Ivoire and, in 2022, Senegal.

In 2022, Michelin further raised its global profile on sustainable mobility issues, with invitations to speak at a number of headline international events during the year, including the annual Transforming Transportation Summit organized by the World Bank and the World Resources Institute in February and the 2022 International Transport Forum in May (including participation in a ministers' round-table on supply chain issues). At the COP 27 in Egypt in November, the Group was represented through its partners SLOCAT, SuM4All and TDA, and was asked to participate remotely in a parallel event organized in Sharm-el-Sheikh by Climate Compatible Growth on the challenges of the just transition in Africa.

In 2017, Michelin created the Movin'On ecosystem, which it leads through more than 30 Communities of Interest bringing together more than 300 mobility stakeholders from 60 countries.

Since 2022, the Movin'On Summit has stepped up its commitment to taking sustainable mobility from ambition to action. Created and inspired by Michelin, Movin'On is the world's leading **strategic foresight** and co-innovation ecosystem focused on sustainable mobility. Movin'On emerged from a common vision, shared by all its members, that **mobility is at the very heart of human development but it has to be sustainable.** Based on the principle that no single stakeholder can meet current or future challenges alone, Movin'On gathers a wide range of public organizations, companies, associations and individuals around its vision and gives them the resources they need to innovate together to develop new sustainable mobility solutions. Today, the Movin'On ecosystem brings together more than 300 organizations and, since 2021, its governance has been shared among several leading global corporations.

In 2022, Movin'On represented:

- the introduction of a sustained shared governance structure, in a commitment to stepping up and broadening the impact of Movin'On initiatives around the world. **Thirteen chief executives of leading global corporations** have agreed to join Movin'On's governance team alongside Florent Menegaux;
- the "Movin'On Inside" talk show dedicated to sustainable mobility, whose four episodes were watched by more than 45,000 people;
- the release of eight new episodes of Mobility Stories, the sustainable mobility podcast channel, bringing the total to 21.

Movin'On LAB

Movin'On LAB is a "think and do tank" that enables organizations to **plan, co-innovate and influence** the mobility of the future. **They are helping to foster a continuous process of innovation and international collaboration within Communities of Interest, where they can forge and validate a shared vision, develop their strategies and propose innovative sustainable mobility solutions.**

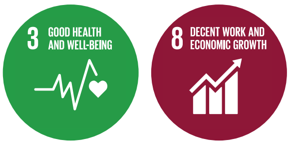
More than 300 organizations are working with Movin'On LAB Communities of Interest. **A total of 20 Communities of Interest were active in 2022.**

To find out more, please visit the Movin'On Connect website at https://www.movinonconnect.com/

(1) Initiated in 2017 by the World Bank-led Sustainable Mobility for All (SuM4All) consortium, this definition of sustainable mobility based on four policy goals (universal access/efficiency/safety/green) is now a global benchmark.

(2) The United Nations Framework Convention on Climate Change, which is responsible for implementing the Paris Agreement on Climate Change adopted in 2015 at COP 21.

4.1.3 EMPLOYEE HEALTH AND SAFETY



Risks related to the health and safety of employees and contractors

Michelin directly employs more than 132,200 people worldwide and also uses temporary employment agencies and subcontractors. These people work in a very wide variety of environments, primarily in industrial facilities – where they use machines and equipment ranging from manual to fully automated, depending on the type of product manufactured and the model of the machines – but also in logistics and services operations and dealerships.

Given the nature of our business, Group employees and temporary agency workers face a very diverse array of risks and obligations, depending on whether they work in a production plant or an office, on the road or behind a desk. For example, shopfloor employees are exposed to risks related to:

- site equipment and organization (mechanical and electrical risks, installation ergonomics risks);
- the general working environment (heat, working at heights, psychosocial risks, and exposure to country-specific risks such as political instability, terrorism or kidnappings);
- exposure to chemicals;
- industrial accidents and natural disasters;
- handling tires.

Office-based, itinerant and sales personnel are exposed to:

- business travel risks (accidents and health risks);
- psychosocial risks.

These risks can have an impact on the health, well-being, and even the physical integrity of Michelin employees and other people who work in Group facilities. They are addressed by applying dedicated preventive and mitigation measures.

Employee health and safety governance

The Employee Health and Safety Governance body is chaired by the Executive Vice President & Chief Personnel Officer and co-chaired by the Executive Vice President, Manufacturing, who are both members of the Group Executive Committee. Led by the Group Health Coordination Director, the body also comprises standing members representing the Corporate Safety & Environment Department, the Corporate Internal Audit, Risk Management, Internal Control and Quality Department, the Corporate Legal Department, the Sustainable Development and Mobility Department and the Head of the Distribution business unit.

The Governance body meets twice a year to manage the Group-wide employee health and safety process. It determines the related policies, objectives and strategies, and ensures that appropriate resources are allocated to drive the timely, successful completion of the action plans defined and deployed to meet the objectives.

4.1.3.1 Engaging in health, safety and quality of worklife policies

In full alignment with its fundamental value of respect for people, Michelin is actively deploying a comprehensive range of health, safety and quality of worklife policies, as described in:

- the 2011 **Health and Safety Declaration**;
- the 2018 **Health, Safety and Quality of Worklife Policy,** the updated version of the Health Policy;
- **the 2022 Environment, Prevention and Security Guidance Letter.**

The Health and Safety Declaration states that "above all else, Michelin's wish is to ensure safe and healthy conditions for everyone working in the Group". For Michelin, these conditions include the physical and psychological well-being of employees, the quality of the working environment, and a healthy work-life balance.

These commitments are based on the recommendations issued by key international organizations, such as the UN, the ILO and the OECD, and prevailing standards and legislation, including ISO 26000 and the French Commercial Code.

The Health, Safety and Quality of Worklife Policy defines the Group's fundamentals and vision, in alignment with its transformation objectives for 2030 and 2050.

The Environment, Prevention and Security Guidance Letter specifies the short- and medium-term targets for fulfilling that vision, while setting the guidelines that every unit must follow. The scope of reporting does not include newly acquired companies being integrated into the system, where Group procedures are being deployed through a dedicated process.

The Group's risk management procedures are also being applied to employee health, safety and well-being, as part of a disciplined continuous improvement process.

The policies are set out and implemented through the Environment and Prevention Management System, which is based on the international ISO 14001 and ISO 45001 standards. Its application by every employee on every site across the Group (with the exception of companies not yet fully integrated into the system) is delivering consistent outcomes and continuous improvement in performance. The various risks and opportunities have been identified and their impacts assessed. Prevention, protection and response procedures have been defined and implemented and are periodically assessed to manage their impacts.

Every Michelin facility is staffed with risk prevention professionals, such as OSH experts, ergonomists and hygienists, and health care providers, like doctors and nurses.

These professionals share best practices and leverage acquired experience at a regional, national and Group-wide level, as part of a continuous improvement process.

In the production operations, the Environment and Prevention Management System is an integral part of the operational excellence fundamentals of the Michelin Manufacturing Way (MMW) management system, which identifies and promotes good manufacturing practices.

In this way, a full array of improvement drivers are being activated across the organization. **Mandatory training courses and programs are helping to instill a culture of vigilance, engagement and alertness in every employee, both for themselves and for others. The emphasis is on encouraging employees to embrace and demonstrate this culture of safety in the workplace** (see section 4.1.3.2).

Improvements are guided by specific indicators. To manage risks, effective working methods, rule procedures and practices have been defined and are verified by an internal control process.

In recent years, a prioritized risk map has been created, based on data from standardized risk assessments conducted for every workstation.

Priorities in the annual or multi-year action plans are set based on field data and the Group's objectives and targets. The plans are supported by programs to drive continuous improvement both in existing equipment and processes and in the design of new equipment and processes.

4.1.3.2 Safeguarding employee health

According to the World Health Organization, "health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity. The enjoyment of the highest attainable standard of health is one of the fundamental rights of every human being."

Deployment of the Group Health, Safety and Quality of Worklife Policy is improving the performance of individual and general prevention programs, in particular by instilling a common vision and aligning practices among them.

The Covid-19 health protocol issued in 2020 was extended as needed in 2022, based on local conditions. It was left to the best judgment of local managers to apply any or all of the measures, depending on the state of the outbreak around their facility, the type of business operations and the national recommendations in effect.

During the year, a crisis unit remained in operation for facilities in China.

4.1.3.2 a) Systematically monitoring employee health, to prevent and manage occupational illnesses

Since 2010, **the Medical Advisory Committee**, comprising eight outside experts, has helped to foresee and prevent health risks, based on the latest advances in science. Its independent opinions assist Group management in addressing the health risks specific to tire manufacturing. Because conditions have not warranted a new opinion, the Committee has not been consulted since 2021.

A majority of employees are under the care of an occupational physician, in accordance with local legislation. **Medical check-ups** are offered to employees in the few countries, in Africa and the Middle East, that do not require companies to monitor employee health and lack the appropriate medical resources.

In the regions and large European countries where the number of Group employees and national legislation warrant a local approach, health coordination committees are helping to align care systems and the roll-out of the Health, Safety and Quality of Worklife recommendations.

Initiatives to prevent and detect occupational illnesses primarily concern the risks related to lifting, repetitive stress, physical exertion, noise exposure and chemicals.

Occupational illnesses are reported every year to help guide remedial action plans. The Group's definition of occupational illness depends on each host country's legislation.

The majority of the recognized occupational illnesses occurring Group-wide are associated with job-related physical activity. The program to **improve workstation ergonomics** is helping in particular to reduce the occurrence of musculoskeletal disorders. To supplement the general protection measures, employees systematically wear personal protective equipment at workstations deemed at risk[(1)].

(1) See section 4.1.3.2 d) Improving production workstation ergonomics.

4.1.3.2 b) Safeguarding health and ability to work

To further protect employees from impairments in health or the inability to work, the programs to attenuate occupational risks are also supplemented with **local health education initiatives and public health campaigns.**

These programs are designed to instill healthy behavior in employees, both on and off the job. Examples include:

- introducing medical check-ups in 2018 for all expatriate employees and their families, regardless of their home or host country, before and during expatriation, to prevent at-risk situations. During the Covid-19 response, these check-ups proved especially useful in the management of vulnerable people;
- **encouraging employees to engage in physical activities and sports** by installing fitness and athletic equipment and paying a portion of the registration fees for sports activities;
- offering awareness-building and prevention training concerning addictive behavior, nutrition, cardiovascular disease, cancer and other issues that may be defined in connection with local priorities. In some countries, these programs are organized as part of quality-of-life initiatives, such as "Balance", in Germany, "De Bem Com a Vida" in Brazil, "Oxygène" in France, and "Choose Well Live Well" in the United States. These measures, which have been in place for a number of years now, are fully aligned with the workplace health reforms supported by the French Ministry of Labor and other organizations[(1)];
- focusing special attention on the organization of work-from-home arrangements, which are becoming increasingly prevalent, whether requested by employees or made mandatory in response to the pandemic.

4.1.3.2 c) Managing industrial hygiene risks to protect employee health

Michelin's industrial hygiene policy is designed to protect people's health from the harmful effects inherent in the use of chemicals or chemical compounds or from exposure to certain process fumes or asbestos.

The following five core principles are being followed, by order of priority:

1. **Plan for emerging risks and avoid introducing risks from new chemicals or processes.** Before any new product can be used, its possible risks are managed through a dedicated assessment procedure performed prior to issuing an authorization for use. The procedure gauges the substance's potential impact on human health and, if it is deemed hazardous, defines the conditions designed for safe use. In some cases, its use may be prohibited.
2. **Recognize and assess the existing health risks of chemicals.** The production plants are using a standardized chemical risk assessment method to define degrees of risk and respond with effective management practices.
3. **Manage risks by implementing and maintaining effective practices, by order of priority:**
   - replace substances of very high concern, if technically feasible. Monitoring committees meet periodically to prioritize substances to be replaced and phased out;
   - install and use collective protective equipment and facilities, (containment processes, hoods, extractors). Such collective protective systems are designed into new processes and/or new materials. If existing collective protective equipment is deemed inadequate, they are upgraded and improved whenever technically feasible;
   - use personal protective equipment as the final bulwark for employee protection.
4. **Confirm the application and effectiveness of risk management practices**. The effective application of risk management practices is confirmed through a variety of periodically scheduled maintenance, verification and audit plans. Employee exposure levels are measured in accordance with prevailing regulatory standards and identified risks. The health of employees assigned to exposed workstations is monitored, with regular medical checkups.
5. **Inform and train employees in risk awareness**. Employees are informed of chemical risks and trained to respond to them. Safety data sheets (SDS) for chemicals compliant with REACH legislation in Europe, and with the Global Harmonized System (GHS) everywhere else, are available in the host country language. In some plants, the same information is presented on a product data sheet attached to the workstation.

Risks that may arise from a chemical's reasonably foreseeable conditions of use are addressed across the product life-cycle.

4.1.3.2 d) Improving production workstation ergonomics

Musculoskeletal (MSK) disorders account for the majority of occupational illnesses and, depending on the business, 25% to 35% of health-related impairments are caused by faulty ergonomics. Since 2002,, MSK impairments have been a major focus of the Group's health and safety policies.

Their prevention is taken into account at the design stage of every industrial project, so as to attenuate any potentially negative impact on working conditions over the medium and long term.

The production facilities and logistics hubs draft and regularly update their workstation maps to identify action priorities and put in place tailored solutions.

Ergonomic issues are addressed across the business base every year with a dedicated capital budget, which was increased sharply for the second year in a row in 2022, by 97% to **€28.4 million** after a substantial 50% increase in 2021.

Projects to improve ergonomics are implemented by ergonomist-led multidisciplinary teams comprised of managers, operators, prevention specialists and physicians. Except in units not yet fully integrated into the system, each plant is deploying a five-year improvement plan.

In addition to protecting employee health, reducing ergonomic hardship is also making the workstations more accessible and appealing to a wider range of people. In turn, this is supporting diversity, making workstations a more attractive job option, and enhancing people's well-being and motivation.

(1) Act 2022-296 of March 2, 2022 aimed at democratizing sport in France.

4.1.3.3 Assessing and preventing workplace safety and security risks SDG 8.8

In its **Health and Safety Declaration**, Michelin states that "above all else, Michelin's wish is to ensure safe and healthy conditions for everyone working in the Group". To embed a culture of safety and prevention in every aspect of the Group's business, three essential principles are being instilled across the organization:

- correct behavior begins with compliance with safety guidelines;
- through their active commitment, employees are responsible for everyone's health and safety, both their own and that of others;
- personal engagement drives continuous improvement.

This process emphasizes risk prevention, compliance, employee empowerment and management involvement, so that the Declaration is effectively demonstrated in daily work practices.

In recent years, a comprehensive, prioritized risk map has been created, based on data from standardized risk assessments conducted for every workstation. These data are also being used to set priorities in the annual or multi-year action plans. In France, they are consolidated into the comprehensive risk assessment review (*Document Unique d'Evaluation des Risques Professionnels*), which addresses all the possible risk factors.

4.1.3.3 a) Managing workplace safety

Michelin encourages every employee to embrace a culture of accident prevention based on anticipating, analyzing, managing and mitigating health and safety risks.

Prevention and mitigation measures are structured into three main interconnected categories:

- **technical measures**, focused on five Group Safety Programs addressing the specific risks that the Group wants to reduce and manage. They are supported by prioritized responses to the most serious machinery and ergonomic risks, in liaison with the engineering departments;
- **behavioral measures**, combined into an innovative approach that heightens employee alertness and engages them to demonstrate preventive practices for themselves and their colleagues. It draws on behavioral sciences to encourage engagement through managerial leadership and the active participation of every employee (safety coalitions);
- **organizational measures**, both to support the effective management and mitigation of risks with a robust management system and to develop employee skills.

A culture of safety at work is embraced by employees across the organization, as seen in:

- the uncompromising support of managers, from the executive suite to the shopfloor;
- the dissemination and sharing of best practices and feedback;
- the corporate communication media issued by the Group;
- the programs aimed at detecting and responding to emerging risks.

Before conducting any on-site operations in the production plants or offices[1], outside contractors must work with Michelin to prepare a dedicated risk prevention plan addressing all the tasks to be performed under the contract.

An indirect metric attests to the importance of safety for Michelin employees and the outstanding example set by managers. In 2022: 88% of employees[2] felt that "we never compromise our own safety to meet other targets" (costs, deadlines, etc.). **This was two points higher** than in the 2021 survey.

4.1.3.3 b) Protecting employees in the midst of never-ending international crises

International mobility as the pandemic becomes endemic

While the international mobility of Michelin employees was once again shaped by Covid-19 in 2022, the pandemic's impact gradually faded as hospitalization and ICU numbers steadily dwindled despite the periodic resurgence of new waves of contagion.

As a result, countries began to ease their health restrictions, with border reopenings, in particular, enabling a resumption in international business travel. On March 10, the Corporate Safety & Environment Department issued a memo specifying the latest travel procedures: "Between countries/regions where the omicron [variant] appears...to be under control, business travel is reauthorized without prior Regional Security Officer (RRSE) approval. However, travelers and their business units will have to abide by new rules."

When booking, for example, travelers were urged to consult the Group travel provider's online application, which describes the health situation in the destination country, as well as local procedures (new tests on arrival, mandatory quarantine or hospitalization in the event of a positive test, etc.).

The memo also recommended downloading the provider's app[3] for medical assistance abroad, which provided more details on local health risks and contacts in case of problems. The Corporate Safety & Environment Department also advised travelers undergoing medical treatment to take enough medication to last the entire trip, including any possible quarantine time in the event of contamination. Lastly, it reviewed Michelin's Covid-19 travel health and safety recommendations (available on the Intranet). A second memo, issued on March 31, reviewed the importance of precautionary measures.

For travel to countries where omicron risk remained high, the rules in force during the pandemic continued to be applied, with authorizations issued only for trips deemed "critical" to the Group.

Throughout the crisis, the Security Department held weekly situation updates with the regional security officers to assess the epidemic's impact on the Group and to adjust security rules and protocols. On September 1, these updates stopped focusing solely on virus-related issues, whose impact had receded.

(1) *Except in units not yet fully integrated into the system.*
(2) Who responded to the "Moving Forward Together" survey.
(3) *Carlson Wagonlit Travel.*

Business travelers

The corporate Security Department maintains and distributes (in particular, via the Travel Managers and other Intranet portals) a continuously updated risk map with countries plotted according to four levels of risk. In 2022, the map also indicated the severity of the pandemic.

Health and safety aspects

Regardless of the country of destination, all travelers were strongly recommended to get fully vaccinated against Covid-19. To counter potential security risks, the constant surveillance of the international situation was strengthened over the year.

In addition to the easing of Covid-19-related health restrictions, 2022 was particularly impacted by Russia's invasion of Ukraine on February 24. With an intensity and scale not seen since the Second World War, the European conflict had major international repercussions throughout the year. Since the conflict broke out, the Corporate Safety & Environment Department has been working to protect employees and support decision-making across the Group.

Expatriates

The same precautionary principles were applied to the safety of expatriates and their families, who all had to be fully vaccinated before departure under the supervision of the health department.

Group events

During the Covid-19 epidemic, the Corporate Safety & Environment Department assisted organizers of authorized major events in mitigating risks from the spread of the virus.

4.1.3.3 c) Measuring and tracking occupational accidents

In 2022, a review of the consolidated incident data, **covering more than 90% of the Group's workforce for the year**, enabled management, the ergonomist and the occupational medicine team to prepare effective health and safety improvement plans. Information, awareness-building and training programs continued to be conducted with the designated health and safety experts in every region and time zone.

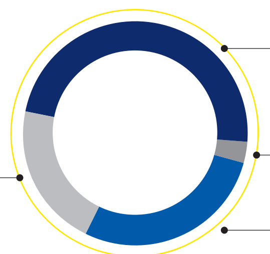
In 2022, the scope of reporting workplace accidents was extended to temporary agency workers in the manufacturing operations and to employees of recently acquired companies (including Camso in 2022 and Multistrada since 2021). The Fenner companies and temporary workers in the dealership networks will be included in 2023.

Occupational accidents are tracked using a set of indicators built around the TCIR, which measures the number of accidents and cases of occupational illness recorded per 200,000 hours worked

In 2022, consolidated TCIR[(1)] improved to 1.07 from 1.29 the year before. All the preventive programs deployed in the manufacturing operations delivered improved outcomes over the year.

After a challenging 2021 in an unfavorable environment, safety indicators regained their steady progress in line with Group objectives in 2022, with Distribution in particular enjoying a significant improvement of around 20%.

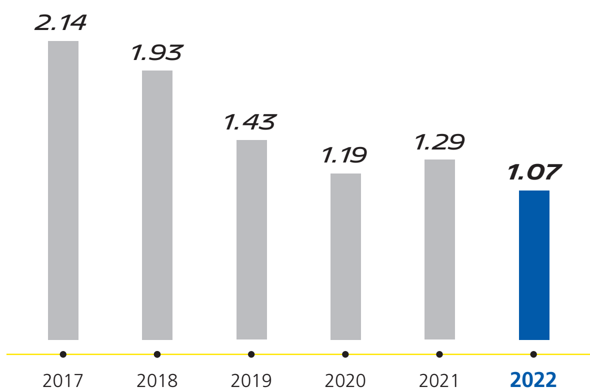
ANALYSIS OF 2022 CONSOLIDATED TCIR



* *Treatment represents more intensive medical care than first aid, which involves stabilizing victims by cleaning their wounds or keeping them cool or warm. The various types of first aid have been identified in a list. Chart data also include accidents without lost time involving temporary-agency workers. The lost-time incident category applies to the frequency rate scope of reporting (i.e. only Michelin employees).*

** *The workstation adjustments category includes lost time incidents involving temp agency workers*

IMPROVEMENT IN CONSOLIDATED TCIR



The Group's objective is to achieve TCIR of below 0.75 in 2025 and below 0.5 in 2030 (including temp agency workers).

Since 2018, the TA+ indicator has tracked the incident rate, with or without lost time, of a list of accidents that the Group has prioritized. It supports a more granular approach to these accidents, while helping to improve the consistency of multi-country data. The number of TA+ accidents is recorded by a dedicated committee chaired by the Group Safety Manager, which meets once a month with ergonomics experts from the Safety Department and the Group physician after monthly indicator data have been reported. The TA+ indicator has **steadily improved** over the years, **to stand at 0.61** in 2022.

Every month, a TA+ accident case study is presented to the Managers and the Group Executive Committee, with an analysis of the causes and the deployment of an action plan to reduce the risk of the same type of accident occurring in the future.

The Group was saddened by a fatal accident in Canada in 2022.

(1) *Total Case Incident Rate: the number of accidents and cases of occupational illness recorded per 200,000 hours worked.*

4.1.3.4 Ensuring well-being in the workplace: improving work-life balance

Michelin wishes to create working conditions that foster a sense of balance and personal well-being. Initiatives are being deployed to improve the workplace environment and organization. In addition, the country organizations and plants have been empowered to make headway on local priorities, in accordance with the needs expressed by their employees.

Year after year, the results of the Moving Forward Together survey[1] express employee aspirations for a better work-life balance.

4.1.3.4 a) Adjusting working hours

Flexible working hours study

In 2022, the Michelin European Works Council commissioned the Plein Sens consultancy to conduct a study of **how Group employees in Europe perceive workplace flexibility**, i.e. using flextime to respond to fluctuations in demand or developing flexible skills to perform different tasks or work at different stations.

As part of the study, around 200 production operators, office employees and managers were given the opportunity to express their views in group or individual interviews at four plants and five offices in Europe, while a questionnaire was sent to 2,000 people.

The answers of the 800 respondents (40%) were analyzed and summary findings were presented to Works Council members at the October 2022 plenary meeting.

This study has been shared with Employee Relations managers in the Group's European country organizations, and a presentation of the findings to European Manufacturing managers is scheduled for first-quarter 2023.

Adjusting office work schedules

Local initiatives to encourage telecommuting are still being promoted. People working from home 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.

In France, as part of its commitment to diversity, special attention is paid to requests from disabled employees, pre- and post-maternity leave employees, seniors and people working part-time after sick leave (see section 4.1.2.2 b).

Initiatives for production operator work schedules

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.

Offering more flexible part-time options

Michelin encourages 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.

2.5% of employees opted to work part-time in 2022.

PART-TIME EMPLOYEES BY GENDER

	Women		Men		Total	
	2022	2021	**2022**	2021	**2022**	2021
Production operators	4.8%	5.2%	2.2%	2.3%	2.5%	2.7%
Administrative and technical staff and supervisors	5.8%	6.7%	1.2%	1.4%	2.6%	3.0%
Management staff	5.0%	5.4%	0.9%	0.8%	2.0%	2.0%
GROUP TOTAL	**5.3%**	**5.9%**	**1.8%**	**2.0%**	**2.5%**	**2.8%**

(1) See section 4.1.2.3 e) An assertive social dialogue process/Listening to employees via the annual engagement survey.

4.1.3.4 b) Quality of work-life: listening to needs and measuring performance

Improvement plans to address employee needs

In a large majority of plants and offices worldwide, initiatives to improve the quality of worklife (QWL) are underway with the active participation of employees and, whenever possible, their representatives.

These and other programs to enhance the quality of worklife are being incorporated, with employee input, into each facility's improvement action plans by on-site Health, Safety and Quality of Worklife Steering Committees.

Positive quality-of-worklife scores in the engagement survey

The percentage of employees who are satisfied with their quality of worklife rose by two points to **79%** in 2022.

- Work-life balance: 71% (up 3 points)
- Personal job fulfillment: 76% (up 2 points)
- Feel appreciated: 74% (up 4 points)
- Feel safe: 88% (up 2 points)

This overall result reflects how employees feel about their work-life balance and personal job fulfillment, their workplace environment and workstation safety issues. Work-life balance remains a priority for employees.

4.1.3.4 c) Psychosocial risks: adapting preventive measures to local cultures

In a commitment to safeguarding employees from the psychosocial effects of stress and harassment, a variety of programs aligned with local needs and regulations have been deployed to provide:

- **primary prevention,** through reviews, sensitivity training and initiatives to improve the quality of management. These measures, which help employees to protect themselves and improve managers' ability to detect and respond to at-risk situations, have been rolled out in most of the Group's host countries (United States and Canada, France, Hungary, Poland, Romania, Serbia, Spain and the United Kingdom);
- **secondary prevention,** through training and organizational improvement initiatives, particularly in at-risk segments/jobs. Programs to prevent stress with new workplace organization practices have been introduced in Germany, North America, South America, China, Spain, France, Hungary, Poland, Romania and the United Kingdom;
- **tertiary prevention**, through coaching, relaxation therapy, support groups and individual counseling. Since 2018, some of the Group's psychosocial risk prevention programs have been audited by the Internal Control Department, to determine how well the corresponding resources have been deployed. During the current period of streamlining corporate operating procedures.

Almost all of the plants and offices are leading quality-of-worklife programs that help to **attenuate stress** or facilitate access to medical or psychological assistance for people seeking support.

4.1.4 ETHICS AND COMPLIANCE

Michelin is formally committed to respecting ethical standards and fighting corruption.

The Group has set up a dedicated organization to address ethical and compliance issues.

Organization

Chaired by the General Manager, the **Group Ethics Committee** includes eight other standing members representing the Corporate Customer Experience Department, the Sustainable Development and Mobility Department, the Corporate Internal Audit, Risk Management, Internal Control and Quality Department, the Purchasing Operational Department, the Corporate Legal Department (with two representatives, the Group General Counsel and the *Chief Compliance Officer*), the Corporate Information Systems Security, Safety & Security and Environment Department, and the Corporate Personnel Department.

The Ethics Committee meets at least four times a year, with the remit to:

- promote a culture of ethics and compliance throughout the Group and in its relations with third parties;
- define the Group's ethics and compliance strategy and its effective, consistent deployment in the regional organizations and every Group member company;
- approve the Group's anti-corruption and other compliance programs, the resulting key corporate procedures and the initiatives required to drive continuous improvement across all these programs.

The corporate organization is supported by a local organization structured around Ethics Committees in each Region, chaired by the Regional Presidents and responsible for managing ethical risks in their remit, and by a compliance network of local Ethics Correspondents and Compliance Officers. The Compliance network is tasked with instilling the values and principles of the Code of Ethics, deploying training initiatives and ensuring the proper application of the procedures. Meetings are regularly organized with local Ethics Correspondents and Compliance Officers to support effective deployment of the compliance programs in the regional organizations.

In 2021, a **Chief Compliance Officer (CCO)** was appointed to prevent and manage risks of non-compliance in such areas as corruption and influence peddling, competition rules, privacy and personal data, the environment, ethics, harassment and fraud.

The CCO leads a multidisciplinary Compliance Support Group (CSG) made up of experts in various ethics and compliance issues and a number of operations compliance officers. The latter are in charge of (i) managing the digital applications in place across the Group to address ethical issues (whistleblowing system, third party due diligence); (ii) leading certain dedicated projects (corruption and fraud risk mapping exercises, third-party corruption due diligence); and (iii) coordinating ethics investigations, internal legal, ethics and compliance audits, and the training and communication plan concerning issues within the Compliance Support Group's remit.

The CSG takes a holistic, multidisciplinary approach to ethical and compliance risks. Its primary mission is to maintain high-quality protection for the Group and its employees through the creation and deployment of robust compliance programs. It works in close collaboration with the Compliance network and other corporate departments (personnel, audit, internal control, communication, sustainable development and mobility, purchasing, etc.).

In January 2023, **Michelin won the "Best Overall Transparency" award at the 2022 Ethics & Compliance Transparency Awards**, organized by Labrador Ethics & Compliance. The award was based on an analysis of 75 objective criteria covering the accessibility, accuracy and comparability of the media made public by listed companies in the SBF 120 index to address ethics and compliance issues, including the Universal Registration Document, the Code of Ethics, the Anti-Corruption Code of Conduct, the Duty of Care plan, ethics and compliance policies and procedures, and the website).

4.1.4.1 Ensuring ethical business practices SDG 16.5

Risk of ethics and compliance violations

The Group pays particular attention to the risk of ethics violations or failures to comply with laws and regulations. and expects every employee to act consistently with integrity, in respect of the internal and external standards that have underpinned its corporate culture for over a century. Any conduct that runs counter to these values could expose Michelin to the risk of infringing an ethical standard or an applicable law or regulation.

Note that the Ethics risk family includes a risk factor specifically addressing the social responsibility of Group suppliers (see section 4.1.4.2).

4.1.4.1 a) Establishing a global ethical framework

Code of Ethics

The Group's ethical standards are expressed in **the Michelin Code of Ethics**, which applies to all Group employees without exception, as well as to people working on Group sites or on behalf of a Group entity**.** Initially published in 2010 and updated in 2014 and 2020, the Code of Ethics was reviewed and expanded in 2021, in particular to strengthen the Group's commitments in areas like human rights and the environment, while responding more effectively to employee questions and making the Code easier to read.

Specifically, the new Code of Ethics:

- reiterates the Group's values and fundamental guiding principles;
- tells employees how to respond to the most frequently encountered situations;
- clearly expresses the behaviors to adopt in line with Group values and procedures ("*Dos/Don'ts*" section);
- deals with more complex situations and explains the course of action to be taken ("*Practical Cases*" section);
- provides a list of experts to consult in case of doubts ("*Whom to contact*" section);
- proposes a list of additional documents to explore issues in more depth ("*References*" section).

The principles of the Code of Ethics are described in four categories: "*At Work*", "*Doing Business*", "*External Interactions*" and "*My Work and the Environment*". They cover 25 issues, some of which are addressed by specific procedures presented elsewhere. Personal data protection, for example, is covered by more detailed guidelines in the Group Personal Data Protection Directive and its supporting documents.

Now subtitled ***"Acting Ethically Every Day,"*** the Code of Ethics is prefaced by a statement from the Managers emphasizing the Group's commitment to ethics, which is based on the ethical behavior of each employee, acting as an "*ambassador of Michelin's values*." Translated into 21 languages, the Code can be downloaded from the Group's intranet sites and a dedicated website (https://ethics.michelin.com). An easier to read digital format is also available in **21 languages**, with versions in the other Group languages being finalized.

Deployment of the revised 2021 Code of Ethics was supported by dedicated e-learning modules, videos and events organized both by the Group and by the regional organizations in their member countries.

Compliance control

Compliance with the rules of conduct in the Code of Ethics is ensured through the application of internal procedures and verified during internal control and audit assignments. Internal control procedures specifically focused on ethics and compliance issues have been substantially strengthened, with 55% more audits performed in 2022 than in 2021.

Alert mechanisms and procedures

The Group takes care to conduct all its business activities in an ethical fashion and wants employees and external stakeholders to speak up and report suspected violations of the Michelin Code of Ethics.

Since 2021, a single Group-wide whistleblowing system has been deployed in every Group entity, replacing the regional alert mechanisms that had been in place since 2005. Available in 30 languages, the system may be accessed by Group employees, contractor employees and temporary workers, as well as by customers, suppliers, service providers and other outside stakeholders via a hotline and a secure website hosted by an independent company. The system allows whistleblowers to anonymously and confidentially report any behavior, practice or situation that allegedly violates applicable laws, internal procedures or the Group's values and principles as set out in the Code of Ethics. As stated in the Code, possible violations may also be reported through traditional channels, such as the Personnel Department, the Safety & Security Department, the Legal Department, a manager, the occupational physician or a regional Ethics Correspondent. All of the reports are consolidated in the Group's alert hotline and regularly presented to the Corporate Ethics Committee.

ALERT MECHANISM STAKEHOLDERS

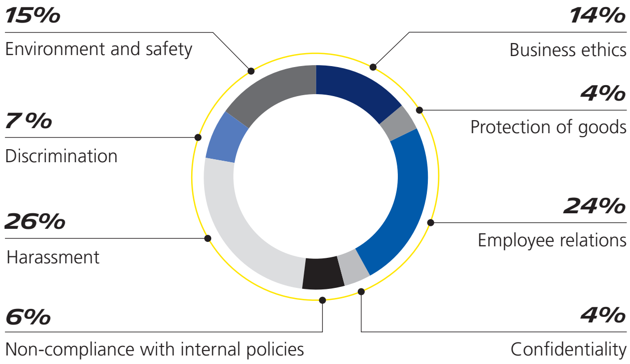
Reported alerts are analyzed according to the Group-wide procedures defined by the Compliance Support Group and the Corporate Information Systems Security, Safety & Security and Environment Department. Based on the reported information, these teams decide whether to conduct internal investigations, which may subsequently, if the alleged violations are substantiated, lead to action plans with remedial measures and/or disciplinary sanctions up to and including dismissal. The regional Ethics Committees apply the internal procedures in their geographical scope of operations.

In 2022, a total of 1,740 suspected cases of non-compliance[(1)] were reported across the Group, but not all of them were substantiated as violations of the Code of Ethics.

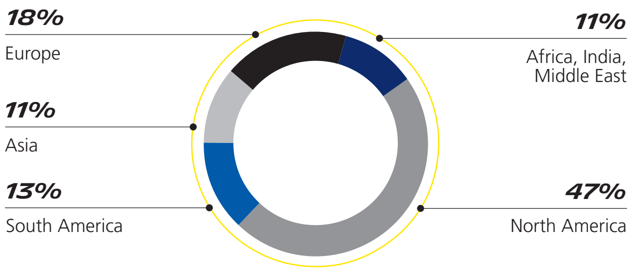
Of the 1,269 processed reports, 37% turned out to be unfounded, 10% lacked sufficient information for an investigation to be launched and 41% resulted in remedial and disciplinary measures including **dismissals.**

Of the total, 3% were duplicates. Among the cases resulting in remedial and disciplinary action, some concerned situations where non-compliance was not substantiated, but which were still addressed with measures to improve control procedures or internal processes.

CASES BY ISSUE



CASES BY REGION



4.1.4.1 b) Taking a firm stand against corruption

Attesting to the Group's commitment to deploying a policy of zero tolerance for any form of corruption, a clear, practical Anti-Corruption Code of Practice was issued to all employees and outside partners in 2015 and updated in 2020.

The Code is designed to raise employee awareness of actions that could be construed as bribery or corruption, by providing examples and indicating the course of action when confronted with such events or situations. In particular, it deals with such issues as bribes, kickbacks and payoffs, the use of agents and brokers, payments for favors or other inducements, charitable or political contributions, gifts and invitations.

The 2021 Code of Ethics reaffirms the principles that should govern the decisions of any employee confronted with a situation that could be construed as corruption.

Since 2021, Michelin has continued to improve **its anti-corruption compliance program** by:

- reiterating the commitment of senior management in the 2021 Code of Ethics;
- updating the dedicated Group-level corruption risk map;
- reinforcing the third-party due diligence process (including specific anti-corruption due diligence prior to any merger or acquisition);
- continuing and expanding the training curriculum with a mandatory online anti-corruption course and dedicated classroom courses for people in the most exposed positions;
- regularly updating the internal ethics and compliance procedures, covering in particular details of the anti-corruption compliance program, gifts and invitations, and conflicts of interest;
- strengthening existing internal controls;
- conducting internal audits.

(1) Total consolidated number of reports received directly on the ethics hotline or through traditional reporting channels.

As part of the anti-corruption compliance program, the Michelin Group has also introduced a key performance indicator tracking **the percentage of employees who have undergone anti-corruption training**. Deployed since fourth-quarter 2021, the e-learning program, which reviews the fundamental principles of the fight against corruption, is designed for all managers and employees worldwide. The tracking target is ≥ 98%.

As of December 31, 2022, more than 35,000 employees had completed the course, **representing 92%** of the target(1).

4.1.4.1 c) Competition law

Michelin has long adhered to the highest standards of competition law compliance. Since 2004, a **dedicated antitrust compliance program (ACP)** has been in place, based on a risk map(2) and comprising:

- competition law procedures and guidelines, some general and others specific to certain issues;
- awareness-building and training for the most exposed employees;
- specific internal control procedures;
- internal audits.

The program is led by the Competition Officer and deployed in the operating regions by a network of experts in the local legal affairs departments.

4.1.4.1 d) Protecting employee privacy and personal data

Michelin pays special attention to protecting the personal data of customers, employees, job applicants, shareholders and suppliers.

As part of this commitment, it has deployed a governance system based on a Global Personal Data Protection Committee, a Group Data Protection Officer (DPO), a corporate Privacy team in the Compliance Support Group, and a network of local privacy managers/DPOs, Privacy Operation Partners and Privacy Champions. This system tracks compliance with applicable legislation, including the European Union's General Data Protection Regulation (EU) 2016/679 (GDPR), China's Personal Information Protection Law (PIPL), the US Foreign Corrupt Practices Act (FCPA), and Brazil's General Data Protection Law (LGPD), as well as the Group's own internal privacy policies.

The Group is now encouraging every subsidiary, regardless of location, to apply these same personal data protection principles. In addition, it has issued binding corporate rules concerning the transfer of personal data outside the European Union.

Michelin takes special care to properly manage customer and user requests and complaints. In each country concerned, data protection teams are tasked with responding appropriately to each requester in a timely manner. Similarly, in the event of a personal data breach, the Privacy teams are systematically called in, in particular to identify cases where the incident presents a high risk for customers or users whose data have been compromised, and who must be notified with full details so that they can take appropriate measures.

Lastly, personal data protection is an integral part of the Group's internal control process and is periodically audited internally.

4.1.4.1 e) Combating tax evasion

Michelin's tax policies are defined and implemented in line with its operating objectives in responsible and sustainable business development. In this regard, the Group's primary responsibility is to ensure that it fulfills all of its international, regional and local tax obligations, in both the spirit and the letter of the law. Moreover, Michelin has defined its own fundamental guidelines, in a commitment to securing its positions and ensuring that the Group fairly pays all of the taxes due in its host communities.

This is why Michelin systematically interprets tax legislation in compliance with both the law and the legislator's intent, without taking advantage of any possible loopholes.

The Group also recognizes the need and the value of nurturing trust-based relationships with tax authorities. As a result, the Group Vice President of Tax Affairs and members of his network foster, nurture and maintain ongoing, transparent relationships with tax authorities at every level.

Whenever possible, the Group seeks to foster such relationships in every host geography. In 2019, for example, the Group signed a partnership agreement with the French tax authorities, under the "relationship of trust" framework set up by the Budget Ministry, whereby we will transparently share any major events likely to have a tax impact.

Naturally, the Group's tax policies strongly condemn all forms of tax evasion and expressly forbid management from taking advantage of tax regimes deemed to be prejudicial or non-transparent. Similarly, Michelin does not engage in any transaction, financial or otherwise, that would have the effect of evading taxes or of optimizing its corporate tax liability without generating any other operational or economic benefit.

(1) The 2022 target was set on December 31, 2021, based on companies with Intouch capabilities at that date, i.e. for categories 1 to 4 employees, 38,160 people. It will be updated in 2023 based on the progress in Intouch deployment and the Intouch categorization of people in the 2022 workforce.

(2) Plotted with the support of an outside provider.

A recurring effective tax rate of more than 20% and the lack of any tax adjustments or convictions for tax fraud attest to the effectiveness of the initiatives and tax governance in place to combat tax evasion[(1)].

Furthermore, the Group's presence in a given geography is based solely on operational decisions concerning our manufacturing or marketing operations and never on tax considerations.

In addition, to ensure the consistent deployment of key tax policy measures, the Group created the **position of Executive Vice President, Tax Governance** in 2022. His or her main duties are structured around:

- managing compliance with best tax practices across the Group and ensuring their consistent application;
- verifying compliance with the golden rules of the Group's tax policy;
- defining the notion of "trust-based relationships with the tax authorities;
- training internal stakeholders in the challenges of "sustainable" international taxation in an ever-changing environment.

Tax risk management policies are based on:

- a transfer pricing policy deployed in accordance with the latest OECD guidelines, with compensation of Group units determined on an arm's length basis, with fair compensation for key functions;
- application of the transfer pricing policy across the entire Group, with understandable, transparent information systematically provided as requested by the local tax authorities;
- protection of shareholder value by implementing a full range of procedures to mitigate the risk of double taxation of profits, involving the use of all forms of recourse, as necessary, including internal recourse, governing authorities and arbitration;
- the assurance that all of the tax positions taken are consistent with the Group's core values, including respect for facts, the environment and people;
- a preference for solutions that avoid unnecessarily complex tax analyses, to reduce the risk of divergent interpretations that may lead to tax disputes, while improving transparency.

All tax risks are tracked specifically by the Tax Affairs Department, under the supervision of the Corporate Finance Department. The system for managing these risks is also governed by the Group's tax policies.

4.1.4.2 Demonstrating our CSR commitments through responsible procurement policies SGD 2.3, 2.4, 8.4, 10.1, 12.6, 12.8, 15.2 and 15.5

The primary conduit for expressing Michelin's social responsibility commitments to suppliers is the Purchasing Department. Its mission is to guarantee the availability of products and services the Group needs by selecting suppliers that meet not only our quality, cost, deadline and reliability standards, **but also our expectations concerning social and environmental issues.** The teams are guided by the Group's Code of Ethics, while making sure that the duty of care is properly exercised.

The Purchasing Department is structured around four procurement categories: raw materials, natural rubber, industrial goods and services. At around €17 billion in 2022, purchases represented close to 60% of consolidated sales for the year.

Risk factors

Among other objectives, the Responsible Purchasing policy is designed to mitigate the impact of the following risks:

- supplier failure to respect human rights;
- climate change impact of our suppliers[(2)];
- impact of our raw materials on the environment;
- non-compliance with the Supplier Relations Code of Conduct.

(1) See note 5.2 to the consolidated financial statements.
(2) See section 4.1.1 The Environment.

4.1.4.2 a) Governance and organization

Clearly defined policies

In April 2021, Michelin published its Sustainable Purchasing Policy, which defines the Group's main responsible sourcing guidelines and commitments. It covers such issues as the environment, human rights and ethics. It may be downloaded from https://purchasing.michelin.com/en/sustainable-purchasing/.

The Policy is built on three of the Michelin Purchasing Department's fundamental reference documents:

- **the Michelin Purchasing Principles**, which were first published in 2012 and thoroughly revamped in late 2020. These Principles are grounded in Michelin's values and international commitments through the fundamental conventions of the International Labour Organization, the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. They express, in particular, the environmental, social and ethical standards and performance expected of Michelin suppliers, which is why they are included in all of the Group's procurement contracts and in its general terms and conditions of purchase;
- **the Supplier Relations Code of Conduct**, which was issued in early 2021 to Group employees involved in supplier relations. It is an integral part of the Group's Code of Ethics;
- **sustainable natural rubber policy** (see section 4.1.4.2 c).

A global organization

The Group has around 45,000 suppliers located on every continent, while the Purchasing Department has some 770 employees based around the world. It is seamlessly integrated into the Group's CSR Governance mechanisms. The Chief Procurement Officer is a member of the Environment and the Human Rights Governance bodies and the Ethics Committee. Reporting directly to this position is a Sustainable Development Manager, who participates in the Group's operational committees dealing with the circular economy, greenhouse gas emissions, biodiversity, human rights and ethics. The responsible purchasing process is coordinated at the corporate level and managed in each purchasing category and each Region, with the support of a global Responsible Purchasing network. The Chief Procurement Officer is also a member of the Group Management Committee.

A continuous, award-winning process

The Group's assertive commitment to responsible procurement is reflected in the performance improvement initiatives led year after year, the suite of dedicated indicators tracked by department teams, and the continuous training buyers receive in CSR issues. Recently acquired companies are integrated into the Group's purchasing processes gradually, following their own timetable.

A signatory of France's **Responsible Supplier Relationships Charter** since October 2012, Michelin was awarded the label of the same name in June 2014. In 2019 and again in July 2022, Michelin was awarded the French government's **Responsible Supplier Relations and Procurement** label, which highlights French companies that have demonstrated the ability to foster balanced, sustainable relations with their suppliers.

In 2019 and again in 2022, Michelin's purchasing practices were **certified as mature** with regard to the new **international ISO 20400 "Sustainable Procurement" standard.** Issued by an approved third-party organization, the certificate attests to the demonstrated effectiveness of the Group's responsible procurement practices.

Lastly, following its CSR audit by EcoVadis, in August 2022, Michelin was awarded **a score of 80/100 in Responsible Purchasing, ranking the Group among the top 1% of suppliers rated in the "Manufacture of Rubber Products" category.**

The score also recognized the dedicated commitment to responsible procurement practices of all of the Group's purchasing teams and their internal partners.

For the third year in a row, in 2022, the CDP recognized the Michelin Group's ability to engage its suppliers in reducing carbon emissions with a CDP Supplier Engagement Leader award.

4.1.4.2 b) Identifying categories and countries at risk and assessing suppliers

Identifying categories and countries at risk

To supplement the Group's risk map, the Purchasing Department has mapped its social responsibility risks in the supply chain. This map ranks purchasing categories according to their CSR risks in four areas:

- The Environment,
- Human Rights,
- Health & Safety,
- Business Ethics.

Aggravating factors, such as the complexity of the supply chain, have also been taken into account. This exercise also identified the sourcing countries with high **environmental and human rights risks,** based on third-party databases.

The map was thoroughly revamped in 2020 and updated in 2022. The mapping exercise helps to prioritize the scheduling of CSR performance reviews and the deployment of preventive measures aligned with each purchasing category's characteristics and environment[(1)].

Of all the purchasing categories, **natural rubber** warrants the most attention to both its environmental and its societal impacts. This is because 90% of world's production comes from Asia, and 85% of the volumes are sourced from smallholders, usually on farms of less than four hectares. The supply chain is particularly complex and fragmented. As a result, **a dedicated approach has been devised for natural rubber,** which is described in detail at the end of this section.

Supplier assessments

Since 2012, Michelin has assessed its key suppliers' CSR performance in a variety of ways, depending on the issues involved.

Desktop reviews

Michelin has commissioned CSR rating company EcoVadis to conduct desktop reviews of how its leading suppliers stand in 21 CSR indicators tracking their performance in the environment, labor relations & human rights, business ethics and responsible procurement.

DEPLOYMENT % OF PURCHASE SPEND COVERED BY ECOVADIS SUPPLIER REVIEWS

By purchase category
• 66% of Group procurement
• 92% of natural rubber procurement
• 93% of other raw materials procurement

By high-risk country (for raw materials)[(2)]
• 95% of sourcing in countries that pose a risk with regards to environmental protection
• 95% of sourcing in countries that pose a risk with regards to human rights abuses

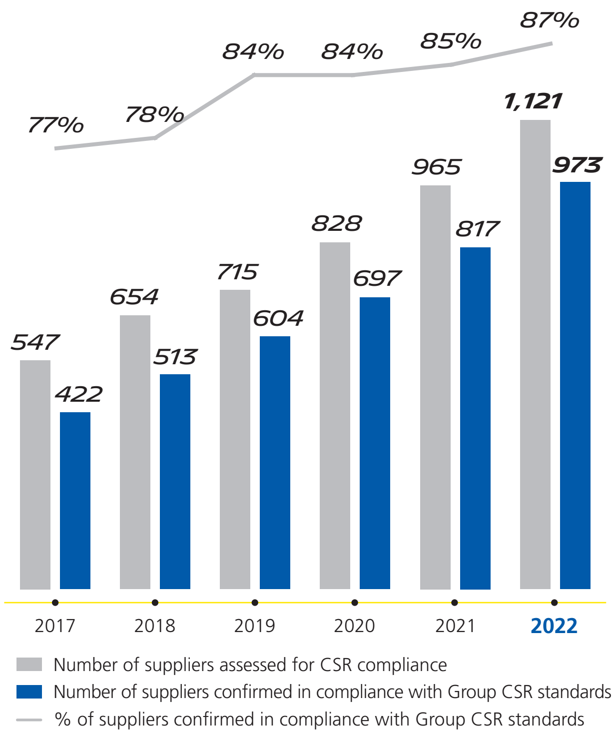
In 2021, **Camso**, which has been consolidated since January 1, 2019, started to perform CSR assessments of its most at-risk suppliers. The process was extended to **Multistrada** suppliers in 2022.

Every year, desktop reviews are being performed in additional risk categories, with a focus on those identified during the mapping phase as being insufficiently covered.

(1) For more information, see the Duty of Care Plan.

(2) Excluding Fenner.

SUPPLIER CSR ASSESSMENTS



Along with the deployed corrective actions, the careful attention paid to the assessments by both the Group's purchasing teams and its suppliers is helping to drive steady progress. By year-end 2022, for example, of the 887 suppliers with an assessment track record, 66% had improved and 19% had maintained their score. Lastly, of the suppliers whose low scores in previous assessments had prevented them from being "confirmed"[1] as compliant with Michelin standards, 61% had delivered the expected performance over the year.

Particular attention is paid to the scores on the topic of "social and human rights," which has its own target. See the box below on "Supplier failure to respect human rights."

Tracking and follow-up

Suppliers who fall short of confirmed compliance must implement a CSR performance improvement plan, whose progress is tracked by the purchasing teams. To manage the deployment of these remedial action plans more effectively, an indicator measures the percentage of suppliers who were requested to implement a plan and who actually created such a plan or implemented remedial actions.

Successful deployment is systematically confirmed by a follow-up review. Results deemed to be structurally insufficient or a lack of engagement with sustainable development issues may lead the Purchasing Department to revise or terminate its contractual relationship with the supplier. Such a decision is always made by consensus, after discussing all of the potential consequences.

Self-assessment questionnaires

In 2018, a CSR self-assessment questionnaire was prepared and issued to front-line Purchasing Department teams, who may ask suppliers to complete it whenever they deem it necessary, either during the tender phase or while the contract is in effect. The questions measure the maturity of a supplier's CSR practices, which can be used as a selection criterion if warranted. The questionnaire is used only for suppliers whose CSR performance is not assessed by desktop reviews.

On-site audits

To support supplier compliance with its Quality standards and Purchasing Principles, Michelin has introduced a **"supplier quality system audit procedure" (ESQF),** which is performed on-site. Aside from quality issues, it also addresses the application of the health, safety, environmental and human rights standards stipulated in or derived from the Michelin Purchasing Principles.

Several questions on the ESQF evaluation form are intended to give a fuller picture of the supplier's environmental and employee relations performance.

Following an ESQF, Michelin auditors assign a separate score for compliance with the Purchasing Principles. If it is less than 80%, the supplier is deemed to have failed the audit and is required take the identified corrective measures and improve overall performance with a continuous improvement process. The initial score will later be reassessed in light of the actions implemented by the supplier. Depending on the audit findings, Michelin may terminate the supplier's contract. In addition to ensuring compliance with Michelin Quality standards and Purchasing Principles, the audit is intended to help suppliers drive sustainable improvement over time.

Note: a dedicated CSR assessment and risk mapping exercise has been deployed for natural rubber suppliers *(see section 4.1.4.2 c)*.

Levers for action deployed and dedicated CSR risk procedures

Cross-functional levers for action deployed

Enhancing the professionalism of employees and stakeholders

Considerable resources have been deployed to enhance the professional skills of the procurement teams and to make purchasing processes more efficient. In particular, the procurement team training program comprises a series of **online training courses focused on responsible purchasing practices**, to ensure that high-quality training is available at any time for teams around the world. By the end of 2022, the sustainable procurement curriculum included 15 modules, some of which are mandatory for all buyers and others that may be more appropriate for certain categories or countries. As of year-end, the mandatory modules had been attended by more than 350 people worldwide.

(1) "Confirmed" status corresponds to an overall EcoVadis score of at least 45.

Supplier training

In 2022, **a dedicated supplier training module was developed,** covering CSR fundamentals and desktop review practices. It supplements the training already available to suppliers on the EcoVadis platform (EcoVadis Academy) and on the CDP platform. 137 suppliers have completed at least one EcoVadis Academy module.

Addressing CSR issues in appropriate purchasing processes

CSR issues are fully integrated into the Group's procurement strategy, in particular in the case of certain high-risk categories. This can result in purchases being consolidated and sourced from a limited number of specifically approved suppliers.

Buyers are increasingly encouraged to factor CSR criteria into their calls for tender. These criteria, which may concern the CSR performance of both the potential vendors and their products, services or solutions, address three critical issues:

- climate change and CO_2 emissions;
- the circular economy and natural resources;
- ethics and people.

To support buyers in this process, a guidebook and an e-learning module were created in 2021.

Supplier transparency concerning CSR issues and their CSR performance are also taken into consideration:

- in the Supplier Relationship Management (SRM) process, in particular when suppliers are segmented and during the regular meetings that drive the process forward;
- when defining purchasing strategies.

Diversifying the supplier base

Michelin operates globally, but it consistently strives to source locally, as well as from sheltered work centers and social enterprises, in addition to the major international suppliers who meet its exacting requirements and embrace the principles of sustainable development.

Since 2021, procurement from **sheltered work centers and social enterprises has been particularly encouraged in France**: creation of a dedicated intranet page, training module, directory and videos shared over several communication channels.

Critical materials [SASB TR-AP-440a.1]

The term critical material – defined as any substance whose use is highly necessary but whose supply is subject to risk – generally refers to certain ores and rare earths. Very few are used in tire manufacturing. At Michelin, they are managed in accordance with the system in place to manage supply risk for all types of raw materials[(1)], which deploys a dedicated risk management response for any material identified in the mapping exercise as posing a particular risk. These responses include signing multi-year contracts, seeking new suppliers, maintaining strategic buffer inventory, finding substitute products, and, in the case of conflict minerals, maintaining duty of care procedures (see paragraph below).

Climate change impact of our suppliers

The Group has taken a proactive approach to identifying the purchasing categories and suppliers that represent the largest sources of GHG emissions. These suppliers are actively encouraged to initiate, step up or accelerate their commitment to reducing their GHG emissions. *(see section 4.1.1.1 a) Transition plan: decarbonizing our operations/Scope 3: reducing emissions from our transportation operations).*

Impact of our raw materials on the environment

Circular economy

To support the Group's commitment to using sustainable materials, the main raw materials suppliers have been requested to submit a roadmap for developing materials made from renewable or recycled sources. *(see section 4.1.1.2 Enhancing the circularity of our products/Increment the use of sustainable materials).*

In the other purchasing categories, a wide variety of initiatives are underway to support the circular economy. Examples include purchasing refurbished replacement parts for automated machinery, using more eco-friendly marketing materials and replacing laptops less frequently. Other initiatives are addressing raw materials packaging, for example by testing reusable pallets.

Biodiversity

Purchasing is also a stakeholder in the Group's biodiversity initiatives, for example by getting natural rubber and raw materials suppliers involved in the Science-Based Targets Network (SBTN[(2)]) survey in 2021-2022 or by engaging landscaping service providers in the programs to reduce the use of pesticides and herbicides *(see section 4.1.1.3 Supporting **biodiversity**).*

(1) See chapter 2.1

(2) SBTN: Building on the momentum of the SBTi, the SBTN is working to enable companies and cities to set targets for climate and nature.

Supplier failure to respect human rights

Supplier assessments

In 2021, a dedicated indicator was introduced in supplier CSR assessments to track their labor relations and human rights performance. The 2030 objective is that 95% of assessed suppliers are confirmed as compliant with Michelin's labor relations and human rights standards, compared with **89%** at year-end 2022.

Conflict minerals

Michelin diligently tracks the origin of certain minerals used in its products, even though the quantities are very small. Commonly referred to as "conflict minerals," they include gold, tin, tantalum and tungsten. Since 2019, Michelin has also included cobalt in this approach. The Group exercises its duty of care by applying the related OECD recommendations and using the applications developed by the Responsible Minerals Initiative (RMI). The materials and components used in Group products that contain these minerals or their derivatives have been identified and their suppliers are periodically requested to submit the RMI reporting template. These forms and inventories are then verified for compliance with the RMI lists. For all these minerals, this process enables Michelin to verify that the reporting supplier works with RMI-approved smelters.

Chemicals

The Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation, which the European Union introduced to mitigate the adverse impact of chemical substances on human health and the environment, stipulates that manufacturers and importers of more than one tonne of a given chemical per year must register the substance with the European Chemicals Agency (ECHA). Producers must identify and manage the risks associated with the chemicals they make and market in the EU, demonstrating to the ECHA how the substance can be safely used and informing users of the proper risk management procedures.

Michelin complies with this registration requirement as a manufacturer or importer of chemicals or articles containing chemicals and verifies that the chemicals or articles it uses have been registered by the suppliers.

Non-compliance with the Supplier Relations Code of Conduct

The Supplier Relations Code of Conduct and dedicated training module

The Supplier Relations Code of Conduct drafted in early 2021 is an integral part of the Group's Code of Ethics and applies not only to buyers, but also to any Group employee involved in supplier relations.

To ensure compliance with ethical guidelines, a dedicated online training module has been rolled out across the Purchasing organization and among internal partners in contact with suppliers. It reviews current legislation and expected behavior, in line with the Michelin Purchasing Principles, and offers certain recommendations. It is expected that 90% of the Purchasing organization will be trained by the end of 2023, **compared to 84% as of end-2022**[1]. Additional training may be offered in the various regional organizations.

On-time payment of supplier invoices

Michelin pays careful attention to the timely payment of supplier invoices and offers a variety of effective invoicing solutions, including electronic invoicing in PDF or EDI file formats. A new unified global invoice processing platform deployed in 2021 offers new paperless solutions. Blocked invoices are tracked weekly, as are open invoices with a close due date or whose receipt has not been inputted into the information system. A payment schedule dashboard displays a number of indicators, including the percentage of invoices paid on time (91.5% worldwide in 2022), as well as related sub-indicators to give advance warning of potential problems. Following a review, appropriate actions are taken with the purchasing department, internal partners or the suppliers. Suppliers who submit late invoices are contacted to raise their awareness of the issue and avoid settlement delays.

MFPM was included in the list of socially responsible companies published in April 2020 by the French Ministry for the Economy and Finance's crisis committee on payment terms, which recognizes companies that pay particular attention to settling supplier invoices.

Mediation with suppliers

Since 2012, suppliers can use the Purchasing Department website to contact the customer-supplier relations mediator with respect to any alleged or observed violation of the Michelin Purchasing Principles. The mediator intervenes only when suppliers have failed to resolve the issue with their usual contacts in the Group. Over the 2017-2022 period, suppliers have requested mediation at most twice per year. These cases generally concerned invoice payment problems or disputes, which were quickly resolved by the mediator.

(1) Percentage of Purchasing employees in contact with suppliers and with more than three months on the job.

4.1.4.2 c) A dedicated approach for natural rubber

Paying special attention to natural rubber suppliers

As one of the world's leading purchasers of natural rubber, a critical raw material in tire manufacturing, Michelin is especially attentive to its rubber-tree farming upstream, and is committed to responsible, sustainable management of natural rubber production.

Of the 30 million people who depend on rubber-tree farming for a living worldwide, six million are village smallholders, who produce 85% of the world's output on small farms generally covering less than four hectares.

In 2022, Michelin was ranked No. 1 by SPOTT, a natural rubber ESG disclosure platform, with a score of nearly 82% demonstrating that the Group **leads the global rubber industry in sustainability disclosure and performance**.

Partnering with the WWF and nurturing dialogue with civil society

To preserve rubber and manage its impacts, the World Wildlife Fund (WWF) and Michelin have been working together since 2015 to transform the natural rubber market by instilling more sustainable practices across the entire value chain.

At the same time, Michelin is continuing to consult regularly with both stakeholders and the leading civil society organizations involved in these issues. Every two years, for example, the Group brings together civil society organizations to report on the progress made across the natural rubber value chain and to discuss possible pathways to further improvement. The last information and consultation meeting was held in Clermont-Ferrand in November 2022. In addition to these biennial forums, Michelin regularly works with NGOs, researchers, academics and government agencies on natural rubber sustainability issues.

In addition, the Group is involved in several think tanks exploring ways to prevent imported deforestation. In France, it is actively engaged in the talks being led by the French Ministry for the Ecological and Inclusive Transition to define a strategy to counter imported deforestation (see also section 4.1.1.3 c).

Sustainable natural rubber policy

In 2016, Michelin was the first tire manufacturer to publish a commitment to sustainable, responsible natural rubber production and procurement. The **Sustainable Natural Rubber Policy was updated in 2021 and has been approved by the GPSNR platform[1]**.

Drafted with input from environmental and human rights NGOs and other stakeholders, the Sustainable Natural Rubber Policy is now a contractual reference document for Group suppliers.

Downloadable from the Michelin purchasing website[2], the policy precisely defines the conditions for farming natural rubber, both in terms of the environment (zero deforestation, protection and preservation of peatlands, High Conservation Value areas and High Carbon Stock areas), and in terms of social responsibility and human rights (working conditions, free, prior and informed consent of the local communities, etc.). Michelin expects every stakeholder across the supply chain to embrace responsible social, environmental and governance practices, so as to maintain rubber tree farming in a virtuous cycle of progress.

The Sustainable Natural Rubber Policy is based on five core commitments:

- **respect all stakeholders in the natural rubber production chain**, by promoting conflict resolution related to land ownership and improving working conditions and living environments;
- **make rubber tree farming environmentally friendly,** by combating deforestation and controlling the potential impact of rubber cultivation on fauna and flora;
- **take action to improve farming practices,** by helping to instill more efficient practices across the natural rubber production chain, especially among village smallholders, in a commitment to increasing agricultural yields;
- **encourage the careful use of natural resources** by increasing the material efficiency of natural rubber used in tires. Michelin is constantly developing new technical processes that optimize the use of rubber in its products;
- **make rubber tree farming a source of better governance practices.** Michelin is an engaged stakeholder in the rubber tree farming industry, communicating transparently, refusing all forms of corruption and interacting with local and international stakeholders.

Since 2016, the policy has been included in every Michelin supply contract. In addition, Michelin encourages its suppliers to implement policies aligned with GPSNR recommendations.

Assessing stakeholders across the supply chain

CSR practices in the Group's natural rubber supply chain are assessed differently depending on the stakeholder:

- for our direct suppliers, desktop reviews are submitted to EcoVadis and on-site audits are performed;
- for our direct suppliers' production facilities and upstream supply chain, risks are mapped using the RubberWay® application and deforestation risks are analyzed.

EcoVadis desktop reviews

The Group's natural rubber suppliers have been participating in EcoVadis reviews of their social responsibility and environmental performance since 2013. If their results fall short of compliance, remedial action plans are deployed. In 2022, reviews covered the vast majority of our natural rubber suppliers and the CSR maturity of suppliers representing 90% of total spend was confirmed as compliant with Michelin standards[3].

(1) The Global Platform for Sustainable Natural Rubber.
(2) https://purchasing.michelin.com/en/sustainable-natural-rubber-policy/.
(3) This corresponds to 98% of the spending covered by the reviews (see section 4.1.4.2 b).

On-site audits

A dedicated team performs on-site audits of every facility supplying natural rubber to the Group. These audits primarily focus on quality performance, but also cover CSR issues, such as the environment (water treatment, etc.) and employee health and safety. Each facility is audited annually or every other year. Follow-up audits are systematically conducted, with remedial action plans mandated in the event of shortcomings.

Supply chain risk assessments

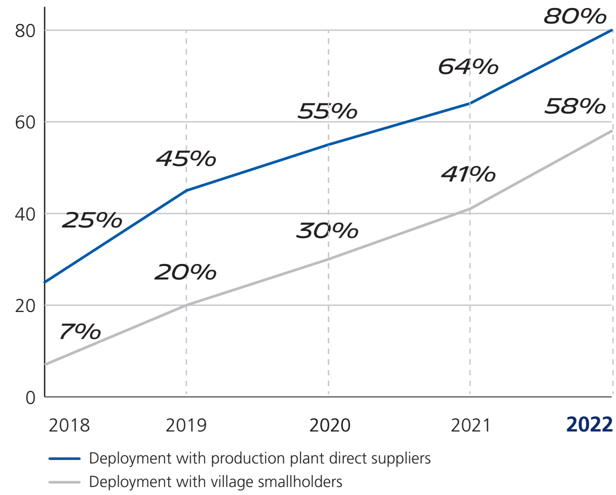
To understand and mitigate deforestation, human rights and other risks in its natural rubber supply chain, Michelin is systematically deploying a variety of risk assessment tools and systems.

Developed in 2017, the RubberWay® risk-mapping system uses a mobile app to map environmental and social risks in the natural rubber supply chain. Supply chain stakeholders, including raw rubber processing plants, brokers, large plantations and smallholders, are asked to respond to a questionnaire about their practices in such areas as human rights, the environment, agricultural training and market transparency.

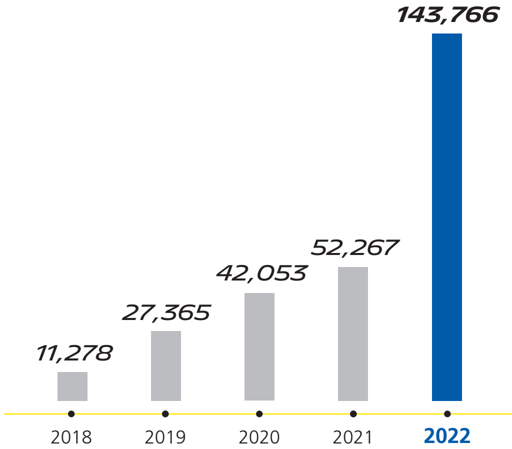
The inputted data are then analyzed and summarized on an online platform to create a map highlighting the areas of potential social and environmental risk. The results are shared with direct Michelin suppliers and can be used to prepare improvement plans or deploy mutually designed risk mitigation projects.

In 2019, a joint venture was formed with Continental AG and software publisher SMAG to make RubberWay® a stand-alone solution, accessible to every natural rubber stakeholder. This opens the way to its broader use by other tiremakers and OEMs, thereby driving faster take-up of sustainable practices across the natural rubber industry.

SOURCED RUBBER VOLUMES COVERED BY THE RUBBERWAY® APPLICATION



NUMBER OF COMPLETED RUBBERWAY® QUESTIONNAIRES (CUMULATIVE)



The app is currently deployed in Indonesia, Thailand, Côte d'Ivoire, Ghana, Nigeria, Liberia and Brazil. A total of 143,766 questionnaires had been completed by the end of 2022.

After requesting that suppliers initially deploy the RubberWay® app in their production facilities and with their own direct suppliers, in 2022 Michelin met its goal of **mapping 80% of the natural rubber volumes sourced from these channels**[1].

However, the application is most impactful at the farmer level. Given their vast numbers (around six million worldwide), Michelin wants enough of them to participate in the RubberWay® mapping exercise to ensure that it is representative of their farming practices. By the end of 2022, this minimum representativeness had been reached for 58%[1] of Michelin's sourced volumes, out of a targeted 80% by 2025.

Progress in deploying the RubberWay app and a summary of the risk findings are transparently reported on the Michelin Purchasing website[2].

Aware of the specific risks of deforestation, Michelin is working with the WWF to assess such risks in its smallholder supply sheds with a **deforestation risk assessment tool**. In 2021, a preliminary analysis was conducted, covering all major sourcing countries. Initially, the tool analyzes the environmentally sensitive areas around each natural rubber processing plant, based on a uniform radius. The selected factories are then prioritized, based on the risk found, for a detailed mapping of the supply chain. Further analysis is then performed to identify higher risk supply sheds where risk mitigation needs to be performed. In 2022, this second analysis phase was piloted in eight plants and action plans were identified based on the results.

(1) The rate is calculated based on the volume of natural rubber sourced in the prior year.
(2) https://purchasing.michelin.com/en/sustainable-natural-rubber-policy/.

Frontline initiatives

Deployment of the RubberWay® app is enabling Michelin to identify, analyze and prioritize risks specifically by supplier and geography. In the case of deforestation, the Group is engaging with suppliers, while also seeking opportunities to address the risks directly in the field in priority geographies.

The Committed Actions for Smallholder CApacity DEvelopment (CASCADE) project in Sumatra, Indonesia, is improving working conditions and living standards for 1,000 village planters and their families, while upgrading their environmental and social practices. Developed using RubberWay® data and scheduled for completion in 2024, the four-year project combines in-person instruction with a digital training solution to improve accessibility and the ability to measure impacts. Agricultural training is helping the farmers become more economically resilient by increasing their rubber yields and diversifying their income streams. The project is also highly focused on social and environmental training, including courses in human and workers' rights and workshops in environmentally friendly farming practices. The latter include reducing the use of agrochemical inputs, intercropping or agroforestry practices, and environmental training. This is the first natural rubber project in the world to encompass the entire supply chain, from village smallholders to a natural rubber processor, a tire manufacturer (Michelin) and a carmaker. This holistic, risk-based training model, which addresses both farmer livelihoods and environmental and social challenges, is steady being expanded:

- by 2025, the RIVER project will develop the skills of 6,000 village farmers and their families in Sri Lanka, where rubber tree farming plays an important role in local livelihoods;
- in East Kalimantan, Indonesia, a project was launched in late 2022 to train 2,000 village farmers and their families by 2025, with in-field activities scheduled to begin in 2023;
- in southern Thailand, the GPSNR Agroforestry Project will enable 1,000 village smallholders to develop rubber agroforestry systems by 2025. Led by the GPSNR and funded by Michelin and a car manufacturer, the project is being directly managed by Michelin, which is also contributing technical expertise;
- in the Brazilian Amazon, where local communities extract natural rubber from wild rubber trees in an environment unique on Earth, the Michelin Foundation is supporting a project, in collaboration with WWF Brazil, that will benefit 3,800 families by 2023. It is aimed at preserving the existing ecosystem by improving the way natural rubber is extracted and commercialized by traditional communities. Better organizing the process and making it more viable will sustain employment for local people, mitigate the negative impacts of the health crisis and help promote forest conservation.

In all, by **year-end 2022**, the projects described above had trained **780 village smallholders** and local community extractors.

Michelin's global natural rubber network, which includes processing plants, a plantation in Indonesia, a producing region focused on research and development in Brazil and joint ventures in Africa and Asia, gives it unrivaled expertise that it can leverage to deploy projects and initiatives in support of responsible natural rubber farming.

- In Salvador de Bahia, Brazil, the Group's teams of agronomists and experimental research farm are making a significant contribution to the take-up of best farming practices and the development of new pest- and disease-resistant rubber tree species. The 3,900-hectare Michelin Ecological Reserve (REM) has become one of the best-protected areas of the South American Atlantic Forest and a compelling example of rubber-tree landscape restoration, as well as a haven for biodiversity (see section 4.1.1.3 Supporting biodiversity);
- in 2015, Michelin formed the RLU joint venture(1) to develop new rubber plantations, protect tropical forests and restore ecosystems on Sumatra (71,000 hectares) and in East Kalimantan (18,000 hectares). Undertaken in partnership with the WWF, this project has led to the creation of more than 4,000 jobs and protected thousands of hectares of high environmental value forest and local wildlife, such as Sumatran elephants and tigers and the Bornean orangutan(2). In June 2022, Barito Pacific sold all its shares to Michelin, which is now RLU's sole shareholder. RLU's strategy is unchanged and its social and environmental objectives remain in place, with the same high standards and transparent reporting requirements. RLU's sustainability report is available on the RLU website, www.rlu.co.id/;
- in West Africa, the SIPH joint venture is deeply engaged with village smallholders and local communities, leading a variety of programs to prevent malaria, AIDS and other diseases and to improve access to medical care, education and housing. SIPH also trains local farmers in best farming practices and supplies them with high-quality planting material by producing and marketing rubber seedlings.

Including the joint ventures, this worldwide natural rubber network trains around **90,000 farmers** a year and maintains more than 34,000 hectares of conservation or reserve areas.

The Global Platform for Sustainable Natural Rubber (GPSNR)

To drive faster progress toward a more sustainable natural rubber supply chain, Michelin worked with a diverse group of stakeholders to create the **Global Platform for Sustainable Natural Rubber (GPSNR).**

A multi-stakeholder platform that is leading improvements in the socio-economic and environmental performance of the entire natural rubber industry. GPSNR brings together stakeholders from across the natural rubber value chain, including farmers, processors and brokers, tiremakers and other users, automakers and civil society, with the participation of a large number of NGOs.

Michelin chaired the GPSNR Executive Committee until the end of 2021 and remains one of the organization's most active members. In 2022, the Group participated in the six GPSNR working groups: Policy Toolbox – Transparent Reporting Task Force, Strategy and Objectives, Smallholder Representation, Capacity Building, Shared Responsibility, and Traceability and Transparency.

For more information, please visit www.gpsnr.org.

(1) Royal Lestari Utama.

(2) Royal Lestari Utama, Sustainability Report 2021-2: https://www.rlu.co.id/sustainability.

To find out more:

More extensive information about our natural rubber commitments may be found on the dedicated Michelin Purchasing website[(1)], which presents the following documents, generally organized around four themes: people, the environment, farmers and stakeholders.

- the latest version of the Sustainable Natural Rubber Policy;
- the Sustainable Natural Rubber Roadmap 2020-2025;
- annual reports on Michelin Natural Rubber Operations and Supply Chain;
- a set of comprehensive, regularly updated indicators that track progress on the sustainable natural rubber policy.

4.1.4.3 Guaranteeing the quality of our products and services SDG 3.6 and 11.2

Offering our customers the finest quality products and services in each market segment we decide to serve.

Safety risks associated with tire products

Tires are still Michelin's core business, in which it holds robust leadership positions around the world and across every operating segment: automotive, road transportation (bus and subway tires) and specialty markets (two-wheel, aircraft, earthmover, agriculture, construction and materials handling tires).

Like all tiremakers, if defects were to appear in its products during their use or if they failed to comply with applicable regulations, Michelin could be faced with liability claims or be required to recall the products.

Specific nature of the risk

Michelin's focus on customer needs and the quality of its products and services has built confidence in the MICHELIN brand and contributed to the Group's performance.

Although there have been no material events in recent years, should a safety failure occur, this would have a serious adverse effect on the reputation of the MICHELIN brand[(2)].

Michelin Quality

Since its founding, Michelin has always nurtured a powerful quality culture. Enhancing the mobility of people and goods requires an uncompromising attitude towards the safety and quality of every product and service. Every Group employee, at every point in the value chain, is trained and engaged in delivering Michelin Quality to his or her customers.

The product and service quality governance system comprises:

- a Corporate Internal Audit, Risk Management, Internal Control and Quality Department, which reports to the Group's management bodies;
- a Quality Network at the operations level, comprising the Quality Departments in the business lines, operating units and regional organizations.

The governance system defines the Group's quality policies, including quality guidelines and standards underpinning its ability to sustainably deliver high value-added products and services to its customers and nurture their trust, as well as the trust of all of its other stakeholders.

In each of the major areas of quality control – raw material and component procurement, product and service design and product manufacturing – the quality teams are empowered to perform their role and mission independently, including when deciding to bring a new product to market or to recall a product that does not comply with Group quality standards.

Product/Service Safety Training

Every employee in operations that could potentially have an impact on safety is trained in Product/Service Safety practices. In the design offices, the training curriculum for design engineers is informed by a culture of risk management. The validation and certification earned after completing the courses attest that they have acquired the requisite knowledge and expertise, which are then regularly monitored by management and specialized experts in each discipline. Internal control campaigns assess the training's compliance with risk management guidelines and safety and regulatory standards.

In the production workshops, safety protocols are the building blocks of the "Cardinal Rules of Quality" that are applied across the Michelin manufacturing base. During induction training, the Rules are taught to all newly hired production operators, who are tested prior to taking up their positions to ensure that they have understood each one and how it is implemented. Regular refresher courses are also offered. Employees pay careful attention to the Cardinal Rules of Quality, which are continuously assessed by management, especially during on-site visits. Any form of non-compliance triggers an appropriate management response. Retraining is periodically offered and regular information keeps everyone alert and aware. For the most sensitive positions, certification is awarded only after independent validation by the Quality Department, thereby ensuring that the employee has acquired the requisite skills. Dedicated control plans are in place to ensure that these capabilities are tracked and maintained over the long term. Training in the Cardinal Rules of Quality and Quality Culture are audited by an internal control process.

Quality managers act as customer risk management experts. In particular, the Design Quality Assurers and the Manufacturing Operations Quality Managers are trained in Product Safety and Compliance in accordance with prevailing standards.

(1) https://purchasing.michelin.com/en/sustainable-natural-rubber-policy/.

(2) See section 2.1 Risk factors specific to Michelin, description and related management systems/Risk 12: Tire product safety.

Supplier quality assurance

With regard to suppliers, Product/Service Safety standards are factored into raw materials specifications. Suppliers agree to ensure that these standards are properly understood and applied by their employees, with compliance verified during supplier audits.

Revised in 2020 and integrated into the Michelin Purchasing Principles, the Supplier Quality Assurance process specifies how Michelin intends to apply its quality policies in its supplier relations and in managing the quality of purchased products and services. The process of selecting suppliers, and then monitoring their performance, involves more than 200 supplier quality system audit (ESQF) procedures and on-site technical inspections performed by experienced Michelin quality auditors and/or technical experts in each field[(1)]. The audit framework is based on Michelin standards that reflect the ISO 9001: 2015 and IATF 16949: 2016 quality standards and the specifications of OEM customers. Following each audit, Michelin auditors assign a score to the supplier, who must agree to take any corrective action required in response to the audit findings. If necessary, a follow-up audit or technical inspection is scheduled.

The annual audit plan is validated and tracked by a governance body comprising representatives from the Purchasing, Quality, Technical and Manufacturing departments.

Quality management system

In the case of product design and manufacturing, the Michelin Quality Approach is defined and instilled into every aspect of these processes by a quality organization supported by a quality management system. This approach is designed to manage and continuously improve how the Group operates to guarantee quality throughout the design and production of its products and services and, more generally, fulfill its customer promises. It defines the fundamental practices that are integrated into employee training so that they are understood and applied by everyone in their respective areas of responsibility.

The Michelin Group's quality standards are based on the industry's highest international standards and strictest legislation covering consumer health & safety and environmental protection.

To verify the compliance of its quality management system, Michelin regularly seeks certification from independent organizations. As such, all of its tire manufacturing plants and support processes have been certified to ISO 9001:2015.

In response to automaker customers, the plants that manufacture and deliver original equipment tires have been certified to IATF 16949: 2016, which specifically describe the development and production processes for auto parts.

Safety trials and tests

Products designed and manufactured by the Group are extensively tested and assessed to ensure that they meet all the safety standards defined by Michelin in addition to regulatory standards.

In the case of regulations, the Group performs the tests defined in applicable legislation[(2)] to earn initial approval of its products and ensure their long-term conformity of production (CoP). In 2021, for example, the Group performed several thousand regulatory tests, representing a run-time of more than 255,000 hours[(3)];

Annual CoP control plans addressing all the regulations in force in the markets served by the Group[(4)] are prepared for each production unit[(5)]. Implementation of these plans and their outcomes are tracked internally by the Quality Department and, if necessary, externally by government-mandated bodies at their request.

Drawing upon its technical expertise and market intelligence, the Michelin Group has also defined its own safety standards for each type of product and each usage category. These standards are approved and reviewed quarterly by dedicated steering committees, made up of the technical and quality managers concerned. All of them are expressed in internal standards manuals that refer to the corresponding tests approved for CoP control. To offer customers products that meet Michelin's highest safety standards, more than 1,400,000[(6)] hours of safety testing are conducted every year[(7)] on the Group's tracks or in its laboratories.

Most of these regular tests are performed by the Group. For this purpose, Michelin has a network of material measurement laboratories and tire testing centers in Europe, Asia and the United States, which are all certified to the NF EN ISO/CEI 17025 standard.

Customer training and support

Another significant focus of the Group's quality standards is to ensure that Michelin-delivered products and services are aligned with customer usage conditions. The marketing and sales teams constantly strive to understand customer needs and the potential risks arising from unusual or extreme conditions of use in the geographies where the products and services are sold. Their feedback is noted in the specification sheets and addressed by the research and development teams. Advice and support in the proper use of products and services is provided through technical brochures and training, including an ongoing, Michelin-led program of customer training courses.

(1) See section 4.1.4.2 Demonstrating our CSR commitments through responsible procurement policies.

(2) Such as the various UNECE regulatory standards (R30, R54, R75, R106, R109, R117, R2017/2400, etc.) applied in China, India, Indonesia, Thailand, the United States, Brazil and the Gulf States.

(3) Test run-time hours actually completed in 2021. The prior-year figure is used because the number of test hours for the reporting year had not yet been consolidated at the time of the independent third-party review.

(4) See comment in footnote 3.

(5) Because it depends on the number of products in production, the number of products tested and tests performed can vary from one year to the next.

(6) Estimated hours of testing based on 2021 data.

(7) Including safety tests requested by our OEM customers.

Monitoring markets and responding to quality events

Michelin has also deployed a system for constantly tracking the real-world performance of its products and customer service in order to detect even the most latent issues and respond quickly and effectively if necessary. This system is based on:

- Customer rooms, located close to key markets and equipped with all the necessary capabilities, that capture customer dissatisfaction and then respond, as quickly as possible, with initiatives that effectively fulfill the customer promise. If necessary, they can hand the problem over to the Quality Platforms;
- Quality Platforms, generally organized by product segment, that oversee the tracking of in-market product performance. They review all available information and data to assess any impacts on the safety of product users. This information may come from outside, via the customer rooms or other sources, such as in-use safety incident reports, or from in-house, via alerts from the design, manufacturing or test teams;
- a review by the Product Performance Monitoring Board three times a year to ensure that the system is consistent with the Group's Quality Policy provisions and procedures.

In a situation where a product or service designed and/or manufactured and/or marketed by the Michelin Group and/or bearing one of the Group's brands exposes customers to a potential or proven safety risk, the appropriate Quality Platform will initiate a dedicated process, defined and supervised by the Corporate Quality Department, to assess the potential impact on customer safety. If need be, a decision may be made to recall the product from the market to ensure customer safety. Such voluntary recalls are consistently carried out in compliance with legislation applicable at the date of the decision.

In 2022, across the entire Group, all its brands and all its tire products, three voluntary recalls were issued, concerning 21,339 products of the total 200 million or so manufactured every year by the Group [SASB TR-AP-250a.1].

These recalls applied to:

- 144 passenger car tires sold in North America, which were recalled in April due to the absence of "DOT" letters on the sidewall markings. The recall was managed with the authorities concerned(1), in accordance with prevailing legislation;
- 4,212 city bus tires, which were recalled in August in Australia and New Zealand due to a possible decline in performance that, under certain sustained and prolonged conditions of use, could potentially result in a loss of pressure;
- 16,983 tires fitted on vintage and antique sports cars in North America, which were recalled in December due to the absence of "DOT" letters on the sidewall markings. The recall was managed with the authority concerned(2), in accordance with prevailing legislation.

All of the recalls were issued voluntarily as a preventive measure and carried out in a fully transparent manner. Each one specified the model number, date of manufacture and other information enabling the recalled product to be easily identified, as well as a description of the defect, an assessment of the risks, an identification of the root causes and the corrective actions taken. Where applicable, regulatory authorities were informed in full compliance with prevailing legislation and guidelines.

Stakeholders such as automakers, wholesalers, dealer networks and customers were also informed through appropriate channels. During each recall campaign, a multidisciplinary team managed deployment of the action plan in accordance with Group procedures. To assess the recall's effectiveness, the campaign is continuously and systematically tracked by the Quality Department.

Customer Promise Guarantee

The Quality Approach has been enhanced by the Customer Promise Guarantee, which is designed to deliver total customer satisfaction. Applied to every aspect of the business, it ensures that the Group:

- knows its customers and markets;
- develops products and solutions aligned with their needs;
- fulfills its commitments in implementing its solutions;
- clearly communicates its Promises to customers;
- detects shortfalls and responds quickly;
- measures customer satisfaction.

These six steps could not be implemented without the foundation underpinning the Customer Promise Guarantee: management's unflagging commitment, employee capabilities, demanding standards, reliable data and trustworthy indicators.

Since 2016, the Group has used the Net Promoter Score® (NPS®) as an indicator to measure customer satisfaction and, if needed, to take corrective action to improve it.

Because Michelin serves a very diverse customer base – consumers, businesses, truck fleets, vehicle rental companies, mining companies, airlines, carmakers, tire dealers, auto accessory dealers, wholesalers and high-tech materials customers – it was decided to create two new composite indicators:

- the "End Customer" NPS, a weighted average of the consumer and business customer macro-clusters, comprising the end-users of our products and services;
- The "Partners" NPS, a weighted average of the OEMs and dealers macro-clusters.

(1) The National Highway Traffic Safety Administration (NHTSA) and Transport Canada.
(2) National Highway Traffic Safety Administration (NHTSA).

OUR OBJECTIVE:

The Group is committed to increasing the Partner NPS by ten points and the End Customer NPS by five points by 2030 compared to 2020.

The Partner NPS stood at 41.6 in 2022, versus 39.7 in 2021 and 40.9 in 2020(1), with a sharp improvement in the dealer score. The quality of MICHELIN products and brand identity are clearly appreciated. On the downside, some customers commented negatively on our inflation-induced price increases, or expect improvements in our supply and delivery chains. With our dealer customers, the most notable improvements were in the ease of working with us and the relationships with our sales teams.

A method for collecting and calculating a consistent End-Customer NPS was validated, but technical issues and a probable impact from the lack of full-year data would have prevented meaningful measurement. The End Customer NPS indicator will be available in 2023.

In addition, in 2022, customers and independent rating agencies continued to recognize the commitment of the Group and all its employees to improving the customer experience. We received a wide array of awards and distinctions.

The J.D. Power US Original Equipment Tire Customer Satisfaction Study℠ once again ranked Michelin at the top in the Luxury and Truck/Utility segments in North America. Since the study was launched in 1989, Michelin has won 99 J.D. Power awards – more than any other tire manufacturer.

Our OEM customers also recognized our excellent relations with a number of awards, including Supplier Excellence Recognition from Caterpillar, Key Supplier from John Deere, Supplier Award from Honda, 4 Star + grade from Kia, Supplier Quality Excellence Award from General Motors South America and Best Supplier Awards from CAOA-Chery, Shanghai General Motors, Guangzhou Auto and Dongfeng Peugeot Citroen Automotive.

For the third year running, our Customer Call Centers were named Best Customer Service of the Year in the tire manufacturer category in our three European host countries (France, Germany and Spain).

4.1.4.4 Playing an active role in ensuring consumers' safety on the road and safeguarding the environment

Minimum performance standards

European legislators have introduced minimum tire-performance standards, as specified in Regulation (EC) No. 661/2009 and United Nations' ECE Regulation 117. The Michelin Group supported the introduction of these regulations, offering data and other input to help define the minimum performance levels. These standards cover:

- rolling resistance;
- noise;
- wet grip.

They are designed to limit a tire's environmental impact and improve road safety. Introduced in 2012 for all new products, the legislation has been gradually extended, in precisely defined phases, to products already on the market. Compliance of new Passenger car, Light truck and Truck tires is verified by government technical services when the product is certified. Stricter rolling resistance thresholds derived from Regulation No. 117 have been applied in the European Union since November 2016. Standards setting an even higher level of balanced performance in the above three factors have been proposed by the tire industry to the European Union for application in 2024-2026.

The setting of regulated performance levels, which was originally a European initiative, is now being extended via UNECE Regulation No. 117, in legislation passed by countries that signed the UN's 1958 agreement concerning uniform technical prescriptions for wheeled vehicles. Since then, many countries, such as Turkey, Israel, Brazil and Russia, have introduced similar legislation and Japan is planning to do so by 2024.

Among the countries that did not sign the 1958 agreement, the United States and India have decided to introduce at some future date the same type of standards to protect the environment and improve consumer safety. Other countries, like China, South Africa, Morocco, Thailand and the Gulf States, are also discussing such measures. In each of these countries, Michelin has been supportive of the application of these standards and when requested, is helping to define the minimum requirements.

Tire labeling

The new version of the EU tire labeling regulation (2020/740) has pushed the labeling beyond rolling resistance, wet grip and noise performance, in particular by improving consumer information with the "3PMSF snow" and "ice" logos displayed on the label and technical information now registered in the publicly accessible EPREL database. This labeling regulation was published in second-quarter 2020 and came into effect on May 1, 2021. Label information will be extended in the future to other performance parameters, such as the rolling resistance of retreaded tires or tire abrasion, as soon as suitable testing methods are available.

Other countries have introduced similar regulations for certain tire categories. In each one, the Michelin Group, when requested, helped to define the terms (e.g.: India, Morocco in progress).

In 2022, the Group did not incur any fines or penalties for non-compliance with regulations and/or voluntary codes concerning product and service information and labeling [GRI 417-2].

(1) To yield faster results, the calculation method was changed in 2022, with prior-year sales used as the weighting key rather than reporting year sales. 2021 and 2020 results have been recalculated accordingly. Partner NPSs reported in the 2021 Universal Registration Document were 38.9 for 2021 and 40.3 for 2020. The 2030 target remains unchanged at 50.

The impact of tires on vehicular CO_2 emissions

The rolling resistance of Passenger car, Light truck or Truck tires accounts for 15% to 30% of an internal combustion vehicle's fuel consumption and therefore its CO_2 emissions, depending on the vehicle, its use and how it is driven. This is why Michelin is encouraging the use of vehicular carbon emission assessment methods that are precise enough to accurately ascertain the contribution of the various factors, including tire rolling resistance. For example, Michelin helped to promote the inclusion, in the R154 and WLTP regulations, of a metric measuring actual emissions with very low rolling resistance tires, which was accepted in the latest UNECE regulation on October 8, 2022. This approach encourages greater transparency by suppliers and more technical competition to reduce rolling resistance and, with it, CO_2 emissions.

Moreover, in Europe, the Vehicle Energy Consumption Calculation Tool (VECTO) developed for the European Commission serves as the basis for Regulation (EU) No. 2017/2400 on the determination of CO_2 emissions and fuel consumption of heavy-duty vehicles. The regulation, which has been in effect since January 1, 2019 and was extended to buses, coaches and heavy vans in 2022, takes into account the energy performance of a vehicle's different components, including tire rolling resistance.

In the United States, the Environmental Protection Agency (EPA) and the National Highway Traffic Safety Administration (NHTSA) have issued Phase 2 of their greenhouse gas emissions and fuel efficiency standards for medium and heavy-duty engines. The standards, which have been in effect since the 2018 model year, are becoming stricter every year. On November 12, 2021, however, the regulation's scope of application was changed when the U.S. Court of Appeals, D.C. Circuit ruled that the EPA and the NHTSA did not have the authority to regulate trailers pulled by hauling trucks. As a result, the regulation no longer applies to trailers. However, all other types of motor vehicles listed in the regulation must continue to comply with the law.

These standards stipulate that, before certification, a new vehicle must be tested for compliance using the Greenhouse Gas Emissions Model (GEM) simulation tool, two of whose variables are tire rolling resistance and vehicle weight.

The impact of tires on vehicular particle emissions(1)

Since April 2022, Michelin has been an active member of a UN working group helping to develop Euro 7 standards, which is defining a suitable method of measuring abrasion performance in passenger tires and setting acceptable abrasion limits.

Snow performance of winter tires

Many countries, particularly in Europe, now require drivers to fit winter tires on their vehicles, either for a given period or when demanded by weather conditions, or else in particular regions or at particular times. However, while these rules generally stipulate that only manufacturer-marked Mud and Snow (M+S, M.S. or M&S) tires may be mounted, such markings do not correspond to the tire's demonstrated performance in snowy conditions. Michelin is urging that national highway codes be amended with an obligation to fit only winter tires marked with the Three-Peak Mountain Snow Flake (3PMSF) symbol, which means that they have demonstrated minimum required snow grip. Germany introduced this rule in March 2017, Sweden in 2019, and France in 2021 through its "Mountain Law".

Worn tire performance

The existing minimum standards for rolling resistance, noise and wet grip concern the measured performance of new tires. However, newness is fleeting and a tire's performance evolves as it wears. In the case of rolling resistance and noise, for example, performance remains the same and sometimes actually improves with wear, so it makes sense to define their minimum standards on the basis of a new tire, as is currently the case. On the other hand, a tire's wet grip declines as it wears. In 2019, the EU approved the introduction of a regulation governing the wet-grip performance of worn tires. Michelin participated in the United Nations working group that is developing the regulatory method (R117-04) for introducing a minimum wet grip performance standard in 2024 on worn tires still within the legal wear limit, so as to ensure that tires deliver acceptable performance throughout their useful lives.

Compliance with materials standards

A multidisciplinary team of experts continuously tracks changes in regulations governing chemicals, the environment and health, enabling the Group to factor them into its strategic planning and product design processes.

(1) See section 4.1.1.2 d) The Michelin 4R circular economy process/ Reduce/Reducing harmful pollution from the use of our products: tire and road wear particles (TRWPs).

Michelin supports the standardized use of RFID chips to track tires

Embedding a unique RFID tag into every tire will ultimately enable the entire industry to track its products across their life cycles, from manufacture to recycling, thereby improving the management of their environmental impact and the safety risks due to manufacturing defects, for example. The technology can also transmit a variety of tire data that could play a critical role in developing new sustainable mobility solutions based on connected tires. For all these reasons, Michelin is actively encouraging the ISO standardization of RFID-based tire identification systems, so as to facilitate widespread take-up of the technology. In addition, it is offering other tiremakers its intellectual property through an attractively priced licensing program. It is also supporting the introduction of standardized access to digital tire data, in order to promote the development of new services that will help to make mobility more sustainable.

An active private-sector stakeholder in safe mobility partnerships

Michelin's initiatives are aligned with the general thrust of the second Decade of Action for the Road Safety 2021-2030, a worldwide United Nations program aimed at preventing at least 50% of road traffic deaths and injuries by 2030. Currently around 1.3 million people die on the road every year. To meet this goal, Michelin is engaging both its own financial resources and funds from the Corporate Foundation.

In line with its tradition of forming partnerships, in 2022, the Group pursued its commitments to global organizations acting under the aegis of the United Nations. These included (i) the United Nations Road Safety Collaboration (UNRSC), through the UN Road Safety Fund, where Michelin sits on the Steering Committee as a private sector representative; and (ii) the World Bank-led SuM4All initiative,[1] through co-leadership, with the International Road Federation (IRF) of a working group tasked with developing actionable policy guidelines to shape national-level road safety regulations in the Global South. The Group has also set up a new partnership with UNICEF focused on road safety education in China and the Philippines.

In addition to these multilateral institutional partnerships, Michelin stepped up its joint initiatives with NGOs in 2022, maintaining its support for Youth for Road Safety (YOURS) and partnering, for the first time, with the Global Alliance of NGOs for Road Safety in Latin America.

Lastly, the Group's road safety strategy is also geared toward coalitions that include other major private-sector stakeholders, such as (i) the Global Road Safety Partnership (GRSP), with the VIA road safety education program developed and financed by the Michelin Foundation and Total Energies, which had been deployed in 44 countries by September 2022; (ii) the FIA Action for Road Safety campaign with the International Automobile Federation and its local automobile clubs; and (iii) the "Action for Good Vision on the Road. Together for Safer Roads" initiative, a joint project with EssilorLuxottica supported by the United Nations.

(1) Sustainable Mobility for All: a consortium of 55 global organizations pursuing a shared commitment to sustainable mobility in the Global South, under the auspices of the World Bank.

4.2 NON-FINANCIAL STATEMENT

Non-Financial Statement disclosures, as stipulated in Articles L. 225-102-1(1) and R. 225-105 of the French Commercial Code, may be found in the sections listed in the table of concordance below (4.2.2).

The business and value creation model is presented in section 1. It is illustrated by a summary diagram entitled "Our Growth and Value Creation Model" and its components are described throughout the section.

All of the other Statement disclosures have been included in the Sustainable Development and Mobility Report (4.1).

4.2.1 IDENTIFICATION OF THE MAIN RISKS

As part of its social responsibility commitment, the Group has plotted a materiality matrix. This exercise has helped to strengthen the robustness and relevance of the main identified issues and to enhance the Group's overall risk management process *(*section 4.1 Sustainable Development and Mobility Report/Introduction – Michelin Sustainable Development and Mobility/Materiality Matrix*).*

The concerns identified in the new matrix represent not only opportunities for Michelin to grow and develop its businesses, but also issues that could involve risks. For this reason, the materiality matrix is closely aligned with the risk map, according to the table of concordance below, with updates to one resulting in changes in the other. As such, the materiality matrix serves as the frame of reference in identifying the "main risks" that structure this Non-Financial Statement, even though these issues are not expressed negatively as risks. For example, the matrix speaks of "diversity" whereas the risk map is concerned with "discrimination." Moreover, unlike the risk map, the materiality matrix also incorporates the perception of Michelin stakeholders.

The method of identifying risks and the systems for managing them are described in Chapter 2, Risk Management. The main CSR risk families and the guidelines for managing them are indicated in the introduction to each section of the Sustainable Development and Mobility Report, according to the methodology for plotting the materiality matrix and the definitions of the Group's risk factors. They have also been post-audited by the Internal Control Department. The risks mentioned in chapter 4 are "operational" risks. Policies and due diligence procedures are presented in extensive detail following these introductions, in particular to express the Group's sustainable development strategy quantitatively, qualitatively, transparently and in a manner comparable with reports from prior years.

The performance indicators for each of the main risks are mostly derived from the six strategic objectives for 2030. Means indicators have also been defined for the main opportunities. For each of the main risks, an essential indicator has been both highlighted in the Non-Financial Statement table of concordance and presented in the summary table of key CSR performance indicators(2). In the interests of transparency and materiality, however, other indicators have been presented alongside the deployed policies, depending on the issues addressed.

(1) Information on (i) the impact that the Company's business operations and the use of its products and services may have on climate change; (ii) the Company's social commitments to supporting sustainable development and the circular economy, reducing food waste and combating food insecurity, respecting animal welfare and responsible, fair, sustainable food systems; (iii) the collective agreements signed in the Company and their impact on business performance and working conditions; (iv) initiatives to prevent discrimination and promote diversity; (v) measures taken in favor of the disabled; and (vi) the impact of the Company's business on respect for human rights and the fight against corruption and tax evasion.

(2) 4.1 Sustainable Development and Mobility Report/Introduction.

4.2.2 TABLE OF CONCORDANCE – NON-FINANCIAL STATEMENT

Business and Value Creation Model		
Our purpose: "Offering everyone a better way forward."		Chapter 1
Scope, organization and main resources	Profile/A global footprint	Chapter 1
	Our All Sustainable strategy for 2030	Chapter 1
	Governance	Chapter 3
	Michelin investor relations	Chapter 5
	Risk management	Chapter 2
Business and value creation model (diagram)	Our business model	Chapter 1
Core businesses, operational excellence and outcomes	Growing With tires, Around tires, Beyond tires	Chapter 1
Challenges, strategy and outlook	Message from the Managing Chairman	Chapter 1
	Into the future	Chapter 1

Managing the social and environmental impact of our business operations

			4.1 Sustainable Development and Mobility Report	
No.	**Materiality matrix issue**	**Main risk identified in the CSR map**	**Policies, due diligence and outcomes**	**Key Performance Indicators and Objectives/Key outcomes**
1	**Employee health and safety**	9 – Employee and contractor health and safety	4.1.3 Employee health and safety	• Achieve a total case incident rate (TCIR) of less than 2 • Achieve and maintain an 85% employee engagement rate • Workplace well-being indicator, with a target of 80% by 2030
2	**Quality and safety of products and services**	8 – Tire product safety	4.1.4.3 Guaranteeing the quality of our products and services	• Improve the Partner NPS by ten points and the End Customer NPS by five points by 2030
3	**Direct contribution to climate change (Scopes 1 & 2)**	6 – Climate change impact of our Scope 1 & 2 operations	4.1.1.1 a) Transition plan: decarbonizing our operations/Scopes 1 & 2: reaching net zero emissions in the manufacturing operations by 2050	• Scopes 1 & 2: reaching net zero emissions in the manufacturing operations by 2050 • Composite i-MEP indicator, with a target of a one-third reduction by 2030 versus 2019
4	**Environmental impact of raw materials**	4 – Non-climate change-related impact of our raw materials on the environment	4.1.1.2 Enhancing the circularity of our products	• Use only sustainable materials by 2050 Commitment to using 40% sustainable materials by 2030 • Natural rubber volumes used by the Group complying with the environmental criteria in the Sustainable Natural Rubber Policy, with a target of 80% in 2030

5	**Indirect contribution to climate change (Scope 3)**	3 – Climate change impact of our suppliers (Scope 3)	4.1.1.1 a) Transition plan: decarbonizing our operations Scope 3: reducing emissions from our transportation operations Scope 3: reducing emissions from purchased raw materials and components	• Suppliers representing 70% of GHG emissions from purchased goods and services (Scope 3, category 1) are expected to set science-based reduction targets by 2024. • Reduce CO_2 emissions in transport activities by 15% in 2030 compared with 2018
		1 – Climate change impacts from the use of our products (Scope 3)	4.1.1.1 b) Transition plan: company strategy/ Opportunities and risks/Designing ultra-energy efficient products	• Improve the energy efficiency of tires by 10% in 2030 compared to 2020
6	**Respect for human rights in the supply chain**	2 – Supplier failure to respect human rights	4.1.4.2 Demonstrating our CSR commitments through responsible procurement policies	• Percentage of suppliers confirmed as compliant with Michelin's human rights standards, with a target of at least 95% in 2030 • Percentage of natural rubber volumes used by the Group covered by human rights assessments and compliant with Group standards, with a target of 80% in 2025 • More than 95% of purchasing employees trained in ethical risks in supplier relations
7	**Sustainable sourcing and responsible supplier relations**	5b – Non-compliance with our Supplier Relations Code of Conduct		
8	**Development of products and services beyond tires**	Chapter 1: Our Michelin in Motion 2030 strategic plan is designed to grow our business with, around and beyond tires. We are seeking targeted growth in tires and investing in growth territories around and beyond tires, with the goal of generating 20% to 30% of our revenue from these new businesses. Strategic risk addressed in section 2: M&A and image		
9	**Diversity and equal opportunity**	7 – Discrimination	4.1.2.2 Instilling an inclusive culture of diversity and preventing discrimination	• **IMDI:** Composite indicator tracking diversity and inclusion – target of 80/100 in 2030 • Percentage of women in management and among senior executives, with a target of 35% in 2030 • Percentage of employees receiving a decent wage, with a target of 100% in 2025
10	**Business ethics**	5a – Ethical violations	4.1.4.1 Ensuring ethical business practices	• 98% of employees trained in anti-corruption practices in 2030 • Number of alerts to the ethics hotline
Impact of the Group's business operations				
	• on respect for human rights		4.1.2.1 Ensuring respect for human rights 4.1.4.2 Demonstrating our CSR commitments through responsible procurement policies	
	• on the fight against corruption		4.1.4.1 b) Taking a firm stand against corruption	
	• on the fight against tax evasion		4.1.4.1 e) Combating tax evasion	

Impacts on climate change	
• of the Company's business operations	4.1.1.1 Implementing a climate strategy
	4.1.1.1 a) Transition plan: decarbonizing our operations/Scopes 1 & 2: reaching net zero emissions in the manufacturing operations by 2050
	4.1.1.4 c) Reducing energy use and greenhouse gas emissions
	4.1.1.1 a) Transition plan: decarbonizing our operations/Scope 3: reducing emissions from our transportation operations
	4.1.1.1 a) Scope 3: reducing emissions from purchased raw materials and components.
• of the use of the Company's products and services	4.1.1.1 b) Transition plan: company strategy/Opportunities and risks/Designing ultra-energy efficient products
Social commitments to supporting	
• sustainable development	4.1.1.3 Supporting biodiversity
	4.1.2.5 Encouraging employee and corporate engagement in local communities
• the circular economy	4.1.1.2 Enhancing the circularity of our products
• initiatives to reduce food waste	Given the nature of the Michelin Group's manufacturing operations, this information does not correspond to a major risk. However, related initiatives are being undertaken by the Group's food service providers at the local level.
	In addition, as part of its Maps & Guides business, Michelin has created the Sustainable Gastronomy distinction, which was awarded for the first time in 2019. The **MICHELIN Green Star** award enables users and readers to find restaurants in the various selections that are leading the way in environmentally responsible fine dining. In this way, the MICHELIN Guide hopes to raise awareness and encourage action in the restaurant industry and among consumers. Lastly, by showcasing the restaurants through all its interfaces and communication channels, the MICHELIN Guide is expressing its commitment to bringing together gastronomic transition stakeholders and encouraging positive emulation across the sustainable fine dining and food community.
• initiatives to combat food insecurity	Given the nature of the Michelin Group's manufacturing operations, this information does not correspond to a major risk.
• responsible, fair, sustainable food choices	Given the nature of the Michelin Group's manufacturing operations, this information does not correspond to a major risk.
• animal rights and welfare	Given the nature of the Michelin Group's manufacturing operations, this information does not correspond to a major risk.
Information on collective bargaining agreements signed in the Company and their impact on business performance and employee working conditions	
	Since these issues do not represent a major risk, they are not discussed in this report.
Initiatives to prevent discrimination and promote diversity, and measures taken in favor of the disabled	
	4.1.2.2 Instilling an inclusive culture of diversity and preventing discrimination

4.2.3 TABLE OF CONCORDANCE – OTHER CSR ISSUES

Managing the social and environmental impact of our business operations				
		4.1 Sustainable Development and Mobility Report		
No.	**Materiality matrix**	**Other identified risks and issues**	**Description**	**Policies, due diligence and outcomes**
	HUMAN RIGHTS			
17	**Local community development**		4.1.2.5 Encouraging employee and corporate engagement in local communities	4.1.2.5 a) Creating local jobs and businesses with Michelin Development 4.1.2.5 b) Participating harmoniously in local community life through our employees 4.1.2.5 c) The Michelin Foundation: demonstrating our corporate culture and values 4.1.2.5 d) Addressing the risk of potentially negative impacts of our business on local communities
19	**Attracting and retaining talent**	Lack of attractiveness	4.1.2.4 Supporting employee growth and development	4.1.2.4 b) Employer appeal, promoting from within, team succession plans 4.1.2.4 c) Employee growth and development 4.1.2.4 d) A division of roles supporting the process 4.1.2.4 e) Enhancing skills through training 2.1 Risk factors specific to Michelin/Risk 10: Lack of employer attractiveness/employee retention
20	**Developing employee skills**	Managing social cohesion, people and human rights/ Employee skills mismatch	4.1.2.4 Supporting employee growth and development/ Managing social cohesion, people and human rights	4.1.2.4 a) Human resources planning and development 4.1.2.4 c) Employee growth and development 4.1.2.4 d) A division of roles supporting the process 4.1.2.4 e) Enhancing skills through training
22	**Employee volunteer service**		4.1.2.5.b) Participating harmoniously in local community life through our employees/ Michelin Volunteers guidelines	
	EMPLOYEE HEALTH AND SAFETY			
21	**Fostering workplace well-being**		4.1.3.4 Ensuring well-being in the workplace: improving work-life balance	
	ENVIRONMENT AND CLIMATE CHANGE			
14	**Air quality**	Air and water pollution	4.1.1.4 c) Reducing energy use and greenhouse gas emissions 4.1.1.4 d) Reducing harmful air emissions	
15	**Eco-design of our products and services**	Environmental risks from raw materials and end-of-life tires	4.1.1.2 b) Deploying eco-design practices	
16	**End-of-life products**	Environmental risks from raw materials and end-of-life tires	4.1.1.2 d) The Michelin 4R circular economy process	

24	**Responding to environmental damage**	Risks related to the physical impacts of climate change	Addressed in Chapter 2 Risk Management Section 2.1 Risk factors specific to Michelin, descriptions and related management systems/Risk 4 – Physical impacts of climate change.	
25	**Protecting soil quality and biodiversity**	Damage to biodiversity	**4.1.1.3 Supporting biodiversity**	4.1.1.3 a) Supporting biodiversity 4.1.1.3 c) Preserving biodiversity and ecosystems in rubber tree farming 4.1.1.3 d) Preserving biodiversity around Group manufacturing and research facilities
26	**Waste management**	Risks arising from the tire manufacturing process and end-of-life tires	4.1.1.4 e) Reducing and managing waste 4.1.1.2 d) The Michelin 4R circular economy process	
27	**Responsible water management**	Air and water pollution	4.1.1.4 f) Reducing water withdrawals and effluent discharge	
OTHER MATERIALITY MATRIX ISSUES				
12	**Data protection**		4.1.4.1 d) Protecting employee privacy and personal data	
13	**Responsible governance**		4.1 Sustainable Development and Mobility Report/Introduction – Michelin Sustainable Development and Mobility/Governance	
18	**Transparency and access to information**		4.1 Sustainable Development and Mobility Report/Introduction – Michelin Sustainable Development and Mobility/Non-Financial Statement: Michelin, a recognized All Sustainable approach 4.1.2.3 g) Transparency: information concerning redundancy plans, job retention initiatives and retraining, placement and support programs during the year	

4.2.4 REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE VERIFICATION OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

(Year ended December 31, 2022)

This is a free English translation of the report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Cie Générale des Ets Michelin CGEM

23 Place des Carmes-Déchaux

63000 Clermont Ferrand

In our capacity as Statutory Auditor of the company Cie Générale des Ets Michelin CGEM (hereinafter the "Entity")], appointed as independent third party ("third party") and accredited by the French Accreditation Committee (Cofrac), (Cofrac Inspection Accreditation, n°3-1862,scope available at www.cofrac.fr)), we have undertaken a limited assurance engagement on the historical information (observed or extrapolated) in the consolidated non-financial statement, prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2022 (hereinafter the "Information" and the "Statement", respectively), presented in the group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (code de commerce).

Conclusion

Based on the procedures we have performed as described under the "Nature and scope of procedures" and the evidence we have obtained, nothing has come to our attention that cause us to believe that the consolidated non-financial statement is not prepared in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Preparation of the non-financial performance statement

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, the significant elements of which are available on request at the company's headquarters.

Inherent Limitations in preparing the Information

As stated in the Statement, the Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

Responsibility of the Entity

Management is responsible for:

- selecting or establishing suitable criteria for preparing the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators and the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- preparing the Statement by applying the Entity's "Guidelines" as referred above; and
- implementing internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by the Head of Michelin Group.

Responsibility of the Statutory Auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to report on:

- the Entity's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), the French duty of care law and against corruption and tax evasion);
- the fairness of information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy)
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with Articles A. 225-1 *et seq.* of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to such engagement, in particular the professional guidance issued by the Compagnie Nationale des Commissaires aux Comptes, *Intervention du commissaire aux comptes – Intervention de l'OTI – déclaration de performance extra-financière*, and acting as the verification programme and with the international standard ISAE 3000 (revised) - *Assurance engagements other than audits or reviews of historical financial information*.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and French Code of Ethics for Statutory Auditors (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement.

Means and resources

Our work engaged the skills of 8 people between September 2022 and February 2023 and took a total of 22 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted 25 interviews with people responsible for preparing the Statement, representing in particular CSR direction, administration and finance, risk management, compliance, human resources, health and safety, environmental.

Nature and scope of procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Information is likely to arise.

The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Information, we:

- obtained an understanding of all the consolidated entities' activities and the description of the main risks associated;
- assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, best practices within the sector.
- verified that the Statement includes each category of social and environmental information set out in Article L. 225-102-1 III as well as information regarding compliance with human rights and anti corruption and tax avoidance legislation;
- verified that the Statement provides the information required under Article R.225-105 II of the French Commercial Code where relevant with respect to the main risks, and includes, where applicable, an explanation for the absence of the information required under Article L.225-102-1 III, paragraph 2 of the French Commercial Code;
- verified that the Statement presents the business model and a description of the main risks associated with of all the consolidated entities' activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the main risks;

- referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the main risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the main risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; For some risks, fight against corruption, fight against tax evasion, safety of tire products, non-respect of human rights by suppliers, impact of product use (scope 3) on climate change, impact of suppliers (scope 3) on climate change, non-compliance with the supplier relations code of conduct, development of products and services beyond tires, our work was carried out on the consolidating entity; for other risks, our work was carried out on the consolidating entity and on a selection of sites: Vannes, Golbey, Ladoux (France), Anderson, Lexington, Dothan (United-States), Bridgewater (Canada), Mezquite (Mexico), Grumari, Manaus (Brazil), Alessandria, Cuneo (Italy), Victoria (Romania), Laem Chabang (Thailand), Shenyang (China), Chennai (India), Euromaster Germany, Euromaster Finland;
- verified that the Statement covers the consolidated scope, i.e. all the entities within the consolidation scope in accordance with Article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- obtained an understanding of internal control and risk management procedures the Entity has implemented and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of definitions and procedures and reconcile the data with supporting documents. This work was carried out on a selection of contributing sites : Vannes, Golbey, Ladoux (France), Anderson, Lexington, Dothan (United-States), Bridgewater (Canada), Mezquite (Mexico), Grumari, Manaus (Brazil), Alessandria, Cuneo (Italy), Victoria (Romania), Laem Chabang (Thailand), Shenyang (China), Chennai (India), Euromaster Germany, Euromaster Finland, and covers between 19% and 34% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- assessed the overall consistency of the Statement in relation to our knowledge of all the consolidated entities

The procedures performed in a limited assurance review are less in extent than for a reasonable assurance opinion in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

Neuilly-sur-Seine, February 16th, 2023
One of the Statutory Auditors,

PricewaterhouseCoopers Audit
Jean-Christophe Georghiou
Partner

Sylvain Lambert
Sustainable Development Partner

4.2.4.1 Appendix : List of information we considered most important

Key performance indicators and other quantitative results:

- Total Case Incident Rate and Serious Accident Frequency Rate;
- iMEP and its components (energy, water, volatile organic compounds, CO_2 (scope 1 and 2), waste);
- Scope 3 categories of the carbon footprint updated annually: upstream and downstream logistics activities, purchases of raw materials and components, and upstream energy;
- Improvement of the energy efficiency of pneumatic products compared to the 2020 baseline;
- Percentage of sustainable materials (renewable biosourced or from recycled materials) used in the manufacture of tyres;
- Percentage of sites certified ISO 14001;
- Share of suppliers assessed by EcoVadis reaching the "confirmed" level;
- Proportion of suppliers at the "confirmed" level (according to Ecovadis) on the "social and human rights" theme;
- Share (in CO_2 emissions) of suppliers of goods and services with a "science-based" target;
- Natural rubber purchase volumes assessed by documentary audits (Ecovadis) and purchase volumes assessed at the "confirmed" level;
- Volume of natural rubber used by the Group compliant with the environmental criteria of the responsible natural rubber policy;
- Percentage of the volume of natural rubber used by the Group evaluated on the basis of criteria relating to human rights (Rubberway);
- Share of natural rubber volumes purchased by the Group mapped with Rubberway;
- Diversity of inclusion management index and its components (diversity, identity, multi-nationality of management, disability, equal opportunity);
- Rate of access to training;
- Share of management positions held by employees from internal mobility;
- Rate of engagement of Group staff, as resulting from the annual "Moving Forward Together" study, other indicators linked to the annual study, and participation rate;
- share of employee shareholders;
- Percentage of employees receiving a living wage in the countries in which the Group operates;
- Number and nature of referrals to the ethics alert line;
- Percentage of employees trained in anti-corruption;
- Proportion of purchasers trained in ethical risk in supplier relations;
- Share of targeted customers at the level of the Net Promoter Score targeted by the Group.

Qualitative information (actions and results):

- Energy transition and decarbonization (supply chain initiatives, Carbon Livelihoods Fund, investment in SYMBIO);
- Environmental footprint of industrial operations (renewable energy initiatives, biodiversity and VOC initiatives in Shenyang, water initiatives and the Lean Water approach, environmental externalities);
- Natural rubber (deployment and participation of growers in the Rubberway program, fight against deforestation, training of growers, study in collaboration with ETRMA, SPOTT classification);
- Human rights and responsible purchasing (human rights framework policy, responsible purchasing training program);
- Diversity and inclusion (feminization, initiatives on disability, initiatives on the integration of refugees, Michelin Development France program, investments by the Michelin Corporate Foundation);
- Workforce (age pyramid, seniority, part-time, use of temporary workers, hiring);
- Safety at work (Quality of Life program, investments dedicated to ergonomics);
- Safety and quality of Michelin products and services (JD Power award, ISO 9001 certifications, voluntary recall actions).

4.3 DUTY OF CARE PLAN

4.3.1 METHODOLOGY

For the sixth year in a row, Michelin has prepared a Duty of Care Plan in compliance with French Act No. 2017-399 of March 27, 2017. It describes all of the risks incurred by the Group and its main subcontractors as regards the environment, health & safety and human rights, along with the measures taken to prevent and mitigate them. For Michelin, the plan is a means to consolidate and strengthen its proactive approach to deploying risk prevention and management processes in these three areas, as well as an opportunity to deepen its due diligence with subcontractors as part of a continuous improvement process. The Duty of Care Plan is fully aligned with the Group's purpose, values and its commitment to conducting its business responsibly with regard to all its stakeholders, who are discussed in a dedicated section. Michelin's corporate governance system includes a Sustainable Development and Mobility Management Committee, comprising every member of the Group Executive Committee as well as the Heads of the Legal, Purchasing, and Sustainable Development and Mobility departments. It coordinates three governance bodies – Environment, Human Rights, and Employee Health and Safety – as well as the Ethics Committee.

The plan expands on the information and initiatives already embedded in the Group's policies, which underpin its sustainable development commitment. These include the Code of Ethics, the Purchasing Principles, the Supplier Relations Code of Conduct, the Health Policy, the Environment and Prevention General Policy Note, the Employee Relations Policy and the Diversity, the Workplace Equality Policy and the Human Rights Policy. It presents the relevant information disclosed by the Group in its Universal Registration Document, including its Non-Financial Statement and other annual reports. The Group has defined standards of compliance that meet and often exceed prevailing standards and legislation in its host countries. Even when local legislation is not as strict as its own, Michelin continues to require compliance with its highly demanding environmental, health & safety and human rights standards. With respect to international environmental and human rights standards, the Group has pledged to support the UN Global Compact and upholds the UN Guiding Principles on Business and Human Rights, the fundamental conventions of the International Labour Organization and the OECD Guidelines for Multinational Enterprises. These international standards also inform the Duty of Care Plan.

The plan is tracked and updated through a dedicated process, which was coordinated in 2022 by a Sustainable Development and Mobility Department working group comprising representatives from the Internal Control, Risk Management, Environment and Prevention, Purchasing, Legal and Employee Relations Departments. Each one provided input to expand and update the plan with the support of the Sustainable Development and Mobility Department.

The Duty of Care Plan is published in the Universal Registration Document in the form of a concordance table referring more broadly back to the issues addressed in the Sustainable Development and Mobility Report to avoid repetitions and redundancies and to facilitate comprehension. **A comprehensive, fully written, stand-alone Duty of Care Plan may be found on the Group's corporate website,** www.michelin.com.

4.3.2 TABLE OF CONCORDANCE

Risk family	Risks	Risk definition and prevention[1]	Indicators	Implementation trackers
Environmental risks	**Presentation of risks related to environmental and climate change** **Presentation of risk factors related to the environmental impact of products** **Presentation of environmental risk factors related to production and supply chain operations**			
	Climate change impact of our Scope 1 & 2 operations	4.1.1.1 a) Transition plan: decarbonizing our operations/Scopes 1 and 2: reaching net zero emissions in manufacturing operations by 2050	CO_2 emissions from manufacturing operations	Deployment and outcomes of carbon footprint targets for 2030 and preparation of a pathway to reaching net zero emissions in manufacturing operations by 2050 Deployment and outcomes of the reduction in carbon emissions Deployment and outcomes of the use of renewable energy sources in 2022
	Climate change impacts from the use of our products (Scope 3)	4.1.1.1 a) Transition plan: decarbonizing our operations	Tire energy efficiency	Inventory of Scope 3 carbon emissions Tracking tire energy efficiency Reducing the rolling resistance of passenger car, light truck and heavy truck tires
	Climate change impact of our suppliers (Scope 3)	4.1.1.1 a) Transition plan: decarbonizing our operations/Scope 3: reducing emissions from our transportation operations	Percentage of raw material suppliers responding to the CDP Percentage of emissions from purchased goods and services sourced from suppliers with science-based targets	tracking these indicators to reach net zero emissions in the supply chain with raw materials and components vendors
	Other impacts in the value chain	4.1.1.1 a) Transition plan: Decarbonizing our operations/upstream energy 4.1.1.1 a) Transition plan: decarbonizing our activities/ End-of-life treatment of sold products	Percentage reduction in CO_2 emissions CO_2 emissions from the end-of-life treatment of sold tires	• Deployment and outcomes of the reduction in carbon emissions • Deployment and outcomes of the use of renewable energy sources in 2022 Implementation of several projects: • Construction of a tire recycling plant in a joint venture with Enviro • Participation in the BlackCycle project
	Air and water pollution	4.1.1.4 c) Reducing energy use and greenhouse gas emissions 4.1.1.4 d) Reducing harmful air emissions 4.1.1.4 f) Reducing water withdrawals and effluent discharge	*Michelin Environmental Performance* (i-MEP)	Improvement in i-MEP performance, 2019-2022 Deployment and outcomes of the reduction in VOC emissions Tracking water withdrawals, weighted for water stress Deployment and outcomes of the reduction in SO_x and NO_x emissions

(1) *Chapter where the information is present.*

Risk family	Risks	Risk definition and prevention[1]	Indicators	Implementation trackers
	Non-climate change-related impact of our raw materials on the environment	**4.1.1.2 Enhancing the circularity of our products** 4.1.1.2 a) Increment the use of sustainable materials 4.1.1.2 b) Deploying eco-design practices	Sustainable materials rate (SMR)	Deployment and outcomes of the increase in the percentage of recyclable materials in 2022 Deployment and outcomes of the Michelin 4R strategy in 2022 Deployment and outcomes of waste reduction in 2022
	Risk of harming biodiversity	4.1.1.3 Supporting biodiversity	• Percentage of sourced rubber volumes covered by the RubberWay® application • Number of completed RubberWay® questionnaires	• Analysis of the 2022 results from the RubberWay® application and implementation of on-site action projects as needed • Tracking the commitments with act4nature international
	Physical risks of climate change	4.1.1.1 c) Adaptation plan: responding to the physical risks of climate change		
Health and safety risks	**Presentation of risk factors related to the health and safety of employees and others in the workplace**			
	Occupational accidents	4.1.3.3 c) Measuring and tracking occupational accidents	Total Case Incident Rate *(TCIR)*	Measures introduced to prevent occupational accidents
	Exposure to chemicals	4.1.3.2 c) Managing industrial hygiene risks to protect employee health	Product data sheets in the local language	▶ Deployment and outcomes of the measures taken to manage chemical risks in 2022 ▶ Production facilities are entirely asbestos-free
	Ergonomics	4.1.3.2 d) Improving production workstation ergonomics	Capital expenditure dedicated to ergonomic projects	Deployment and outcomes of the measures taken to prevent ergonomic risks in Michelin production plants in 2022 Change in capital expenditure dedicated to ergonomic projects in 2022
	Malaise at work	4.1.3.2 Safeguarding employee health 4.1.3.4 Ensuring well-being in the workplace: improving work-life balance 4.1.3.4 b) Quality of work-life: listening to needs and measuring performance 4.1.3.4 c) Psychosocial risks: adapting preventive measures to local cultures	The Group-wide employee engagement rate as measured by the annual *"Moving Forward Together: Your Voice for Action"* survey Employee response rate QWL satisfaction rate [2]	Tracking the "*Moving Forward Together*" survey on this issue in 2022 Deployment and outcomes of the measures to prevent psychosocial risks in 2022
	Risk to employee safety	4.1.3.3 a) Managing workplace safety	Country risk map	Deployment and outcomes of the measures taken to prevent workplace safety risks

(1) Chapter where the information is present.
(2) QWL: Quality of Work Life.

Risk family	Risks	Risk definition and prevention[1]	Indicators	Implementation trackers
Human rights risks	**Presentation of human rights risks**			
	Supplier failure to respect human rights	**4.1.4.2 Demonstrating our CSR commitments through responsible procurement policies**	• Percentage of purchase spend covered by EcoVadis supplier reviews • Number of suppliers assessed for CSR compliance • Number of suppliers confirmed in compliance with Group CSR standards	Supplier training at the EcoVadis Academy in 2022
	Discrimination	**4.1.2.2 Instilling an inclusive culture of diversity and preventing discrimination** 4.1.2.2 a) A comprehensive, worldwide commitment 4.1.2.2 b) Targeted initiatives in the five areas of diversity	IMDI: a composite indicator tracking the management of diversity and inclusion in five areas: • gender equality in the workplace • identity (age, religion, sexual orientation, etc.) • multi-national management • disability • equal opportunity	Deployment and outcomes of the measures taken to drive improvement in the five IMDI metrics
	Harassment	4.1.2.1 b) Organization and ambitions	• Number of alerts reported • Number of employees who took the e-learning course	• Alert mechanisms and procedures • E-learning training
	Freedom of association	**4.1.2.3 Dialogue with stakeholders** 4.1.2.3 e) An assertive social dialogue process 4.1.2.3 g) Transparency: information concerning redundancy plans, job retention initiatives and retraining, placement and support programs during the year **4.1.2.4 Supporting employee growth and development**	The Group-wide employee engagement rate as measured by the annual "*Moving Forward Together: Your Voice for Action*" survey	Deployment and outcomes of Michelin's Labor Relations Policy Deployment and outcomes of the annual "*Moving Forward Together*" survey and employee engagement rate in 2022
	Non-compliance with personal data protection legislation	4.1.4.1 d) Protecting employee privacy and personal data	Application of personal data protection principles in every subsidiary	

(1) *Chapter where the information is present.*

Risk family	Risks	Risk definition and prevention[1]	Indicators	Implementation trackers
	Compensation and social protection	4.1.2.3 f) Offering fair compensation and benefits	Percentage of employees paid a decent wage	Implementation of the **decent wage** policy
		4.1.2.1 b) Organization and ambitions/Decent wage-related risks now being assessed in the contracting chain	Percentage of employees with a social protection floor	Feasibility study for the creation of a **social protection floor**
		4.1.2.1 b) Organization and ambitions/A deeper understanding of several issues in 2022		
	Local communities	4.1.2.5 Encouraging employee and corporate engagement in local communities 4.1.2.5 c) The Michelin Foundation: demonstrating our corporate culture and values 4.1.2.5 d) Addressing the risk of potentially negative impacts of our business on local communities	Percentage of employees engaged in Michelin Volunteers initiatives	• Drafting of guidelines for preventing risks to local communities • Deployment and outcomes of the Michelin Volunteers program in 2022
	Product and service safety	4.1.4.3 Guaranteeing the quality of our products and services	**NPS: Net Promoter Score**	Implementation and tracking
Risks associated with suppliers' CSR practices	**Demonstrating our CSR commitments through responsible procurement policies**			
	CSR risks based on nature and purchasing category	**4.1.4.2 Demonstrating our CSR commitments through responsible procurement policies** 4.1.4.2 a) Governance and organization 4.1.4.2 b) Identifying categories and countries at risk and assessing suppliers	Number of suppliers assessed by EcoVadis Spending covered by EcoVadis assessments (based on procurement categories and countries at risk) Percentage of suppliers assessed by EcoVadis that are confirmed as compliant	Compliance with the Michelin Purchasing Principles, the Supplier Relations Code of Conduct and the Sustainable Natural Rubber Policy
	Climate change impact of our suppliers	4.1.1.1 a) Transition plan: decarbonizing our operations/Scope 3: reducing emissions from our transportation operations	CO_2 emissions from transportation operations	Tracking these indicators to reach net zero emissions in the supply chain with raw materials and components vendors
		4.1.4.2 b) Identifying categories and countries at risk and assessing suppliers/ Climate change impact of our suppliers	• Percentage of raw material suppliers responding to the CDP • Percentage of emissions from purchased goods and services sourced from suppliers with science-based targets	

(1) *Chapter where the information is present.*

Risk family	Risks	Risk definition and prevention[1]	Indicators	Implementation trackers
	Impact of raw materials on the environment	4.1.1.2 Enhancing the circularity of our products 4.1.1.2 a) Increment the use of sustainable materials 4.1.1.2 b) Deploying eco-design practices	Average Sustainable Materials Rate (ASMR)	Deployment and outcomes of the increase in the percentage of recyclable materials in 2022 Deployment and outcomes of the Michelin 4R strategy in 2022
	Supplier failure to respect human rights	4.1.4.2 Demonstrating our CSR commitments through responsible procurement policies	• Percentage of purchase spend covered by EcoVadis supplier reviews • Number of suppliers assessed for CSR compliance • Number of suppliers confirmed in compliance with Group CSR standards	Supplier training at the EcoVadis Academy in 2022
	Non-compliance with the Supplier Relations Code of Conduct	4.1.4.2 b) Identifying categories and countries at risk and assessing suppliers/Non-compliance with the Supplier Relations Code of Conduct	Number of purchasing employees trained in ethical risks in supplier relations	Deployment of the training module on ethical risks in supplier relations
	Specific risks of natural rubber	4.1.4.2 c) A dedicated approach for natural rubber	• Sourced volumes covered by the RubberWay® application • Number of RubberWay® questionnaires	• Deployment and outcomes of the various natural rubber partnerships in 2022 (WWF and GPSNR) • Analysis of the 2022 results from the RubberWay® application and implementation of on-site action projects as needed
Other issues				
Dialogue with stakeholders	4.1.2.3 Dialogue with stakeholders			
Controlling CSR risks in newly acquired companies	2.1 Risk factors specific to Michelin, descriptions and related management systems/Risk 6: Mergers, acquisitions and major projects			
Whistleblowing systems				
4.1.4.1 a) Establishing a global ethical framework (ethics hotline open to both employees and third parties)				
4.1.4.2 b) Identifying categories and countries at risk and assessing suppliers/Non-compliance with the Supplier Relations Code of Conduct/ Mediation with suppliers				

(1) *Chapter where the information is present.*

4.4 OTHER TABLES OF CONCORDANCE

4.4.1 GRI INDICATORS

This report has been prepared in compliance with GRI (Global Reporting Initiative) standards specified in GRI 1: Foundation. The following table cross-references sections in the report that are aligned with GRI indicators, according to the standards updated on December 31, 2022.

Statement of Use	Compagnie Générale des Établissements Michelin has disclosed the information in this GRI content index for the twelve months from January 1, 2022 to December 31, 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	The GRI Sector Standards do not apply to Michelin

	Disclosures that are not applicable are shaded in gray. These concern only the reasons for omission and the reference number of the corresponding GRI sector standard.		*Minimum GRI compliance disclosures.*

Disclosure	Description	Section	Cross-reference (or reason for omission)
UNIVERSAL STANDARDS			
GRI 2 – GENERAL DISCLOSURES			
1. THE ORGANIZATION AND ITS REPORTING PRACTICES			
2-1	Organization details	1	The Michelin partnership limited by shares
		Note 36	List of consolidated companies
		6.1	Information about the Company
2-2	Entities included in the organization's sustainability reporting	4	Methodology
		Note 36	List of consolidated companies
2-3	Reporting period, frequency and contact point	4	Methodology
		Contents	AMF disclaimer
		back cover	
2-4	Restatements of information	4	Methodology
2-5	External assurance	4.2.4	Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated non-financial statement
2. ACTIVITIES AND WORKERS			
2-6	Activities, value chain and other business relationships	1	Our businesses
		1	Our business model
		4.1.4.2	Demonstrating our CSR commitments through responsible procurement policies
		4.1.2.3 c)	Transparency: information concerning redundancy plans, job retention initiatives and retraining, placement and support programs during the year
		5.1.11	Significant change in financial or trading position
2-7	Employees	4.1.2.4	Supporting employee growth and development
		2022 ESG data	
		Incomplete information. The human resources management system does not list temporary workers by gender or region.	
2-8	Workers who are not employees	Information not available. The human resources management system does not list workers who are not employees.	

Disclosure	Description	Section	Cross-reference (or reason for omission)
3, GOVERNANCE			
2-9	Governance structure and composition	1	Governance
		3.1	Administrative, management and supervisory bodies
		3.2.11	Corporate Social Responsibility Committee (CRSC)
		4.1	Sustainable Development and Mobility Report/Governance
2-10	Nomination and selection of the highest governance body	3.1	Administrative, management and supervisory bodies
2-11	Chair of the highest governance body	3.1	Administrative, management and supervisory bodies
2-12	Role of highest governance body in overseeing the management of impacts	3.1.1	An experienced, stable and responsible management team
		3.1.1.2	Role and responsibilities
		3.2.11	Corporate Social Responsibility Committee (CRSC)
		4.1	Sustainable Development and Mobility Report/Governance
		4.1.1	The Environment/Environmental Governance.
		4.1.2.1 b)	Human rights and employee relations/ Organization and ambitions
		4.1.3.	Employee health and safety governance
		4.1.4	Ethics and compliance/Organization
2-13	Delegation of responsibility for managing impacts	3.2.11	Corporate Social Responsibility Committee (CRSC)
		4.1	Sustainable Development and Mobility Report – Governance
		4.1.1	The Environment/Environmental Governance.
		4.1.2.1 b)	Human rights and employee relations/ Organization and ambitions
		4.1.2.2	Instilling an inclusive culture of diversity and preventing discrimination/Governance and organization
		4.1.3	Employee health and safety governance
		4.1.4	Ethics and compliance/Organization
		4.1.4.2	Demonstrating our CSR commitments through responsible procurement policies
2-14	Role of the highest governance body in sustainability reporting	3.2.11	Corporate Social Responsibility Committee (CRSC)
		4.1	Sustainable Development and Mobility Report/Introduction
2-15	Conflicts of interest	3.2.6	Review of Supervisory Board members' independence and any conflicts of interest
2-16	Communication of critical concerns	4.1.4.1 a)	Establishing a global ethical framework
2-17	Collective knowledge of the highest governance body	3.2.3	Training for Supervisory Board members
2-18	Evaluation of the performance of the highest governance body	3.2	Supervisory Board practices – Activities in 2022
		3.7	Assessment of the Supervisory Board's practices
2-19	Remuneration policies	3.3	Management and Supervisory Board compensation policies for 2022
		4.1.2.3 f)	Offering fair compensation and benefits
2-20	Process for determining remuneration	3.3	Management and Supervisory Board compensation policies for 2022
		3.5	Individual compensation paid or awarded to the Managers and the Chair(man) of the Supervisory Board for 2022
2-21	Annual total compensation ratio	3.4.6	Compensation ratios of the Managers and the Chair(man) of the Supervisory Board

Disclosure	Description	Section	Cross-reference (or reason for omission)
4, STRATEGY, POLICIES AND PRACTICES			
2-22	Statement on sustainable development strategy	1	Message from the Managing Chairman
2-23	Policy commitments	1	Our All Sustainable strategy for 2030
		4.1.2.1 a)	Employee relations standards and responsibilities
		4.1.2.2 a)	A comprehensive, worldwide commitment
		4.1.3.1	Health, Safety and Quality of Worklife Policy
		4.1.4.1 a)	Establishing a global ethical framework
		4.1.4.2 a)	Governance and organization/Clearly defined policies
		4.3	Duty of Care Plan
2-24	Embedding policy commitments	4.1.2.1 b)	Human rights and employee relations/ Organization and ambitions
		4.1.3.2	Safeguarding employee health
		4.1.4.1	Ensuring ethical business practices
		4.1.4.2 b)	Identifying categories and countries at risk and assessing suppliers
		4.1.4.2 c)	A dedicated approach for natural rubber
		4.3	Duty of Care Plan
2-25	Processes to remediate negative impacts	4.1.2.2 a)	A comprehensive, worldwide commitment
		4.1.2.3	Dialogue with stakeholders
		4.1.2.5 d)	Addressing the risk of potentially negative impacts of our business on local communities
		4.1.4.2	Demonstrating our CSR commitments through responsible procurement policies
2-26	Mechanisms for seeking advice and raising concerns	4.1.2.3	Dialogue with stakeholders
		4.1.4.2 b)	Non-compliance with the Supplier Relations Code of Conduct
2-27	Compliance with laws and regulations	4.1.4.1 b)	Taking a firm stand against corruption
		4.1.4.1 e)	Combating tax evasion
		4.1.4.1 c)	Competition law
2-28	Membership of associations	4.1.1.3	Supporting biodiversity
		4.1.2.3	Dialogue with stakeholders
		4.1.2.3 c)	Fostering closer relations with environmental protection associations
		4.1.2.5 e)	Making a public commitment to supporting sustainable mobility
		4.1.4.2 c)	A dedicated approach for natural rubber
5, STAKEHOLDER ENGAGEMENT			
2-29	Approach to stakeholder engagement	4.1.2.3	Dialogue with stakeholders
2-30	Collective bargaining agreements		Information not available. We do not have an indicator for the percentage of employees covered by collective bargaining agreements.
GRI 3 – MATERIAL TOPICS			
3-1	Process to determine material topics	4.1	Sustainable Development and Mobility Report/Challenges and performance
3-2	List of material topics	4.1	Sustainable Development and Mobility Report/Materiality matrix
3-3	Management of material topics	4.1	Sustainable Development and Mobility Report/Materiality matrix

Disclosure	Description	Section	Cross-reference (or reason for omission)
1. Climate change impacts from the use of our products (Scope 3)		4.1.1.1 b)	Transition plan: company strategy/Opportunities and risks/ Designing ultra-energy efficient products
2. - Supplier failure to respect human rights		4.1.4.2 b)	Identifying categories and countries at risk and assessing suppliers/ Supplier failure to respect human rights
			See also GRI 414 – Supplier social assessment
3. Climate change impact of our suppliers (Scope 3)		4.1.1.1 a)	Transition plan: decarbonizing our operations/Scope 3: reducing emissions from purchased raw materials and components
			See also GRI 308 – Supplier environmental assessment
4. - Non-climate change-related impacts of our raw materials on the environment		4.1.1.2	Enhancing the circularity of our products
5. Ethics violations		4.1.4.1	Ensuring ethical business practices
			See also GRI 205 - Anti-Corruption and GRI 206 - Anti-Competitive Behavior
6. Non-compliance with our Supplier Relations Code of Conduct		4.1.4.2 b)	Identifying categories and countries at risk and assessing suppliers/ Non-compliance with the Supplier Relations Code of Conduct
7. - Climate change impact of our Scope 1 and 2 operations		4.1.1.1 a)	Transition plan: decarbonizing our operations/Scopes 1 and 2: reaching net zero emissions in manufacturing operations by 2050
			See also GRI 302 – Energy and GRI 305 – Emissions
8. Discrimination			*See GRI 405 – Diversity and Equal Opportunity and GRI 406 – Non-discrimination*
9. Tire product safety		4.1.4.3	Guaranteeing the quality of our products and services
10. Employee and contractor health and safety			*See GRI 403 – Occupational health and safety*
GRI 200: ECONOMIC			
GRI 201 – ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed	1	The Michelin share
		5.1.3	Consolidated income statement review
		5.2	Consolidated financial statements for the year ended December 31, 2022
201-2	Financial implications and other risks and opportunities due to climate change	2.1	Risk 4 – Physical impacts of climate change.
		5.2	Note 2.6: Climate risk
GRI 202 – MARKET PRESENCE			
202-2	Proportion of senior management hired from the local community	4.1.2.2 b)	Targeted initiative in the five areas of diversity
GRI 203 – INDIRECT ECONOMIC IMPACTS			
203-1	Infrastructure investments and services supported	4.1.2.5 a)	Supporting local jobs and businesses with Michelin Development
		4.1.2.5 b)	Participating harmoniously in local community life through our employees
		4.1.2.5 c)	The Michelin Foundation: demonstrating our corporate culture and values
GRI 204 – PROCUREMENT PRACTICES			
204-1	Proportion of spending on local suppliers	4.1.4.2 b)	Identifying categories and countries at risk and assessing suppliers – Diversifying the supplier base
Reason for omission of the figure: not applicable – Group procurement is managed globally. While operating globally and purchasing from major international suppliers who meet its exacting standards and embrace the principles of sustainable development, Michelin, in line with its Purchasing Principles, also strives to source locally, as well as from sheltered work centers and social enterprises. These local purchases are not tracked by a Group-wide KPI.			

Disclosure	Description	Section	Cross-reference (or reason for omission)
GRI 205 – ANTI-CORRUPTION			
205-1	Operations assessed for risks related to corruption	Reason for omission of certain data: lack of information/confidentiality issues – All of the Group's host regions have been reviewed and assessed for corruption risks. The findings are not available at the site or facility level. For confidentiality reasons, Michelin does not publicly disclose the material risks of corruption identified during the assessments.	
205-2	Communication and training about anti-corruption policies and procedures	4.1.4.1 a)	Establishing a global ethical framework
		4.1.4.1 b)	Taking a firm stand against corruption
205-3	Confirmed incidents of corruption and actions taken	4.1.4.1 a)	Establishing a global ethical framework/Alert mechanisms and procedures
GRI 206 – ANTI-COMPETITIVE BEHAVIOR			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	4.1.4.1 c)	Competition law Reason for omission: Confidentiality issues – the requested information is highly sensitive and its disclosure could be detrimental to trade secrets.
GRI 300: ENVIRONMENTAL DISCLOSURES			
GRI 301 – MATERIALS			
301-2	Recycled input materials used	4.1.1.2 a)	Increment the use of sustainable materials
GRI 302 – ENERGY			
302-1	Energy consumption within the organization	4.1.1.4 b)	Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
302-3	Energy intensity	4.1.1.1 a)	Transition plan: decarbonizing our operations/Energy efficiency of production plants
302-4	Reduction of energy consumption	4.1.1.4 b)	Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
GRI 303 – Water			
303-3	Water withdrawals	4.1.1.4 b)	Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
GRI 304 – BIODIVERSITY			
304-1	Operational sites owned, leased or managed in or adjacent to protected areas or areas of high biodiversity value outside protected areas	4.1.1.4 b)	Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
		4.1.1.3 d)	Preserving biodiversity around Group manufacturing and research facilities
304-3	Habitats protected or restored	4.1.1.3 d)	Preserving biodiversity around Group manufacturing and research facilities
GRI 305 – EMISSIONS			
305-1	Direct (Scope 1) GHG emissions	4.1.1.1 a)	Transition plan: decarbonizing our operations/The Group's carbon footprint
		4.1.1.4 b)	Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
305-2	Indirect (Scope 2) GHG emissions	4.1.1.1 a)	Transition plan: decarbonizing our operations/The Group's carbon footprint
		4.1.1.4 b)	Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
305-3	Other indirect (Scope 3) GHG emissions.	4.1.1.1 a)	Transition plan: decarbonizing our operations/The Group's carbon footprint
305-5	Reduction of GHG emissions	4.1.1.4 b)	Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
		4.1.1.4 c)	Reducing energy use and greenhouse gas emissions
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.1.1.4 b)	Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
		4.1.1.4 d)	Reducing harmful air emissions

Disclosure	Description	Section	Cross-reference (or reason for omission)
GRI 306 – WASTE			
306-2	Management of significant waste-related impacts	4.1.1.2 d)	The Michelin 4R circular economy process
		4.1.1.4 e)	Reducing and managing waste
306-3	Waste generated	4.1.1.4 b)	Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
GRI 308 – SUPPLIER ENVIRONMENTAL ASSESSMENT			
308-2	Negative environmental impacts in the supply chain and actions taken	4.1.4.2	Demonstrating our CSR commitments through responsible procurement policies
GRI 400: SOCIAL			
GRI 401 – EMPLOYMENT			
401-1	New employee hires and employee turnover	4.1.2.4 b)	Employer appeal, promoting from within, team succession plans
GRI 402 – LABOR/MANAGEMENT RELATIONS			
402-1	Minimum notice periods regarding operational changes	4.1.2.3 e)	An assertive social dialogue process
GRI 403 – OCCUPATIONAL HEALTH AND SAFETY			
403-1	Occupational health and safety management system	4.1.3.1	Health, Safety and Quality of Worklife Policy
403-2	Hazard identification, risk assessment, and incident investigation	4.1.3.2 c)	Managing industrial hygiene risks to protect employee health
		4.1.3.3	Assessing and preventing workplace safety and security risks
403-3	Occupational health services	4.1.3.2	Safeguarding employee health
403-9	Occupational accidents	4.1.3.3 c)	Measuring and tracking occupational accidents
403-10	Occupational illnesses	4.1.3.3 c)	Measuring and tracking occupational accidents
GRI 404 – TRAINING AND EDUCATION			
404-1	Average hours of training per year per employee	4.1.2.4 e)	Enhancing skills through training
404-2	Programs for upgrading employee skills and transition assistance programs	4.1.2.4 c)	Employee growth and development
404-3	Percentage of employees receiving regular performance and career development reviews	4.1.2.4 c)	Employee growth and development
GRI 405 – DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governance bodies and employees	4.1.2.2 b)	Targeted initiatives in the five areas of diversity
405-2	Ratio of basic salary and remuneration of women to men	4.1.2.2 b)	Targeted initiatives in the five areas of diversity/Ensuring wage equality worldwide
GRI 406 – NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken	4.1.2.2 a)	Training to encourage inclusion and attenuate the risk of discrimination
		4.1.4.1 a)	Establishing a global ethical framework
GRI 407 – FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.1.4.2	Demonstrating our CSR commitments through responsible procurement policies
GRI 408 – CHILD LABOR			
408-1	Operations and suppliers at significant risk for incidents of child labor	4.1.2.1 b)	Organization and ambitions/

Disclosure	Description	Section	Cross-reference (or reason for omission)
GRI 409 – FORCED OR COMPULSORY LABOR			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.1.2.1 b)	Organization and ambitions/
GRI 410 – SECURITY PRACTICES			
410-1	Security personnel trained in human rights policies or procedures	4.1.2.1 b)	Organization and ambitions//A deeper understanding of several issues in 2022
GRI 413 – LOCAL COMMUNITIES			
413-1	Operations with local community engagement, impact assessments, and development programs	4.1.2.5 c)	Participating harmoniously in local community life through our employees
GRI 414 – SUPPLIER SOCIAL ASSESSMENT			
414-1	New suppliers that were screened using social criteria	4.1.4.2	Demonstrating our CSR commitments through responsible procurement policies
414-2	Negative social impacts in the supply chain and actions taken	4.1.4.2 b)	Identifying categories and countries at risk and assessing suppliers
GRI 415 – PUBLIC POLICY			
415-1	Political contributions	Code of Ethics	"Michelin does not make political contributions. The Group considers that it may legitimately express its point of view, with integrity, in explaining to public decision-makers its positions on matters of interest to the Group. The exchanges are made in accordance with the principles of honesty and in the interest of our stakeholders, such as shareholders, customers, partners, employees and the relevant jurisdiction (country, province, state, municipality, etc.)."
GRI 416 – CUSTOMER HEALTH AND SAFETY			
416-1	Assessment of the health and safety impacts of product and service categories	4.1.4.3	Guaranteeing the quality of our products and services
GRI 417 – MARKETING AND LABELING			
417-1	Requirements for product and service information and labeling	4.1.4.4	Playing an active role in ensuring consumers' safety on the road and safeguarding the environment/Tire labeling
GRI 418 – Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.1.4.1 d)	"Michelin takes special care to properly manage customer and user requests and complaints. In each country concerned, data protection teams are tasked with responding appropriately to each requester in a timely manner. Similarly, in the event of a personal data breach, the Privacy teams are systematically called in, in particular to identify cases where the incident presents a high risk for customers or users whose data have been compromised, and who must be notified with full details so that they can take appropriate measures."

4.4.2 TABLE OF CONCORDANCE FOR THE SASB (SUSTAINABILITY ACCOUNTING STANDARD BOARD)

The following table cross-references sections in the report that are aligned with Sustainability Accounting Standard Board - Transportation Standard Index - Autoparts, according to the standards updated on December 31, 2022.

Topic	Accounting metric	Section
Energy management TR-AP-130a.1	Total energy consumed	4.1.1.4 b) Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
	Percentage renewable	4.1.1.4 c) Reducing energy use and greenhouse gas emissions/Driving the Group's energy transition
Waste management TR-AP-150a.1	Total amount of waste from manufacturing	4.1.1.4 b) Reducing the environmental footprint of the production plants/ Summary table of environmental data – Group
	Percentage hazardous	4.1.1.4 e) Reducing and managing waste
	Percentage recycled	4.1.1.4 e) Reducing and managing waste
Product safety TR-AP-250a.1	Number of recalls issued, total units recalled	4.1.4.3 Guaranteeing the quality of our products and services/Michelin Quality
Design for fuel efficiency TR-AP-410a.1	Revenue from products designed to increase fuel efficiency and/or reduce emissions	4.1.1.1 d) Engagement and transparency 4.1.1.7 2022 report on the Michelin Group's activities in respect of the European Taxonomy Regulation
Materials sourcing TR-AP-440a.1	Description of the management of risks associated with the use of critical materials	4.1.4.2 b) Identifying categories and countries at risk and assessing suppliers/Critical materials
Materials efficiency TR-AP-440b.1	Percentage of products sold that are recyclable	This information was not available at the date of publication of the report.
Materials efficiency TR-AP-440b.2	Percentage of input materials from recycled or remanufactured content	4.1.1.2 a) Increment the use of sustainable materials
Competitive behavior TR-AP-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	4.1.4.1 c) Competition law During the period, the Group did not incur monetary losses as a result of legal proceedings pursuant to regulations on anti-competitive behavior[1].

Activity metric	Code	Section
Number of parts produced	TR-AP-000.A	4.1.4.3 Guaranteeing the quality of our products and services/Michelin Quality
Weight of parts produced	TR-AP-000.B	3,289,207 tonnes (scope: i-MEP)
Area of manufacturing plants	TR-AP-000.C	3,649 hectares[1]

(1) This information was added after the review by the independent third-party and was therefore not subject to its review procedures.

4.4.3 SUSTAINABLE DEVELOPMENT GOALS

	Customers	Employee well-being and development	Financial performance	Product performance	Responsible industry	Local communities
1 NO POVERTY						4.1.2.5 b, c, d
2 ZERO HUNGER				*see Michelin.com*		4.1.2.5
3 GOOD HEALTH AND WELL-BEING	4.1.4.3	4.1.3		4.1.4.3	4.1.1.4	4.1.2.5 c, d
4 QUALITY EDUCATION		4.1.2.4				4.1.2.5 c, d
5 GENDER EQUALITY		4.1.2.2 a, b				4.1.2.5 c, d
6 CLEAN WATER AND SANITATION					4.1.1.4 f	
7 AFFORDABLE AND CLEAN ENERGY					4.1.1.4 c	
8 DECENT WORK AND ECONOMIC GROWTH		4.1.2.1 4.1.2.2 b	*Chapter 5*	4.1.1.2	4.1.1.3	4.1.2.5 b
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE				4.1.1.2	4.1.1.4	4.1.2.5
10 REDUCED INEQUALITIES		4.1.2.2				4.1.2.5 c, d
11 SUSTAINABLE CITIES AND COMMUNITIES				4.1.4.4		4.1.2.5 d
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	4.1.1.2 d			4.1.4.2 c	4.1.4.4 e	
13 CLIMATE ACTION				4.1.1.1 b	4.1.1.4 c 4.1.1.1.a	
14 LIFE BELOW WATER					4.1.1.4 f	
15 LIFE ON LAND					4.1.4.2 c 4.1.1.3 4.1.1.4	4.1.2.5 c, d, e, f
16 PEACE, JUSTICE AND STRONG INSTITUTIONS					4.1.4.1.b	
17 PARTNERSHIPS FOR THE GOALS		4.1.2.1 a			4.1.2.5 g	

Contribution to the objective: Low Moderate High

https://www.michelin.com/documents/les-objectifs-de-developpement-durable-la-demarche-de-michelin/

FINANCIAL PERFORMANCE

5. FINANCIAL PERFORMANCE

5.1 REPORT OF THE MANAGERS

5.1.1 TIRE MARKETS

5.1.1 a) A global market worth some $180 billion[1] in 2021

After being severely impacted by the Covid-19 crisis in 2020, demand steadily recovered in 2021, lifting the global tire market 18% year-on-year to around $180 billion. Light-vehicle tires accounted for around 60% of total sales and truck tires 30%.[2] By volume, the market represented a little more than 1.5 billion car and light truck tires and some 220 million truck and bus tires.[2]

Around three out of four tires were sold in the Replacement market.

In 2022, tire markets generally rose back in line with 2019 levels, with the exception of the Aircraft and Automotive Original Equipment segments.

Longer term, tire demand is likely to expand by 0-2% a year in mature markets and by 2-4% a year in the new markets. In this environment, Michelin is targeting growing, high value-added market segments, such as the premium segment for its Automotive business and specialty markets.

Changes in tire standards

In recent years, mandatory tire performance ratings, displayed on standardized labels, have been introduced in the European Union and many other regions around the world. Similar systems with minimum performance standards and regulated tire labeling have also been deployed in India and are under consideration in China and the United States. Labeling systems now cover the Three Peak Mountain Snowflake (3PMSF) and Ice markings, which show that the tires have demonstrated minimum required snow or ice grip, and will be extended in coming years to the rolling resistance of retreaded tires and to tire abrasion.

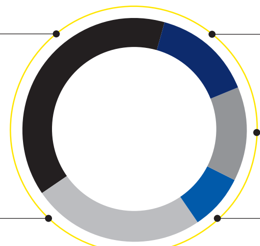
In addition, environmental legislation requiring car and truck manufacturers to reduce carbon emissions is helping to drive demand for low rolling resistance tires, of which Michelin is a world-leading manufacturer.

Such legislation is currently being extended to a broader range of vehicles. For example, the European Union's VECTO carbon emissions simulation model, which introduced tire rolling resistance as a prime parameter in calculating truck emissions, has now been extended to passenger transportation vehicles (buses and coaches), as well as to heavy vans.

Following on from the EU introduction in 2019 of wet grip performance standards for worn tires, the United Nations is working on the R117-04 regulation, with the goal of introducing, effective 2024, a minimum wet grip performance standard for worn tires still within the legal wear limit. This will help to ensure that tires deliver at least minimum acceptable performance throughout their useful lives.

Lastly, a unique RFID tag is being gradually embedded into every tire, which will ultimately enable the entire industry to track its products across their life cycles, from manufacture to recycling, thereby improving the management of their environmental impact and the safety risks due to manufacturing defects.

THE GLOBAL TIRE MARKET BY MANUFACTURER IN 2021



Source: 2021 sales in US dollars, published in Tire Business, *August 2022.*

(1) Tiremakers with a 2-7% market share according to the Tire Business *ranking.*

(2) Tiremakers with less than a 2% market share according to the Tire Business *ranking.*

5.1.1 b) Tire markets in 2022

In 2022, and especially in the first half, tire markets were extensively impacted by a multitude of disruptions, including automaker component procurement difficulties, complications in the global supply chain (particularly in transportation), the resurgence of the health crisis in China and the outbreak of war in Ukraine. All these factors and more helped to drive high volatility in sell-in demand throughout the year, even if some sources of strain eased in the second half.

In all, the Passenger car and Light truck tire market rose by 1% over the year, but remained below its 2019 level, while the Truck tire market (excluding China) gained 7% and exceeded its 2019 level.

Methodological note: Tire market estimates reflect sell-in (sales of manufacturers to dealers and vehicle manufacturers) data published by local tiremaker associations, plus Michelin's own estimates of sales by tire manufacturers that do not belong to any association. These estimates are based primarily on import-export statistics and are expressed in the number of tires sold. They are regularly adjusted and may be updated following their initial publication.

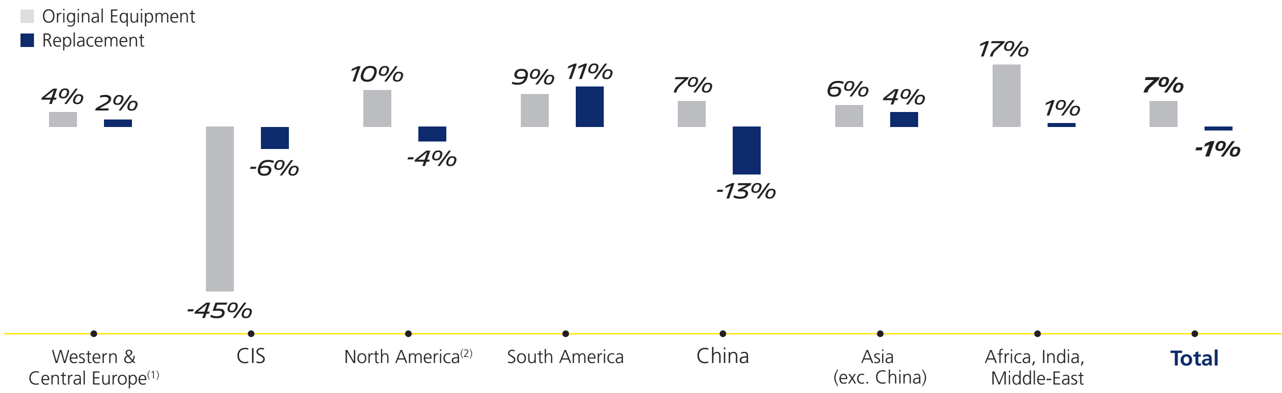
(1) *Source:* Tire Business.

(2) *Michelin estimates.*

5.1.1 c) Passenger car and Light truck tire markets in 2022

The global Original Equipment and Replacement **Passenger car and Light truck** tire market grew by 1% year-on-year in 2022, but remained 2% down on 2019.

THE GLOBAL PASSENGER CAR AND LIGHT TRUCK TIRE MARKET, 2022 VS. 2021



(1) Including Turkey.
(2) Including Central America.
Michelin estimates.

Original Equipment

Worldwide Original Equipment demand climbed 7% year-on-year, but fell 8% short of 2019 levels. This broadly favorable trend reflected a full-year dynamic shaped by a slight 1% contraction in the first half, caused by automaker production issues, followed by a 15% upsurge in the second half due to the favorable comparison with a prior-year period impacted by the severe global shortage of semiconductors.

Passenger car and Light truck tire markets Original Equipment *(in millions of tires)*	2022	2021	2022/2021	Second-half 2022/2021	Fourth-quarter 2022/2021	Third-quarter 2022/2021	First-half 2022/2021	Second-quarter 2022/2021	First-quarter 2022/2021
Western and Central Europe(1)	70	68	+4%	+19%	+13%	+27%	-7%	+1%	-15%
CIS	4	8	-45%	-48%	-48%	-47%	-42%	-63%	-20%
North America(2)	69	63	+10%	+15%	+8%	+23%	+5%	+12%	-2%
South America	14	13	+9%	+19%	+7%	+34%	-1%	+13%	-13%
China	123	115	+7%	+13%	-2%	+34%	0%	-6%	+6%
Asia (excluding China)	70	66	+6%	+18%	+7%	+32%	-4%	-3%	-6%
Africa/India/Middle East	36	30	+17%	+19%	+2%	+37%	+16%	+25%	+8%
TOTAL	**386**	**362**	**+7%**	**+15%**	**+3%**	**+29%**	**-1%**	**+1%**	**-3%**

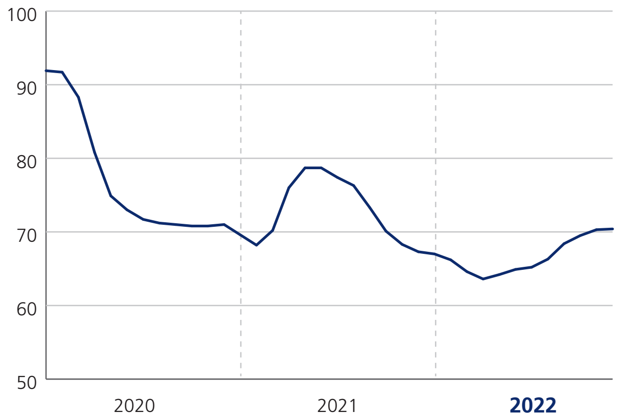
(1) Including Turkey.
(2) Including Central America.
Michelin estimates.

The regional market most affected by the multitude of crises was **Europe**, where the market ended the year up just 4%, with demand still 24% down on 2019.

Buoyed by low new vehicle inventory, demand in **North America** held firm throughout the year, gaining 10% overall but remaining 12% lower than in 2019.

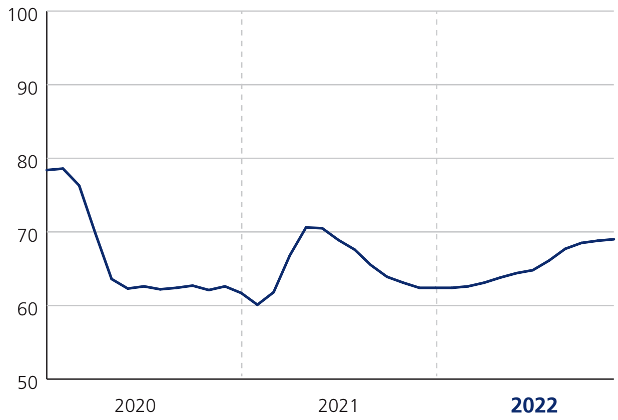
In **China**, the resurgence of Covid-19 in April and May caused demand to hit new lows before rebounding sharply in June as health restrictions were lifted. The favorable momentum continued into the third quarter, led by the introduction of new car incentives and fast growing EV sales, but slowed in the final three months with the resurgence of the health crisis. In all, the market expanded by 7% over the year and stood 6% higher than in 2019.

THE OE PASSENGER CAR AND LIGHT TRUCK MARKET
IN EUROPE
(in millions of tires – moving 12 months – excluding Russia)



Michelin estimates.

THE OE PASSENGER CAR AND LIGHT TRUCK MARKET
IN NORTH AMERICA
(in millions of tires – moving 12 months)



Michelin estimates.

Replacement

Although hard hit by conditions in China and North America, **global Replacement tire demand** was broadly unchanged in 2022, losing just 1% and moving back in line with 2019. After rising 1% in the first half, the market contracted by 3% in the second half due to a more unfavorable basis of comparison.

Passenger car and Light truck tire markets Replacement *(in millions of tires)*	**2022**	**2021**	**2022/2021**	**Second-half 2022/2021**	**Fourth-quarter 2022/2021**	**Third-quarter 2022/2021**	**First-half 2022/2021**	**Second-quarter 2022/2021**	**First-quarter 2022/2021**
Western and Central Europe(1)	324	319	+2%	-4%	-11%	+2%	+8%	+7%	+9%
CIS	59	63	-6%	-4%	-10%	+3%	-8%	-22%	+7%
North America(2)	316	328	-4%	-8%	-7%	-9%	+1%	-3%	+5%
South America	77	69	+11%	+18%	+25%	+11%	+5%	+1%	+8%
China	117	135	-13%	-10%	-16%	-3%	-16%	-23%	-10%
Asia (excluding China)	148	142	+4%	+2%	-8%	+17%	+6%	0%	+13%
Africa/India/Middle East	112	110	+1%	+6%	+7%	+5%	-3%	-7%	+1%
TOTAL	**1,154**	**1,167**	**-1%**	**-3%**	**-6%**	**+1%**	**+1%**	**-3%**	**+5%**

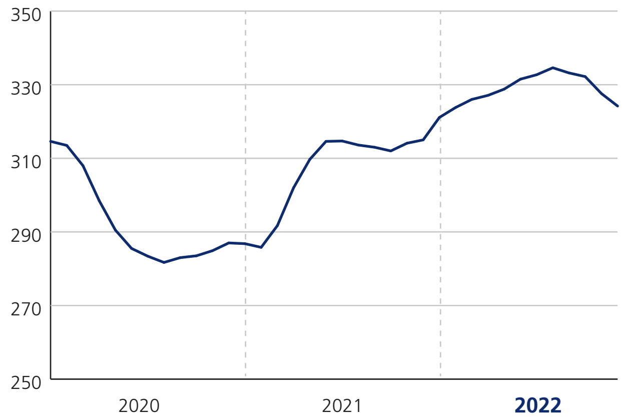
(1) Including Turkey.
(2) Including Central America.
Michelin estimates.

Demand in **Europe** ended the year up 2%, despite a steep 11% decline in the fourth quarter from the prior-year period, when the market was lifted by early buying ahead of the January 1, 2022 price increases announced across the tire industry in a highly inflationary environment, as well as a more dynamic winter than in 2022.

The **North American** market moved back in line with 2019 levels, despite a 4% decline in demand during the year. The firm growth delivered by the region in the first half (up 1% from the high basis of comparison) was dampened in the second (down 8%) when dealers had to clear out the substantial Asian import inventory that had built up over the summer.

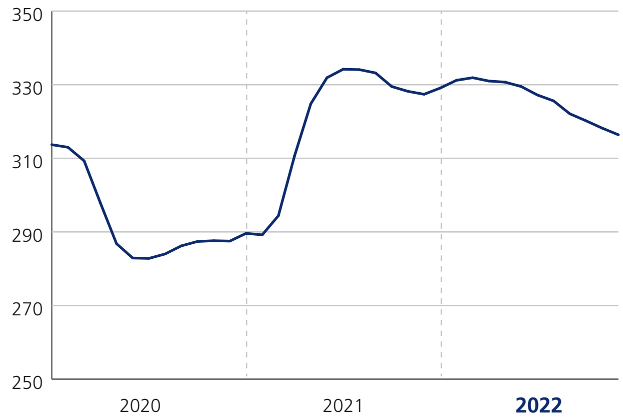
In **China**, the impact of the health crisis weighed on demand throughout 2022, pushing the market down 13% year-on-year and 15% behind 2019.

THE REPLACEMENT PASSENGER CAR AND LIGHT TRUCK TIRE MARKET IN EUROPE
(in millions of tires – moving 12 months – excluding Russia)



Michelin estimates.

THE REPLACEMENT PASSENGER CAR AND LIGHT TRUCK TIRE MARKET IN NORTH AMERICA
(in millions of tires – moving 12 months)

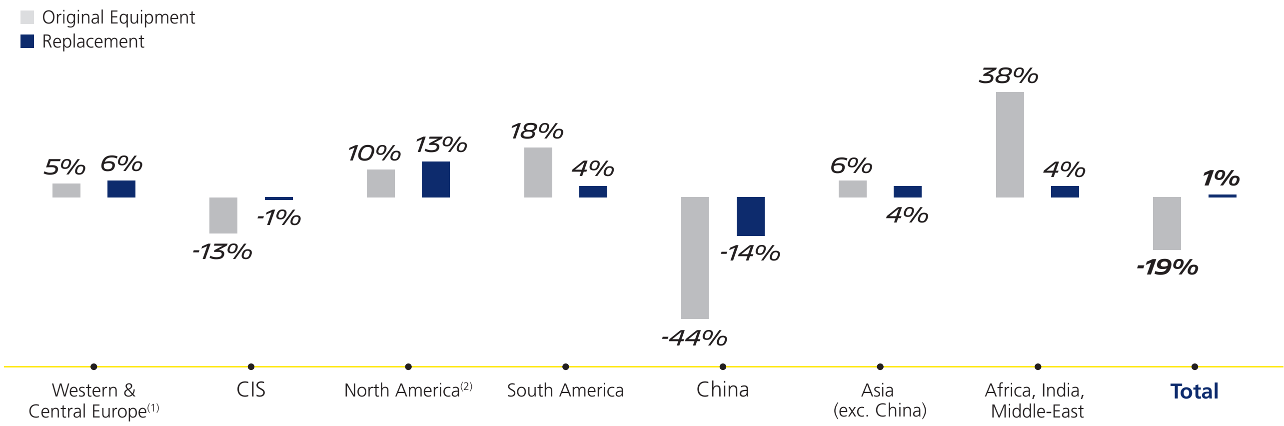


Michelin estimates.

5.1.1 d) Truck tire markets IN 2022

The worldwide **Truck** tire market shrank by 4% in 2022, dragged down by the 26% plunge in Chinese demand.(1) Excluding China, the market was up 7%, and exceeds by 9% its 2019 level.

THE GLOBAL TRUCK TIRE MARKET, 2022 VS. 2021



(1) Including Turkey.
(2) Including Central America.
Michelin estimates – new tire market only.

(1) *The fall-off in Chinese demand over the period largely reflected the highly unfavorable comparison with 2021, when new truck purchases soared ahead of implementation of the China 6 emissions standard on July 1. This was followed by a sharp slowdown in demand, first for OE tires and then for Replacement tires.*

Original Equipment

In Original Equipment, the **global market** for Truck tires contracted by 19% in 2022. Excluding China, demand rose by 12% over the year and stood 6% higher than in 2019.

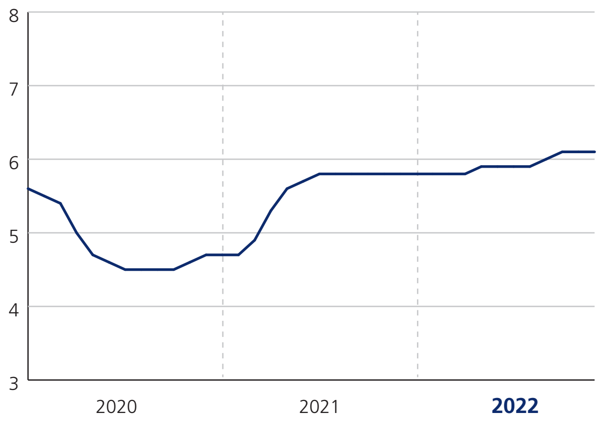
Truck tire markets Original Equipment *(in millions of tires)*	2022	2021	2022/2021	Second-half 2022/2021	Fourth-quarter 2022/2021	Third-quarter 2022/2021	First-half 2022/2021	Second-quarter 2022/2021	First-quarter 2022/2021
Western and Central Europe[(1)]	6.1	5.8	+5%	+9%	+5%	+14%	+1%	+2%	0%
CIS	1.0	1.1	-13%	-11%	+3%	-27%	-16%	-30%	+3%
North America[(2)]	6.7	6.1	+10%	+11%	+11%	+12%	+9%	+16%	+3%
South America	2.5	2.1	+18%	+24%	+34%	+15%	+12%	+13%	+11%
China	16.2	28.7	-44%	-25%	-27%	-23%	-53%	-57%	-50%
Asia (excluding China)	4.4	4.2	+6%	+15%	+8%	+22%	-2%	-4%	0%
Africa/India/Middle East	5.3	3.8	+38%	+32%	+45%	+20%	+43%	+44%	+42%
TOTAL	**42.2**	**51.9**	**-19%**	**-4%**	**-4%**	**-3%**	**-29%**	**-30%**	**-28%**

(1) Including Russia and Turkey.
(2) United States and Canada.
Michelin estimates.

Markets in **Europe** (up 5%) and **North America** (up 10%) remained very buoyant at year-end, as driver shortages and strong freight demand continued to encourage trucking companies to upgrade their fleets, keeping truck-maker order books full through to 2023.

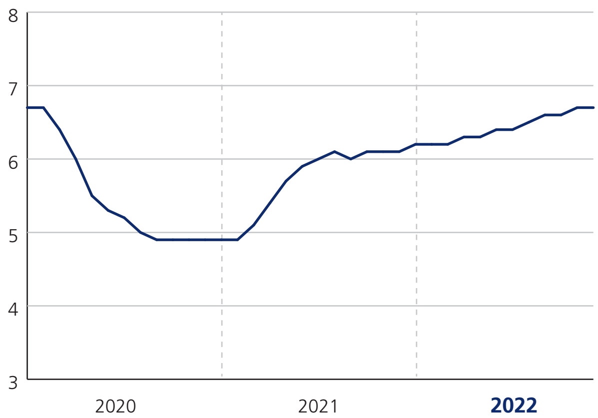
In **South America**, demand rose 18% on a surge in new truck orders in the second half ahead of the introduction of new emissions standards on January 1, 2023.

THE OE TRUCK TIRE MARKET IN EUROPE
(in millions of new tires – moving 12 months – excluding Russia)



Michelin estimates.

THE OE TRUCK TIRE MARKET IN NORTH AMERICA
(in millions of new tires – moving 12 months)



Michelin estimates.

Replacement

The global Replacement Truck tire market declined by 1% in 2022. Excluding China, robust freight demand enabled the market to end the year up 6% on 2021 and 10% higher than in 2019.

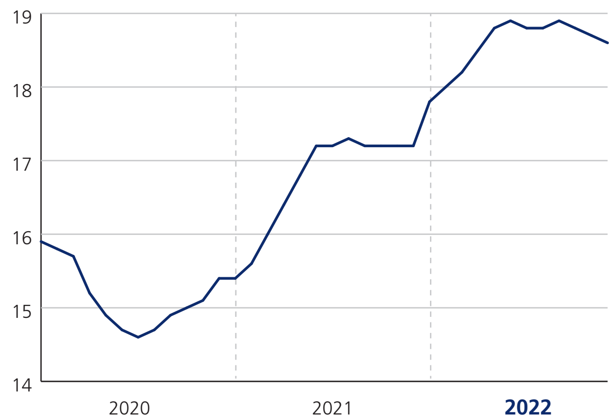
Truck tire markets Replacement *(in millions of tires)*	2022	2021	2022/2021	Second-half 2022/2021	Fourth-quarter 2022/2021	Third-quarter 2022/2021	First-half 2022/2021	Second-quarter 2022/2021	First-quarter 2022/2021
Western and Central Europe(1)	18.6	17.6	+6%	-3%	-6%	-1%	+16%	+17%	+14%
CIS	8.9	9.0	-1%	0%	+1%	-2%	-2%	-11%	+11%
North America(2)	35.8	31.8	+13%	+15%	+11%	+19%	+10%	+15%	+5%
South America	15.9	15.3	+4%	+3%	+1%	+4%	+5%	-2%	+12%
China	37.9	44.2	-14%	-7%	-10%	-3%	-22%	-19%	-25%
Asia (excluding China)	22.9	22.1	+4%	0%	-8%	+11%	+8%	+1%	+14%
Africa/India/Middle East	28.7	27.6	+4%	+18%	+23%	+14%	-8%	-2%	-14%
TOTAL	**168.7**	**167.5**	**+1%**	**+4%**	**+1%**	**+7%**	**-2%**	**-1%**	**-4%**

(1) Including Turkey.
(2) Including Central America.
Michelin estimates.

In **Europe**, the market grew by 6% overall in 2022, but momentum slowed during the year, from a 16% gain in the first half to a 3% decline in the second half compared with a particularly buoyant second half in the prior year. Compared with 2019, the market was up 17%.

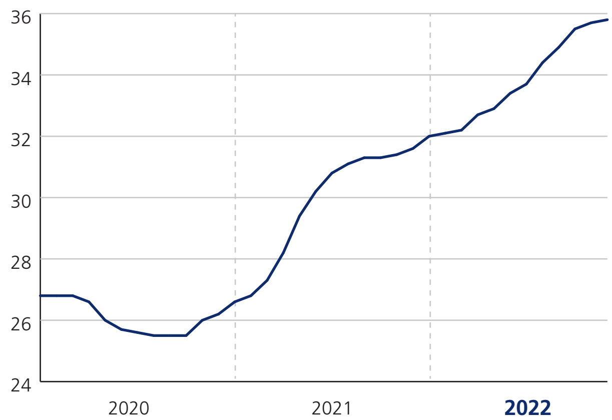
Demand in the **Americas** was particularly robust during the year, with vibrant local economies driving growth of 13% in North America (up 34% on 2019), and 4% in South America (up 20% on 2019).

THE REPLACEMENT TRUCK TIRE MARKET
IN EUROPE
(in millions of new tires – moving 12 months – excluding Russia)



Michelin estimates.

THE REPLACEMENT TRUCK TIRE MARKET
IN NORTH AMERICA
(in millions of new tires – moving 12 months)



Michelin estimates.

5.1.1 e) Specialty tire markets in 2022

Mining tires: supply chains showed an improvement in the second quarter and demand for ore remains strong. Mining company tire inventory is still low, helping to lift the market.

Agricultural and Construction tires: demand for farm machinery tires rose sharply in OE markets, but was more mixed in Replacement, particularly in Europe.

In the Construction segment, the Infrastructure tire market, lifted by public spending, rose over the year in both the OE and Replacement segments, while the Compact Line market, which is more dependent on residential real estate, was down due to the uncertain economic environment.

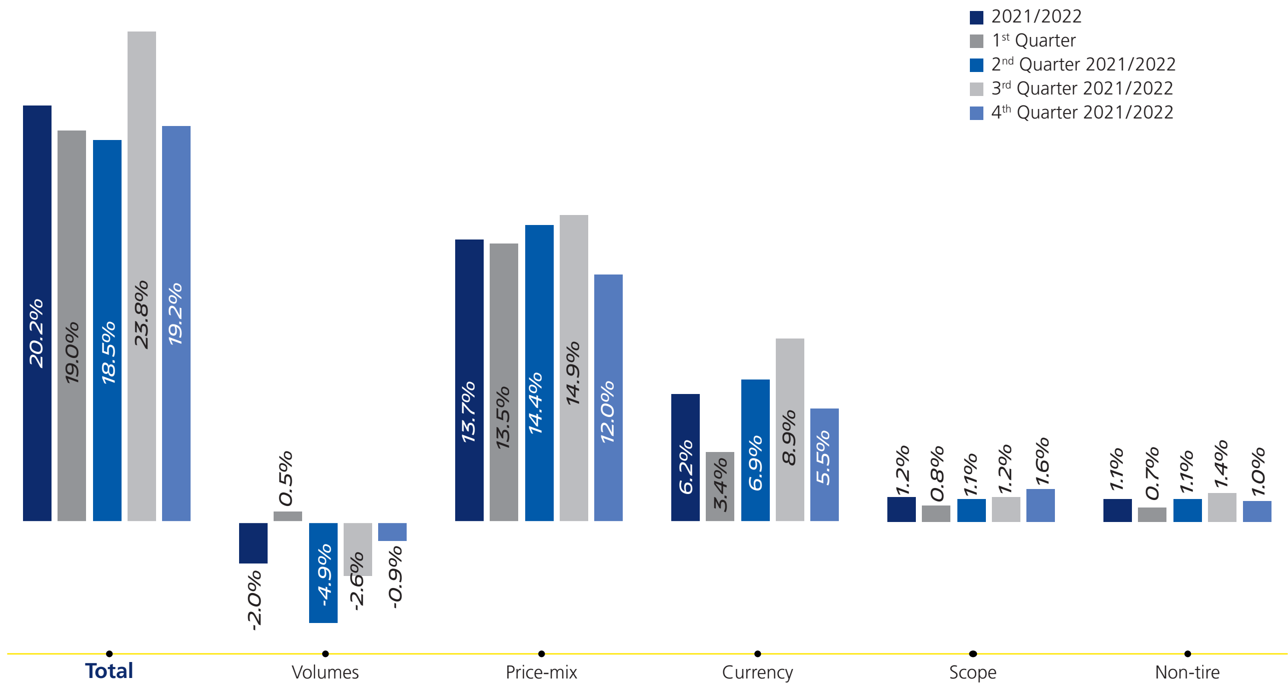
Two-wheel tires: demand increased year-on-year, but remained adversely impacted by rising dealer inventories as sell-out slowed in the second half and inflation eroded consumer purchasing power, particularly in the Leisure segment.

Aircraft tires: demand rose off still favorable prior-year comparatives, particularly in the Commercial and General Aviation segments.

Conveyor belts: the market remains robust in every region, both in the mining segment, driven by strong demand for commodities, and in the manufacturing segment, supported by high capital spending.

Specialty polymers: demand is continuing to expand in the leading markets, including industry, aerospace, energy and medical applications.

5.1.2 SALES



Sales stood at €28,590 million for the year, up 20.2% from the €23,795 million reported in 2021.

The year-on-year change reflected the combined impact of the following factors:

- a 2% unfavorable volume effect led, in an uncertain economic environment, by the discontinuation of the Group's operations in Russia as from March, the effects of the health crisis in China, particularly in the second and fourth quarters. The decrease in volumes was partially offset by brisk sales in the dealership networks owned by the Group;
- a 13.7% positive price-mix effect. The €3,054 million gain from prices reflected (i) the disciplined, assertive pricing policy applied in every segment to offset rising raw materials, energy, labor and other costs of sales; and (ii) the favorable impact of price adjustments in the indexed businesses. The €196 million positive mix effect reflected the priority focus on the MICHELIN brand and on high value-added products and services, as well as the growth in demand for 18-inch and larger tires;
- a 6.2% positive currency effect, due in particular to the sharp increase in the US dollar, as well as the Brazilian real, against the euro;
- a 1.2% increase from changes in the scope of consolidation, primarily attributable to the inclusion of Allopneus since December 30, 2021.

Sales from non-tire activities, which are more resilient and less dependent on supply chains, rose by 22% over the year, adding 1.1% to the growth in consolidated sales.

(in € millions and %)	2022	Second-half 2022	Fourth-quarter 2022	Third-quarter 2022	First-half 2022	Second-quarter 2022	First-quarter 2022
SALES	**28,590**	**15,301**	**7,858**	**7,443**	**13,289**	**6,808**	**6,481**
Change, year-on-year	**+4,795**	**+2,698**	**+1,267**	**+1,431**	**+2,097**	**+1,064**	**+1,033**
Volumes	-465	-214	-57	-157	-251	-279	+28
Price-mix	+3,250	+1,687	+791	+896	+1,563	+827	+736
Currency effect	+1,481	+901	+365	+536	+580	+394	+186
Scope of consolidation	+278	+172	+102	+70	+106	+62	+44
Non-tire sales	+251	+152	+66	+86	+99	+60	+39
Change, year-on-year	**+20.2%**	**+21.4%**	**+19.2%**	**+23.8%**	**+18.7%**	**+18.5%**	**+19.0%**
Volumes	-2.0%	-1.7%	-0.9%	-2.6%	-2.2%	-4.9%	+0.5%
Price-mix	+13.7%	+13.4%	+12.0%	+14.9%	+13.9%	+14.4%	+13.5%
Currency effect	+6.2%	+7.1%	+5.5%	+8.9%	+5.2%	+6.9%	+3.4%
Scope of consolidation	+1.2%	+1.4%	+1.6%	+1.2%	+0.9%	+1.1%	+0.8%
Non-tire sales	+1.1%	+1.2%	+1.0%	+1.4%	+0.9%	+1.1%	+0.7%

5.1.2 a) Sales by reporting segment

Segment information is presented according to the following three operating segments:

- automotive and related distribution;
- road transportation and related distribution;
- specialty businesses and related distribution.

The Specialty businesses include the Mining, Beyond-road, Two-wheel and Aircraft tire activities, as well as the High-Technology Materials activities (conveyor belts, etc.). The Services & Solutions businesses are included for the most part in the "Road transportation and related distribution" segment.

Operating segment performance is measured primarily on the basis of sales and segment operating income, calculated according to the same measurement principles used in the consolidated income statement.

(in € millions)	2022	Second-half 2022	Fourth-quarter 2022	Third-quarter 2022	First-half 2022	Second-quarter 2022	First-quarter 2022
GROUP	**28,590**	**15,301**	**7,858**	**7,443**	**13,289**	**6,808**	**6,481**
Automotive and related distribution	14,138	7,539	3,900	3,639	6,599	3,345	3,254
Road transportation and related distribution	7,462	3,993	2,059	1,934	3,469	1,795	1,674
Specialty businesses and related distribution	6,990	3,769	1,899	1,870	3,221	1,668	1,553
Change, year-on-year	**+20.2%**	**+21.4%**	**+19.2%**	**+23.8%**	**+18.7%**	**+18.5%**	**+19.0%**
Automotive and related distribution	+17.8%	+17.1%	+14.9%	+19.7%	+18.6%	+16.6%	+20.8%
Road transportation and related distribution	+19.7%	+19.7%	+19.0%	+20.4%	+19.7%	+19.0%	+20.6%
Specialty businesses and related distribution	+25.6%	+33.1%	+29.5%	+37.0%	+17.9%	+22.0%	+13.7%

5.1.2 b) Automotive and related distribution – Analysis of sales

Sales in the Automotive and related distribution segment rose by 17.8% in 2022, while sales volumes declined by 4% over the year. After contracting 3.4% in the first half, hard hit by the war in Ukraine and the health situation in China, which led to a large number of lockdowns, volumes were down another 4.5% in the second six months, reflecting less favorable comparatives and the worldwide slowdown in demand caused by the economic environment.

In this disrupted environment, the Group focused on the highest value market segments, by continuing to broaden its product portfolio and develop its sales in the premium 18-inch and larger segment.

In addition, the successful deployment of an assertive, dynamic pricing policy demonstrated the Group's ability to leverage its technological leadership and brand recognition to drive higher sales at a time of significantly rising costs.

In addition to the positive price-mix effect, reported growth was boosted by the consolidation of Allopneus as from December 30, 2021.

In the **Original Equipment** segment, the Group defended its positions in a market that remained impacted by automaker difficulties, caused primarily by semi-conductor shortages. It also increased its share of the more profitable North American market.

After a highly disrupted first half, particularly in Europe due to shortages of components and parts relating to the conflict in Ukraine, the Group tracked the second-half rebound in business, benefiting from a favorable size mix as automakers focused on their premium models. Sales also continued to be lifted by growth in the electric vehicle segment, which was especially strong in 2022, spurred by the auto industry support plans deployed in a large number of countries. Backed by its technological leadership in the segment, the Group continues to enjoy significantly higher market share in original equipment electric vehicle tires than in internal combustion vehicle tires.

On the **Replacement** side, where markets were mixed in a highly inflationary global environment, the Group widened its market share in the most profitable 18-inch and larger tire segments and was able to raise prices assertively throughout the year in every geography. Except for a few highly localized situations, the successive price increases passed on by premium tiremakers during the year to offset cost inflation factors once again demonstrated Michelin's standing as the segment's price setter.

The sustained success of the MICHELIN Cross Climate 2, launched in fall 2021, attests to the Group's leadership in the all-season segment.

The Group also stepped up deployment of its distribution strategy by broadening its presence in online retailing channels, as seen in Allopneus's growth in France, and by continuing to expand its franchise network.

In the highly volatile **European** market, affected by the significant inflow of Asian imports as global supply chains began to improve in the summer, Group sales rose over the year, lifted by initiatives to focus on the most profitable segments and by disciplined pricing policies.

In the intermediate segment, Kléber brand sales enjoyed robust growth and continued to move upmarket.

The Group gained market share in **North and Central America**, but sales were still held back by production restrictions, caused in particular by hiring difficulties. Restructuring the TBC dealership network acquired in 2018 has provided the Group with particularly optimized, efficient market access and geographic coverage.

In **South America**, where fast-growing demand was spurred by non-pool imports, the Group defended its market share and continued to enhance its mix.

Group sales in **China** rose in an environment that was severely disrupted by lockdowns, particularly in the second quarter, and by the general economic uncertainty arising from the health situation. They suffered from an unfavorable geographic mix, however, as the lockdowns had a greater impact in the country's most economically developed metropolitan areas and regions.

In a **Southeast Asian** market that was up year-on-year, the Group increased its share and enjoyed a favorable mix, reflecting the stronger market share gains in the 18-inch and larger tire segment.

In the **Africa/India/Middle East region**, despite the difficulties caused by import restrictions in India and trade barriers in Egypt (mandatory letters of credit), the Group has stepped up its strategy of positioning itself in the higher value-added segments. This has yielded market shares in 18-inch and larger tires that are triple its aggregate market share in the African and Middle Eastern countries.

The **Michelin Experiences** business, which primarily operates in the fine dining, hospitality and travel segments, saw a sharp rebound in sales as health restrictions were lifted in a large number of countries. Michelin Experiences remains an unrivaled vehicle for promoting the MICHELIN brand and its premium positioning.

In all, sales in the Automotive and related distribution reporting segment rose by 17.8% to €14,138 million, from €11,998 million in 2021. While sales volumes declined by 4%, the price-mix effect was very positive over the year, led by the price increases diligently applied in every geography and the ability to meet growing demand for 18-inch and larger tires.

In the second half, despite a decline in Replacement volumes sold and an increase in OE volumes sold compared with the prior-year period, the Automotive and related distribution segment delivered a positive mix effect, reflecting the market's robust move up the value chain and the Group's ability to keep pace with this trend.

5.1.2 c) Road transportation and related distribution – Analysis of sales

Sales in the Road transportation and related distribution segment increased by 19.7% year-on-year.

Volumes sold edged up 0.4%, as flat growth in the first half turned slightly positive in the second half, reflecting the firm demand on high basis of comparison. In this environment, the Group significantly raised its prices to offset rising raw materials, energy, labor and other costs of sales and pursued its selective marketing strategy in value-creating segments, with a sharper focus on the MICHELIN brand.

In the **Original Equipment** segment, OEM output continued to trend upwards and the Group increased its market share, especially in North America. Environmental standards aimed at reducing CO_2 emissions and the difficulties in hiring truck drivers in Europe and North America are prompting trucking companies to upgrade their fleets more quickly. In addition, OEM demand for new solutions, for example built around battery or hydrogen fuel cell electric powertrains, are all opportunities for the Group to forge partnerships with OEMs and thereby demonstrate its technological leadership and knowledge of usage practices.

In the **Replacement** segment, new tire demand rose a strong 6%, excluding China, led by the still robust need for overland freight. In this buoyant environment, the Group focused on its value-added offerings, led by the MICHELIN brand and retreading solutions. The Services & Solutions businesses, particularly the new Michelin Connected Fleet brand rolled out in late 2021, maintained their steady pace of expansion during the year, particularly in geographies outside their home regions. While the passenger transportation market still suffered from travel restrictions, particularly in China and Southeast Asia, the robust growth of online shopping – a new consumer trend that looks set to stay – supported demand in most geographies in the last-mile delivery segment, where the MICHELIN Agilis 3 tire was a best seller.

In **Europe,** where demand rose sharply in the first half before cooling in the second, the Group applied an assertive pricing policy and targeted high value-added segments, while revitalizing its portfolio of retreading solutions.

In the **North American** market, which remained robust throughout the year, the Group's positions were once again adversely impacted by operating restrictions, stemming primarily from the serious labor shortages impacting the manufacturing industry. The Group focused on the MICHELIN brand and diligently offset every cost inflation factor with price increases in every segment. The fleet tire services business maintained its growth dynamic, with sales lifted sharply by the impact of price indexation clauses.

In **South America**, in a market that continued to expand but whose mix edged downmarket with the rise in imports, the Group strengthened its positions by prioritizing MICHELIN brand sales, particularly in Brazil.

Sascar's fleet management solutions remain on a growth trajectory, with a sustained up-market shift in the content of the portfolio.

In **Asia (excluding China)**, the Group continued to target market segments that value MICHELIN solutions for their technological content. In these more competitive markets, the Group diligently applied a dynamic pricing policy and maintained its share of the premium segment in high-value countries like Japan and Australia.

The Group consolidated its positions in the **Africa/India/ Middle-East** region. In India, the ongoing shift to radials, a segment where the Group can capitalize on its technological advantage, and the policy of scrapping older vehicles combined to drive higher sales volumes and improve the mix. Apart from Egypt, where sales were dampened by the new import regulations, Group sales rose in both Africa and the Middle East during the year.

In all, sales in the Road transportation and related distribution reporting segment amounted to €7,462 million, a 19.7% year-on-year increase that was led by firm volume growth, an assertive pricing policy and a more prominent positioning in value-creating segments.

5.1.2 d) Specialty businesses and related distribution – Analysis of sales

Surface mining tires: In a still expanding ore market, impelled by growing demand for metals, notably to support the energy transition, Group sales experienced two very different half-year periods in 2022. After a first half heavily impacted by disruptions in downstream supply chains, which slowed finished product shipments, and by the war in Ukraine, which impacted demand in Eastern Europe, the second half saw a sharp upturn, led by the recovery in maritime shipping capacity. The increased availability, along with the easing of operational difficulties in Group plants, significantly sped up finished product shipments. In addition, with most mining customer contracts containing raw materials indexation clauses applicable on July 1, the resulting price adjustments gave a major boost to segment sales in the second half.

Agricultural and Construction tires: Both segments delivered brisk growth in the first half, which benefited the Group.

However, both showed signs of cooling in the second half, with Construction tire sales hurt by the general slowdown in business and Agricultural tire sales suffering from the drought in Europe over the summer.

In this uncertain marketplace, Group sales were impacted by production difficulties, as well as by a more intense competitive environment.

Two-wheel tires: Despite unfavorable comparatives and a highly competitive environment, Group sales rose over the year, led by price increases applied to offset cost inflation factors. Introduced in January 2022, the new MICHELIN Road 6 motorcycle tire made a major contribution to both sales volumes and the mix.

Aircraft tires: The Commercial segment rebounded sharply from very favorable 2021 comparatives, in a still fragile environment impacted by the resurgence of Covid-19 in China, which continues to hold back growth in air traffic and tourism.

The Military and General Aviation segments, which were very resilient during the Covid-19 crisis, continued to hold up well.

Fenner's **conveyor belt** operations expanded over the year, driven by the Australian mining industry.

High Tech Materials businesses show a strong growth in every activity, in particular technical joints and precision polymers that benefit from the dynamism of energy markets.

In all, sales by the Specialty businesses reporting segment increased by 25.6% year-on-year, to €6,990 million. Due to the large proportion of US dollar-denominated sales, the currency's run-up against the euro had a particularly significant impact on sales.

5.1.2 e) Changes in exchange rates for the main operating currencies

At current exchange rates, consolidated sales rose by 20.2% in 2022.

The increase includes a 6.2% (€1,481 million) gain from the currency effect, stemming from the increase in the US dollar, Brazilian real and Chinese yuan against the euro.

Average exchange rate	2022	2021	Change
Euro/USD	1.054	1.184	-10.9%
Euro/CNY	7.081	7.636	-7.3%
Euro/AUD	1.516	1.575	-3.7%
Euro/GBP	0.852	0.860	-1.0%
Euro/BRL	5.435	6.370	-14.7%
Euro/CAD	1.370	1.483	-7.6%
Euro/JPY	137.587	129.829	+6.0%
Euro/MXN	21.206	23.993	-11.6%
Euro/THB	36.874	37.791	-2.4%
Euro/TRY	17.209	10.187	+68.9%

Sales break down as follows by currency:

Currency	%	Currency	%
USD	39%	TRY	1%
EUR	31%	THB	1%
CNY	5%	Other	8%
BRL	4%		
GBP	3%		
AUD	3%		
CAD	3%		
JPY	1%		
MXN	1%		
TOTAL			**100%**

5.1.2 f) Sales by region

(in € millions)	2022	2022/2021	Second-half 2022	First-half 2022
GROUP	**28,590**	**+20.1%**	**15,302**	**13,289**
Europe	10,140	+12.5%	5,239	4,901
of which France	2,484	+20.3%	1,300	1,184
North America (incl. Mexico)	10,920	+30.2%	5,938	4,982
Other regions	7,530	+17.8%	4,125	3,406

(in € millions)	2022	% of total	2021	% of total
GROUP	**28,590**		**23,795**	
Europe	10,140	35.5%	9,014	37.9%
of which France	2,484	8.7%	2,066	8.7%
North America (incl. Mexico)	10,920	38.2%	8,389	35.3%
Other regions	7,530	26.3%	6,392	26.9%

While consolidated sales rose in every region, gains were more pronounced in North America than in Europe and China, which were harder hit by the slowdown in volumes.

More than 60% of consolidated sales were generated outside Europe and more than 90% outside France.

IMPACT OF THE CONFLICT BETWEEN RUSSIA AND UKRAINE ON GROUP OPERATIONS IN 2022

The information presented below describes the impact of the conflict between Russia and Ukraine, which broke out on February 24, 2022, on the Group's operations during the year 2022.

The Group's exposure to Russia

Following on from an initial presence in the early 20th century, Michelin has been operating in Russia since 1997 and in 2004 was the first foreign tire manufacturer to open a plant there. Michelin Russia employs around 1,000 people, including 750 at the Davydovo plant, located about 100 kilometers from Moscow.

With production capacity of 1.5 to 2 million tires a year, mainly for passenger cars, the facility represents 1% of the Group's worldwide capacity in this segment.

Most of its output consists of mass-market sizes, intended primarily for the Russian market.

Michelin's sales in Russia, across every segment, accounted for around 2% of the consolidated total in 2021.

Impact of the conflict on Group operations in 2022

Before conflict broke out, Michelin, like every other tire manufacturer, sourced certain raw materials from Russia for its European production plants.

Given the procurement issues and supply chain disruptions ensuing from the conflict, and in order to optimize its operations, the Group announced in a press release on March 3, 2022 that it would stop production at some of its European plants for a few days in March. This very brief period of adjustment, which lasted an average of three days, enabled the Group to shift its priority focus to segments delivering higher value-added.

The deployment of alternative sourcing solutions helped to limit the operational impact, attesting to the effectiveness of the Group's business continuity procedures in addressing production interruption and supply continuity risks, as described in section 2 of the Universal Registration Document.

As a result, since the end of the first semester of 2022, none of the Group's operations are dependent on any Russian sourcing.

Impact of the conflict on Group operations in Russia

In a press release issued on March 15, 2022, the Group announced that it was suspending its industrial operations in Russia as well as its exports to the country, due to the severe operational constraints arising from procurement difficulties, disrupted financial flows and currency instability.

In a June 28, 2022 press release, Michelin acknowledged the technical impossibility of resuming operations, in particular due to procurement difficulties in an environment of persistent, widespread uncertainty. As a result, it was compelled to dispose of all its operations in Russia by the end of the year.

Since this annoucement, the Group is still working on different exit scenarios, including the sale to a third-party.

At December 31, 2022, Russian subsidiaries are still controlled by the Group.

Impact on the Group's financial position

The Group's balance sheet exposure to Russia before the recognition of impairment losses stood at 173 million.

At December 31, 2022, the Group recognized an impairment loss of €147 million corresponding to the partial write-down of its balance sheet exposure. Of this amount, €139 million was recognized in operating income unallocated to the operating segments and €8 million in a tax expense.

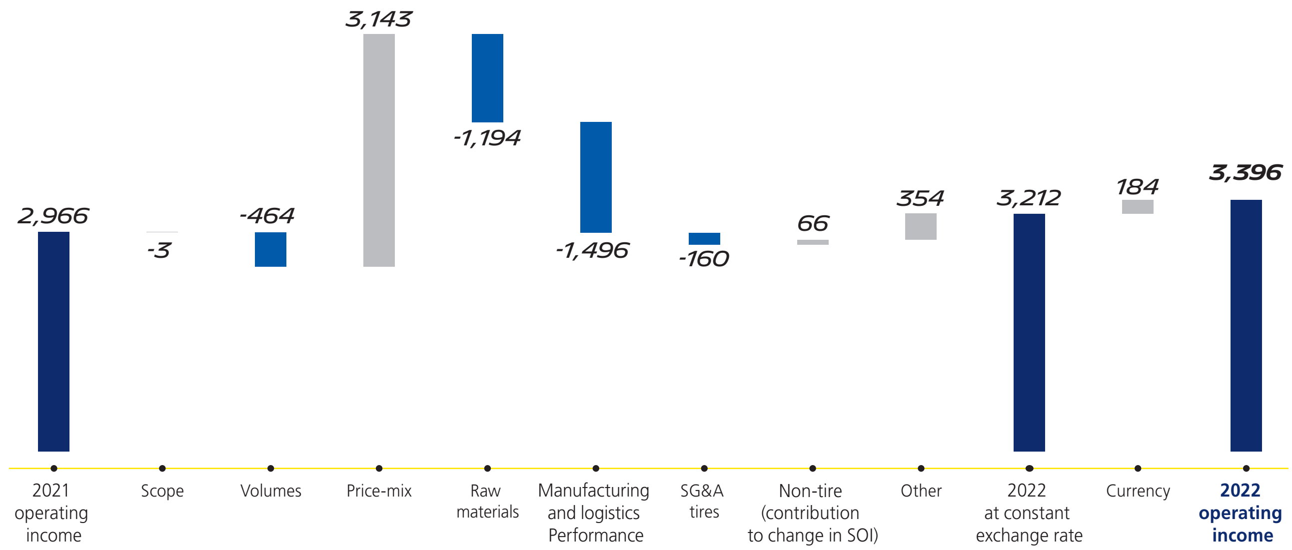
5.1.3 CONSOLIDATED INCOME STATEMENT REVIEW

(in € millions, except per share data)	2022	2021	2022/2021	2022 (as a % of sales)	2021 (as a % of sales)
Sales	28,590	23,795	+20.2%		
Cost of sales	(21,052)	(16,810)	+25.2%	73.6%	70.6%
Gross income	**7,538**	**6,985**	**+7.9%**	**26.4%**	**29.4%**
Sales and marketing expenses	(1,174)	(1,133)	+3.6%	4.1%	4.8%
Research and development expenses	(698)	(682)	+2.3%	2.4%	2.9%
General and administrative expenses	(2,244)	(2,137)	+5.0%	7.8%	9.0%
Segment other income and expenses	(26)	(67)	-61.2%	0.1%	0.3%
Segment operating income	**3,396**	**2,966**	**+14.5%**	**11.9%**	**12.5%**
Other operating income and expenses	(375)	(189)	+98.4%	1.3%	0.8%
Operating income	**3,021**	**2,777**	**+8.8%**	**10.6%**	**11.7%**
Cost of net debt	(239)	(192)	+24.5%	0.8%	0.8%
Other financial income and expenses	(22)	(4)	+450.0%	0.1%	0.0%
Net interest on employee benefit obligations	(45)	(41)	+9.8%	0.2%	0.2%
Share of profit/(loss) from equity-accounted companies	(59)	(69)	-14.5%	0.2%	0.3%
Income before taxes	**2,656**	**2,471**	**+7.5%**	**9.3%**	**10.4%**
Income tax	(647)	(626)	+3.4%	2.3%	2.6%
Net income	**2,009**	**1,845**	**+8.9%**	**7.0%**	**7.8%**
• Attributable to the shareholders of the Company	2,001	1,844	+8.5%	7.0%	7.7%
• Attributable to the non-controlling interests	8	1	+700.0%		
EARNINGS PER SHARE[(1)] *(in €)*					
• Basic	2.81	2.58	+8.8%		
• Diluted	2.79	2.56	+8.9%		

(1) 2021 earnings per share have been restated to reflect the four-for-one stock split on June 16, 2022.

5.1.3 a) Analysis of segment operating income

(in € millions)



(1) Segment operating income.

Segment operating income amounted to €3,396 million or 11.9% of sales for the year ended December 31, 2022, compared with €2,966 million and 12.5% in 2021.

The €430 million improvement reflected the net impact of the following factors:

- a very slight €3 million decrease from changes in the scope of consolidation, as the gain from including Allopneus was offset by the deconsolidation of Solesis in May 2021;
- a €464 million decrease reflecting:
  - a decline in volumes sold, as well as their breakdown between sell-in sales and sales by the dealership networks,
  - the fixed cost shortfall resulting from the decline in production in the second half;
- a robust €3,143 million increase from the favorable price-mix effect, reflecting highly assertive pricing management at a time of steeply rising raw material prices, energy costs and, especially in the first half, freight charges. Over the year, the favorable mix effect was supported by sustained growth in sales of 18-inch and larger tires in the Passenger car segment and the priority focus on the MICHELIN brand in Truck tires, as well as by the strong sales of mining tires in the second half;
- a €1,194 million decrease from the spike in the cost of materials consumed over the year, as well as in their shipping costs, particularly in the first half. Given that a significant proportion of raw materials purchases are US dollar-linked, the currency's strength against the euro also contributed to the higher input costs;
- a €1,496 million decrease from the rise in production and supply chain costs, with both production and finished product shipping costs strongly impacted by the increase in energy, transportation, labor and spare part costs;
- a €160 million decrease from the year-on-year growth in SG&A expenses (including research and development outlays) in the Tire operations, reflecting the impact of the upturn in business and especially in travel expenses, which in 2021 were still being held down by the global health situation. SG&A expenses ended the year at 2019 levels, even with the significant impact from inflation in 2022;
- a €354 million increase from other favorable cost factors, including an adjustment in variable compensation paid in respect to 2022;
- a €184 million gain from exchange rate movements, as the very favorable impact of the rise in the US dollar against the euro was attenuated by the unfavorable impact of the decline in some other currencies, most notably the Turkish lira.

In all, segment operating income at constant exchange rates totaled €3,212 million in 2022, in line with the guidance issued on February 14, 2022 targeting more than €3,200 million in segment operating income at constant exchange rates for the year.

Other operating income and expenses unallocated to the operating segments represented a net expense of €375 million in 2022 versus a net expense of €189 million in 2021. The €186 million increase mostly corresponded to the recognition of a €139 million impairment loss on the Group's balance sheet exposure to Russia, along with the €13 million cost of restructuring a UK-based Fenner business unit that primarily serves the Russian market.

Other operating income and expenses are described in more detail in note 9 to the consolidated financial statements.

5.1.3 b) Segment operating income

Segment information is presented according to the following three operating segments:

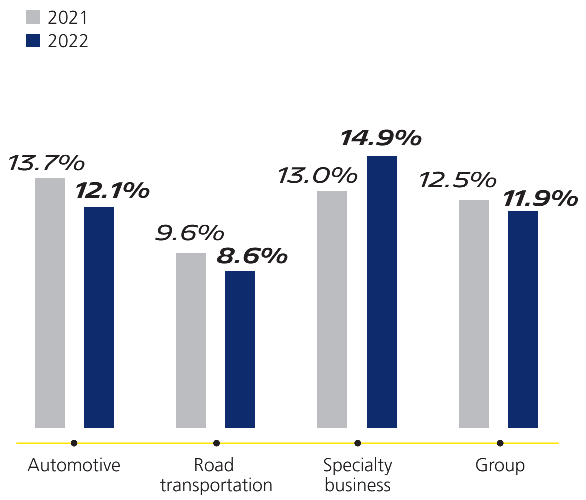
- automotive and related distribution;
- road transportation and related distribution;
- specialty businesses and related distribution.

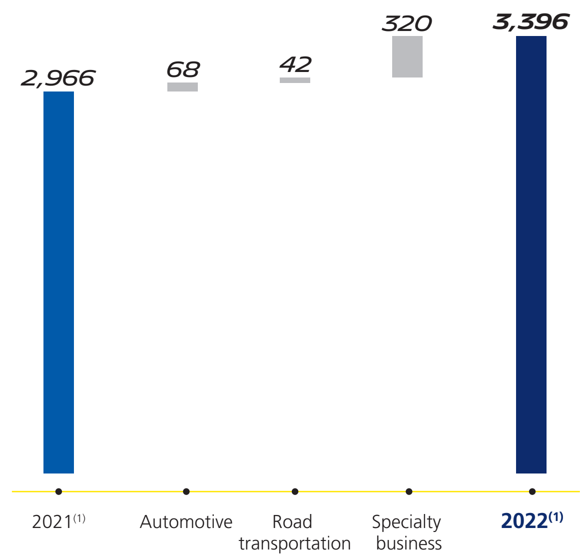
The Specialty businesses include the Mining, Beyond-road, Two-wheel and Aircraft tire activities, as well as the Conveyor Belt and High-Technology Materials activities. The Services & Solutions businesses are included for the most part in the "Road transportation and related distribution" segment.

Operating segment performance is measured primarily on the basis of sales and segment operating income, calculated according to the same measurement principles used in the consolidated income statement.

(in € millions)	2022	2021	Second-half 2022	First-half 2022
AUTOMOTIVE AND RELATED DISTRIBUTION				
Sales	14,138	11,998	7,539	6,599
Segment operating income	1,711	1,643	929	782
Segment operating margin	**12.1%**	**13.7%**	**12.3%**	**11.9%**
ROAD TRANSPORTATION AND RELATED DISTRIBUTION				
Sales	7,462	6,233	3,993	3,469
Segment operating income	641	599	327	314
Segment operating margin	**8.6%**	**9.6%**	**8.2%**	**9.1%**
SPECIALTY BUSINESSES & RELATED DISTRIBUTION				
Sales	6,990	5,564	3,769	3,221
Segment operating income	1,044	724	610	434
Segment operating margin	**14.9%**	**13.0%**	**16.2%**	**13.5%**
GROUP				
Sales	28,590	23,795	15,301	13,289
Segment operating income	3,396	2,966	1,866	1,530
Segment operating margin	**11.9%**	**12.5%**	**12.2%**	**11.5%**

Segment operating margin





(1) Segment operating income.

Automotive and related distribution – Analysis of segment operating income

Automotive and related distribution (in € millions)	2022	2021	2022/2021	2022 (% of consolidated total)	2021 (% of consolidated total)
Sales	14,138	11,998	+17.8%	49%	50%
Change in volumes	-4.0%				
Segment operating income	1,711	1,643	+4.1%	50%	55%
Segment operating margin	12.1%	13.7%	-1.6 pts		

Automotive segment operating income came to €1,711 million or 12.1% of sales, versus €1,643 million and 13.7% in 2021. At a time when sales volumes were dampened by the conflict in Eastern Europe and the health situation in China, segment operating income was lifted by the highly assertive pricing policy applied in every geography, which helped to offset the increase in raw material, supply chain and energy costs. The relative rebound in OE sales from September onwards, from a very favorable base, had a negative impact on the segment's mix in the second half, although this was tempered by the significant growth in sales of 18-inch and larger tires, in both the OE and the Replacement markets.

The decline in segment operating margin in percentage was mainly attributable to the dilutive effect of price increases.

Exchange rate movements had a positive impact on segment operating income.

Road transportation and related distribution – Analysis of segment operating income

Road transportation and related distribution *(in € millions)*	2022	2021	2022/2021	2022 (% of consolidated total)	2021 (% of consolidated total)
Sales	7,462	6,233	+19.7%	26%	26%
Change in volumes	0.4%				
Segment operating income	641	599	+7.0%	19%	20%
Segment operating margin	8.6%	9.6%	-1.0 pts		

Road transportation segment operating income amounted to €641 million or 8.6% of sales, compared with €599 million and 9.6% the year before.

Buoyed by resilient sales volumes, the selective marketing strategy focused on the MICHELIN brand and value-creating markets, along with the responsive price management, helped to offset the increase in raw materials, supply chain and energy costs and drive an improvement in segment operating income.

Segment performance was held back, however, by production constraints that prevented it from meeting all the demand, particularly in North America, where it was most robust.

The Services & Solutions businesses pursued their growth and geographic expansion under the new "Michelin Connected Fleets" umbrella brand.

The decline in segment operating margin in percentage was mainly attributable to the dilutive effect of price increases.

Exchange rate movements had a positive impact on segment operating income.

Specialty businesses and related distribution – Analysis of segment operating income

Specialty businesses and related distribution *(in € millions)*	2022	2021	2022/2021	2022 (% of consolidated total)	2021 (% of consolidated total)
Sales	6,990	5,564	+25.6%	24%	23%
Change in volumes	-0.5%				
Segment operating income	1,044	724	+44.2%	31%	24%
Segment operating margin	14.9%	13.0%	+1.9 pts		

Segment operating income from the Specialty businesses amounted to €1,044 million or 14.9% of sales, versus €724 million and 13.0% the year before. All the segment's businesses contributed to the gain for the year.

Surface mining tires: Group sales remained adversely affected in the first half by production and supply chain restrictions, which prevented the business from manufacturing and shipping all the tires demanded by the market. But as maritime shipping capacity recovered in the second half, sales returned to growth, helping to improve fixed cost absorption. Moreover, segment operating income was lifted by the application, over the second half, of the raw materials and shipping costs indexation clauses included in a large percentage of contracts with mining operators.

Agricultural and Construction tires: in markets that remained buoyant in the OE segment and more mixed in Replacement, particularly at year-end, operating income climbed steeply, led by the highly assertive pricing policy.

Two-wheel tires: in a more competitive environment, segment operating income held firm over the year, supported in particular by a responsive, dynamic pricing policy.

Aircraft tires: the strong recovery in sales, from very favorable comparatives, enabled the segment to deliver a significant improvement in operating income.

The conveyor belt business benefited from the generally positive growth in the industrial sector, particularly in the energy markets.

Exchange rate movements had a positive impact on segment operating income.

5.1.3 c) Other income statement items

Raw materials

The cost of **raw materials** reported in cost of sales has been estimated at €6.7 billion in 2022 versus €5.0 billion in 2021.

It is calculated on the basis of:

- the price and mix of the Group's raw materials purchases;
- production and sales volumes;
- the valuation of raw materials, semi-finished and finished product inventories using the weighted average cost method. This method tends to spread fluctuations in purchase costs over time and delay their recognition in cost of sales, due to timing differences between the purchase of the raw materials and the sale of the finished product;
- exchange rate movements, which correspond to (i) the impact of converting the cost of purchases made in local currencies into the consolidation currency; and (ii) a residual currency effect resulting from the difference between the purchasing companies' local currency and the currency used to purchase their raw materials.

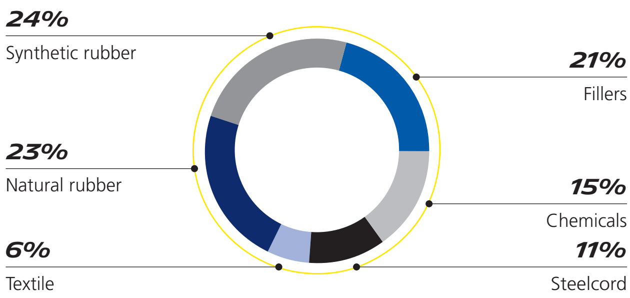
In 2022, the raw materials costs and the related transportation costs recognized in cost of sales included a €1,194 million unfavorable price impact, including a residual exchange rate effect.

Changes in prices feed through to the income statement five to six months later for natural rubber and around three months later for butadiene.

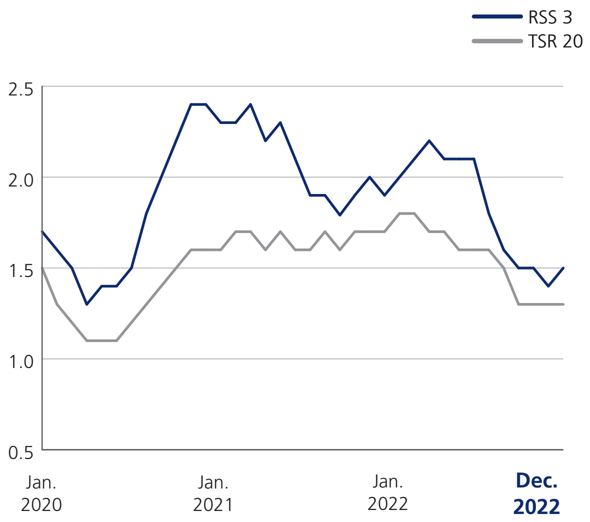
Based on estimated 2022 production volumes, the sensitivity of cash purchasing outlays to fluctuations in natural rubber and oil prices is as follows:

- a $0.10 per kg decrease in natural rubber prices would feed through to around an $90 million reduction in full-year purchasing costs;
- a $1.00 per barrel decline in oil prices would feed through to a $9 million decrease in full-year purchasing costs.

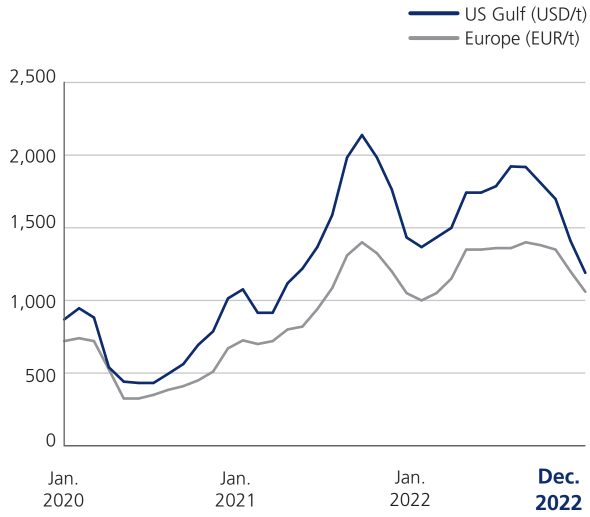
RAW MATERIALS RECOGNIZED IN 2022 COST OF SALES (€6.7 BILLION)



NATURAL RUBBER PRICES (SICOM)
(USD/kg)



BUTADIENE PRICES



Employee benefit costs and number of employees

Employee benefit costs came to €6,950 million or 24.3% of sales, up €505 million year-on-year, reflecting, in particular, adjustments in the compensation policy in response to high inflation. The decline in benefit costs as a percentage of sales was attributable to the more than 20% increase in sales over the year.

Headcount in high-cost regions, particularly in corporate functions, continued to decline as operating procedures were simplified across the Group.

The increase in the workforce over the year was mainly due to the integration in the second half of the employees of Indonesian company RLU, in which the Group raised its stake to 100% in July 2022[1].

In 2022, €6,938 million was recognized in segment operating income, and €12 million was recognized in other operating income and expenses.

(1) See note 4.1.1 to the consolidated financial statements.

(in € millions and number of people)	**2022**	**2021**	**Change**
Total employee benefit costs	6,950	6,445	+7.8%
As a % of sales	24.3%	27.1%	-2.8 pts
Employees on payroll at December 31	132,200	124,760	+6.0%
Number of full-time equivalent employees at December 31	124,900	118,400	+5.5%
Average number of full-time equivalent employees	121,700	117,600	+3.5%

Depreciation and amortization

(in € millions)	**2022**	**2021**	**Change**
Total depreciation and amortization	1,944	1,812	+7.3%
As a % of sales	6.8%	7.6%	

Depreciation and amortization charges rose by €132 million to €1,944 million for the year. The increase was attributable to the sharp upturn in capital expenditure after two years in which all planned capital projects could not be deployed, first due to the Covid-19 crisis and then to the shortages of semiconductors and materials, as well as the pervasive disruption in global supply chains.

Of the total, €1,866 million was recognized in segment operating income and €78 million in other operating income and expenses (see notes 6 and 9 to the consolidated financial statements).

Transportation costs

(in € millions)	**2022**	**2021**	**Change**
Transportation costs	2,056	1,685	+22.0%
As a % of sales	7.2%	7.1%	

Transportation costs came to €2,056 million in 2022, up 22% on 2021. This unusual increase at a time when sales volumes were slightly down for the year was caused by the steep rise in transportation costs across the logistics chain. Because a major portion of maritime shipping purchases are covered by contracts, the decline in spot prices as from the third quarter did not immediately feed through to the Group’s logistics costs in 2022.

In addition, the shipping market is mainly denominated in US dollars, so the increase in the dollar against the euro throughout the year also weighed on transportation costs.

Sales and marketing expenses

Sales and marketing expenses represented 4.1% of sales in 2022, versus 4.8% in 2021. In value and on a like-for-like basis, they rose by €41 million year-on-year, primarily due to the upturn in business as travel restrictions were lifted in many countries around the world. Nevertheless, they remain lower than in 2019.

The decline on 2021 as a percentage of sales reflected the growth in consolidated sales, led by the price increases.

Research and development expenses

(in € millions)	**2022**	**2021**	**Change**
Research and development expenses	698	682	+2.3%
As a % of sales	2.4%	2.9%	

Research and development expenses rose by €16 million year-on-year to €698 million. This limited increase attested to the Group’s commitment to maintaining its technological leadership in delivering performance and sustainability in its products and services. The Group is also continuing to optimize its research and development activities by deploying highly qualified centers of expertise in emerging markets, for example in India.

As a percentage of sales, R&D outlays declined to 2.4% from 2.9% in 2021, reflecting the price-led growth in consolidated sales.

General and administrative expenses

General and administrative expenses amounted to €2,244 million, a €107 million year-on-year increase that was primarily attributable to inflation.

They represented 7.8% of sales for the year, down 1.2 points compared with 2021.

Segment other income and expenses

Segment other operating income and expenses represented a net expense of €26 million in 2022, down from a net expense of €67 million in 2021 mainly as a result of the reduction in Covid-19-related expenditure.

Other operating income and expenses

Other operating income and expenses correspond to items that are not taken into account by Management when measuring the performance of the operating segments due to their nature or their significant, unusual or abnormal characteristics.

Other operating income and expenses represented a net expense of €375 million in 2022, versus a net expense of €189 million in 2021.

The €186 million year-on-year increase was primarily attributable to a €139 impairment loss recognized on the Group's assets in Russia[(1)] and a €13 million provision for restructuring a UK-based Fenner conveyor belt business that is highly exposed to Russia.

Other operating income and expenses are described in more detail in note 9 to the consolidated financial statements.

Cost of net debt

(in € millions)	**2022**	**2021**	**Change**
Cost of net debt	239	192	+47

At €239 million, the **cost of net debt** was up €47 million compared with 2021, mainly as a result of the following factors:

- a €79 million increase in net interest expense to €296 million, reflecting the net impact of:
  - a €13 million decrease due to the €505 million reduction in average gross debt during the year;
  - a €114 million increase from the rise in the average gross interest rate on borrowings to 4.1% in 2022 from 2.6% in 2021;
  - a €22 million increase in interest income, as higher interest rates offset the decline in financial investments;
- a €28 million improvement in the impact of exchange rate derivatives, due to the increase in US dollar interest rates over 2022;
- an aggregate €4 million decrease from movements in other factors.

Other financial income and expenses

(in € millions)	**2022**	**2021**	**Change**
Other financial income and expenses	22	4	+18

Other financial income and expenses represented a net expense of €22 million in 2022, an €18 million year-on-year increase caused mainly by currency movements, with foreign exchange accounting losses recognized in countries where it is impossible or too expensive to hedge, such as Argentina or Nigeria.

Income tax

(in € millions)	**2022**	**2021**	**Change**
Income/(loss) before taxes	2,656	2,471	+185
Income tax	**(647)**	**(626)**	**-21**
Current tax	(586)	(614)	+28
Withholding tax	(39)	(15)	-24
Deferred tax	(22)	3	-25

(1) See note 2.5 to the consolidated financial statements.

Income tax amounted to €647 million in 2022, a €21 million year-on-year increase. The €586 million in current tax recognized for the year corresponds to the income tax payable by the Group's profit-making companies.

The effective tax rate for 2022 was 24.4%, versus 25.3% the year before, in line with the standard Group rate.

Consolidated net income and earnings per share

(in € millions)	2022	2021	Change
Net income	2,009	1,845	+164
As a % of sales	7.0%	7.8%	-0.7 pts
• Attributable to the shareholders of the Company	2,001	1,844	+157
• Attributable to the non-controlling interests	8	1	+7
Earnings per share (in €)(1)			
• Basic	2.81	2.58	+0.23
• Diluted	2.79	2.56	+0.23

(1) 2021 earnings per share have been restated to reflect the four-for-one stock split on June 16, 2022.

Net income came to €2,009 million for the year, or 7.0% of sales, compared with €1,845 million in 2021 or 7.8% of sales.

The €164 million increase reflected the following factors:

- favorable factors:
  - the €430 million increase in segment operating income,
  - the €10 million increase in the Group's share of profit from equity-accounted companies, corresponding to amounts that individually were not material;
- unfavorable factors:
  - the €186 million increase in other operating expenses unallocated to the operating segments, corresponding primarily to the impairment losses recognized on the Group's assets in Russia,
  - the €69 million increase in net financial expense, due in particular to the €47 million increase in the cost of net debt and the €18 million increase in financial expense,
  - the €21 million increase in income tax expense.

5.1.4 CONSOLIDATED BALANCE SHEET REVIEW

Methodological note: translation adjustments primarily stem from the translation into euros of prior-year assets and liabilities at the closing exchange rate.

As explained in notes 2.7 and 3.8 to the consolidated financial statements, the Group manages tire fleets of customers operating commercial vehicle fleets. To better reflect the terms of some of these contracts and their economic reality, the Group has decided to no longer recognize inventory or a corresponding operating liability to the customer for tires mounted on vehicles under these contracts. Comparative information at December 31, 2021 has been restated for an amount of €157 million.

The change has no impact on the consolidated income statement and statement of cash flows for either 2022 or 2021.

Assets

(in € millions)	December 31, 2022	December 31, 2021	Total change	Translation adjustments	Movement
Goodwill	2,430	2,286	+144	+89	+55
Intangible assets	1,803	1,811	-8	-3	-5
Property, plant and equipment	12,136	11,231	+905	+313	+592
Right-of-use assets	1,010	1,034	-24	+24	-48
Non-current financial assets and other non-current assets	1,161	1,404	-243	+3	-246
Investments in equity-accounted companies	1,102	1,103	-1	+45	-46
Deferred tax assets	630	751	-121	+8	-129
Non-current assets	**20,272**	**19,620**	**+652**	**+479**	**+173**
Inventories(1)	6,318	5,115	+1,203	+132	+1,071
Trade receivables	4,205	3,576	+629	+52	+577
Current financial assets	652	713	-61	0	-61
Other current assets	1,315	1,038	+277	+38	+239
Cash and cash equivalents	2,584	4,482	-1,898	-25	-1,873
Current assets	**15,074**	**14,924**	**+150**	**+197**	**-47**
TOTAL ASSETS	**35,346**	**34,544**	**+802**	**+676**	**+126**

(1) To better reflect the economic reality of its tire fleet management contracts with certain corporate customers, the Group has decided to no longer recognize inventory or a corresponding operating liability to the customer for the tires mounted on vehicles under these contracts. Comparative information at December 31, 2021 has been restated for an amount of €157 million. The change has no impact on the consolidated income statement and statement of cash flows for either 2022 or 2021. See notes 2.7 and 3.8 to the consolidated financial statements.

Equity and liabilities

(in € millions)	December 31, 2022	December 31, 2021	Total change	Translation adjustments	Movement
Share capital	357	357	-	-	-
Share premiums	2,702	2,746	-44		-44
Reserves	14,051	11,871	+2,180	+387	+1,793
Non-controlling interests	6	(3)	+9	-1	+10
Total equity	**17,116**	**14,971**	**+2,145**	**+386**	**+1,759**
Non-current financial liabilities	4,705	5,360	-655	+3	-658
Non-current lease liabilities	690	731	-41	+18	-59
Provisions for employee benefit obligations	2,561	3,362	-801	+47	-848
Provisions and other non-current liabilities	695	759	-64	+11	-75
Deferred tax liabilities	541	503	+38	+2	+36
Non-current liabilities	**9,192**	**10,715**	**-1,523**	**+80**	**-1,603**
Current financial liabilities	1,826	1,682	+144	+27	+117
Current lease liabilities	233	229	+4	+5	-1
Trade payables	3,416	3,174	+242	+74	+168
Trade payables under reverse factoring agreements	595	613	-18	+28	-46
Provisions and other current liabilities(1)	2,968	3,160	-192	+77	-269
Current liabilities	**9,038**	**8,858**	**+180**	**+211**	**-31**
TOTAL EQUITY AND LIABILITIES	**35,346**	**34,544**	**+802**	**+676**	**+126**

(1) To better reflect the economic reality of its tire fleet management contracts with certain corporate customers, the Group has decided to no longer recognize inventory or a corresponding operating liability to the customer for the tires mounted on vehicles under these contracts. Comparative information at December 31, 2021 has been restated for an amount of €157 million. The change has no impact on the consolidated income statement and statement of cash flows for either 2022 or 2021. See notes 2.7 and 3.8 to the consolidated financial statements.

5.1.4 a) Goodwill

Goodwill before translation adjustments was up €55 million from December 31, 2021, primarily due to the following factors:

- the recognition of €46 million in goodwill on all the outstanding shares of Indonesian company RLU, whose acquisition on July 27, 2022 raised the Group's holding in the company to 100%[1];
- the recognition of €40 million in goodwill on the acquisition, on July 14, 2022, of Australia-based Conveyor Products & Solutions (CPS),[2] a world leader in the development and manufacture of conveyors for the mining market;
- the €36 million impact of recognizing in amortizable intangible assets the goodwill resulting from the final allocation of the purchase price of Allopneus, acquired on December 30, 2021[3].

5.1.4 b) Intangible assets

Intangible assets stood at €1,803 million for the year, a €5 million decrease from December 31, 2021 before translation adjustments. The stability reflected the fact that additions to intangible assets were more or less in line with amortization charges for the year, particularly in the domain of software.

5.1.4 c) Property, plant and equipment

Property, plant and equipment stood at €12,136 million at December 31, 2022, up €592 million before translation adjustments. The growth over the year reflected the monitored increase in capital expenditure after the difficulties encountered in 2020 and 2021 in completing all the planned capital projects, due to the health situation and subsequent supply chain disruptions and shortages of spare parts.

Additions to property, plant and equipment amounted to €1,919 million for the year, compared with €1,494 million in 2021. Around 70% of total outlays were committed to production equipment and facilities.

In addition, the acquisition of all outstanding shares of RLU increased the property, plant and equipment base.

5.1.4 d) Right-of-use assets

Beginning in 2020, **right-of-use assets** have been recognized separately from property, plant and equipment.

They amounted to €1,010 million at December 31, 2022, down €48 million year-on-year (before translation adjustments), due to the fact that new leases did not exceed depreciation on prior-year leases.

5.1.4 e) Non-current financial assets and other non-current assets

Non-current financial assets and other non-current assets stood at €1,161 million at year-end, a €246 million decrease (before translation adjustments) that was attributable mainly to the net decline in loans and deposits stemming from:

- a partial repayment of an investment deposited in an escrow account to fund pension obligations in the United Kingdom. This amount is pledged to the pension plans and is therefore not freely available to the Group;
- the reclassification in current financial assets of a loan to the North American dealership joint venture TBC.

5.1.4 f) Investments in equity-accounted companies

Excluding translation adjustments, **investments in equity-accounted companies** declined by €46 million over the year to €1,102 million. The decrease mainly reflected the disposal of the Group's 20% stake in German auto service center chain ATU.

(1) See note 4.1.1 to the consolidated financial statements.
(2) See note 4.1.2 to the consolidated financial statements.
(3) See note 4.2.1 to the consolidated financial statements.

5.1.4 g) Deferred tax

At December 31, 2022, the Group held a **net deferred tax asset** of €89 million, representing a year-on-year decline of €165 million (before the translation adjustment). The reduction was mostly attributable to the decrease in taxes recorded in other comprehensive income in respect of post-employment benefit obligations.[1]

5.1.4 h) Trade working capital

(in € millions)	December 31, 2022	December 31, 2021	Change	2022 (as a % of sales)	2021 (as a % of sales)
Inventories	6,318	5,115	+1,203	22.1%	21.5%
Trade receivables	4,205	3,576	+629	14.7%	15.0%
Trade payables	(3,416)	(3,174)	-242	(11.9)%	(13.3)%
Trade payables under reverse factoring agreements	(595)	(613)	+18	(2.1)%	(2.6)%
TRADE WORKING CAPITAL	**6,512**	**4,904**	**+1,608**	**22.8%**	**20.6%**

Trade working capital requirement rose by €1,608 million in a time of high inflation.

At €6,318 million, **inventories** represented 22.1% of sales at year-end. The €1,203 million year-on-year increase was led by the following factors:

- the €132 million unfavorable currency effect;
- a €1,071 million increase in inventories, due to the sharp run-up in the price of raw materials, energy, transportation and other production inputs. In volume terms, finished product inventories declined over the year reflecting efficient management and the structural initiatives undertaken in 2022 in an exceptionally inflationary environment.

Trade receivables stood at €4,205 million or 14.7% of sales, a year-on-year increase of €629 million, of which €52 million in translation adjustments. As a percentage of sales, they declined 0.3 points year-on-year, attesting to the Group's highly disciplined credit policies at a time of rising prices.

Trade payables, including those **covered by reverse factoring contracts**, ended the year at €4,011 million, or 14.0% of sales, down 1.9 points from December 31, 2021. The decline primarily stemmed from the reduction in purchased input volumes as from the middle of the third quarter.

5.1.4 i) Cash and cash equivalents

Cash and cash equivalents stood at €2,584 million, down €1,873 million year-on-year excluding translation adjustments, as a result of the following main factors:

- decreases from:
  - the negative €180 million in free cash flow,
  - the €951 million reduction in debt during the year, mainly due to the redemption of the €523 million convertible bond maturing in January 2022, as well as the redemption of the bond maturing in May 2022, redeemed early in March 2022, for €300 million;
  - the payment of €809 million in dividends and other distributions;
- increases from:
  - €66 million in various favorable items.

(1) Note 18.1 to the consolidated financial statements.

5.1.4 j) Total equity

Including the positive €386 million in translation adjustments, **total equity** rose by €2,145 million over the year to represent €17,116 million at December 31, 2021.

The €1,759 million increase excluding translation adjustments was primarily due to the following factors:

- the €2,589 million increase in comprehensive income for the year, including:
  - €2,009 million in net income,
  - the €672 million favorable impact from post-employment benefit obligations,
  - the €132 million unfavorable impact from taxes payable on post-employment benefit obligations,
  - €40 million in other favorable items;
- the €809 million impact from dividend and other payments;
- the €20 million favorable impact from service costs on performance share plans;
- the buyback of existing Company shares, in an amount of €120 million, to offset the new shares issued under performance share plans, as well as shares issued at a preferential price under employee share ownership plans;
- €79 million arising from other factors, most of which (€76 million) came from the issue of new shares as part of the 2022 employee share ownership plan.

At December 31, 2022, the **share capital** of Compagnie Générale des Établissements Michelin stood at €357,058,707, comprising 714,117,414 shares outstanding corresponding to 978,544,459 voting rights[1].

5.1.4 k) Net debt

Net debt stood at €4,320 million at December 31, 2022, up €1,531 million from December 31, 2021, mainly as a result of the following factors:

- the negative €180 million in free cash flow;
- €809 million in distributions, of which €803 million in dividends;
- €120 million in share buybacks, as mentioned in section 1.4.10;
- €76 million in proceeds from the 2022 employee share ownership plan;
- a €198 million increase from the recognition of new leases;
- a €193 million increase from the full consolidation of RLU and other changes in the scope of consolidation[2];
- a €77 million increase from translation adjustments.

CHANGES IN NET DEBT

(in € millions)	December 31, 2022	December 31, 2021
At January 1	**2,789**	**3,531**
Free cash flow[1] before M&A	+67	-1,460
Investments in new ventures	+76	+107
Financing of joint ventures and associates	+37	-4
Free cash flow[1]	**+180**	**-1,357**
Distributions and other	+809	+415
Share buybacks	+120	-
Employee share issue – Bib'Action	-76	-
New leases	+198	+167
Changes in scope of consolidation	+193	+17
Translation adjustments	+77	+83
Other	+30	-67
AT DECEMBER 31	**+4,320**	**+2,789**
CHANGE	**+1,531**	**-742**

(1) See definition in section 1.5.3.

Gearing

Gearing rose to 25.2% at December 31, 2022 from 18.6% at year-end 2021, primarily due to the year-on-year increase in net debt, as equity also rose, led by the growth in comprehensive income for the year.

(1) Shares and voting rights outstanding restated to reflect the four-for-one stock split on June 16, 2022.
(2) See note 4.1.1 to the consolidated financial statements.

Credit ratings

The solicited corporate credit ratings of Compagnie Générale des Établissements Michelin (CGEM), Compagnie Financière Michelin SA and CFM Suisse SA are as follows:

		CGEM	Compagnie Financière Michelin SA	CFM Suisse
Short term	Standard & Poor`s	A-2	A-2	A-2
	Fitch Ratings	F2	F2	F2
Long term	Standard & Poor`s	A-	A-	A-
	Fitch Ratings	A-	A-	A-
Outlook	Standard & Poor`s	Stable	Stable	Stable
	Fitch Ratings	Stable	Stable	Stable

Moody's, whose rating has not been solicited since July 1, 2020, nevertheless affirmed CGEM's "A3" long-term credit rating and "stable" outlook on March 19, 2022.

5.1.4 l) Provisions

Provisions and other non-current liabilities declined by €64 million over the year, to €695 million from €759 million at December 31, 2021. Excluding the positive €11 million in translation adjustments, the decrease amounted to €75 million, stemming from (i) payments out of restructuring provisions set aside in prior years, partially offset by new provisions written as part of restructuring plans, in particular the French simplification and competitiveness plan announced on January 6, 2021; and (ii) the reclassification of certain short-term provisions as current liabilities.

5.1.4 m) Employee benefit obligations

CHANGE IN THE FAIR VALUE OF THE NET DEFINED BENEFIT OBLIGATION

(in € millions)	Pension plans	Other plans	2022	2021
At January 1	**1,256**	**1,774**	**3,030**	**3,489**
Contributions paid to the funds	(13)	(6)	(19)	(19)
Benefits paid directly to the beneficiaries	(38)	(64)	(102)	(119)
Other movements	-	2	2	(3)
ITEMS RECOGNIZED IN OPERATING INCOME				
Current service cost	32	75	107	111
Actuarial (gains) or losses recognized on other long-term benefit plans	-	(8)	(8)	(8)
Effect of plan amendments, curtailments or settlements	(61)	(55)	(116)	(170)
Other items	9	-	9	7
ITEMS RECOGNIZED OUTSIDE OPERATING INCOME				
Net interest on employee benefit obligations	9	30	39	41
ITEMS RECOGNIZED IN OTHER COMPREHENSIVE INCOME				
Translation adjustments	21	39	60	52
Actuarial (gains) or losses	(189)	(456)	(655)	(389)
Unrecognized assets due to the effect of the asset ceiling	(21)	4	(17)	38
AT DECEMBER 31	**1,005**	**1,325**	**2,330**	**3,030**

The net defined benefit obligation recognized at December 31, 2022 stood at €2,330 million, a year-on-year decrease of €700 million as reported and of €760 million excluding the positive €60 million translation adjustment (stemming primarily from the increase in the US dollar against the euro).

The decline in the net defined benefit obligation reflected the following main factors:

- the total €121 million in contributions and benefits paid in 2022 (2021: €138 million), of which:
  - €19 million in contributions paid to fund management institutions (2021: €19 million),
  - €102 million in benefits paid directly to employees (2021: €119 million);
- a €107 million expense recognized in operating income in 2022 (2021: €111 million) that primarily resulted from the cost of defined benefit plans;
- a €116 million gain recognized in operating income (2021: €170 million), of which €118 million stemming from the French simplification and competitiveness plan announced on January 6, 2021;
- the €39 million in net interest expense on the net defined benefit obligation, recognized outside of operating income (2021: €41 million);
- the €655 million in actuarial gains recorded in 2022 (2021: actuarial gains of €389 million), which corresponded to:
  - €2,608 million in actuarial gains on defined benefit obligations, resulting mainly from increases in discount rates,
  - €1,953 million in actuarial losses on plan assets, due to the fact that the actual rate of return on plan assets was lower than the discount rate.

In addition, contributions paid by the Group to defined contribution plans amounted to €253 million in 2022, up €35 million on 2021.

5.1.5 CONSOLIDATED CASH FLOW STATEMENT REVIEW

5.1.5 a) Cash flow from operating activities

(in € millions)	2022	2021	Change
Segment EBITDA	**5,262**	**4,700**	**+562**
Change in net inventories	-1,055	-1,106	+51
Change in net trade receivables	-746	-370	-376
Change in net trade payables	+9	+647	-638
Restructuring cash costs	-181	-214	+33
Other changes in provisions	-53	+13	-66
Tax and interest paid	-1,020	-769	-251
Other	-285	+5	-290
NET CASH FROM OPERATING ACTIVITIES	**1,931**	**2,906**	**-975**

At €5,262 million, or 18.4% of sales, segment **EBITDA** was up €562 million compared with 2021 (at 19.8% of sales), reflecting the €430 million increase in segment operating income over the year.

Net cash from operating activities declined by €975 million to €1,931 million for the year, as the €562 million increase in EBITDA was more than offset by:

- a €963 million decrease from the rise in trade working capital, which was lifted by the major impact of inflation on inventory value and of price increases on trade receivables;
- a €251 million decrease from the higher tax and interest paid;
- an aggregate €290 million decrease from other factors.

Restructuring-related outlays declined by €33 million over the year.

5.1.5 b) Capital expenditure

(in € millions)	2022	2021	2022/2021	2022 (as a % of sales)	2021 (as a % of sales)
Additions to intangible assets and PP&E	**2,141**	**1,705**	**+436**	**7.5%**	**7.2%**
Investment grants received and change in capital expenditure payables	(100)	(226)	+126	(0.3)%	(0.9)%
Proceeds from sales of intangible assets and PP&E	(33)	(38)	+5	(0.1)%	(0.2)%
NET ADDITIONS TO INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	**2,008**	**1,441**	**+567**	**7.1%**	**6.1%**

Additions to intangible assets and property, plant and equipment amounted to €2,141 million in 2022, compared with €1,705 million in 2021.

Capital expenditure committed during the year was in line with the Group's announced objective of implementing a portion of the capital programs that could not be carried out in 2020 and 2021, first due to the Covid-19 crisis and then to supply chain disruptions and shortages of components and spare parts.

By Business Line, the main capital projects completed during the year or still underway as part of competitiveness, product line renewal and growth investment programs are as follows:

Automotive tires:

- in Mexico;

Road transportation tires:

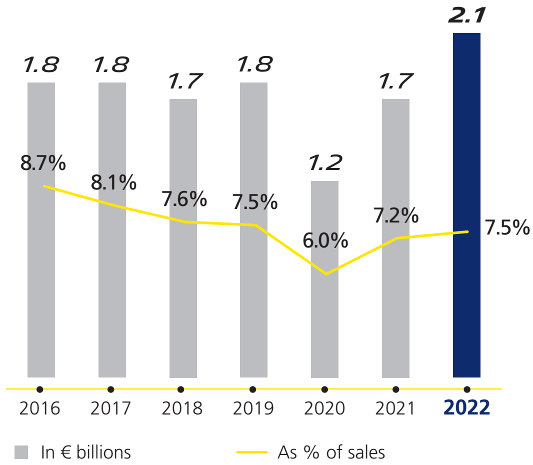
- in Romania;

Specialty products:

- Mining tires;
- Beyond-road tires (Agricultural, Construction, Materials Handling);
- Two-wheel tires.

All these capital projects were supported by the commitments presented below.

CAPITAL EXPENDITURE
(in € billions)



"Investments grants received and change in capital expenditure payables" corresponds mainly to changes in capital expenditure payables.

5.1.5 c) Available cash flow and free cash flow

Available cash flow corresponds to cash flow from recurring operating activities, i.e., after routine capital expenditure but before competitiveness, growth and new-venture investments.

Free cash flow, which is stated before dividend payments and financing transactions, corresponds to net cash from operating activities less net cash used in investing activities, adjusted for net cash flows relating to cash management financial assets and borrowing collaterals.

To better reflect the economic reality of the Group's capital expenditure outlays, their presentation was changed in 2022 to distinguish between "routine capital expenditure" and "competitiveness and growth investments."

For comparison purposes, 2021 data have been restated according to the new presentation.

(in € millions)	2022	2021 (restated)	Exercice 2021 publié
Net cash from operating activities	1,931	2,906	2,906
Routine capital expenditure (maintenance, IT, dealerships, etc.)	(744)	(521)	(1,189)
AVAILABLE CASH FLOW	**1,187**	**2,385**	**1,717**
Competitiveness and growth investments	(1,202)	(1,049)	(381)
Investments in new ventures	(194)	(135)	(135)
Acquisitions	(76)	(107)	(107)
Other	105	263	263
FREE CASH FLOW	**(180)**	**1,357**	**1,357**

After subtracting €744 million in routine capital expenditure, available cash flow stood at €1,187 million for the year ended December 31,

Free cash flow was negative, at €180 million, after outlays of €1,202 million in competitiveness and growth investments and €135 million in investments in new ventures. The €76 million in acquisitions for the year chi includes the purchase of all outstanding shares of RLU, raising the stake to 100%,[1] and the acquisition of Conveyor Products & Solutions (CPS)[2] in Australia, less the proceeds from the sale of the Group's minority interest in the German auto service center chain ATU.

5.1.5 d) Structural free cash flow

To track its intrinsic performance, Michelin has set targets based on its structural free cash flow, which is defined as free cash flow before acquisitions and adjusted for the impact of movements in raw materials prices on trade receivables, trade payables and inventories.

With €378 million in structural free cash flow in 2022, the Group fell short of the guidance issued on October 25, 2022 targeting around €700 million for the year.

This was primarily attributable to timing differences caused by:

- a shift in customer payments initially scheduled for end-2022 to first-quarter 2023, due mainly to the more pronounced sales seasonality at year-end;
- a managed reduction in purchases starting in the final quarter to align inventory with changing demand, whose favorable impact on supplier payments will appear only in early 2023.

These temporary differences do not affect the Group's intrinsic ability to generate free cash flow.

(in € millions)	2022	2021
FREE CASH FLOW	**(180)**	**1,357**
Acquisitions	76	107
FREE CASH FLOW EXCLUDING ACQUISITIONS & DISPOSALS	**(104)**	**1,464**
Impact of raw materials costs on working capital	482	329
STRUCTURAL FREE CASH FLOW	**378**	**1,793**

5.1.6 RETURN ON CAPITAL EMPLOYED (ROCE)

The return on capital employed by the Group is measured by dividing net operating profit after tax (NOPAT) by the average economic assets employed during the year.

For the NOPAT calculation, amortization of acquired intangible assets and Group's share of profit/(loss) from equity-accounted companies are added to the segment operating income.

For 2022, the theoretical tax liability was calculated at a standard rate of 25%, the same as in 2020 and 2021, which corresponds to the Group's normal average effective tax rate.

Non-euro currencies are translated at year-end rates for balance sheet items and average rates for income statement items.

If ROCE is greater than weighted average cost of capital (WACC) for the year, then the Group has created value during the period.

Based on a theoretical balance between equity and debt, depending on the financed assets, the Group's weighted average cost of capital (WACC) was estimated at 9%, which is in line with external benchmarks. The rates used are determined (i) for equity capital, based on the yield on Michelin shares expected by the stock markets; and (ii) for debt capital, on the market risk-free rate plus the risk premium applied to Michelin by the markets, as adjusted for the tax effect.

(1) See note 4.1.1 to the consolidated financial statements.
(2) See note 4.1.2 to the consolidated financial statements.

(in € millions)	2022	2021
Segment operating income restated for ROCE calculation	3,258	2,819
Average standard income tax rate used for ROCE calculation	25%	25%
Segment operating income after tax (NOPAT)	**2,444**	**2,114**
Economic assets at December 31	24,087	21,201
Average economic assets	**22,621**	**20,496**
Consolidated ROCE	**10.8%**	**10.3%**

5.1.7 TREND INFORMATION

Outlook

In 2023, in a context of strong economic uncertainties, tires markets should remain globally stable compared to 2022 on the three business segments (Passenger car and Light truck, Truck, Specialty).

In this environment, the Group expects an evolution of its volumes sold between -4% and 0% compared to 2022.

The Group also anticipates a significantly negative impact of inflation (raw materials, transportation, energy, labor) on its 2023 results. Further enhancement of its mix and disciplined implementation of its pricing policy are nevertheless expected to have a positive impact on the Group's results and offset the increase in cost inflation factors.

Based on this scenario, Michelin's objectives are to deliver full-year segment operating income in excess of €3.2 billion at constant exchange rates and a free cash flow before M&A of more than €1.6 billion.

This outlook has been established and prepared on a basis comparable to historical financial information and in accordance with the accounting methods described following this chapter.

Recent events

No material events occurred between the reporting date and the date when the consolidated financial statements were approved for publication by the Managing Chairman.

5.1.8 HIGHLIGHTS

January 7, 2022 – [With tires] – Michelin launches the new MICHELIN Road 6/Road 6 GT motorcycle tire. Leveraging the latest technologies developed by Michelin's R&D, the new tire differentiates in both wet grip and tire life improvement.

January 13, 2022 – [Beyond tires] – Michelin is continuing to develop WISAMO, the prototype wing sail system designed to help decarbonize maritime shipping. The innovative solution will be fitted on a Compagnie Maritime Nantaise – MN ro-ro container ship, which in late 2022 will begin operating two weekly rotations between Spain and the United Kingdom with a WISAMO wing sail.

January 28, 2022 – [With tires] – Michelin introduces two new summer tires, the MICHELIN Pilot Sport 5 and the MICHELIN Primacy 4+. With their long-lasting performance, they can be used for more kilometers, thereby helping to reduce mobility's environmental impact.

February 3, 2022 – [With tires] – Michelin launches the new MICHELIN City Extra commuter tire, with fitments available for scooters, step-throughs and small motorcycles. By offering a larger range of sizes, Michelin aims to broaden its global market coverage.

February 22, 2022 – [Beyond tires] – Michelin, Air France's exclusive tire supplier for the next ten years, has been selected, via its Michelin Editions subsidiary, to produce travel-related content for the airline's new "EnVols" media platform.

February 23, 2022 – [With tires] – Michelin redesigns its MICHELIN EVOBIB tire to optimize longevity, reduce soil compaction and improve fuel economy. With this new addition, Michelin now has a complete range of solutions for powerful tractors.

March 2022 – [Beyond tires] – Michelin is participating with French National Railways (SNCF), Milla Group and the Railenium Technology Research Institute in a project to develop a fully electric shuttle. Known as Flexy, the hybrid concept will be able to run on roads and rails, with the goal of revitalizing smaller transit lines in France.

March 7, 2022 – [With tires] – Michelin is chosen by Ferrari as an official tire supplier for its new 296 GTB. The new fittings are the product of Michelin's innovation capabilities and co-design work by Michelin and Ferrari teams.

March 10, 2022 – [With tires] – Michelin introduces its new MICHELIN STARCROSS 6 tire, the first MICHELIN motocross tire to use MICHELIN Silica Technology for superior long-lasting performance.

March 15, 2022 – [Group] – The Michelin Group suspends its industrial operations in Russia as well as its exports to the country. Michelin is dedicated to helping address the humanitarian needs of the people impacted by the conflict, both in Ukraine and abroad. Through the Michelin Corporate Foundation and its facilities in Central Europe, the Group has donated funding to support local humanitarian organizations, as well as initiatives undertaken by the Red Cross and the Red Crescent.

March 21, 2022 – [With tires] – At a time when soft mobility is becoming increasingly popular with consumers, Michelin is launching the new MICHELIN Power Cup premium road bicycle tire range, designed for racers and optimized for highly demanding cyclists.

March 22, 2022 – [Beyond tires] – Michelin presents the 2022 restaurant selection of the MICHELIN Guide France and, demonstrating its strategic focus on the "All Sustainable" commitment, celebrates the environmentally responsible engagement of 87 chefs by awarding them a Green Star.

April 12, 2022 – [Beyond tires] – The California Energy Commission (CEC) has selected Symbio, Faurecia and Michelin, along with other industry partners, to develop and demonstrate a hydrogen-fueled, regional-haul Class 8 truck, as leading contributors to a state-supported, zero-emission hydrogen mobility project.

April 29, 2022 – [With tires] – Michelin launches the new all-season MICHELIN CrossClimate2 SUV tire. Delivering outstanding performance up to the legal wear limit, the new tire is a further demonstration of the Group's "All-Sustainable" commitment.

May 13, 2022 – [Group] – Nearly 800 people attend the Annual Meeting of Michelin shareholders, held in Clermont-Ferrand, France under the chairmanship of Florent Menegaux, Managing Chairman.

May 24, 2022 – [Beyond tires] – Fenner Conveyors acquires Conveyor Products & Solutions, a global leader in innovative design, engineering and Australian-based manufacturing of high-quality conveyor rollers, idlers and pulleys.

May 25, 2022 – [Group] – Michelin will support UNICEF in its road safety programs for children in Southeast Asia and China.

June 3, 2022 – [With tires] – Michelin unveils the MICHELIN Pilot Sport CUP2 R tire, custom-made to fit the new Mercedes-AMG ONE hypercar.

June 7, 2022 – [Beyond tires] – Symbio, the Group's hydrogen power joint venture with Faurecia, and Schaeffler Group agree to form Innoplate, a joint venture that will boost production of bipolar plates (BPP), a strategic component in fuel cells.

June 7, 2022 – [Group] – The cornerstone is officially laid for the Cleantech Innovation Park, a project to revitalize the Bamberg facility in Bavaria, Germany.

June 8, 2022 – [Group] – Michelin breaks ground on the future Parc Cataroux in Clermont-Ferrand. Scheduled for completion in late 2026, the highly ambitious project involves transforming spaces in the century-old Cataroux facility, the emblem of Michelin's history and culture of innovation.

June 13, 2022 – [With tires] – At the 24 Hours of Le Mans, Michelin unveils a tire containing 53% sustainable materials, demonstrating its full potential on the Mission H24 hydrogen fuel-cell prototype and the new fully electric Porsche 718 Cayman GT4 ePerformance.

June 16, 2022 – [Group] – Michelin carries out a four-for-one stock split The four-for-one split makes the stock more accessible to retail investors and employees, thereby supporting the Group's commitment to effectively sharing its created value.

June 20, 2022 – [Group] – The Michelin Group, which previously owned 49% of Royal Lestari Utama (RLU), has purchased the remaining 51% of the joint venture created with Barito Pacific Group. In this way, Michelin has reasserted its objectives and its commitment to producing sustainable natural rubber in Indonesia and to improving the living conditions of local communities.

June 21, 2022 – [Beyond tires] – Michelin unveils the first curated selection in the MICHELIN Guide Dubai, after presenting three other first-time selections for Florida, Estonia and Nara Prefecture in Japan.

June 23, 2022 – [Beyond tires] – Michelin launches AirProne, a line of air cushions designed for the treatment of intensive care patients, an innovative technology jointly developed with the Amiens University Hospital and trialed in nine French hospitals.

June 28, 2022 – [Group] – Michelin announces its intention to transfer all its Russian activities to local management by the end of 2022 and is working to provide the most favorable framework possible for its employees. Completion of the project would lead to the removal of the related assets from the Group's scope of consolidation, but would not have any impact on the Group's financial guidance.

June 28, 2022 – [Around tires] – Group subsidiary Watèa is awarded the 2022 Clean Transport Sustainable Industry Award by French magazine Usine Nouvelle, in recognition of its comprehensive electric mobility solution for business fleets.

June 30, 2022 – [Group] – Michelin is recognized as a Clarivate™ Top 100 Global Innovator 2022. With a budget of €682 million in 2021 and a key role in the all-sustainable "Michelin in Motion" strategy, innovation is a core focus of every aspect of the Group's business.

June 30, 2022 – [Group] – Michelin announces its renewed support for the United Nations Road Safety Fund (UNRSF), to help meet the Global Plan's goal of reducing the number of road traffic deaths and injuries by at least 50% by 2030.

July 5, 2022 – [Beyond tires] – Launch of the Michelin-coordinated WhiteCycle project to encourage the recycling of plastic waste.

July 5, 2022 – [Group] – Michelin receives the Value Sharing Grand Prize at the Annual Meeting and Gender Equality Awards ceremony organized by the Responsible Capitalism Institute (ICR).

July 11, 2022 – [Around tires] – Michelin acquires RoadBotics, a US-based start-up specialized in road infrastructure computer vision. The acquisition offers a further illustration of Michelin's ambitions around tires, in particular in the field of mobility intelligence.

July 13, 2022 – [Beyond tires] – Symbio, the Group's hydrogen power joint venture with Faurecia, celebrates the rapid progress being made on the construction of its Gigafactory in Saint-Fons, near Lyon. Mass production is scheduled to start in mid-2023 with an initial capacity of 15,000 fuel cell systems, followed by gradual ramp-up to 50,000 systems a year. In particular, Symbio will supply fuel cell systems for Stellantis light commercial vehicles.

July 15, 2022 – [Beyond tires] – Symbio, the Group's hydrogen power joint venture with Faurecia, is one of the companies involved in the European Commission's "IPCEI Hy2Tech" program, which will provide up to €5.4 billion in state aid support from 15 member states to accelerate the development of a European hydrogen value chain.

August/October 2022 – [Beyond tires] – The MICHELIN Guide is enhanced with new curated selections making their debut in Tainan and Kaohsiung (Taiwan), Toronto (Canada) and Istanbul (Turkey).

September 12, 2022 – [Group] – Capital reduction: following the cancellation of 4,326,536 treasury shares, representing 0.61% of total shares outstanding, the Company's issued share capital consists of 709,795,312 shares. The cancellation was in line with the Group's commitment to offsetting dilution from new shares issued or vesting under employee share ownership plans and performance share plans.

September 14 to 29, 2022 – [Group] – Strong take-up for the new "BIB'Action 2022" employee share ownership plan. Open to more than 120,000 employees in 47 countries, the new plan, which offers more attractive terms, illustrates Michelin's determination to have its employees collectively rank among its main shareholders. With half of all employees participating in the plan, including 30% who became new shareholders, take-up was high, demonstrating the confidence and commitment of everyone in the corporate community.

October 5, 2022 – [With tires] – In a world first, Michelin unveils two new tires, one for cars and the other for buses, approved for road use and containing 45% and 58% sustainable materials respectively. The Group has once again demonstrated its technological leadership in materials, and intends to bring the innovation to market by 2025.

October 5, 2022 – [Group] – Michelin presents the changes in tire markets and the transformation of its facilities at the 2022 Media Day. Michelin also reviewed both the major transformations underway in its production facilities to respond to emerging environmental, technological and human challenges and its core objectives for the years ahead: reaching net zero carbon emissions by 2050 while striving to cut these emissions in half between 2010 and 2030; catalyzing business performance with digitalization, leveraging artificial intelligence, and increasing employee empowerment.

October 6, 2022 – [Beyond tires] – Symbio, the Group's hydrogen joint-venture with Faurecia, announces the start-up of its Innoplate joint-venture with Schaeffler, which will produce fuel cell bipolar plates to support global mobility and energy solutions. Located in Haguenau, in France's Alsace region, the Innoplate plant will begin production in early 2024.

October 6, 2022 – [Beyond tires] – Symbio, the Group's hydrogen joint-venture with Faurecia, unveils the global scale of its game-changing HyMotive project, which is accelerating its roadmap towards leadership in the global fuel cell market. HyMotive has been selected as a Hy2Tech hydrogen IPCEI (Important Project of Common European Interest), with the support of the France Relance/France 2030 program. It will enable Symbio to fast-forward its process engineering and disruptive innovation capabilities, while increasing total production capacity in France to 100,000 systems a year by 2028 and creating 1,000 jobs. The Saint-Fons gigafactory will begin production in late 2023.

October 27, 2022 – [Beyond tires] – AirCaptif, a Michelin start-up specializing in inflatable structures, unveils a revolutionary device, developed in partnership with Dassault Aviation, to facilitate the certification trials for the Falcon 6x aircraft range. The company announces that the new technology will be produced at Michelin's facility in Bourges Saint-Doulchard. Starting in 2023, it plans to double its output from the plant and hire new talent.

November 2022 – [People] – The Michelin Group formalizes its human rights policy, with a particular concern for respecting every individual and preserving his or her well-being, in accordance with the Group's founding values. This policy is aligned both with the duty of care that Michelin owes to all its stakeholders and with its commitment to complying with international law.

November 2022 – [People] – The Group formalizes the Michelin One Care Program, which embeds all the Group's advances in providing a universal social protection floor, for a deployment within January 1st 2025. The program incarnates the Company's dedication to supporting all its employees around the world at important moments in their lives with a package of fundamental benefits

November 2, 2022 – [Beyond tires] – Solesis, the Group's medical joint venture with Altaris, announces the acquisition of Polyzen, a leader in polymer-based film and coating technologies in the medical device and biopharmaceutical industries. This acquisition will expand Solesis' design and production capabilities and broaden its service offerings to customers.

November 16, 2022 – [Planet] – At the Smithers Recovered Carbon Black Conference, Michelin and Bridgestone present the results of their common work on rCB in the tire industry, including an initial version of proposed rCB grade definitions and specifications, defined with the rCB community, and a set of draft worldwide standards. Using rCB in tires will play a critical role in meeting the objective of supplying products made entirely from sustainable materials by 2050

November 16, 2022 – [Beyond Tires] – In 2022, the Robert Parker Wine Advocate experts select a total of 16 inspiring wineries for their sustainable approach to winemaking, joining the 24 already recognized in the inaugural 2021 list.

December 2022 – [Planet] – As part of the Group's ambition to achieve net zero emissions in all its direct and indirect activities by 2050, SBTi validates that commitments announced in 2021 are aligned with the "well below 2°C" trajectory. Beyond this step, Michelin is continuing to seek levers to set a course compatible with keeping global warming below 1.5°C.

December 23, 2022 – [Group] – Michelin, Faurecia and Stellantis announce exclusive negotiations for Stellantis to acquire a substantial stake in Symbio, a leader in zero-emission hydrogen mobility, to become a significant partner alongside existing shareholders Faurecia and Michelin.

January 10, 2023 – [With tires] – Michelin UPTIS, the prototype puncture-proof tire, will be fitted on nearly 50 DHL delivery vehicles in Singapore by end-2023. Based on internal research, Michelin projects that UPTIS airless technology could prevent the premature scrapping of up to 200 million tires a year worldwide. Airless technology is the key to Michelin's vision of a fully sustainable tire by 2050.

February 2, 2023 – [Beyond tires] – CDI Energy Products, which is part of the High-Tech Materials Division and an industry leader in the custom manufacturing of high-performance polymer products, announced the acquisition of EGC Enterprises, Inc. a leading manufacturer of graphite-based sealing products located in Ohio and North Carolina. The acquisition reflects the deployment of the Group's "Beyond tires" growth strategy.

5.1.9 MATERIAL CONTRACTS

There are no material contracts other than those conducted in the ordinary course of the business.

5.1.10 INFORMATION CONCERNING PAYMENT TERMS

	Article D. 441-I-2°: invoices issued and past due at December 31, 2022					
Trade receivables	**0 day**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**More than 90 days**	**Total**
(A) Breakdown of past due payments:						
Number of invoices		-				-
Total amount of invoices (including tax)		-				-
Percentage of total sales for the period (including tax)		0.00%				0.00%
(B) Invoices excluded from (A) relating to disputed or unrecognized payables and receivables						-
Number of invoices excluded						-
Total amount of invoices excluded						-
(C) Reference payment terms used (contractual or statutory pursuant to Article L. 441-6 or L. 443-1 of the French Commercial Code)						30
Reference payment terms used to calculate past due payments		Contractual terms agreed at initial recognition of the trade receivable				30

	Article D. 441-I-1°: invoices received and past due at December 31, 2022					
Trade payables	**0 day**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**More than 90 days**	**Total**
(A) Breakdown of past due payments:						
Number of invoices		204	184	55	182	625
Total amount of invoices (including tax)		373,206	612,438	88,815	459,282	1,533,741
Percentage of total purchases for the period (including tax)		0.06%	0.09%	0.01%	0.07%	0.23%
(B) Invoices excluded from (A) relating to disputed or unrecognized payables and receivables						
Number of invoices excluded						-
TOTAL AMOUNT OF INVOICES EXCLUDED (INCLUDING TAX)						**-**

5.1.11 SIGNIFICANT CHANGE IN FINANCIAL OR TRADING POSITION

There were no significant changes in the Company's financial or trading position between February 17, 2023 (date of the Statutory Auditor's report) and the date on which this Universal Registration Document was filed with the *Autorité des marchés financiers.*

5.1.12 INFORMATION DISCLOSED IN COMPLIANCE WITH ARTICLES L. 225-102-1 AND R. 225-105-1 OF THE FRENCH COMMERCIAL CODE

The 2022 employee, societal and environmental information disclosed in compliance with Article 225-102-1 of the French Commercial Code, as well as the Statutory Auditors' report, may be found in the section 4, "Non-financial performance".

5.1.13 DISCLOSURE PURSUANT TO FRANCE'S DUTY OF CARE ACT APPLICABLE TO PARENT COMPANIES AND SUBCONTRACTING COMPANIES

The 2022 Duty of Care plan, which outlines the risks and preventive measures that the Group and its main subcontractors face in relation to the environment, public health and safety and human rights, pursuant to the French Duty of Care Act (No 2017-399) of March 27, 2017, is presented in section 4 "Non-financial performance".

5.1.14 FIVE-YEAR SUMMARY OF CONSOLIDATED KEY FIGURES AND RATIOS

(in € millions)	2022	2021	2020	2019	2018
Sales	28,590	23,795	20,469	24,135	22,028
% change	+20.2%	+16.3%	-15.2%	+9.6%	+0.3%
Total employee benefit costs	6,950	6,445	5,996	6,365	6,038
As a % of sales	24.3%	27.1%	29.3%	26.4%	27.4%
Number of full-time equivalent employees at period-end	124,900	118,400	117,500	121,300	111,100
Research and development expenses	698	682	646	687	648
As a % of sales	2.4%	2.9%	3.2%	2.8%	2.9%
Segment EBITDA(1)	**5,262**	**4,700**	**3,631**	**4,763**	**4,119**
Segment operating income	3,396	2,966	1,878	3,009	2,775
Segment operating margin	11.9%	12.5%	9.2%	12.5%	12.6%
Operating income	3,021	2,777	1,403	2,691	2,550
Operating margin	10.6%	11.7%	6.9%	11.1%	11.6%
Cost of net debt	239	192	242	330	200
Other financial income and expenses	(22)	(4)	(14)	(5)	16
Income before taxes	2,656	2,471	979	2,236	2,230
Income tax	647	626	354	506	570
Effective tax rate	24.4%	25.3%	36.2%	22.6%	25.6%
Net income	2,009	1,845	625	1,730	1,660
As a % of sales	7.0%	7.8%	3.1%	7.2%	7.5%
Dividends	803	410	357	666	637
Net cash from operating activities	**1,931**	**2,906**	**3,366**	**3,321**	**2,831**
as a % of sales	6.8%	12.2%	16.4%	13.8%	12.9%
Gross purchases of intangible assets and PP&E	2,141	1,705	1,221	1,801	1,669
As a % of sales	7.5%	7.2%	6.0%	7.5%	7.6%
Net debt(2)	4,320	2,789	3,531	5,184	4,056
Total equity	17,116	14,971	12,631	13,229	12,181
Gearing(2)	25.2%	18.6%	28.0%	39.2%	33.0%
Net debt(2)/segment EBITDA(1)	0.82	0.59	0.97	1.09	0.98
Segment operating income/net interest expense(3)	11.5	13.7	7.9	10.1	13.3
Free cash flow(4)	(180)	1,357	2,004	1,142	-1,985
ROE(5)	12.5%	13.4%	4.8%	13.6%	14.2%
Operating ROCE(6)	10.8%	10.3%	6.0%	10.0%	-
PER-SHARE DATA* *(in €)*					
Net assets per share(7)	24.0	20.9	17.7	18.5	17.0
Basic earnings per share	2.81	2.58	0.88	2.42	2.33
Diluted earnings per share	2.79	2.56	3.51	9.66	9.25
Price-earnings ratio(8)	9.3	14.0	29.8	11.3	9.3
Dividend for the year(9)	1.25	1.125	0.575	0.50	0.925
Payout ratio(10)	44%	44%	65%	21%	40%
Yield(11)	4.8%	3.1%	2.2%	1.8%	4.3%

(1) As defined in note 3.7.2 to the consolidated financial statements.
(2) Net debt: financial liabilities less cash and cash equivalents (excluding cash flows from cash management assets and borrowing collaterals) plus/less derivative assets, as defined in note 26 to the consolidated financial statements.
(3) Net interest expense: interest financing expenses - interest income from cash and equivalents.
(4) Free cash flow: net cash from operating activities less net cash used in investing activities (adjusted for net cash flows relating to cash management financial assets and borrowing collaterals), as defined in section 1.5.3.
(5) ROE: as from 2022, return on equity is defined as net income divided by average equity for the year (calculated as the average of year-end equity and prior year-end equity) instead of net income divided by equity at December 31. The 2018 to 2021 figures have been restated for comparison purposes.
(6) Operating ROCE: based on the method in use since 2021 as explained in section 1.6. Full-year 2019 and 2020 ROCE has been remeasured using this method.
(7) Net assets per share: net assets/number of shares outstanding at the end of the period.
(8) P/E: Share price at the end of the period/basic earnings per share.
(9) Subject to approval by the Annual Meeting of May 12, 2023.
(10) Payout ratio: Dividend/net income excluding non-recurring items (adjusted with respect to the nominal tax rate).
(11) Yield: dividend per share/share price at December 31.
** The 2018 to 2021 per-share data have been restated to reflect the four-for-one stock split on June 16, 2022.*

5.2 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

DETAILED SUMMARY OF THE NOTES TO THE FINANCIAL STATEMENTS

5.2.1 CONSOLIDATED STATEMENT – YEAR ENDED DECEMBER 31, 2022

CONSOLIDATED INCOME STATEMENT

(in € millions, except per-share data)	Note	2022	2021
Sales	5	28,590	23,795
Cost of sales		(21,052)	(16,810)
Gross income		**7,538**	**6,985**
Sales and marketing expenses		(1,174)	(1,133)
Research and development expenses		(698)	(682)
General and administrative expenses		(2,244)	(2,137)
Segment other income and expenses	8	(26)	(67)
Segment operating income	**5**	**3,396**	**2,966**
Other operating income and expenses	9	(375)	(189)
Operating income		**3,021**	**2,777**
Cost of net debt	10	(239)	(192)
Other financial income and expenses	10	(22)	(4)
Net interest on employee benefit obligations	27.1	(45)	(41)
Share of profit/(loss) from equity-accounted companies	17	(59)	(69)
Income before taxes		**2,656**	**2,471**
Income tax	11	(647)	(626)
NET INCOME		**2,009**	**1,845**
Attributable to the shareholders of the Company		2,001	1,844
Attributable to the non-controlling interests		8	1
EARNINGS PER SHARE *(in €)*(1)	**12**		
Basic		2.81	2.58
Diluted		2.79	2.56

(1) Data for 2021 earnings per share have been restated to reflect the four-for-one stock split on June 16, 2022.

Notes 1 to 37 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € millions)	Note	2022	2021
Net income		**2,009**	**1,845**
Post-employment benefits	27.1	672	351
Tax effect – Post-employment benefits	18	(132)	(83)
Equity instruments at fair value through OCI – changes in fair value	15.1	57	31
Tax effect – equity instruments at fair value through OCI	18	(10)	(7)
Other		4	-
Other comprehensive income that will not be reclassified to the income statement		***591***	***292***
Cash flow hedges – changes in fair value		(10)	(10)
Currency translation differences		386	616
Other		(1)	(9)
Other comprehensive income that may be reclassified to the income statement		***375***	***597***
Other comprehensive income		**966**	**889**
TOTAL COMPREHENSIVE INCOME		**2,975**	**2,734**
Attributable to the shareholders of the Company		2,968	2,734
Attributable to the non-controlling interests		7	-

Notes 1 to 37 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in € millions)	Note	December 31, 2022	December 31, 2021
Goodwill	13	2,430	2,286
Intangible assets	13	1,803	1,811
Property, plant and equipment (PP&E)	14.1	12,136	11,231
Right-of-use assets	14.2	1,010	1,034
Non-current financial assets and other non-current assets	15	1,161	1,404
Investments in equity-accounted companies	17	1,102	1,103
Deferred tax assets	18	630	751
Non-current assets		**20,272**	**19,620**
Inventories[1]	19	6,318	5,115
Trade receivables	20	4,205	3,576
Current financial assets	21	652	713
Other current assets	22	1,315	1,038
Cash and cash equivalents	23	2,584	4,482
Current assets		**15,074**	**14,924**
TOTAL ASSETS		**35,346**	**34,544**
Share capital	24	357	357
Share premiums	24	2,702	2,746
Reserves	25	14,051	11,871
Non-controlling interests		6	(3)
Total equity		**17,116**	**14,971**
Non-current financial liabilities	26	4,705	5,360
Non-current lease liabilities	26	690	731
Provisions for employee benefit obligations	27.1	2,561	3,362
Provisions and other non-current liabilities	29	695	759
Deferred tax liabilities	18	541	503
Non-current liabilities		**9,192**	**10,715**
Current financial liabilities	26	1,826	1,682
Current lease liabilities	26	233	229
Trade payables		3,416	3,174
Trade payables under reverse factoring agreements	3.26	595	613
Provisions and other current liabilities[1]	30	2,968	3,160
Current liabilities		**9,038**	**8,858**
TOTAL EQUITY AND LIABILITIES		**35,346**	**34,544**

(1) The figures at December 31, 2021 have been restated for comparison purposes (note 2.7).

Notes 1 to 37 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € millions)	Share capital *(note 24)*	Share premiums *(note 24)*	Reserves *(note 25)*	Non-controlling interests	Total equity
At January 1, 2021	**357**	**2,746**	**9,530**	**(2)**	**12,631**
Net income/(loss)	-	-	1,844	1	1,845
Other comprehensive income/(loss)	-	-	890	(1)	889
Total comprehensive income/(loss)	**-**	**-**	**2,734**	**-**	**2,734**
Issuance of shares	-	-	-	-	-
Share buybacks	-	-	(1)	-	(1)
Cancellation of shares	-	-	1	-	1
Dividends and other appropriations	-	-	(414)	(1)	(415)
Share-based payments – current service cost	-	-	21	-	21
Sales of treasury shares	-	-	-	-	-
Other	-	-	-	-	-
At December 31, 2021	**357**	**2,746**	**11,871**	**(3)**	**14,971**
Net income/(loss)	-	-	2,001	8	2,009
Other comprehensive income/(loss)	-	-	967	(1)	966
Total comprehensive income/(loss)	**-**	**-**	**2,968**	**7**	**2,975**
Issuance of shares	2	74	-	-	76
Share buybacks	-	-	(120)	-	(120)
Cancellation of shares	(2)	(118)	120	-	-
Dividends and other appropriations	-	-	(808)	(1)	(809)
Share-based payments – current service cost	-	-	20	-	20
Sales of treasury shares	-	-	-	-	-
Other	-	-	-	3	3
AT DECEMBER 31, 2022	**357**	**2,702**	**14,051**	**6**	**17,116**

Notes 1 to 37 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € millions)	Note	2022	2021
Net income		2,009	1,845
Adjustments			
• Cost of net debt	10	239	192
• Other financial income and expenses	10	22	4
• Net interest on employee benefit obligations	27.1	45	41
• Income tax	11	647	626
• Amortization and depreciation of intangible assets and PP&E	6	1,866	1,734
• Other operating income and expenses	9	375	189
• Share of profit from equity-accounted companies	17	59	69
Segment EBITDA	**3.7.2**	**5,262**	**4,700**
Other operating income and expenses (cash) and changes in provisions	31	(234)	(201)
Interest and other financial income and expenses received and paid, net	31	(323)	(207)
Income tax paid	18.2	(697)	(562)
Change in working capital, net of impairment	31	(2,077)	(824)
Net cash from operating activities		**1,931**	**2,906**
Purchases of intangible assets and PP&E	31	(2,041)	(1,479)
Proceeds from sales of intangible assets and PP&E		33	38
Equity investments in consolidated companies, net of cash acquired		(124)	(82)
Disposals of equity investments in consolidated companies, net of cash sold		65	(3)
Purchases of equity instruments at fair value		(18)	(25)
Disposals of equity instruments at fair value		-	3
Cash flows relating to other financial assets	31	140	(203)
Net cash from/(used in) investing activities		**(1,945)**	**(1,751)**
Proceeds from issuance of shares	24	76	-
Dividends paid to the shareholders of the Company	24	(803)	(410)
Cash flows relating to financial liabilities	31	(951)	(1,043)
Share buybacks	24	(120)	-
Other		(62)	20
Net cash from/(used in) financing activities		**(1,860)**	**(1,433)**
Effect of changes in exchange rates		**(24)**	**13**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(1,898)**	**(265)**
Cash and cash equivalents at January 1		4,482	4,747
Cash and cash equivalents at December 31	23	2,584	4,482

Notes 1 to 37 are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

Compagnie Générale des Établissements Michelin (CGEM or the "Company") and its subsidiaries (together "the Group") design, manufacture and market tires throughout the world. The Group also provides its customers with tire- and vehicle-related services and solutions, mobility experiences and expertise in high-tech materials.

The Company is a partnership limited by shares (*société en commandite par actions*) incorporated in Clermont-Ferrand (France).

The Company is listed on Euronext Paris (Eurolist Compartment A).

After a review by the Supervisory Board, these consolidated financial statements were authorized for issue by the Managing Chairman on February 10, 2023.

Except as otherwise stated, all amounts are presented in millions of euros (in € millions).

NOTE 2 BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements:

- have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union as of the reporting date and with a mandatory application to the period then ended;
- also comply with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB); and
- have been prepared using the historical cost convention, with the exception of unconsolidated equity investments and financial assets and liabilities (including derivatives), which are measured at fair value through profit and loss or other comprehensive income.

2.2 Accounting policies

The accounting policies applied in the preparation of the Group's consolidated financial statements are set out in note 3 "Accounting policies". Aside from the exceptions described in sections 2.3 and 2.7 below, these policies have been consistently applied to all the years presented.

2.3 New standards, amendments to existing standards and interpretations effective from January 1, 2022 in the European Union

The following amendments to IFRSs are effective from January 1, 2022; they have no material impact for the Group:

Amendment to IAS 16 – Property, Plant and Equipment – Proceeds Before Intended Use

This amendment prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the asset is being prepared for its intended use (for example, during the testing phase). Instead, the proceeds from selling such items must be recognized in profit or loss.

Amendment to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts, Cost of Fulfilling a Contract

The amendment specifies the costs to be taken into account when assessing whether a contract will be loss-making.

Amendment to IFRS 3 – Business Combinations – Updated Reference to the Conceptual Framework

This amendment updates a reference in IFRS 3 to the latest Conceptual Framework without changing the accounting requirements for business combinations.

Annual Improvements to IFRSs – 2018-2020 Cycle

Minor amendments have been made to IFRS 9, IAS 41, IFRS 16 and IFRS 1.

2.4 New standards, amendments to existing standards and interpretations that are not yet effective

The following new IFRS standards, amendments and interpretations which are not applicable at December 31, 2022 are not expected to have a material impact on the consolidated financial statements at their application date:

Amendment to IAS 1 – Disclosure of Accounting Policies

This amendment requires entities to disclose their accounting policy information only if it is material. Information about accounting policies applied to non-material transactions and events is itself non-material and is not required to be disclosed. This amendment to IAS 1 was adopted by the European Union on March 2, 2022 and will be effective for annual periods beginning on or after January 1, 2023.

Amendment to IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

The amendment published in January 2020 clarifies the principles to be applied to classify liabilities as current or non-current. In September 2021, the IASB proposed a new amendment to IAS 1 to clarify the classification of debt with covenants. These amendments would be effective at the earliest for annual periods beginning on or after January 1, 2024.

Amendment to IAS 8 – Definition of Accounting Estimates

This amendment is designed to help entities distinguish between a change in accounting policies and a change in accounting estimates by introducing a new definition of accounting estimates. Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. The amendment has been adopted for use in the European Union and will be applicable prospectively for annual periods beginning on or after January 1, 2023.

Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

These amendments narrow the scope of the initial recognition exemption by excluding transactions for which companies recognize both an asset and a liability, such as leases and decommissioning obligations. In future, companies will be required to recognize deferred tax on these transactions.

The amendments will be effective for annual periods beginning on or after January 1, 2023 and will apply to qualifying transactions occurring as from the beginning of the earliest comparative period presented. They will have no material impact on the Group's consolidated financial statements.

IFRS 17 – Insurance Contracts – Recognition, Measurement and Presentation

The new standard, including the amendments issued in June 2020, will be effective for accounting periods beginning on or after January 1, 2023. It was adopted by the European Union on November 19, 2021 and will not have a material impact on the Group’s consolidated financial statements.

There are no other new standards, updates or interpretations published but not yet effective whose impact could be material for the Group.

2.5 Operations in Russia

The Group's operations in Russia have been suspended for almost a year.

The Group is exploring different divestment scenarios, including sale to a third party. At the reporting date, the Russian subsidiaries were still controlled by the Group.

The impairment loss recognized in 2022 amounted to €139 million; it is reported in the income statement under "Other operating income and expenses". It corresponds to the portion of the Russian net assets that the Group believes to be unrecoverable.

The residual balance sheet exposure consists mainly of the translation adjustment in the amount of €24 million, which will be recognized in the income statement on the date when control is lost.

The functional currency of Russian operations is the ruble (RUB). The valuation is based on a closing EUR/RUB exchange rate of 76.98.

2.6 Climate risk

The 2022 financial statements take into account the consequences of the uncertain climate outlook and the objectives of the Group's climate strategy for 2030.

Concerning the energy transition, the Group has decided stop using coal as an energy source by 2030. This decision has not had a material impact on the values attributed to the underlying plant and equipment. The number of sites still using coal is limited and the assets concerned are largely depreciated. The cost of replacing these assets is estimated at around €60 million (2021: €38 million).

In response to the current geopolitical situation and spiraling energy costs, the Group has stepped up implementation of the electrification program launched in 2020 concerning the presses used to vulcanize tires. The sums committed under the program for the next five years are estimated at around €170 million. Beyond that, the speed of press electrification will depend on its observed impact on energy performance. This capital expenditure has been taken into account in the cash flow forecasts used for asset impairment tests.

The long-term consequences of climate risks on future cash flows are difficult to predict. They could include, for example, the interruption of operations at plants exposed to natural disaster risks or price increases designed to pass on green taxes decided by governments to encourage the energy transition. In 2022, the Group launched an analysis of its exposure with the aim of proposing possible adaptation plans for its sites.

The long-term consequences of climate risk are also taken into account in the Group's risk mapping analyses. A sensitivity test was performed on the CGUs or groups of CGUs carrying goodwill (note 3.1 "Goodwill").

The Group is subject to the European Union's rules on the management of CO_2 emission allowances. The Group purchases allowances on the market based on its forecast needs for the next two to three years. The accounting treatment of emission allowances is described in note 3.15.1 and the balance sheet amounts at December 31, 2022 are disclosed in note 13.2.4.

The interest rate on the Group's €2,500 million syndicated line of credit (€2,500 million in 2021, see note 33.2.1) depends on its performance in relation to its environmental objectives (CO_2 emissions and an industrial environmental performance indicator).

In a commitment to sustainably reduce the Group's carbon footprint, strategies have been deployed over the past several years to increase the use of renewable energies. These biomass, solar power and wind power projects often have long maturity cycles. Today, 21 Group facilities are equipped with renewable energy installations. In all, 23% of the energy used by the Group in 2022 was from renewable sources (2021: 18%).

2.7 Restatement of comparative information

As mentioned in note 3.8, the Group manages the tire fleets of customers operating commercial vehicle fleets. In order to better reflect the terms and economic reality of contracts where the tires are not purchased at contract inception, the Group has decided to no longer recognize inventory and a corresponding operating liability to the customer for tires mounted on vehicles under these contracts. Comparative information at December 31, 2021 has been restated for an amount of €157 million.

The change has no impact on the consolidated income statement and statement of cash flows for either 2022 or 2021.

2.8 Critical accounting estimates and judgments

The preparation of the consolidated financial statements in accordance with IFRS requires that management use assumptions and estimates to calculate the value of assets and liabilities at the date of the consolidated statement of financial position and the amount of income and expenses for the reporting period. Actual results could differ from those estimates.

The main sources of uncertainty relating to key assumptions and judgments concern impairment of non-financial assets, employee benefit obligations, income taxes, goodwill, intangible assets acquired in business combinations and the assets' estimated useful lives, the definition of the enforceable period of a lease and the effect on revenue recognition of deferred customer discounts.

2.8.1 Impairment of non-financial assets

The cash generating units' (CGU) future cash flows used to calculate value in use (note 3.17 "Impairment of non-financial assets") are derived mainly from forecasts set out in the Group's five-year business plan. The forecasts are prepared by the Business Departments and Business Lines based on the strategic objectives validated by the Managers. The process requires using critical estimates and judgments, especially to determine market trends, raw material costs and pricing policies. Consequently, actual cash flows may differ from the estimates used to calculate the CGUs' value in use (see in particular the comments in note 2.6 concerning the recognition of climate risk).

Quantitative information is provided in note 13.1 "Goodwill".

2.8.2 Employee benefit obligations

The Group uses defined contribution plans which generally require, on top of the portion financed by the Group, a contribution from each salaried employee, defined as a percentage of their compensation.

Some subsidiaries also recognize liabilities for pension plans, jubilees and other post-employment benefits linked to rights acquired by the employees through plans specific to these subsidiaries or resulting from certain legal obligations.

The valuation of these benefits is carried out annually with the assistance of independent actuaries. The actuarial method used is the projected unit credit method.

In accordance with this method, statistical information and various assumptions are used in calculating the expenses, liabilities and assets related to the benefit plans. Assumptions mainly include the discount rate, the inflation rate, the long-term salary increase rate and the expected rate of growth in future medical costs. Statistical information is mainly related to demographic assumptions such as mortality, employee turnover, disability and retirement age.

Assumptions and statistical information are determined based on internal guidelines, in consultation with the actuaries.

Discount rates are determined with the assistance of independent actuaries based on the same maturities as the liabilities.

The rate of salary increases is determined by each country based on a long-term salary policy and takes into consideration all of the relevant factors including market practices, as well as career development, promotion and seniority, among other inputs.

The inflation rates, calculated over standard durations, are determined using several methods:

- by using actuarial models based on target rates published by central banks, forecasts from Consensus Economics and inflation swap curves;
- by taking the spread between inflation-linked bonds and conventional securities. The rates are then adjusted with a spread which represents the liquidity and risk premium embedded in the inflation-linked bonds;
- based on historical averages.

The other assumptions (retirement age, employee turnover, health care cost trend, mortality and disability) reflect the demographic and economic situation of the countries and subsidiaries in which the plans are in force.

The actual data (such as inflation, mortality and real return on assets) may differ from the long-term actuarial assumptions used. The resulting difference is recognized as a gain or loss in other comprehensive income.

Quantitative information is provided in note 27 "Employee benefit obligations".

2.8.3 Income tax

Judgments and estimates are required to determine the amount of the deferred tax assets resulting from tax loss carryforwards or deductible temporary differences.

The expected reversal of tax losses is based on the forecast of future results validated by the local management and reviewed by the Group Tax and Accounting Departments. Analyses are also performed in order to ensure the consistency of the forecasts with the Group's strategic plans validated by management. Analyses to support the deferred tax positions are performed periodically, at a date as close as possible to the reporting date.

The period over which tax loss carryforwards are reversed is based on a reasonable time horizon, taking into account the specific circumstances of each Group company, such as:

- the origin of the historical tax losses (generally exceptional and non-recurring: restructuring, significant increases in production capacity, etc.);
- forecast future results;
- reorganization projects that will eliminate sources of losses;
- the time limit for recovering historical losses; and
- the maximum utilization rate of tax loss carryforwards in a given year.

Quantitative information is provided in notes 11 "Income tax" and 18 "Taxes".

The companies that make up the Group operate in different, and sometimes uncertain, legal and regulatory environments, including tax environments. They may be involved, in the normal course of business, in various types of litigation, disputes or other proceedings.

Each of the known disputes or ongoing proceedings in which the Group or one of the Group companies is involved was examined at the reporting date, where appropriate with the assistance of external consultants, and provisions have, if necessary, been booked to cover the estimated risks.

2.8.4 Goodwill, intangible assets acquired in business combinations and their estimated remaining useful life

As part of its acquisitions, the Group identifies, measures and recognizes intangible assets (trademarks and customer relationships, for example) and determines their residual useful lives. The difference between the fair value of assets acquired and liabilities assumed, on the one hand, and the consideration transferred, on the other, represents goodwill, which is allocated to the CGUs or to the groups of CGUs benefiting from the synergies expected from the business combination. In order to perform the purchase price allocation, the Group takes into account the various strategic and operational objectives underlying the acquisition and relies on the expertise of valuation firms.

The value of assets and liabilities recognized on business combinations may be impacted in the future if judgments, estimates and key assumptions made at the time of the acquisition, such as revenue growth rate, operating margin or discount rates, should differ from reality.

2.8.5 Enforceable period of a lease

When the Group enters into a lease, it determines the enforceable period by taking into account all the economic facts and circumstances, as well as the options to extend and terminate the lease. This information is used to determine the most economically relevant end date for the lease.

For certain categories of leased assets (mainly vehicles), the Group considers that there is no reasonably certain extension option. Consequently, the duration is selected to coincide with the initial term of the lease. For real estate leases, the Group defines the reasonable end date of the lease, based on the enforceable period, in line with the asset's expected period of use. Accordingly, for leases with a residual term of more than ten years, the first enforceable exit option is chosen unless specific information and economic circumstances lead the Group to define a longer period.

NOTE 3 ACCOUNTING POLICIES

3.1 Consolidation

The Group's consolidated financial statements include all subsidiaries, joint ventures and associates of Compagnie Générale des Établissements Michelin.

The Group treats transactions with non-controlling interests, as long as they do not result in a change of control over the entities in question (no loss nor gain of control), as equity transactions having no impact on comprehensive income. Expenses relating to these transactions are directly accounted for in equity. At the date the Group gains control of an entity, the carrying amount of previously held non-controlling interests, if any, is adjusted to fair value and the difference is recognized in the income statement. All other related items previously recognized in other comprehensive income are reclassified to the income statement. When the Group loses control over an entity but keeps some non-controlling interests in the entity, the transaction is analyzed as an exchange, i.e., the disposal of a controlling interest and the acquisition of a non-controlling interest.

Shareholdings in companies which are not subsidiaries, joint ventures or associates are not consolidated. They are accounted for as non-derivative financial assets (note 3.18 “Non-derivative financial assets”).

3.1.1 Subsidiaries

The Group controls an entity when it has:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany transactions and balances, as well as unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless an impairment loss on the transferred asset arises on the transaction.

Group accounting policies are applied consistently by all subsidiaries.

3.1.2 Joint ventures and associates

Joint ventures are joint arrangements (arrangements over which the Group has joint control with one or more other parties) in which the Group has rights to the net assets. Joint control is defined as the contractually agreed sharing of control over an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Associates are all entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Generally, associates are entities in which the Group has a shareholding representing between 20% and 50% of the voting rights.

Investments in joint ventures and associates are initially recognized at their acquisition cost and are subsequently accounted for using the equity method. The Group's investments in joint ventures and associates include goodwill identified at the acquisition date and are presented net of any accumulated impairment losses.

From the acquisition date to the date that significant influence ceases, the Group's share of its joint ventures' and associates' profits and losses is recognized in the income statement, and its share of movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in a joint venture or associate equals or exceeds its interest in the investee, the Group recognizes its share of the investee's negative net worth and, where appropriate, the carrying amount of any loans to the joint venture or associate is reduced by the amount of that negative net worth.

Unrealized gains on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in the investee. Unrealized losses are also eliminated unless an impairment loss on the transferred asset arises on the transaction.

The profit resulting from downstream transactions carried out with a joint venture or an associate is deducted from the Group's proportionate share in profit of equity-accounted company.

In the consolidated income statement, the line "Share of profit/(loss) from equity-accounted companies" also includes the remeasurement at fair value of investments previously accounted for by the equity method that are now fully consolidated.

3.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Management.

The Managing Chairman regularly examines segment operating income to assess segment performance. He has therefore been identified as the chief operating decision maker of the Group.

3.3 Foreign currency

3.3.1 Presentation and functional currency

The financial statements of the Group entities are measured using their functional currency, which is the currency of the primary economic environment in which they operate and corresponds for most of them to their local currency.

The consolidated financial statements are presented in euros (presentation currency), which is the Company's functional currency.

3.3.2 Transactions

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the revaluation at closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Exchange differences on unconsolidated equity investments are included in other comprehensive income until the investment is sold.

3.3.3 Translation

The financial statements of the Group entities whose functional currency is different from the Group's presentation currency are translated into euros as follows: assets and liabilities are translated at the closing rate at the date of the consolidated statement of financial position, income and expenses are translated at the average rate for the period (as it is considered a reasonable approximation to actual rates at the transaction date), and all resulting exchange differences are recognized in other comprehensive income.

Cash flows are also translated at the average rate for the period. When an entity is disposed of, the translation differences accumulated in other comprehensive income are recycled to the income statement as part of the gain or loss on disposal.

On the acquisition of an entity, goodwill and fair value adjustments recognized are treated as assets and liabilities of the acquired entity and translated at the spot rate on the transaction date.

3.3.4 Exchange rates of major currencies

	Closing rates		Average rates	
Against the euro (EUR):	2022	2021	2022	2021
US dollar (USD)	1.062	1.132	1.054	1.184
Canadian dollar (CAD)	1.443	1.449	1.370	1.483
Mexican peso (MXN)	20.611	23.309	21.206	23.993
Brazilian real (BRL)	5.592	6.454	5.435	6.370
Pound sterling (GBP)	0.883	0.840	0.852	0.860
Chinese yuan (CNY)	7.393	7.206	7.081	7.636
Indian rupee (INR)	87.902	84.394	82.732	87.477
Thai baht (THB)	36.754	37.754	36.874	37.791

3.4 Derivative instruments

Derivative instruments are used to manage financial exposures.

All derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged (see hedging policy below).

All changes in fair value of derivatives not qualifying as hedges are recorded as financial income or expense in the period in which they arise.

The fair values of listed instruments are based on their market values.

For unlisted instruments, fair values are determined using mathematical models, such as option pricing models, or methods based on discounted future cash flows. These models take into account market data.

Embedded derivatives are recognized separately if they are not closely related to the host contract.

3.5 Hedging

Some derivative instruments are eligible for hedge accounting and are therefore designated as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges);
- hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction, the Group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategies. The Group also documents its assessment, both at inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

Changes in the fair value of derivatives are accounted for differently depending on the type of hedge.

3.5.1 Fair value hedges

Changes in fair value of derivatives are recorded in financial income and expenses, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

3.5.2 Cash flow hedges

The effective portion of changes in the fair value of derivatives is recognized in other reserves. The ineffective portion of the gain or loss is recognized immediately in the income statement, in operating income (commodity price hedges) or financial income and expenses (interest rate hedges).

When options are used to hedge future transactions, only the changes in the options' intrinsic value are designated as hedging instruments. Changes in the intrinsic value and the time value in relation to the hedged item ("aligned time value") are recorded in other reserves.

For forward contracts used to hedge future transactions, the Group designates all the changes in fair value (including the forward points) as hedging instruments. These changes in fair value are recorded in other reserves.

Amounts accumulated in other reserves are recognized in the income statement over the period during which the hedged item affects the profit and loss, as follows:

- when the hedged item is a non-financial asset (for example, a consolidated investment or an inventory), deferred gains or losses, as well as deferred gains or losses on the time value of the option or contract forward points are included in the initial cost of the asset;
- the gains or losses resulting from the interest rate hedge are recognized in financial income at the same time as the interest on the loans that are hedged.

When a hedging instrument is sold or expires, or when a hedging instrument no longer meets the criteria required to qualify for hedge accounting, the amount accumulated in other reserves at that date is immediately recognized in profit or loss.

3.5.3 Derivatives not qualifying for hedge accounting

Certain other derivative instruments, while offering effective economic hedging in terms of the Group's financial policy, do not meet the criteria for hedge accounting or have not been treated as hedging instruments (refer to the policy relating to derivative instruments, above). Changes in the market value of these derivatives must therefore be recognized in financial income and expenses. For example, foreign exchange derivatives used to hedge the currency exposure of financial assets and liabilities recognized in the consolidated statement of financial position are not designated as hedging instruments.

3.6 Fair value of financial instruments

Fair value measurements are disclosed by level in the following fair value measurement hierarchy:

- Level 1: quoted prices in active markets. The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the consolidated statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments, essentially cash and cash equivalents, as well as quoted unconsolidated equity investments, are included in level 1.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value these instruments are observable, these instruments, essentially cash management financial assets and derivative instruments, are included in level 2.
- Level 3: inputs for assets or liabilities that are not based on observable market data (i.e., unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument, essentially non-quoted unconsolidated equity investments, is included in level 3.

Specific valuation techniques used to value, generally internally, financial instruments include:

- quoted market prices or dealer quotes for similar instruments (level 1);
- the fair value of interest rate swaps calculated internally as the present value of the estimated future cash flows based on observable yield curves (level 2);
- the fair value of forward foreign exchange contracts determined internally using forward exchange rates at the date of the consolidated statement of financial position, with the resulting value discounted back to present value (level 2).

Other techniques, such as discounted cash flow analysis, are used internally to determine fair value for the remaining financial instruments (level 3).

When observable yield curves include negative interest rates, those are used without adjustment to determine the fair value of derivatives.

The Group assesses the counterparty risk included in the fair value of its over-the-counter derivatives for which there is no exchange of collateral. The Group includes the effect of its exposure to the credit risk of the counterparty or the counterparty's exposure to the credit risk of the Group. The valuation for long-term derivatives with no exchange of collateral is based on discounted cash flows using a rate including the counterparty credit risk.

3.7 Definition of certain indicators presented in the consolidated financial statements

3.7.1 Net debt

Net debt is made up of current and non-current financial liabilities (including lease liabilities), as they appear on the consolidated statement of financial position, less:

- cash and cash equivalents as they appear on the consolidated statement of financial position;
- derivative instruments included in “Current financial assets” and “Non-current financial assets” on the consolidated statement of financial position;
- cash management financial assets included in “Current financial assets” on the consolidated statement of financial position (these assets are highly liquid, little affected by interest rate risk and foreign currency risk); and
- borrowing collateral included in “Current financial assets” and “Non-current financial assets” on the consolidated statement of financial position.

3.7.2 Segment EBITDA

The Group defines Segment EBITDA as segment operating income less depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets allocated to segments.

3.8 Revenue recognition

The sale of tires, in the original equipment or replacement market, constitutes the majority of Group income. In the replacement market, tires are sold to distributors (wholesalers, specialist dealers, etc.) who are customers of the Group. These distributors have the full and complete possibility to use the tires for their own benefit, or to market them, and in this case, to fix the resale price. Furthermore, they carry the inventory risk.

The terms of sale offered by Group companies, in line with normal market practice, vary according to the customer category and the country in which the sales are made. They provide however, that the payment for the goods sold will be made in a period appreciably less than one year and there is therefore no reason to adjust the amount of consideration received from customers to take into account the effects of a financing component.

Each delivery of tires, either in the original equipment market with car manufacturers or in the replacement market, represents a distinct and separate performance obligation to be fulfilled at a point in time and which corresponds to the loading of goods or their delivery, in accordance with the underlying contract.

The warranties offered to the buyers cover design or manufacturing defects, which may appear as irregular or excessive tire wear under normal conditions of use. These warranties, which do not provide the customer with any supplementary guarantee, apart from the fact that the tire is exempt from defects, continue to be accounted for in accordance with IAS 37 "Provisions, Contingent Liabilities, and Contingent Assets".

The Group agrees, under certain conditions, to give trade concessions or to reimburse unsatisfied customers. Occasionally and under special circumstances, it also grants the right to return products already sold. This right gives rise to the recognition of a liability and a reduction in income, as well as an asset representing the Group's right to recover the goods that customers will return. In addition, the amount that the Group effectively receives for the tires delivered, as well as the revenue from sales recognized in the income statement, can vary as a result of deferred rebates stipulated in contractual agreements and/or at the start of marketing campaigns, which will be paid to the customers at the end of the reference period and depending on the achievement of qualitative or quantitative objectives set for that period. Their value is determined using the expected value method. The Group relies on the analysis of historical data and its accumulated experience to estimate the probable amount of rebates and discounts to be given to customers. Income from ordinary activities is therefore recognized taking into account the uncertainty surrounding the different components of variable consideration and to the extent that it is highly probable that the outcome of this uncertainty will not give rise to a significant reduction in the amount of sales already recognized, once the uncertainty is resolved. The difference between the amounts invoiced to the customers and the level of income recorded from ordinary activities results in the recognition of a liability in respect of the future reimbursement under "Other current liabilities" in the consolidated statement of financial position.

The other sales categories essentially comprise the management of tires for commercial fleets and the supply of telematics services, where the main objective is greater fuel economy and fleet efficiency. The services supplied under these contracts consist of a single performance obligation satisfied over time for which the sales revenue is recognized according to the stage of completion, measured on the basis of the work performed and the costs incurred.

The Group may enter into multi-year agreements with customers, which include a commitment regarding its capacity to supply the products, in exchange for a specific amount of consideration. This is to be paid in advance of fulfillment of the obligations to supply the products, which will be spread over the duration of the contract. As such, this commitment is considered to be linked to the supply of the products and will be recognized as revenue as and when the supply obligations are fulfilled. When the payment is received, a contract liability is recognized and split between the line items "Provisions and other non-current liabilities" and "Provisions and other current liabilities" in the consolidated statement of financial position, depending on the date the performance obligations are fulfilled.

3.9 Cost of sales

Cost of sales for the Group's manufacturing activities comprises the costs of manufacturing products and the cost of goods purchased for resale.

It includes the purchase cost of raw materials, production costs directly related to the manufactured products and all production overheads, based on the normal capacity of manufacturing facilities.

Production overheads include depreciation of property, plant and equipment, amortization of intangible assets relating to production and write-downs of inventories.

Cost of sales also includes a relevant portion of general overheads to the extent that they are directly attributable to bringing the manufactured products to their present location and condition.

For non-manufacturing activities, especially customer services, cost of sales includes all the costs incurred to produce, administer or execute a service delivered in the distribution network. Cost of sales for these activities mainly comprises employee benefits expense, depreciation of facilities and equipment, energy costs and the cost of acquiring and processing the data needed to produce the service.

3.10 Research and development expenses

Research costs cannot be capitalized. Development costs are capitalized as intangible assets when the conditions relating to the commercial and technical feasibility of the project, the ability to allocate the costs reliably and the probability of generating future economic benefits are fulfilled.

Development costs are reviewed annually in order to determine whether the criteria for recognition as intangible assets are met.

3.11 Segment operating income

Segment operating income measures the performance of the operating segments and is one of the Group's management indicators.

3.12 Other operating income and expenses

"Other operating income and expenses" records items that are not taken into account by management when measuring the performance of the operating segments due to their nature or their significant, unusual or abnormal characteristics. They include, in particular, the costs related to the reorganization and adaptation of activities and those related to major litigation (and the adjustments in the corresponding provisions), as well as impairment of goodwill and acquisition-related costs. Given the recent major acquisitions made by the Group, the amortization of trademarks and customer relationships recognized as part of a business combination is also recognized in other operating income and expenses. They also include gains and losses on disposals and changes in impairment of property, plant and equipment and intangible assets, acquisition price adjustments, as well as gains and losses related to changes in post-employment benefits. They are detailed in note 9 "Other operating income and expenses".

3.13 Income tax

Current and deferred taxes, plus any withholding tax on royalties and on distributions of retained earnings within the Group, are recorded in the consolidated income statement except if they relate to items recognized either in other comprehensive income or directly in equity, in which case they are also recognized, respectively, in other comprehensive income or directly in equity.

Current tax is based on the results of Group companies and is calculated according to local rules, including any adjustments to tax payable in respect of previous years.

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated financial statements, using enacted or substantially enacted tax rates that are expected to prevail when the temporary differences reverse.

A deferred tax asset or liability is recognized on initial recognition of transactions arising from business combinations and impacting the accounting or taxable profit or loss.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the tax loss carryforwards and the temporary differences can be offset.

Deferred tax is calculated on temporary differences arising from investments in subsidiaries, joint ventures, and associates: deferred tax assets are recognized if the reversal is under the entity's control and is also probable. Deferred tax liabilities are recognized unless their reversal is controlled and not probable.

Tax positions are analyzed periodically and, if any positions are considered unlikely to be accepted by the tax authorities, a provision is booked for the most probable amount in order to cover the risk. Assets/liabilities resulting from uncertain tax treatments are included in current or deferred tax assets or liabilities in the consolidated statement of financial position.

3.14 Business combinations and goodwill

When the Group obtains control of an entity, the business combination is valued and accounted for by applying the acquisition method. Goodwill is calculated at the acquisition date as the difference between:

- the fair value of the consideration transferred including, if any, the fair value of any contingent consideration; and
- the fair value at the acquisition date of the identifiable acquired assets, the liabilities and contingent liabilities assumed.

The valuation period for a business combination does not exceed 12 months after the acquisition date.

Goodwill is allocated to cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the combination and that reflect the level at which the Group manages goodwill. Goodwill is tested for impairment annually.

3.15 Intangible assets

Intangible assets are recognized at cost. The cost of an intangible asset acquired as part of a business combination is its fair value at the acquisition date.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment at least once a year. Those with finite useful lives are amortized on a straight-line basis over their estimated useful life:

- software: 3-7 years
- brands and trademarks: 5-20 years
- customer relationships: 5-20 years

3.15.1 CO_2 emission allowances

The Group participates in the European Union's Emissions Trading System. The emission allowances received or purchased are recognized as an intangible asset at their price on the transaction date. For emission allowances that are received rather than purchased, a government grant is recognized in liabilities for the same amount. The cost and liability corresponding to actual emissions and the income corresponding to the use of the government grant are accounted for using the price on the grant date.

3.16 Property, plant and equipment (PP&E)

Property, plant and equipment are measured at cost less accumulated depreciation and, when necessary, impairment.

The gross carrying amount includes the cost of acquisition or production cost and other costs directly attributable to the acquisition or the construction of the asset (including borrowing costs). Investment grants are initially accounted for as deferred income and are subsequently recognized as income over the useful life of the related asset.

Repair and maintenance costs are expensed as incurred. Other subsequent expenditures are included in the asset's carrying amount or recognized as a separate asset if the recognition criteria are met.

Property, plant and equipment are depreciated on a straight-line basis, except land, which is not depreciated. Depreciation of property, plant and equipment reflects the pattern in which the asset's future economic benefits are expected to be consumed. Depreciation is allocated to cost of sales, sales and marketing expenses, research and development expenses or general and administrative expenses.

The following depreciation periods, based on the expected useful lives of the respective assets, are applied throughout the Group:

- buildings and general land and building installations: 25 years
- petrochemical equipment: 25 years
- industrial and commercial equipment: 2-12 years
- computer and telecommunication equipment: 5 years
- vehicles: 5 years
- other: 5-12 years

The useful lives of the assets and their respective residual values are reviewed annually.

When assets are sold or otherwise disposed of, the difference between the net proceeds and the net carrying amounts of the assets is recognized in "Other operating income and expenses".

3.16.1 Leases

A contract is or contains a lease if it conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. The Group assesses whether a contract is or contains a lease on the inception of the lease, which is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease.

Substantially all of the Group's leases are leases where the Group is the lessee. Leased assets are mainly real estate assets (points of sale for the Group's integrated distribution network, sales and administrative offices), passenger cars and forklifts.

Lease liabilities

Lease liabilities correspond to the present value of future lease payments, excluding variable lease payments that do not depend on an index or a rate.

For contracts that include a lease component and non-lease components (such as services), only the lease component is taken into account in calculating the present value.

The interest rate implicit in the lease is used as the discount rate if it can be readily determined. If the implicit rate cannot be readily determined, each Group entity uses its incremental borrowing rate reflecting its specific credit risk, the currency of the lease and the weighted average maturity of the outstanding lease liability.

Over the life of the contract, the interest expense increases the lease liability while the lease payments reduce it.

The carrying amount of the lease liability and the corresponding right-of-use asset is adjusted to reflect any change in the lease term, any change in the assessment of an option to purchase the underlying asset, any change in the amount that the lessee expects to have to pay to the lessor under the residual value guarantee or any change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Right-of-use assets

Right-of-use assets corresponding to leased property, plant and equipment are initially measured at cost, corresponding to the sum of the present value of the outstanding lease payments at the commencement date. Any lease payments made at or before the commencement date, any initial direct costs and an estimate of costs to be incurred by the Group in dismantling or restoring the underlying asset, are included in the value of the right-of-use asset, less any lease incentives.

The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the leased asset if the transfer of ownership of the leased asset is uncertain or is not provided for in the contract.

Enforceable period

The enforceable period of a lease is determined by taking into account all the economic facts and circumstances (such as contractual terms and conditions for the optional periods compared with market rates, significant leasehold improvements, costs relating to the termination of the lease, such as negotiation costs, relocation costs, costs associated with returning the underlying asset in a contractually specified condition or to a contractually specified location), and contractual options to extend or terminate the lease. Consequently, for leases that are automatically renewable and the 3/6/9-year commercial leases that are common in France, the enforceable period can be longer than the period to the contractual end date. This information is used to determine the most economically relevant end date for the lease. For certain categories of leased assets (mainly vehicles), the Group considers that there is no reasonably certain extension option. Consequently, the duration is selected to coincide with the initial term of the lease. For real estate leases, the Group defines the reasonable end date of the lease, based on the enforceable period, in line with the asset's expected period of use. Accordingly, for leases with a residual term of more than ten years, the first enforceable exit option is chosen unless specific information and economic circumstances lead the Group to define a longer period.

Exceptions

Leases with a term not exceeding 12 months or concerning low-value assets (mainly computers, printers and tools) are not recognized in the consolidated statement of financial position.

The payments related to these leases are expensed on a straight-line basis over the duration of the contracts. Variable lease payments are expensed in the period in which the triggering event or situation occurs.

3.17 Impairment of non-financial assets

When there is any indication that the recoverable amount of an asset (goodwill, intangible assets or property, plant and equipment) may be lower than its carrying amount, the recoverable amount of the asset is measured and if needed, an impairment is recognized. Whether there is an indication of impairment or not, an annual impairment test is performed for goodwill, intangible assets with an indefinite useful life and intangible assets not ready for use, by comparing their carrying amount with their recoverable amount.

At individual asset level, indications of impairment generally relate to a fall in market value, technical obsolescence or an anticipated change of use. The recoverable amount is usually based on the market value.

At Group level, non-financial assets (including right-of-use assets, note 3.16.1) are combined for impairment testing purposes in the smallest identifiable group of assets that generates cash flows that are largely independent of cash flows from other assets or groups of assets (cash-generating units – CGUs).

For the tire business, CGUs are based on industrial asset groups, generally production plants, working together to manufacture and provide product offerings that meet the needs of customers with similar expectations in homogeneous markets or market segments.

CGUs related to non-tire businesses (Services and Solutions, Experiences, High-Technology Materials and Distribution) generally cover the scope of each of these activities.

CGUs to which goodwill has been allocated are tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment loss. For the purpose of impairment testing, goodwill is allocated to a CGU or group of CGUs on the same basis as that used by the Group's management to monitor the performance of the businesses and assess synergies deriving from business combinations.

CGUs to which no goodwill is allocated are tested for impairment only if there is an indication that they may be impaired. In assessing whether there is any indication that a CGU may be impaired, the Group has defined three indicators for the tire business CGUs. They measure respectively the trends (i) in the market served by the CGU, (ii) in financial performance through the cost of sales margin and (iii) in the use of the installed production capacity. For the non-tire business CGUs, as well as for the distribution CGUs, the indicator used to measure trends in financial performance serves as the triggering indicator for an impairment test.

Recoverable amount is the higher of value in use and fair value less costs of disposal.

For most CGUs, recoverable amount is based on value in use, which is equal to estimated future cash flows calculated using the weighted average cost of capital (WACC) as a discount rate. Future cash flows are mainly based on the CGUs' five-year cash flow forecasts plus a terminal value, measured by discounting projected cash flows using the WACC. The discount rate is based on the cost of equity capital derived from the market-expected return on the Company's shares, the cost of debt and a risk premium reflecting the risks associated with the countries where the assets are located. The gearing and the beta are based on data from comparable segments and take into account the specificities of certain activities.

The recoverable amount of the distribution CGUs is measured at fair value less costs of disposal. Since most of these assets are land and buildings, external appraisals or other real estate valuation techniques are applied to measure their fair value.

Any impairment loss is recognized first against goodwill, and any remaining amount is allocated among the other non-current assets, proportionally to their net carrying amounts at the closing date.

When the circumstances which previously caused non-financial assets to be impaired no longer apply, the impairment losses are reversed accordingly. However, goodwill impairment can never be reversed.

Changes in impairment losses, including any reversals, are recognized in "Other operating income and expenses".

3.18 Non-derivative financial assets

3.18.1 Asset categories

The Group classifies and measures its debt instruments in the following categories depending on their alignment with "solely payment of principal and interest" (SPPI) criteria and with its business model:

- amortized cost: financial assets held to maturity in order to collect repayments from principal and interest;
- fair value through profit or loss: financial assets that do not meet the criteria to be classified as amortized costs (SPPI and HTC).

The Group measures all its unconsolidated equity investments at their fair value. The Group chooses to use the irrevocable option to record fair value adjustments in other comprehensive income and the realized gains or losses on disposal are not recycled in the income statement. The impairment losses recognized on equity investments are not shown separately from the other changes in fair value.

3.18.2 Initial recognition and derecognition

Purchases and sales of non-derivative financial assets are recognized on the trade-date, i.e., the date on which the Group commits to purchase or sell the asset. Non-derivative financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Non-derivative financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

3.18.3 Measurement

Loans and receivables are measured at amortized cost using the effective interest rate method.

Financial assets at fair value are valued by direct reference to a price quoted in an active market or on the basis of market assumptions (note 3.6 "Fair value of financial instruments"). Gains and losses, realized or unrealized, arising from changes in the fair value of financial assets at fair value through profit or loss are recognized immediately in other operating income and expenses.

Gains and losses, realized or unrealized, arising from changes in the fair value of financial assets at fair value through comprehensive income are recorded in other comprehensive income and never impact the income statement.

3.18.4 Impairment

At each reporting date, the Group looks for any objective indication of impairment of financial assets recorded at amortized cost.

The model for calculating the expected credit loss is determined on the basis of the counterparty rating and the associated default probability. The impairment loss is calculated over a period of 12 months given the non-deterioration of the credit risk of the counterparties. It is recognized in the income statement.

When the credit risk of a financial asset at amortized cost increases significantly, the expected credit loss is calculated over the life of the asset.

If there is no longer a reasonable expectation to recover the value of a financial asset at amortized cost, the asset is derecognized from the consolidated statement of financial position and impacts the income statement.

3.19 Inventories

Inventories are carried at the lower of cost and net realizable value.

The cost of raw materials, supplies and purchased finished goods includes the purchase price and other costs directly attributable to the acquisition. The cost of work in progress and manufactured finished goods comprises direct labor costs, other direct costs and production overheads based on the normal capacity of production facilities. Borrowing costs are expensed as incurred. The measurement of inventories and cost of sales using the standard cost method put in place by the Group, taking variances into account, is close to what would be obtained using the actual cost method.

Net realizable value is the estimated selling price less the estimated costs of completion and sale.

An impairment loss is recognized when net realizable value is lower than cost and is reversed when it becomes apparent that the circumstances which previously caused inventories to be written down below cost no longer exist. Indications of impairment include physical damage, obsolescence, slow-moving items, and market changes.

3.20 Trade receivables

Trade receivables are initially recognized at the amount unconditionally due by the customer. The Group manages its trade receivables in order to collect the contractual cash flows and measures its receivables at amortized cost, according to the effective interest rate method, after deduction of any impairment losses.

When payment terms are less than one year, the initial fair value and the subsequent amortized cost are equal to the nominal amount to the extent that the receivable does not include a significant financial component.

The Group applies the simplified approach provided under IFRS 9, which consists of calculating the expected credit loss over the life of the trade receivable. This model makes it possible to determine a credit loss expected at maturity for all trade receivables, as soon as they are recognized.

Expected credit losses are based on customer payment patterns that have been observed over 36 months, and trade credit losses historically recorded during this period.

An impairment loss is also recognized whenever there are objective indications that the Group will not be able to recover all amounts due under the terms of the original transaction. Bankruptcies, the use of legal procedures to protect against creditors, cases of known insolvency or disappearance of the debtor, late payments of more than six months, economic or political risks in the country of residence of the debtor, as well as the deterioration of the latter's solvency are all indicators that suggest that a trade receivable must be impaired. The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash inflows at the initial effective interest rate. Before recognizing an impairment loss, the quality of the guarantees potentially obtained must be assessed, as well as the capacity to implement them. The impairment loss is recognized in "Sales and marketing expenses".

When the receivable is irrecoverable, it is canceled by offsetting it against the previously recognized impairment loss. Any subsequent cash inflows corresponding to previously derecognized receivables are recorded by reducing "Sales and marketing expenses" in the income statement.

3.21 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short-term highly liquid investments with initial maturities not exceeding three months. Term deposits maturing in more than three months, but with early withdrawal terms of less than three months with guaranteed capital and negligible withdrawal costs are also classified as cash and cash equivalents.

3.22 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares are presented separately in reserves. The amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. When treasury shares are sold, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within retained earnings.

3.23 Non-derivative financial liabilities

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the consolidated statement of financial position date.

Non-derivative financial liabilities are recognized initially at fair value, net of transaction costs, and subsequently at amortized cost. Any difference between the issue proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowing using the effective interest method.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability at amortized cost. The remainder of the proceeds (after deducting the debt component), representing the value of the conversion option, is recognized:

- in equity if the exercise of the option results in the delivery of a fixed amount of shares - the initial value of the option is not subsequently remeasured; or
- as a financial liability at fair value through profit or loss in cases where the conversion option does not meet the criteria for recognition in equity.

To the extent that borrowings are hedged by qualifying fair value hedges, the carrying amount of the hedged item is adjusted for the change in fair value attributable to the risk being hedged.

3.24 Employee benefit obligations

Wages, salaries, social security contributions, payments to defined contribution plans, annual leave and sick leave payments, bonuses and non-monetary benefits are recognized in the year in which the associated services are rendered by the employees.

Where employee benefits, such as certain pension plans, other post-employment benefits and other long-term benefits, are provided by the Group, a liability or an asset and the related costs are recognized.

3.24.1 Pension and other post-employment benefits

Post-employment benefits are benefits payable after employment ceases. The Group provides retirement benefits for most of its employees, either directly or by contributing to independently administered funds. The benefits provided by the Group vary according to the legal, tax and economic situation in each country and are usually based on one or more factors such as employees' compensation, age and years of service. The obligations relate both to current retirees and to the entitlements of future retirees.

The Group provides post-employment benefits under defined contribution plans and defined benefit plans.

In the case of defined contribution plans, the Group pays fixed contributions to fund managers or insurance companies. Once the contributions have been paid, the Group has no legal or constructive obligation to make further contributions if the fund does not hold sufficient assets to pay the benefits expected by the beneficiaries.

The regular contributions are recognized as an expense for the year in which they are due and, as such, are included in cost of sales, sales and marketing expenses, research and development expenses or general and administrative expenses.

Group management policies regarding post-employment benefits have led to the transformation of defined benefit plans into defined contribution benefit plans since the early 2000s. Nevertheless, a significant portion of the post-employment benefit plans provided by the Group are still defined benefit plans. They are either externally funded plans (mainly pension plans), for which the plan assets are held separately in independently administered funds, or unfunded plans such as healthcare plans and end-of-service benefit plans.

Post-employment benefit obligations, and the related current service cost, are measured using the projected unit credit method.

A defined benefit plan is a plan that defines an amount of benefits that the Group is committed to pay to current and former employees.

All defined benefit plans are subject to actuarial valuations carried out annually for the largest plans and on a regular basis for other plans. These actuarial valuations are carried out with the help of independent actuaries. Actuarial assumptions, primarily discount rates, projected salary increase rates, inflation rates and expected growth in healthcare costs are incorporated into the actuarial valuations and reviewed annually.

The liabilities or assets recognized in the consolidated statement of financial position in respect of defined benefit plans correspond to the present value of the defined benefit obligation at the reporting date, less the fair value of plan assets. They take into account any unrecognized assets not available in the form of refunds or a reduction in future contributions.

The present value of the defined benefit obligation corresponds to the estimated future cash outflows, calculated using a discount rate established by reference to a market rate based on interest rates of high-quality corporate bonds that have maturities approximating the duration of the related post-employment benefit obligation.

A net asset is recognized only to the extent that it represents a future economic benefit that is actually available to the Group in the form of refunds from the plan or reductions in future contributions.

When a defined benefit plan is subject to a minimum funding requirement (MFR), the Group determines whether paying these contributions may give rise to a surplus in that defined benefit plan. To the extent that the surplus in the plan exceeds the available economic benefits, the Group immediately recognizes a decrease in the defined benefit asset or an increase in the defined benefit liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they arise.

Past service costs may arise when new defined benefit plans are set up, when changes to benefits payable under an existing defined benefit plan are introduced or when curtailments occur. They are recognized immediately in the income statement.

The Group's net benefit plan cost recognized in the income statement includes the current service cost for the period, curtailment and settlement gains and losses, past service cost, as well as actuarial gains and losses arising under other long-term benefit plans. Net interest on the net defined benefit liability (asset) is recognized outside operating income.

3.24.2 Share-based payments

Share grants and performance share plans

The Group may adopt plans to grant free shares of the Company to certain employees or to its Managers.

The grant date is the date when the Managing Chairman decides on the list of plan beneficiaries and the number of performance shares granted to them.

The fair value of the performance shares granted corresponds to the Company's share price on the grant date less:

- the present value of dividends that will not be received by the grantees during the vesting period;
- the value of the stock market performance condition on the grant date, which depends on the probability of the condition being fulfilled.

The number of shares that will ultimately be issued at the end of the vesting period depends on the extent to which the Group's performance and service conditions are met.

The total benefit cost is based on the fair value of the performance shares and the estimated number of shares that will ultimately be issued. This cost is recognized over the vesting period and is recognized in “Segment other income and expenses”.

Employee share ownership plan

The Group may offer most of its employees the opportunity to participate in a share ownership plan allowing them to purchase Company shares.

These shares, which are subject to certain restrictions relating to their sale or transfer, may be purchased by the employees at a subscription price based on the Michelin share price, less a discount. The benefit granted to the employees equals the difference between the shares’ fair value and their purchase price, multiplied by the number of shares acquired.

It is expensed immediately by the Group, as no vesting period applies, and is recognized under “Employee benefit costs – share-based payments”, within “Segment other income and expenses”.

3.25 Provisions

Provisions are recognized when a legal or constructive obligation has been incurred that will probably lead to an outflow of resources that can be reasonably estimated.

Provisions for reorganizations and adaptation of activities are recognized when the Group has a detailed formal plan that has been announced.

Provisions are recorded at the net present value of the estimated cash outflows.

3.26 Trade payables

Trade payables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method.

The Group has put in place paying agent agreements with several financial institutions. Under these agreements, the financial institution acts as a paying agent with respect to invoices due to suppliers who have entered into a bilateral agreement with the financial institution in order to be in position to factor their trade receivables from the Group.

The agreements' classification in trade payables is supported by a multi-criteria analysis. In particular:

- the factoring transaction is completely independent from the commercial relationship;
- the supplier has full discretion to decide - on a case-by-case basis - whether to factor its receivables;
- the date of payment to the supplier or the bank, whichever is the case, corresponds to the payment date shown on the invoice;
- the Group is not affected by the factoring cost because the discount is borne by the supplier and is paid directly to the bank.

Trade payables concerned by the program are presented separately in the consolidated statement of financial position under “Trade payables covered by reverse factoring contracts”. In the consolidated statement of cash flows, these transactions are included in operating or investing activities (note 31 “Notes to the statement of cash flows”).

NOTE 4 CHANGES IN THE SCOPE OF CONSOLIDATION

4.1 Operations in 2022

4.1.1 Royal Lestari Utama (RLU)

On July 27, 2022, the Group completed the acquisition of 100% of Royal Lestari Utama, a natural rubber producer. The acquisition confirms the Group's commitment to investing in the sustainable natural rubber sector.

Royal Lestari Utama, which was previously accounted for under the equity method, was fully consolidated in the second half of the year.

The provisional purchase price allocation resulted in the recognition of net goodwill in the amount of €46 million at December 31, 2022, as shown in the following table:

(in € millions)	**At the acquisition date**
Fair value of net assets acquired	79
Less: consolidated net assets	(33)
PROVISIONAL GOODWILL	**46**

Identification and measurement at their acquisition-date fair value of the identifiable assets acquired and liabilities assumed began in the second half of 2022 and will be completed within 12 months from the acquisition date, i.e., no later than July 27, 2023.

4.1.2 Conveyor Products & Solutions

The Group acquired 100% of the Australian company Conveyor Products & Solutions, a world leader in the development and manufacture of conveyors for the mining market, on July 14, 2022. The acquisition has strengthened the Group's access to global markets and expanded its services portfolio.

This company was fully consolidated in the second half of the year.

The provisional purchase price allocation resulted in the recognition of net goodwill in the amount of €40 million at December 31, 2022, as shown in the following table:

(in € millions)	**At the acquisition date**
Fair value of net assets acquired	54
Less: consolidated net assets	(14)
PROVISIONAL GOODWILL	**40**

Identification and measurement at their acquisition-date fair value of the identifiable assets acquired and liabilities assumed began in the second half of 2022 and will be completed within 12 months from the acquisition date, i.e., no later than July 14, 2023.

4.2 Completion of 2021 transactions

4.2.1 Allopneus

The acquisition of Allopneus resulted in the recognition of provisional goodwill in the amount of €65 million at December 31, 2021.

The final purchase price allocation resulted in the recognition of goodwill in the amount of €33 million, as shown in the following table:

(in € millions)	**2022**
Investment in an associate at market value (40%)	31
Purchase price (60%)	47
Less: consolidated net assets (100%)	(13)
Less: Allopneus brand recognized as an intangible asset	(36)
Other – of which deferred tax liabilities	4
FINAL GOODWILL	**33**

4.2.2 Solesis Inc.

The purchase price allocation was completed during the first half of 2022. The final opening statement of financial position of Solesis Holdings LLC at May 28, 2021, included in "Investments in equity-accounted companies", is as follows:

(in € millions)	Net assets
Goodwill	186
Intangible assets	203
Property, plant and equipment (PP&E)	50
Cash allocated to preferred stock	282
Non-current assets	**721**
Inventories	11
Trade receivables	27
Cash and cash equivalents	11
Current assets	**49**
TOTAL ASSETS	**770**
Equity	**366**
Non-current financial liabilities	108
Debt related to preferred shares	282
Non-current liabilities	**390**
Trade payables	9
Provisions and other current liabilities	5
Current liabilities	**14**
TOTAL EQUITY AND LIABILITIES	**770**

Additional information about Solesis' financial position at December 31, 2022 is provided in note 17.3.

NOTE 5 SEGMENT REPORTING

Segment information is presented according to the following three operating segments:

- automotive and related distribution;
- road transportation and related distribution;
- Specialty businesses and related distribution.

The Specialty businesses include the Mining, Beyond-road, Two-wheel and Aircraft tire activities as well as the Conveyor Belts and High-Tech Materials activities. The Services & Solutions businesses are included for the most part in the "Road transportation and related distribution" segment.

Operating segment performance is measured primarily on the basis of sales and segment operating income, calculated according to the same measurement principles used in the consolidated income statement.

Segment assets consist of goodwill, intangible assets, property, plant and equipment, right-of-use assets, trade receivables and finished product inventories. Corporate intangible assets and property, plant and equipment are allocated to each segment in proportion to the amount of their directly attributed assets. The amounts provided to the Group's management in respect of operating segment assets are measured in a manner consistent with the consolidated financial statements. Capital expenditure consists of additions of property, plant and equipment and intangible assets.

No operating liabilities are allocated to the segments in the internal report provided to the Group's management.

Segment information is as follows:

	2022				2021			
(in € millions)	Automotive and related distribution	Road transportation and related distribution	Specialty businesses and related distribution	Total	Automotive and related distribution	Road transportation and related distribution	Specialty businesses and related distribution	Total
PROFIT AND LOSS INFORMATION								
Sales	14,138	7,462	6,990	**28,590**	11,998	6,233	5,564	**23,795**
Segment operating income	1,711	641	1,044	**3,396**	1,643	599	724	**2,966**
As a percentage of sales	*12.1%*	*8.6%*	*14.9%*	***11.9%***	*13.7%*	9.6%	13.0%	***12.5%***
SEGMENT ASSETS								
Goodwill, PP&E, intangible assets and right-of-use assets	8,100	3,920	5,359	**17,379**	7,625	3,636	5,101	**16,362**
Finished product inventories[(1)]	1,708	951	1,129	**3,788**	1,408	791	837	**3,036**
Trade receivables	1,789	1,328	1,088	**4,205**	1,605	1,130	841	**3,576**
Segment assets	**11,597**	**6,199**	**7,576**	**25,372**	**10,638**	**5,557**	**6,779**	**22,974**
Other information								
Capital expenditure	1,150	560	431	**2,141**	889	429	387	**1,705**

(1) The figures at December 31, 2021 have been restated for comparison purposes (note 2.7).

Sales recognized at the time when control of the goods or services is transferred to the customer represented 97.5% of Group sales in 2022 (2021: 97.4%). These sales totaled €27,873 million (2021: €23,174 million). They mainly include sales of tires for the original equipment market and the replacement market, as well as sales of Fenner conveyor belts.

In 2022, the amount recognized in sales for performance obligations satisfied over time stood at €717 million, representing 2.5% of total sales for the year (2021: €621 million, representing 2.6% of total sales). This amount corresponds for the most part to revenue derived from commercial fleet tire management contracts and contracts for the supply of telematics services, as described in note 3.8.

Segment reporting assets are reconciled to total Group assets as follows:

(in € millions)	December 31, 2022	December 31, 2021
Total segment assets[1]	**25,372**	**22,974**
Non-current financial assets and other non-current assets	1,161	1,404
Investments in equity-accounted companies	1,102	1,103
Deferred tax assets	630	751
Other net inventories (raw materials and supplies, work in progress)	2,530	2,079
Current financial assets	652	713
Other current assets	1,315	1,038
Cash and cash equivalents	2,584	4,482
TOTAL GROUP ASSETS	**35,346**	**34,544**

(1) The figures at December 31, 2021 have been restated for comparison purposes (note 2.7).

Information by region breaks down as follows:

	2022				2021			
(in € millions)	Europe	North America	Other	Total	Europe	North America	Other	Total
Sales	10,140	10,920	7,530	**28,590**	9,014	8,389	6,392	**23,795**
Goodwill, PP&E, intangible assets and right-of-use assets	7,194	5,331	4,854	**17,379**	6,723	5,042	4,597	**16,362**
Capital expenditure	1,046	685	410	**2,141**	875	464	366	**1,705**

Europe includes the Western and Eastern European countries. North America includes Mexico. Asian, South American, Middle-Eastern, Oceanic and African countries are included in Other.

The Group sales information is based on the location of the customer.

Sales generated in France amounted to €2,484 million in 2022 (2021: €2,066 million). Goodwill, intangible assets and PP&E located in France amounted to €2,564 million in 2022 (2021: €2,545 million).

Approximately 80% of North American sales were generated in the United States in 2021 and 2022.

No single external customer accounted for 10% or more of the Group's sales in 2022 and 2021.

NOTE 6 EXPENSES BY NATURE

The following segment operating costs are allocated by function to the appropriate expense headings in the income statement:

(in € millions)	2022	2021
Raw materials and consumables used and changes in finished product inventories	(10,815)	(8,212)
Employee benefit costs	(6,938)	(6,430)
Transportation of goods	(2,056)	(1,685)
Depreciation and amortization[1]	(1,866)	(1,734)
Other expenses	(3,519)	(2,768)
EXPENSES BY NATURE	**(25,194)**	**(20,829)**

(1) Excluding amortization of trademarks and customer relationships acquired through business combinations.

NOTE 7 EMPLOYEE BENEFIT COSTS

Employee benefit costs are allocated by function to the appropriate expense headings in the income statement:

(in € millions)	2022	2021
Wages and salaries	(5,545)	(5,140)
Payroll taxes	(1,027)	(957)
Defined benefit plan costs (note 27.1)	(105)	(109)
Defined contribution plan costs (note 27.2)	(253)	(218)
Share-based payments – current service cost (note 25)	(20)	(21)
EMPLOYEE BENEFIT COSTS[1]	**(6,950)**	**(6,445)**

(1) Of which €6,938 million is recognized in "Segment operating income" (note 6) and €12 million in "Other operating income and expenses" (note 9).

The average number of employees on payroll in 2022 was 128,287 (2021: 124,037).

NOTE 8 SEGMENT OTHER INCOME AND EXPENSES

Segment other income and expenses are recognized in the income statement as follows:

(in € millions)	2022	2021
Share-based payments – current service cost (note 28.1)	(20)	(21)
Employee share ownership plan cost (note 28.2)	(21)	-
Covid-19 health and safety costs	(9)	(26)
Other operating income/(expenses)	24	(20)
SEGMENT OTHER INCOME AND EXPENSES	**(26)**	**(67)**

NOTE 9 OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses are detailed in the table below:

(in € millions)	2022	2021
Amortization of acquired trademarks and customer relationships (note 9.1)	(78)	(78)
Reorganization and adaptation of activities (note 9.2)	(73)	(86)
Impairment of non-current assets (note 9.3)	(36)	(116)
Employee benefit obligations (note 9.4)	(12)	(15)
Other (note 9.5)	(176)	106
OTHER OPERATING INCOME AND EXPENSES	**(375)**	**(189)**

9.1 Amortization of acquired trademarks and customer relationships

Amortization of intangible assets recognized in the course of a business combination amounted to €78 million in 2022 (2021: €78 million):

- €27 million related to amortization of brands or trademarks (2021: €25 million);
- €51 million to amortization of customer relationships (2021: €53 million).

9.2 Reorganizations and adaptation of activities

9.2.1 Year ended December 31, 2022

A provision of €142 million was set aside at the year-end for the implementation of support measures under the simplification and competitiveness plan’s third Collective Settlement Agreement (*Rupture Conventionnelle Collective* or "RCC" 3) (note 29) and a €118 million provision for pension and other defined benefit obligations was reversed (note 27.1).

The net expense covered by provisions booked in 2022 for the third phase of the RCC agreement amounts to €24 million.

The balance is explained by various provisions set aside to further improve the Group's industrial and service competitiveness in a number of countries, including the United States, Italy and Germany.

9.2.2 Year ended December 31, 2021

The €86 million expense for the year includes the €21 million net charge to provisions in France for the first phase and second phase Collective Settlement Agreements, as well as various provisions set aside to continue to improve the Group's industrial and service competitiveness in a number of countries, including Germany and Italy.

9.3 Impairment of non-current assets

9.3.1 Year ended December 31, 2022

This amount consists of impairment losses on intangible assets for €21 million and on property, plant and equipment for €15 million.

9.3.2 Year ended December 31, 2021

This amount includes impairment losses:

- on property, plant and equipment and right-of-use assets for €75 million (of which €63 million on plant and equipment); and
- on intangible assets for €41 million.

9.4 Employee benefit obligations

No material events occurred in 2022 or 2021.

9.5 Other

9.5.1 Year ended December 31, 2022

The amount of €176 million reported under this caption mainly includes impairment losses and provisions related to the Group’s operations in Russia, for €139 million (note 2.5) and a €13 million provision for the restructuring of Fenner’s conveyor belt business in the United Kingdom which is heavily exposed to the Russian market.

9.5.2 Year ended December 31, 2021

Net other income for the year in the amount of €106 million corresponds primarily to the €114 million gain realized on the sale of part of the Group’s interest in Solesis.

NOTE 10 COST OF NET DEBT AND OTHER FINANCIAL INCOME AND EXPENSES

Cost of net debt and other financial income and expenses are broken down in the table below:

(in € millions)	**2022**	**2021**
Interest expense	(276)	(176)
Interest expense on lease liabilities	(31)	(30)
Interest income on cash, cash equivalents and cash management financial assets	12	(11)
Interest rate derivatives	60	32
Fees on credit lines	(8)	(9)
Capitalized borrowing costs	4	2
COST OF NET DEBT	**(239)**	**(192)**
Net income from financial assets (other than cash and cash equivalents and cash management financial assets)	21	7
Currency remeasurement (including currency derivatives)	(59)	(13)
Other	16	2
OTHER FINANCIAL INCOME AND EXPENSES	**(22)**	**(4)**

10.1 Derivatives not accounted for using hedge accounting

As described in the financial risk management policy, the Group's financing activities are mostly centralized (note 33.1.2 “Liquidity risk”) and the interest rate risk is managed through the use of “plain vanilla” derivative instruments (note 33.1.4 “Interest rate risk”). As a consequence:

- most borrowings are denominated in euros (note 26 “Financial liabilities”);
- some of these borrowings are subsequently swapped into foreign currencies to finance the foreign subsidiaries; and
- derivatives are purchased to manage the interest rate risk in these currencies (note 16 “Derivative instruments”).

This process is described in the summary table in note 33.2.3 “Interest rate risk”.

Although these transactions provide effective economic hedges, they do not qualify for hedge accounting under IFRS and therefore they cannot be recognized as cash flow hedges as described in note 3.5 “Hedging”. Fluctuations in the derivatives' fair values are therefore accounted for in the income statement. The increase in fair value during the year amounted to €60 million (2021: increase of €32 million) and is included in “Cost of net debt” under “Interest rate derivatives”.

10.2 Ineffective hedges

The effectiveness of the hedge is determined at the beginning of the hedging relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and the hedging instrument. A hedging relationship may become ineffective if the timing of the planned transaction changes from the original estimate. This ineffectiveness is not material.

NOTE 11 INCOME TAX

(in € millions)	**2022**	**2021**
Current tax expense (note 18.2)	(625)	(629)
Deferred tax benefit/(expense) (note 18.1)	(22)	3
INCOME TAX	**(647)**	**(626)**

Current tax includes €39 million of withholding tax on royalties and on retained earnings distributed between Group companies (2021: €15 million).

The Group's tax proof is presented in the table below:

(in € millions)	**2022**	**2021**
Income before taxes	**2,656**	**2,471**
Tax calculated using domestic tax rates applicable to income in the respective countries	(556)	(537)
Tax effect of:		
• untaxed transactions	(52)	(1)
• deferred tax assets not recognized during the period	(47)	(26)
• net change in unrecognized deferred tax assets	43	46
• changes in tax rates	(5)	3
• taxes with no tax base (tax credits, withholding tax, etc.)	(20)	(33)
• other items	(10)	(78)
INCOME TAX	**(647)**	**(626)**

The Group has operations in various countries that have different tax laws and rates. The weighted average domestic tax rate of Group companies may therefore vary from year to year depending on the relative size of taxable incomes.

Effective tax rates may differ from theoretical rates, particularly due to unrecognized deferred tax assets, withholding taxes, tax credits and other taxes not based on income.

The utilization of deferred tax assets is periodically reviewed at the tax entity level and may lead to the recognition of previously unrecognized deferred tax assets.

NOTE 12 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing income attributable to the shareholders of the Company by the weighted average number of shares outstanding during the year, excluding shares bought back by the Group and held as treasury shares.

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. At December 31, 2022, the Company had only one type of dilutive potential shares: performance shares (note 28.1 "Performance share plans"). The last stock option plan expired on June 30, 2021, and no stock options were outstanding at the end of 2022.

No share transactions affecting the weighted average number of shares used to calculate basic earnings per share and diluted earnings per share occurred after the end of the 2022 reporting period.

	2022	2021[(1)]
Net income *(in € millions)*, excluding non-controlling interests	2,001	1,844
• Less, estimated General Partners' profit shares	(2)	(5)
Net income attributable to the shareholders of the Company used to calculate basic earnings per share	**1,999**	**1,839**
Weighted average number of shares outstanding *(thousands of shares)* **used to calculate basic earnings per share**	**712,364**	**713,448**
• Plus, adjustment for performance shares	4,886	4,872
Weighted average number of shares used to calculate diluted earnings per share	**717,250**	**718,320**
EARNINGS PER SHARE *(in €)*		
• Basic	**2.81**	2.58
• Diluted	**2.79**	2.56

(1) Data for 2021 have been restated to reflect the four-for-one stock split on June 16, 2022.

NOTE 13 GOODWILL AND INTANGIBLE ASSETS

Changes in goodwill and intangible assets are as follows:

(in € millions)	Goodwill	Intangible assets	Total
Gross carrying amounts at January 1, 2021	**2,225**	**4,018**	**6,243**
Translation adjustments	126	153	279
Additions (including new emission allowances: €30 million)	-	240	240
Disposals	-	(58)	(58)
Change in scope of consolidation	42	(236)	(194)
Transfers and other	-	8	8
Gross carrying amounts at December 31, 2021	**2,393**	**4,125**	**6,518**
Translation adjustments	88	31	119
Additions (including new emission allowances: €56 million)	-	278	278
Disposals	-	(200)	(200)
Changes in scope of consolidation	107	34	141
Transfers and other	-	9	9
Gross carrying amounts at December 31, 2022	**2,588**	**4,277**	**6,865**
Amortization and impairment at January 1, 2021	**(89)**	**(2,038)**	**(2,127)**
Translation adjustments	(5)	(51)	(56)
Amortization	-	(268)	(268)
Net impairment	(14)	(27)	(41)
Disposals	-	36	36
Change in scope of consolidation	-	36	36
Transfers and other	1	(2)	(1)
Amortization and impairment at December 31, 2021	**(107)**	**(2,314)**	**(2,421)**
Translation adjustments	1	(34)	(33)
Amortization	-	(286)	(286)
Net impairment	(52)	(15)	(67)
Disposals	-	174	174
Changes in scope of consolidation	-	3	3
Transfers and other	-	(2)	(2)
Amortization and impairment at December 31, 2022	**(158)**	**(2,474)**	**(2,632)**
NET CARRYING AMOUNTS AT DECEMBER 31, 2022	**2,430**	**1,803**	**4,233**
Net carrying amounts at December 31, 2021	2,286	1,811	4,097

13.1 Goodwill

At December 31, 2022, goodwill allocated to the CGUs or groups of CGUs is as follows:

(in € millions)	December 31, 2022	December 31, 2021
Passenger car tires – global brands CGU group*	429	367
Passenger car tires – regional brands CGU	172	162
Light truck and Truck tires CGU group	644	587
Mining CGU group	289	260
Two-wheel tires CGU	20	18
Beyond-road tires CGU	741	690
High-Tech Materials CGU group	135	137
Other CGUs	-	65
GOODWILL	**2,430**	**2,286**

* *Including Allopneus goodwill of €65 million (note 4.2.1) allocated to "Other CGUs" in 2021.*

Goodwill has been tested for impairment using the following two main assumptions:

- the terminal value takes into account an annual growth rate that depends on the type of business and the countries where the assets are located;
- the CGUs' future cash flows are discounted using the after-tax weighted average cost of capital (WACC) applied to after-tax cash flows. They are determined by geographical region taking into account the features of the business. The increase in the weighted average cost of capital (WACC) used for the tests at December 31, 2022 compared to December 31, 2021 was due to higher interest rates and higher risk premiums on the Group's debt.

After-tax discount rates and perpetual growth rates used in 2022 for terminal value calculations are presented in the table below:

(%)	WACC	Perpetual growth rate
Passenger car tires – global brands CGU group	8.5	1.5
Passenger car tires – regional brands CGU	8.0	1.2
Light truck and Truck tires CGU group	9.0	1.1
Mining CGU group	10.1	1.5
Two-wheel tires CGU	8.8	1.4
Beyond-road tires CGU	8.5	1.8
High-Tech Materials CGU group	9.3	2.5

A 100-basis point increase in WACC combined with a 100-basis point decrease in the perpetual growth rate applied to the groups of CGUs could lead to the recognition of an impairment loss of around €120 million, without any material impact on the interpretation of the test results.

Projected future cash flows used for impairment testing of fixed assets include investments to be made to fulfill the Group's energy transition ambitions (see note 2.6 "Climate risk"). For CGUs or groups of CGUs to which goodwill has been allocated, a simulated impairment test has been carried out by limiting estimates of future cash flows to the next 20 years based on constant cash flows after the fifth year. Under this unfavorable scenario, total future cash flows would represent €200 million less than the value of the Group's assets.

To take into account the effect of applying IFRS 16, right-of-use assets have been included in the assets to be tested, the corresponding lease liabilities have been deducted from the value of the CGUs concerned and values in use include lease payments determined in accordance with IFRS 16.

13.2 Intangible assets

In 2022, additions to intangible assets amounted to €278 million (2021: €240 million), breaking down as follows:

- software: €196 million;
- CO_2 emission allowances: €56 million;
- other: €26 million.

13.2.1 Software

The net carrying amount of software at December 31, 2022 was €692 million (2021: €671 million). Software is initially recognized at cost, including the cost of acquisition or production and other costs directly attributable to the acquisition or production of the software.

13.2.2 Brands and trademarks

At December 31, 2022, the net carrying amount of brands and trademarks in the consolidated statement of financial position was €323 million (2021: €324 million), of which €9 million related to brands and trademarks with indefinite useful lives. These amounts correspond mainly to the value of brands and trademarks recognized as part of business combinations.

13.2.3 Customer relationships

At December 31, 2022, the net carrying amount of customer relationships in the consolidated statement of financial position was €612 million (2021: €680 million). These amounts correspond primarily to the value of customer lists recognized in connection with business combinations (mainly Fenner and Camso).

13.2.4 CO_2 emission allowances

Emission allowances at December 31, 2022 totaled 2.2 million tonnes (2021: 2.3 million tonnes) and were carried in the consolidated statement of financial position for an amount of €89 million (2021: €59 million). The liability corresponding to actual emissions in 2022 amounts to 0.7 million tonnes (2021: 0.7 million tonnes) representing a value of €29 million (2021: €22 million). It will be offset by the delivery of the acquired allowances.

13.2.5 Development costs

No tire development costs were capitalized in 2021 or 2022 as the criteria for recognition as intangible assets were not met. To be recognized as an asset, the development costs incurred for a new product or a significant product renewal project must fulfill six criteria. One of these criteria requires the entity to demonstrate the existence of a market for the output of the intangible asset. The existence of a market is demonstrated only when the Group has obtained OEM approval and when the margin generated by the purchase volumes proposed by the manufacturers is in line with Group objectives. In practice, the corresponding development costs are incurred at a stage of the project which is prior to OEM approval.

NOTE 14 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

14.1 Property, plant and equipment (PP&E)

Changes in property, plant and equipment are as follows:

(in € millions)	Land and buildings	Plant and industrial equipment	Other equipment	Total
Gross carrying amounts at January 1, 2021	**6,706**	**20,237**	**1,466**	**28,409**
Translation adjustments	211	737	41	989
Acquisitions	263	1,148	83	1,494
Disposals	(70)	(678)	(48)	(796)
Change in scope of consolidation	(29)	(12)	-	(41)
Transfers and other	(14)	7	(5)	(12)
Gross carrying amounts at December 31, 2021	**7,067**	**21,439**	**1,537**	**30,043**
Translation adjustments	154	600	15	769
Acquisitions	377	1,415	127	1,919
Disposals	(77)	(463)	(47)	(587)
Changes in scope of consolidation	15	12	197	224
Transfers and other	41	(29)	1	13
Gross carrying amounts at December 31, 2022	**7,577**	**22,974**	**1,830**	**32,381**
Depreciation and impairment at January 1, 2021	**(3,144)**	**(13,408)**	**(1,036)**	**(17,588)**
Translation adjustments	(95)	(476)	(31)	(602)
Depreciation	(190)	(1,040)	(79)	(1,309)
Net impairment	(8)	(63)	(3)	(74)
Disposals	50	658	44	752
Change in scope of consolidation	2	4	-	6
Transfers and other	(22)	27	(2)	3
Depreciation and impairment at December 31, 2021	**(3,407)**	**(14,298)**	**(1,107)**	**(18,812)**
Translation adjustments	(59)	(376)	(20)	(455)
Depreciation	(201)	(1,132)	(85)	(1,418)
Net impairment	(14)	(16)	(6)	(36)
Disposals	56	418	38	512
Changes in scope of consolidation	(4)	(7)	(14)	(25)
Transfers and other	(14)	(6)	9	(11)
Depreciation and impairment at December 31, 2022	**(3,643)**	**(15,417)**	**(1,185)**	**(20,245)**
NET CARRYING AMOUNTS AT DECEMBER 31, 2022	**3,934**	**7,557**	**645**	**12,136**
Net carrying amounts at December 31, 2021	3,660	7,141	430	11,231

PP&E in progress amount to €2,433 million (2021: €1,611 million).

Accumulated impairment losses included in total "Depreciation and impairment" at December 31, 2022 amounted to €487 million (2021: €465 million).

14.2 Right-of-use assets

Right-of-use assets can be analyzed as follows:

(in € millions)	Right-of-use assets Land and buildings	Right-of-use assets Plant and industrial equipment	Right-of-use assets Other equipment	Total
Gross carrying amounts at January 1, 2021	**1,177**	**119**	**274**	**1,570**
Translation adjustments	50	5	10	65
New leases	116	20	31	167
Disposals	(32)	(11)	(17)	(60)
Change in scope of consolidation	(4)	1	-	(3)
Transfers and other	(21)	(2)	(3)	(26)
Gross carrying amounts at December 31, 2021	**1,286**	**132**	**295**	**1,713**
Translation adjustments	22	5	6	33
New leases	150	9	39	198
Disposals	(58)	(28)	(26)	(112)
Change in scope of consolidation	18	-	2	20
Transfers and other	(15)	(1)	(2)	(18)
Gross carrying amounts at December 31, 2022	**1,403**	**117**	**314**	**1,834**
Depreciation and impairment at January 1, 2021	**(344)**	**(40)**	**(103)**	**(487)**
Translation adjustments	(15)	(2)	(3)	(20)
Depreciation	(151)	(39)	(45)	(235)
Net impairment	(1)	-	-	(1)
Disposals	32	11	17	60
Change in scope of consolidation	-	-	-	-
Transfers and other	(5)	9	-	4
Depreciation and impairment at December 31, 2021	**(484)**	**(61)**	**(134)**	**(679)**
Translation adjustments	(5)	(2)	(2)	(9)
Depreciation	(154)	(34)	(52)	(240)
Net impairment	(4)	-	(1)	(5)
Disposals	55	28	25	108
Changes in scope of consolidation	-	-	-	-
Transfers and other	(5)	4	2	1
Depreciation and impairment at December 31, 2022	**(597)**	**(65)**	**(162)**	**(824)**
NET CARRYING AMOUNTS AT DECEMBER 31, 2022	**806**	**52**	**152**	**1,010**
Net carrying amounts at December 31, 2021	**802**	**71**	**161**	**1,034**

Some leases are recorded directly as an expense in the income statement on a straight-line basis over the life of the lease.

This is the case for:

- short-term leases, representing an expense of €51 million in 2022 (2021: €28 million);
- leases of low-value assets, representing an expense of €41 million for the year (2021: €42 million);
- variable lease payments not taken into account to determine the lease liability, representing an expense of €22 million (2021: €16 million).

Undiscounted future lease payments are analyzed by maturity in note 33.2.1 "Liquidity risk".

NOTE 15 NON-CURRENT FINANCIAL ASSETS AND OTHER NON-CURRENT ASSETS

The carrying amount of the non-current financial assets and other non-current assets is analyzed in the table below:

(in € millions)	December 31, 2022	December 31, 2021
Equity investments (note 15.1)	387	279
Loans and deposits (note 15.2)	229	387
Solesis preferred shares	249	247
Derivative instruments (note 16.1)	55	125
Pension plan surpluses (note 27.1)	231	332
Other	10	34
NON-CURRENT FINANCIAL ASSETS AND OTHER NON-CURRENT ASSETS	**1,161**	**1,404**

15.1 Equity investments

Unconsolidated equity investments consist primarily of a portfolio of shares in unlisted companies (note 33.4. "Classification of financial assets").

Movements in the portfolio during the year are presented in the table below:

(in € millions)	2022	2021
At January 1	**279**	**229**
Translation adjustments	5	6
Acquisitions	46	25
Disposals	-	(2)
Change in scope of consolidation	-	(10)
Fair value changes	57	31
AT DECEMBER 31	**387**	**279**

15.2 Loans and deposits

The carrying amount of loans and deposits is analyzed in the table below:

(in € millions)	December 31, 2022	December 31, 2021
Gross loans and deposits	274	434
Impairment	(45)	(47)
TOTAL	**229**	**387**

Loans and deposits mainly include loans to companies accounted for by the equity method and various loans to customers and employees.

The decrease in loans and deposits at December 31, 2022 was mainly due to (i) the reclassification of a shareholder loan to TBC in current financial assets for €88 million, and (ii) a partial repayment of the amount held in the UK pension fund escrow account for €60 million (note 32.3.2).

NOTE 16 DERIVATIVE INSTRUMENTS

As mentioned in note 3.5 "Hedging", some derivatives, while complying with the Group's financial risk management policies, do not qualify or have not been designated as hedging instruments for hedge accounting purposes.

16.1 Derivatives recognized as assets

(in € millions)	December 31, 2022	December 31, 2021
Derivatives qualifying as fair value hedges	-	-
Derivatives qualifying as cash flow hedges		
• Currency derivatives	-	83
• Interest rate derivatives	-	-
• Other derivatives	-	-
Derivatives not qualifying for hedge accounting		
• Currency derivatives	54	16
• Interest rate derivatives	1	2
• Other derivatives(1)	-	24
Non-current derivative instruments (note 15)	**55**	**125**
Derivatives qualifying as fair value hedges	-	-
Derivatives qualifying as cash flow hedges		
• Currency derivatives	118	49
• Interest rate derivatives	-	-
• Other derivatives	-	-
Derivatives not qualifying for hedge accounting		
• Currency derivatives	33	21
• Interest rate derivatives	1	-
• Other derivatives(1)	1	27
Current derivative instruments (note 21)	**153**	**97**
TOTAL ASSETS	**208**	**222**

(1) Corresponds primarily to the financial instruments acquired as hedges of the options embedded in convertible bonds (note 26.1).

The Group grants cash collateral to cover counterparties' credit risk on derivatives with a positive fair value. Collateral received at December 31, 2022 amounted to €57 million (2021: €74 million).

16.2 Derivatives recognized in liabilities

(in € millions)	December 31, 2022	December 31, 2021
Derivatives qualifying as fair value hedges	-	-
Derivatives qualifying as cash flow hedges		
• Currency derivatives	-	-
• Interest rate derivatives	-	-
• Other derivatives	-	-
Derivatives not qualifying for hedge accounting		
• Currency derivatives	12	56
• Interest rate derivatives	2	3
• Other derivatives[1]	-	24
Non-current derivative instruments (note 26)	**14**	**83**
Derivatives qualifying as fair value hedges	-	-
Derivatives qualifying as cash flow hedges		
• Currency derivatives	-	26
• Interest rate derivatives	-	-
• Other derivatives	-	-
Derivatives not qualifying for hedge accounting		
• Currency derivatives	98	49
• Interest rate derivatives	-	-
• Other derivatives[1]	2	27
Current derivative instruments (note 26)	**100**	**102**
TOTAL LIABILITIES	**114**	**185**

(1) Corresponds to the options embedded in convertible bonds (note 26.1).

The Group holds cash collateral covering its credit risk on derivatives with a negative fair value. Collateral received at December 31, 2022 amounted to €110 million (2021: €100 million).

16.3 Contractual amounts of derivatives

The contractual amounts of derivative instruments are presented in the table below:

	December 31, 2022			December 31, 2021		
(in € millions)	Current	Non-current	Total	Current	Non-current	Total
Currency derivatives	4,588	1,754	**6,342**	5,253	1,459	**6,712**
Interest rate derivatives	94	324	**418**	-	189	**189**
Other	1,130	-	**1,130**	1,054	1,060	**2,114**
Derivatives not qualifying for hedge accounting	**5,812**	**2,078**	**7,890**	**6,307**	**2,708**	**9,015**
Interest rate derivatives	-	-	**-**	-	-	**-**
Derivatives qualifying as fair value hedges	**-**	**-**	**-**	**-**	**-**	**-**
Currency derivatives	462	-	**462**	576	435	**1,011**
Interest rate derivatives	-	-	**-**	-	-	**-**
Other	7	1	**8**	11	2	**13**
Derivatives qualifying as cash flow hedges	**469**	**1**	**470**	**587**	**437**	**1,024**
TOTAL	**6,281**	**2,079**	**8,360**	**6,894**	**3,145**	**10,039**

The "Other" derivatives not qualifying for hedge accounting include options related to convertible bonds in USD (notes 16.1, 16.2 and 26).

16.4 Hedge accounting

Summarized financial data for hedging instruments are set out in the table below:

(in € millions)	Notional amount of the hedging instrument	Carrying amount of the hedging instrument in assets/(liabilities)	Cash flow hedge reserve	Amount recognized in profit or loss	Line item affected in profit or loss
DERIVATIVES QUALIFYING AS CASH FLOW HEDGES					
Forward foreign exchange contracts on bonds denominated in foreign currencies	435	118	2	20	Cost of net debt/Other financial income and expense
Commodity price risk – forward purchase contracts	8	-	(3)	-	Operating income
Interest rate swaps	-	-	(14)	(2)	Cost of net debt
Interest component of cross currency swaps	-	-	-	-	Cost of net debt
Forward foreign exchange contracts on forecast sales	19	-	-	(1)	Operating income
Hedges of currency risk on raw materials purchases	8	-	-	1	Operating income
CURRENT AND NON-CURRENT HEDGING INSTRUMENTS	**470**	**118**	**(15)**	**18**	

Gains and losses on cash flow hedges are included in equity, under "Other reserves" (note 25 "Reserves"). These reserves are used to recognize the effective portion of derivatives that qualify for hedge accounting (note 3.5.2 "Cash flow hedges"). The gains and losses accumulated in the reserve are subsequently reclassified as part of the initial cost of a non-financial asset or transferred to the income statement. Cash flow hedge reserves correspond mainly to advance hedging of interest rate risks on the August 2018 bond issues for a negative amount of €14 million (note 26.1 "Bonds and commercial paper"). The gains and losses are reclassified to the income statement when the interest affects profit or loss.

NOTE 17 INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

Associates and joint ventures are listed in note 36 "List of consolidated companies" to the consolidated financial statements.

17.1 Investments in equity-accounted companies

Changes in investments in equity-accounted companies are as follows:

(in € millions)	Investments in associates	Investments in joint ventures	Total investments in equity-accounted companies
At January 1, 2021	**110**	**831**	**941**
Share of profit/(loss) from equity-accounted companies	12	(29)	(17)
Impairment	(8)	(58)	(66)
Dividends	(3)	(5)	(8)
Changes in scope of consolidation/capital increases	(16)	214	198
Translation adjustments	2	56	58
Other	-	(3)	(3)
At December 31, 2021	**97**	**1,006**	**1,103**
Share of profit/(loss) from equity-accounted companies	5	(10)	(5)
Impairment	-	(14)	(14)
Dividends	(3)	(8)	(11)
Changes in scope of consolidation/capital increases	(40)	31	(9)
Translation adjustments	(2)	43	41
Other	-	(3)	(3)
AT DECEMBER 31, 2022	**57**	**1,045**	**1,102**

The main equity-accounted companies are TBC (note 17.2) and Solesis (note 17.3). All of the other companies represent less significant investments.

The effect of changes in the scope of consolidation corresponds mainly to the change to full consolidation of RLU (note 4.1.1) and the sale of ATU for €39 million.

After testing some of its investments for impairment, at December 31, 2022 the Group recognized an impairment loss of €70 million on the AddUp joint venture, of which €14 million concerned investments accounted for by the equity method and €56 million concerned loan instruments.

17.2 TBC joint venture

Summarized financial data for the TBC joint venture are set out in the table below:

(in € millions)	December 31, 2022	December 31, 2021
Current assets	2,145	1,636
• *of which cash and cash equivalents*	*21*	*48*
Non-current assets	1,694	1,695
• *of which goodwill*	*141*	*133*
TOTAL ASSETS	**3,839**	**3,331**
Current liabilities	1,524	1,139
• *of which current financial liabilities*	*223*	*144*
Non-current liabilities	1,115	1,086
• *of which non-current financial liabilities*	*963*	*930*
Equity	1,200	1,106
TOTAL LIABILITIES AND EQUITY	**3,839**	**3,331**

(in € millions)	2022	2021
Sales	5,291	4,482
EBITDA	279	321
Interest income	4	(1)
Interest expense	(59)	(52)
Depreciation and amortization	(199)	(203)
Income tax	(2)	(22)
NET INCOME	**23**	**43**

The equity-accounted share of TBC included in the Group's consolidated income statement (including elimination of downstream transactions) is a profit of €9 million (2021: profit of €13 million).

(in € millions)	December 31, 2022	December 31, 2021
Net assets (including goodwill)	**1,200**	**1,106**
Share of net assets (including goodwill)	600	553
Elimination of profit from downstream transactions (net of tax)	(35)	(31)
CARRYING AMOUNT OF NET INTEREST IN THE JOINT VENTURE	**565**	**522**

17.3 Solesis joint venture

Summarized financial data in respect of Solesis are set out in the table below:

(in € millions)	December 31, 2022	December 31, 2021
Current assets	59	37
• *of which cash and cash equivalents*	*8*	*4*
Non-current assets	702	649
• *of which goodwill*	*225*	*351*
• *of which cash allocated to preferred shares*	*251*	*250*
TOTAL ASSETS	**761**	**686**
Current liabilities	134	99
• *of which current financial liabilities*	*110*	-
Non-current liabilities	251	254
• *of which non-current financial liabilities*	-	*4*
• *of which preferred shares*	*251*	*250*
Equity	376	333
TOTAL LIABILITIES AND EQUITY	**761**	**686**

(in € millions)	2022	2021 (7 months)
Sales	97	47
EBITDA	25	16
Interest income	-	-
Interest expense	(6)	(3)
Depreciation and amortization	(23)	(6)
Income tax	(1)	-
NET INCOME/(LOSS)	**(5)**	**7**

The equity-accounted share of Solesis' results included in the Group's consolidated income statement was a loss of €2 million in 2022 (2021: profit of €3 million).

(in € millions)	December 31, 2022	December 31, 2021
Net assets (including goodwill)	**376**	**329**
CARRYING AMOUNT OF NET INTEREST IN THE JOINT-VENTURE	**184**	**161**

17.4 Financial information about equity-accounted companies

The financial statements of equity-accounted companies other than TBC and Solesis, which are not material taken individually, include the following amounts (information presented on a 100% basis):

(in € millions)	2022	2021
Assets	2,758	2,970
Liabilities	1,881	2,061
Sales	2,953	3,142
Net income/(loss)	(10)	(3)

17.5 Transactions with equity-accounted companies (related parties)

Transactions and balances between the Group and its associates and joint ventures are presented in the table below:

(in € millions)	2022	2021
INCOME STATEMENT		
Income for the sale of goods or supply of services	556	477
Expenses for the purchase of products or supply of services	(299)	(285)
STATEMENT OF FINANCIAL POSITION		
Financial liabilities	(1)	(5)
Trade payables	(5)	(25)
Financial assets	497	470
Accounts receivable	328	183

NOTE 18 TAXES

18.1 Deferred tax

Deferred taxes in the consolidated statement of financial position are as follows:

(in € millions)	December 31, 2022	December 31, 2021
Deferred tax assets	630	751
Deferred tax liabilities	(541)	(503)
NET DEFERRED TAX ASSET	**89**	**248**

Deferred tax assets and liabilities at the end of the period, before netting, are as follows:

(in € millions)	December 31, 2022	December 31, 2021
Employee benefit obligations	375	510
Inventories	155	110
Financial instruments	(43)	(32)
Provisions	21	17
Unused tax losses	155	154
Unused tax credits	-	-
Goodwill and intangible assets	(229)	(235)
Property, plant and equipment	(533)	(472)
Other	188	196
NET DEFERRED TAX ASSET	**89**	**248**

Deferred tax assets have been recognized for tax loss carryforwards to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized, taking into account the restrictions applicable in local tax jurisdictions. The probability that unused tax losses will be utilized is assessed according to the entity and its taxable profit projections. These projections are prepared using assumptions that are consistent with the short- and medium-term budgets prepared by Group entities.

The change in the net deferred tax asset over the period is as follows:

(in € millions)	2022	2021
At January 1	**248**	**304**
Translation adjustments	6	(20)
Deferred tax benefit/(expense) (note 11)	(22)	3
Tax recognized in other comprehensive income	(139)	(87)
Changes in the scope of consolidation	(3)	49
Other	(1)	(1)
AT DECEMBER 31	**89**	**248**

In 2022 and 2021, the reductions in the net deferred tax asset were due mainly to the change in taxes recorded in other comprehensive income in respect of post-employment benefit obligations.

In 2021, changes in the scope of consolidation mainly concerned the sale of part of Solesis for €48 million.

The deferred income tax recognized in other comprehensive income is as follows:

(in € millions)	December 31, 2022	December 31, 2021
Post-employment benefits	95	229
Unconsolidated equity investments and other financial instruments	(39)	(30)
Financial instruments	2	-
TOTAL DEFERRED TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME	**58**	**199**

In 2022, the change in deferred tax recognized in other comprehensive income primarily reflects decreased pension benefit obligations.

Unrecognized deferred tax assets break down as follows:

(in € millions)	December 31, 2022	December 31, 2021
Deductible temporary differences	**55**	**89**
Tax losses:		
• of which expiring in less than one year	15	7
• of which expiring in one to five years	20	25
• of which expiring in more than five years	17	17
• of which evergreen	427	471
Total tax losses	**479**	**520**
Tax credits	**9**	**10**
TOTAL UNRECOGNIZED DEFERRED TAX ASSETS	**543**	**619**

Unrecognized deferred tax assets in the amount of €543 million mainly concern the tax losses of certain companies in the United Kingdom and India that are not certain of generating sufficient taxable profit in the coming years and that are subject to certain restrictions concerning the use of the losses:

- in the United Kingdom, tax losses can be carried forward indefinitely but only 50% of the loss can be set off against taxable profit in excess of £5 million;
- in India, operating tax loss carryforwards expire after eight years but there is no limit on the remaining balance.

18.2 Current taxes

Current taxes in the consolidated statement of financial position are as follows:

(in € millions)	2022	2021
Taxes receivable (note 22)	304	324
Taxes payable (note 30)	(238)	(186)
Net total at January 1	**66**	**138**
Current tax expense (note 11)	(625)	(629)
Income tax paid	697	562
Changes in the scope of consolidation	1	1
Translation adjustments and other	13	(6)
Total changes	**86**	**(72)**
Taxes receivable (note 22)	347	304
Taxes payable (note 30)	(195)	(238)
NET TOTAL AT DECEMBER 31	**152**	**66**

NOTE 19 INVENTORIES

Inventories include the following:

(in € millions)	December 31, 2022	December 31, 2021
Raw materials and supplies	1,871	1,481
Work in progress	708	644
Finished products[1]	3,884	3,110
Total gross inventory	**6,463**	**5,235**
Impairment of raw materials and supplies	(47)	(44)
Impairment of work in progress	(2)	(2)
Impairment of finished products	(96)	(74)
Impairment	**(145)**	**(120)**
NET INVENTORIES	**6,318**	**5,115**

(1) The figures at December 31, 2021 have been restated for comparison purposes (note 2.7).

Changes in impairment losses on inventory are as follows:

(in € millions)	2022	2021
At January 1	**(120)**	**(86)**
Translation adjustments and other	(1)	(25)
Change in scope of consolidation	-	1
Impairment of inventories recognized as an expense in the period	(63)	(30)
Impairment reversals	39	20
AT DECEMBER 31	**(145)**	**(120)**

NOTE 20 TRADE RECEIVABLES

The carrying amount of trade receivables is analyzed in the table below:

(in € millions)	December 31, 2022	December 31, 2021
Gross trade receivables	4,299	3,678
Impairment	(94)	(102)
TRADE RECEIVABLES	**4,205**	**3,576**

All trade receivables are due within 12 months.

The following table presents an aging analysis of trade receivables at December 31, 2022:

(in € millions)	Gross	Impairment	Net
Trade receivables not yet due	**3,872**	**(10)**	**3,862**
Overdue			
• by less than three months	298	(4)	294
• between three and six months	39	(4)	35
• by more than six months	90	(76)	14
Overdue trade receivables	**427**	**(84)**	**343**
TRADE RECEIVABLES	**4,299**	**(94)**	**4,205**

Movements in impairment are analyzed in the table below:

(in € millions)	2022	2021
At January 1	**(102)**	**(108)**
Translation adjustments and other	(1)	(1)
Change in scope of consolidation	-	-
Impairment of trade receivables recognized as an expense in the period	(23)	(32)
Impairment reversals	32	39
AT DECEMBER 31	**(94)**	**(102)**

Impairment reversals reflect the write-off of receivables for €29 million (2021: €17 million).

NOTE 21 CURRENT FINANCIAL ASSETS

The carrying amount of current financial assets is analyzed in the table below:

(in € millions)	December 31, 2022	December 31, 2021
Loans and deposits	214	181
Cash management financial assets (note 26)	285	435
Derivative instruments (note 16.1)	153	97
CURRENT FINANCIAL ASSETS	**652**	**713**

Although cash management financial assets are highly liquid and have very limited exposure to interest rate risk, they do not strictly fulfill the criteria for classification as cash and cash equivalents (note 3.21 "Cash and cash equivalents"). Cash management financial assets are measured at amortized cost (note 3.18 "Non-derivative financial assets").

Loans and deposits include collateral exchanged with financial institutions of €57 million (2021: €74 million) that is not freely available.

NOTE 22 OTHER CURRENT ASSETS

The carrying amount of other current assets is analyzed in the table below:

(in € millions)	December 31, 2022	December 31, 2021
Prepayments to suppliers	161	141
Income tax payable	347	304
Other taxes receivable	494	317
Other	324	280
Impairment	(11)	(4)
OTHER CURRENT ASSETS	**1,315**	**1,038**

Other taxes receivable mainly concern VAT.

NOTE 23 CASH AND CASH EQUIVALENTS

The carrying amount of cash and cash equivalents is analyzed in the table below:

(in € millions)	December 31, 2022	December 31, 2021
Money-market funds	1,149	3,372
Bank deposits subject to up to a three-month notice period	991	784
Cash at bank and in hand	444	326
CASH AND CASH EQUIVALENTS	**2,584**	**4,482**

The average effective interest rate on cash and cash equivalents was 0.27% in 2022 (2021: -0.29%). Cash and cash equivalents are mainly held in euros (2022: 82%, 2021: 93%).

Cash and cash equivalents include:

- restricted cash of €152 million whose use is governed by prudential insurance regulations in Ireland (2021: €103 million);
- restricted cash of €63 million located in Russia which cannot currently be transferred out of the country due to local sanctions.

NOTE 24 SHARE CAPITAL AND SHARE PREMIUMS

Changes in share capital and share premiums are analyzed in the table below:

(in € millions)	Share capital	Share premiums	Total
At January 1, 2021	**357**	**2,746**	**3,103**
Issuance of shares upon exercise of performance share rights	-	-	-
Cancellation of shares	-	-	-
Other	-	-	-
At December 31, 2021	**357**	**2,746**	**3,103**
Issuance of shares upon exercise of performance share rights	2	74	76
Cancellation of shares	(2)	(118)	(120)
Other	-	-	-
AT DECEMBER 31, 2022	**357**	**2,702**	**3,059**

Changes in outstanding shares are analyzed in the table below:

(number of shares)	Shares issued	Treasury shares	Shares outstanding
At January 1, 2021(1)	**713,360,344**	**-**	**713,360,344**
Issuance of shares upon exercise of performance share rights	761,456	-	761,456
Share buybacks	-	(32,128)	(32,128)
Sales of treasury shares	-	32,128	32,128
Cancellation of shares	-	-	-
Other	-	-	-
At December 31, 2021(1)	**714,121,800**	**-**	**714,121,800**
Issuance of shares upon exercise of performance share rights	4,322,150	-	4,322,150
Share buybacks	-	(4,326,536)	(4,326,536)
Sales of treasury shares	-	-	-
Cancellation of shares	(4,326,536)	4,326,536	-
Other	-	-	-
AT DECEMBER 31, 2022	**714,117,414**	**-**	**714,117,414**

(1) Data for 2021 have been restated to reflect the four-for-one stock split on June 16, 2022.

Pursuant to the Annual Shareholders Meeting of May 13, 2022, for each existing share with a par value of €2.00 held on June 16, 2022, shareholders received four new shares with a par value of €0.50 in exchange, and the total number of shares making up the capital was multiplied by four.

On June 16, 2022, the 178,530,462 outstanding shares were delisted and 714,121,848 new shares were created and listed on Euronext.

The 2021 dividend paid in 2022 amounted to €1.125 as recalculated following the four-for-one stock split (2020 dividend paid in 2021: €0.575 per share). The dividend was paid in full in cash for a net amount of €803 million (2021: €410 million).

The Managing Chairman will propose that shareholders approve the payment of a 2022 dividend in 2023 of €1.25 per share.

NOTE 25 RESERVES

(in € millions)	Translation reserve	Treasury shares	Other reserves	Retained earnings	Total
At January 1, 2021	**(1,265)**	**-**	**114**	**10,681**	**9,530**
Dividends and other appropriations	-	-	-	(414)	(414)
Share-based payments – current service cost (notes 7 and 8)	-	-	-	21	21
Share buybacks	-	(1)	-	-	(1)
Sale/cancellation of shares	-	1	-	-	1
Other	-	-	-	-	-
Transactions with the shareholders of the Company	**-**	**-**	**-**	**(393)**	**(393)**
Net income attributable to the shareholders of the Company	-	-	-	1,844	1,844
Post-employment benefits	-	-	-	*351*	*351*
Tax effect – Post-employment benefits	-	-	-	*(83)*	*(83)*
Equity instruments at fair value through OCI – changes in fair value	-	-	*31*	-	*31*
Tax effect – equity instruments at fair value through OCI	-	-	*(7)*	-	*(7)*
Other	-	-	*(1)*	*1*	-
Other comprehensive income that will not be reclassified to the income statement	-	-	23	269	292
Cash flow hedges – changes in fair value	-	-	*(10)*	-	*(10)*
Currency translation differences	*617*	-	-	-	*617*
Other	*(7)*	-	*2*	*(4)*	*(9)*
Other comprehensive income/(loss) that may be reclassified to the income statement	610	-	(8)	(4)	598
Total comprehensive income/(loss)	**610**	**-**	**15**	**2,109**	**2,734**
At December 31, 2021	**(655)**	**-**	**129**	**12,397**	**11,871**
Dividends and other appropriations	-	-	-	(808)	(808)
Share-based payments – current service cost (notes 7 and 8)	-	-	-	20	20
Share buybacks	-	(120)	-	-	(120)
Sale/cancellation of shares	-	120	-	-	120
Other	-	-	-	-	-
Transactions with the shareholders of the Company	**-**	**-**	**-**	**(788)**	**(788)**
Net income attributable to the shareholders of the Company	-	-	-	2,001	2,001
Post-employment benefits	-	-	-	*672*	*672*
Tax effect – Post-employment benefits	-	-	-	*(132)*	*(132)*
Equity instruments at fair value through OCI – changes in fair value	-	-	*57*	-	*57*
Tax effect – equity instruments at fair value through OCI	-	-	*(10)*	-	*(10)*
Other	-	-	-	*4*	*4*
Other comprehensive income that will not be reclassified to the income statement	-	-	47	544	591
Cash flow hedges – changes in fair value	-	-	*(10)*	-	*(10)*
Currency translation differences	*386*	-	-	-	*386*
Other	*7*	-	*1*	*(8)*	-
Other comprehensive income/(loss) that may be reclassified to the income statement	393	-	(9)	(8)	376
Total comprehensive income/(loss)	**393**	**-**	**38**	**2,537**	**2,968**
AT DECEMBER 31, 2022	**(262)**	**-**	**167**	**14,146**	**14,051**

In March 2022, an agreement was signed with an investment services provider under which the Company undertook to buy back up to €120 million worth of Michelin shares before November 24, 2022. A total of 4,326,536 shares were finally bought back under the program at an average price per share of €27.74, representing a total investment of €120 million. All of the shares bought back under the agreement were canceled before the end of 2022.

NOTE 26 FINANCIAL LIABILITIES

The carrying amount of financial liabilities is presented in the table below:

(in € millions)	December 31, 2022	December 31, 2021
Bonds	4,587	5,090
Loans from financial institutions and other	104	187
Derivative instruments	14	83
Non-current financial liabilities	**4,705**	**5,360**
Non-current lease liabilities	**690**	**731**
Bonds	554	823
Commercial paper	649	258
Loans from financial institutions and other	523	499
Derivative instruments	100	102
Current financial liabilities	**1,826**	**1,682**
Current lease liabilities	**233**	**229**
FINANCIAL LIABILITIES	**7,454**	**8,002**

Group net debt is analyzed in the table below:

(in € millions)	December 31, 2022	December 31, 2021
Financial liabilities	7,454	8,002
Derivatives recognized as assets (note 16.1)	(208)	(222)
Borrowing collaterals (note 32.3.2)	(57)	(74)
Cash management financial assets (note 21)	(285)	(435)
Cash and cash equivalents (note 23)	(2,584)	(4,482)
NET DEBT	**4,320**	**2,789**

The fair value of non-current financial liabilities, calculated in accordance with note 3.6 "Fair value of financial instruments", is presented in the table below:

(in € millions)	December 31, 2022	December 31, 2021
Bonds	3,843	5,485
Loans from financial institutions and other	104	187
Lease liabilities	610	731
Derivative instruments	14	83
FAIR VALUE OF NON-CURRENT FINANCIAL LIABILITIES	**4,571**	**6,486**

Changes in financial liabilities and derivatives are detailed by flow in the table below:

(in € millions)	At January 1, 2022	Cash flows from financial liabilities	Non-cash movements		At December 31, 2022
			Conversions	Other	
Bonds, loans from financial institutions and other	5,277	(101)	3	(488)	4,691
Lease liabilities	731	-	18	(59)	690
Derivative instruments	83	(68)	-	(1)	14
Non-current financial liabilities	**6,091**	**(169)**	**21**	**(548)**	**5,395**
Bonds, loans from financial institutions and other	1,580	(575)	27	694	1,726
Lease liabilities	229	(268)	5	267	233
Derivative instruments	102	(3)	-	1	100
Current financial liabilities	**1,911**	**(846)**	**32**	**962**	**2,059**
TOTAL FINANCIAL LIABILITIES	**8,002**	**(1,015)**	**53**	**414**	**7,454**
Derivatives recognized as assets	(222)	64	-	(50)	(208)
Net impact on the consolidated statement of cash flows		**(951)**			

26.1 Bonds and commercial paper

The table below provides detailed information about the bonds and commercial paper issued by the Group:

(in € millions)	December 31, 2022		December 31, 2021	
	Current	Non-current	Current	Non-current
Bonds repayable by Compagnie Générale des Établissements Michelin • nominal amount of €302 million • issued in September 2015 and September 2016 and due in September 2045 • nominal interest rate of 3.25% • effective interest rate of 3.02%	-	314	-	314
Bonds repayable by Compagnie Générale des Établissements Michelin • nominal amount of €500 million • issued in October 2020 and due in November 2040 • nominal interest rate of 0.625% • effective interest rate of 0.68%	-	496	-	496
Bonds repayable by Compagnie Générale des Établissements Michelin • nominal amount of €750 million • issued in August 2018 and due in September 2038 • nominal interest rate of 2.50% • effective interest rate of 2.56%	-	744	-	744
Bonds repayable by Compagnie Générale des Établissements Michelin • nominal amount of €500 million • issued in October 2020 and due in November 2032 • nominal interest rate of 0.25% • effective interest rate of 0.32%	-	496	-	496
Bonds repayable by Compagnie Générale des Établissements Michelin • nominal amount of €1,000 million • issued in August 2018 and due in September 2030 • nominal interest rate of 1.75% • effective interest rate of 1.84% (2.00% after hedging)	-	993	-	993
Bonds repayable by Compagnie Générale des Établissements Michelin • nominal amount of €500 million • issued in October 2020 and due in November 2028 • nominal interest rate of 0.00% • effective interest rate of 0.06%	-	498	-	498
Bonds repayable by Compagnie Générale des Établissements Michelin • nominal amount of €300 million • issued in May 2015 and due in May 2027 • nominal interest rate of 1.75% • effective interest rate of 1.86% (1.80% after hedging)	-	299	-	298
Bonds repayable by Compagnie Générale des Établissements Michelin • nominal amount of €750 million • issued in August 2018 and due in September 2025 • nominal interest rate of 0.875% • effective interest rate of 1.04% (1.17% after hedging)	-	747	-	745
Debt component of convertible bonds repayable by Compagnie Générale des Établissements Michelin • nominal amount of $600 million • issued in January 2018 and due in November 2023 • nominal interest rate of 0% • effective interest rate of 2.50% (0.16% after hedging) • conversion price at December 31, 2022 of €42.0367	554	-	-	506

	December 31, 2022		December 31, 2021	
(in € millions)	Current	Non-current	Current	Non-current
Bonds repayable by Compagnie Générale des Établissements Michelin • nominal amount of €300 million • issued in May 2015 and due in May 2022 • nominal interest rate of 1.125% • effective interest rate of 1.17% • repaid on March 8, 2022	-	-	300	-
Debt component of convertible bonds repayable by Compagnie Générale des Établissements Michelin • nominal amount of $600 million • issued in January 2017 ($500 million) and April 2017 ($100 million) and due in January 2022 (note 26.1.1 and note 35) • nominal interest rate of 0% • effective interest rate of 1.98% (-0.38% after hedging) • conversion price at December 31, 2021 of €133.359 • repaid at maturity on January 10, 2022 (note 26.1.1)	-	-	523	-
Commercial paper repayable by Compagnie Générale des Établissements Michelin • in USD, euro-equivalent nominal amount: €71 million (2021: €22 million) • effective interest rate of 5.02% at December 31, 2022 • in €, nominal amount €580 million (2021: €236 million) • effective interest rate of 1.80% at December 31, 2022	649	-	258	-
TOTAL	**1,203**	**4,587**	**1,081**	**5,090**

At December 31, 2022, the weighted average nominal interest rate for bonds and commercial paper is 1.54% (1.38% after hedging).

The €269 million decrease in the current portion of bond debt primarily reflects:

- the redemption at maturity of the convertible bonds due in January 2022 for €523 million;
- the early repayment in March 2022 of the bonds due May 2022, for €300 million.
- the reclassification from long- to short-term of the convertible bonds due in November 2023, for €554 million.

The exercise price of the convertible bonds due November 2023 has been adjusted to take into account the stock split (note 24).

26.2 Loans from financial institutions and other

Loans from financial institutions and other consist mainly of drawdowns on the Group's credit lines.

At December 31, 2022, loans from financial institutions totaled €627 million (2021: €686 million). Most of the loans were denominated in EUR, THB and USD and most were at variable interest rates.

The contractual re-pricing of the interest rates of these loans is generally less than six months.

NOTE 27 PROVISIONS FOR EMPLOYEE BENEFIT OBLIGATIONS

In accordance with the laws and regulations applicable in each country, and in application of its social responsibility policy, the Group takes part mainly in pension, death and disability, medical insurance and end-of-service benefit plans.

They are either defined benefit plans or defined contribution plans.

Since 2003, the Group has closed its defined benefit plans to new entrants and, in some cases, to future accruals, in order to reduce the risk on the Group's consolidated statement of financial position. New defined contribution plans have correspondingly been put in place or existing ones improved.

The Group has a governance body, the Global Employee Benefit Board, that monitors benefits. Its role is to define Group policies on employee benefits and ensure that local benefit programs comply with them (approval of amendments, introduction of new benefits, etc.). At the same time, it monitors asset returns and benchmarks, as well as the de-risking policies put in place by local boards or committees, and proposes an audit plan. The Committee is assisted by two teams, the Global Benefits Policy Team composed of members from the accounting, finance and human resources departments and the Global Benefits Investment Team composed of the chairs of the investment committees or Chief Investment Officers of the main funded pension plans and Group experts. In countries with substantial benefit obligations, a similar organization exists.

27.1 Defined benefit plans

The Group's defined benefit plans are retirement plans and retiree healthcare plans, the vast majority of which are now closed to new entrants, and in some cases to future accruals, as well as some minor plans such as long-service awards or end-of-service benefits.

Projected benefit obligations are measured with the assistance of independent actuaries who help the Group to determine demographic and financial assumptions according to a rigorous process.

The financial position of the main defined benefit plans is summarized below:

(in € millions)	Pension plans	Other plans	December 31, 2022	December 31, 2021
Present value of fully or partly funded obligations	5,508	25	5,533	7,578
Fair value of plan assets	(5,374)	(20)	(5,394)	(7,516)
Funded status deficit/(surplus)	**134**	**5**	**139**	**62**
Present value of unfunded obligations	791	1,316	2,107	2,871
Unrecognized assets due to the effect of the asset ceiling	80	4	84	97
NET DEFINED BENEFIT OBLIGATION	**1,005**	**1,325**	**2,330**	**3,030**
Amounts recognized in the statement of financial position:				
• As assets under non-current financial assets and other non-current assets (note 15)	(231)	-	(231)	(332)
• As liabilities under employee benefit obligations	1,236	1,325	2,561	3,362
NET LIABILITY	**1,005**	**1,325**	**2,330**	**3,030**

At December 31, 2022, the projected defined benefit obligation comprised €2,233 million for active members (current employees), €863 million for members who have deferred their vested benefits and €4,544 million for retired members (2021: respectively €3,389 million, €1,299 million and €5,762 million).

Most pension plans are grandfathered, but most other plans are not.

The mortality tables used are official national tables that may be adapted to better reflect the populations concerned.

	December 31, 2022				December 31, 2021			
Main life expectancies by country:	**United States**	**Canada**	**United Kingdom**	**Germany**	**United States**	**Canada**	**United Kingdom**	**Germany**
Life expectancy for males at 65 at the end of the reporting period	18.4	21.8	21.1	20.2	18.4	21.7	21.1	20.2
Life expectancy for males at 65 (15 years after the end of the reporting period)	19.4	22.9	21.7	22.3	19.3	22.8	21.7	22.3
Life expectancy for females at 65 at the end of the reporting period	20.4	24.3	23.9	23.7	20.3	24.2	23.9	23.7
Life expectancy for females at 65 (15 years after the end of the reporting period)	21.4	25.3	25.0	25.4	21.3	25.2	25.0	25.4

The movements in net defined benefit obligations recognized in the consolidated statement of financial position are shown below:

	2022			2021		
(in € millions)	**Pension plans**	**Other plans**	**Total, defined benefit plans**	**Pension plans**	**Other plans**	**Total, defined benefit plans**
AT JANUARY 1	**1,256**	**1,774**	**3,030**	**1,626**	**1,863**	**3,489**
Contributions paid to the funds	**(13)**	**(6)**	**(19)**	**(19)**	**-**	**(19)**
Benefits paid to the beneficiaries	**(38)**	**(64)**	**(102)**	**(48)**	**(71)**	**(119)**
Other movements	**-**	**2**	**2**	**-**	**(3)**	**(3)**
ITEMS RECOGNIZED IN OPERATING INCOME						
Current service cost	*32*	*75*	*107*	*34*	*77*	*111*
Actuarial (gains) or losses	*-*	*(8)*	*(8)*	*-*	*(8)*	*(8)*
Plan modifications, curtailments or settlements	*(61)*	*(55)*	*(116)*	*(74)*	*(96)*	*(170)*
Other items	*9*	*-*	*9*	*8*	*(1)*	*7*
Total recognized in operating income	**(20)**	**12**	**(8)**	**(32)**	**(28)**	**(60)**
ITEMS RECOGNIZED OUTSIDE OPERATING INCOME						
Net interest on employee benefits	**9**	**30**	**39**	**12**	**29**	**41**
ITEMS RECOGNIZED IN OTHER COMPREHENSIVE INCOME						
Translation adjustments	**21**	**39**	**60**	**(4)**	**56**	**52**
ACTUARIAL (GAINS) OR LOSSES						
• *Due to changes in demographic assumptions:*						
- *Due to changes in assumptions*	*(10)*	*18*	*8*	*(11)*	*(14)*	*(25)*
- *Due to experience adjustments*	*8*	*(19)*	*(11)*	*(30)*	*(48)*	*(78)*
• *Due to changes in financial assumptions:*						
- *Due to changes in assumptions*	*(2,256)*	*(460)*	*(2,716)*	*(230)*	*(29)*	*(259)*
- *Due to experience adjustments*	*2,069*	*(5)*	*2,064*	*(46)*	*19*	*(27)*
Total actuarial (gains) or losses	**(189)**	**(466)**	**(655)**	**(317)**	**(72)**	**(389)**
Unrecognized assets due to the effect of the asset ceiling	**(21)**	**4**	**(17)**	**38**	**-**	**38**
AT DECEMBER 31	**1,005**	**1,325**	**2,330**	**1,256**	**1,774**	**3,030**

The Group's main pension plans are as follows:

United States

The defined benefit plan in the United States is the Michelin Retirement Plan (MRP).

The plan was closed to new entrants as of January 1, 2004. Accruals were frozen under the plan as of December 31, 2016. All employees are enrolled in a defined contribution plan.

The plan provides for a guaranteed monthly annuity at retirement based on a set formula that takes into consideration the years of plan membership and average pensionable earnings. Only employees who have voluntarily joined the defined contribution plan may receive a lump sum payment.

The plan includes a cost-of-living adjustment clause applicable to the pensions of employees hired before January 1, 1991.

The plan is funded solely by employer contributions.

Canada

There is one major defined benefit plan in Canada, the Pension Plan for the Employees of Michelin North America (Canada) Inc. and Participating Employers (MR Plan). Other minor defined benefit plans, which are closed to new entrants, are valued but not detailed further.

The MR Plan was closed to new entrants as from January 1, 2005. Accruals for most of the participants were frozen under the plan as of December 31, 2015. All employees are enrolled in a defined contribution plan.

The plan provides for a guaranteed monthly annuity at retirement based on a set formula that takes into consideration the years of plan membership and total pensionable earnings.

The plan includes an indexation clause applicable to the benefits, based on the increase in the Consumer Price Index less a deduction.

The plan is funded solely by employer contributions.

United Kingdom

The defined benefit retirement plan in the UK is the Michelin Pension and Life Assurance Plan.

This plan was closed to new entrants as from March 31, 2005. It was closed to all future accruals as of January 1, 2009 and has been replaced by a defined contribution plan.

Accruals up to December 31, 2008 are frozen but pensions are still linked to the average final salary at retirement.

The amount of the annual pension is based on the employee's pensionable earnings. Most employees opt to receive the maximum amount allowed by tax legislation in the form of a lump sum.

The amount of the pension benefit is indexed to a capped inflation rate for members who did not choose the pension increase exchange option.

The plan is funded solely by employer contributions.

Germany

The main defined benefit retirement plan in Germany is the "Versorgungsordnung 1979" (VO 1979).

The plan was closed to new entrants as from January 1, 2000. Since this date, new entrants have been enrolled in defined contribution plans.

The plan provides for a lifetime monthly annuity which is based on the employee's pensionable earnings.

There is a legal obligation to adjust the pension annuity every three years for inflation up to the average increase in the employees' salaries.

France

The main defined benefit pension plan is "*Régime de retraite supplémentaire* MFPM". Benefits are payable under this plan only if the beneficiary is still a Group employee or officer on retirement.

Benefits have been reduced gradually since January 1, 2013. In accordance with government order 201-697 dated July 3, 2019, this plan was closed to new members on July 3, 2019 and the vesting period was frozen at December 31, 2019. The plan has now been replaced by defined contribution plans.

The Group's other main defined benefit plans are as follows:

United States

Some retirees and their dependents are also covered by medical insurance.

For the most part, the retirees concerned were hired before January 1, 2004. This plan is not pre-funded.

Canada

Some retirees and their dependents are also covered by medical insurance.

This plan was closed to new entrants as from January 1, 2005. This plan is not pre-funded.

France

The main plan is a mandatory rubber division end-of-service benefit plan.

The plan provides for the payment of a lump sum to employees who are present at their retirement date. The normal retirement age is set at 65. The amount of the lump sum corresponds to a number of months of salary based on years of service at the time of retirement. This plan is not pre-funded.

The following table analyzes changes in the financial position of the Group's defined benefit plans:

	2022					2021				
	Pension plans					Pension plans				
(in € millions)	United Kingdom (UK)	Europe excluding UK	North America and Other	Other defined benefit plans	Total	United Kingdom (UK)	Europe excluding UK	North America and Other	Other defined benefit plans	Total
Obligations at the beginning of the year	**3,044**	**1,630**	**4,001**	**1,774**	**10,449**	**2,966**	**1,966**	**4,014**	**1,863**	**10,809**
Translation adjustments	(109)	3	213	39	**146**	234	4	325	56	**619**
Change in scope of consolidation	-	-	2	-	**2**	-	-	-	(3)	**(3)**
Current service cost	1	28	3	75	**107**	1	31	2	77	**111**
Interest expense	50	13	117	30	**210**	44	12	101	29	**186**
Administrative costs and other	3	-	6		**9**	4	1	3	(1)	**7**
Plan modifications, curtailments or settlements	-	(61)	-	(55)	**(116)**	-	(74)	-	(96)	**(170)**
Benefits paid during the year	(135)	(47)	(303)	(70)	**(555)**	(140)	(59)	(272)	(71)	**(542)**
Other items*	1	(24)	3	24	**4**	-	(211)	1	-	**(210)**
Actuarial (gains) or losses	(1,012)	(458)	(670)	(476)	**(2,616)**	(65)	(40)	(173)	(80)	**(358)**
Obligations at the end of the year (A)	**1,843**	**1,084**	**3,372**	**1,341**	**7,640**	**3,044**	**1,630**	**4,001**	**1,774**	**10,449**
Fair value of plan assets at the beginning of the year	**3,376**	**183**	**3,957**	**-**	**7,516**	**3,177**	**384**	**3,812**	**-**	**7,373**
Translation adjustments	(122)	2	207	-	**87**	253	1	318	-	**572**
Change in scope of consolidation	-	-	-	-	**-**	-	-	-	-	**-**
Interest income	55	1	117	-	**173**	47	3	95	-	**145**
Contributions paid to the funds	6	6	1	6	**19**	9	10	-	-	**19**
Benefits paid by the plans	(135)	(12)	(300)	(6)	**(453)**	(140)	(13)	(270)	-	**(423)**
Other items*	1	(21)	3	22	**5**	-	(210)	1	-	**(209)**
Actuarial (gains) or losses	(1,107)	(27)	(817)	(2)	**(1,953)**	30	8	1	-	**39**
Fair value of plan assets at the end of the year (B)	**2,074**	**132**	**3,168**	**20**	**5,394**	**3,376**	**183**	**3,957**	**-**	**7,516**
Deficit/(surplus) (A-B)	**(231)**	**952**	**204**	**1,321**	**2,246**	**(332)**	**1,447**	**44**	**1,774**	**2,933**
Deferred items at the beginning of the year	-	-	(97)	-	**(97)**	-	-	(53)	-	**(53)**
Translation adjustments	-	-	(1)	-	**(1)**	-	-	(5)	-	**(5)**
Unrecognized assets	-	-	18	(4)	**14**	-	-	(39)	-	**(39)**
Deferred items at the end of the year	**-**	**-**	**(80)**	**(4)**	**(84)**	**-**	**-**	**(97)**	**-**	**(97)**
NET LIABILITY/(ASSET) AT THE END OF THE YEAR	**(231)**	**952**	**284**	**1,325**	**2,330**	**(332)**	**1,447**	**141**	**1,774**	**3,030**

* *The 2021 amount includes €212 million related to the partial settlement of the "Régime de retraite supplémentaire MFPM" in France following the transfer of the benefit obligation for retired employees and the corresponding plan assets to an external fund as of January 1, 2021.*

In France, the voluntary early retirement and outplacement measures provided for in the third Collective Settlement Agreement (note 9.2) had the effect of reducing the Group's pension obligations by €62 million and its other post-employment benefit obligations by €56 million. A provision for reorganizations and adaptation of activities was recorded at December 31, 2022 (note 29).

For Canadian pension plans, the Group does not have any rights to a refund of the plan surplus. The available economic benefits are measured as the present value of the future service cost.

These pension plans are subject to a minimum funding requirement. The surplus recognized as an asset is the sum of:

- any prepaid amount that would reduce the future minimum funding requirement; and
- the estimated future service cost in each period less the estimated minimum funding requirement contributions that would be required for future service.

Any amount exceeding this limit is immediately recognized within other comprehensive income.

In 2022, an amount of €13 million was recognized on application of the asset ceiling.

The main actuarial weighted average assumptions used to measure projected benefit obligations are as follows:

	December 31, 2022			December 31, 2021		
	United Kingdom (UK)	Europe excluding UK	North America	United Kingdom (UK)	Europe excluding UK	North America
Discount rate	4.95%	3.66%	5.01%	1.70%	1.17%	2.81%
Inflation rate	3.35%	2.22%	2.37%	3.30%	1.87%	2.00%
Rate of salary increases*	3.43%	3.10%	3.50%	3.37%	3.02%	3.50%
Weighted average duration of the defined benefit obligation	12.8	13.5	9.7	16.5	14.8	11.1

* *North America: only the Canadian pension plan is concerned by this assumption, for a negligible group of members.*

Assumptions concerning healthcare cost trends are as follows:

	December 31, 2022		December 31, 2021	
	United States	Canada	United States	Canada
Expected growth in healthcare costs in the first year	7.85%	4.69%	8.25%	4.47%
Minimum long-term rate of annual growth in healthcare costs	4.50%	4.05%	4.50%	4.05%
Year in which the minimum growth rate will be achieved	2030	2040	2030	2040

Regarding the sensitivity of the fair market value of plan assets due to interest rate movements, it is considered that the entire yield curve moves up or down by 0.5 point and that only the values of the bonds are impacted, with the values of all other assets remaining unchanged. The level of sensitivity indicated corresponds to the change in the total value of the portfolio due to the change in interest rates.

A 0.5-point change in these rates compared with those used for 2022, all else being equal, would have the following effect:

(in € millions)	0.5-point increase	0.5-point decrease
Discount rate on the defined benefit obligation (DBO)	(403)	431
Discount rate on the aggregate of current service cost and interest cost on the obligation	11	(14)
Inflation rate on the defined benefit obligation (DBO)	251	(237)
Inflation rate on the aggregate of current service cost and interest cost on the obligation	16	(14)
Salary increase rate on the defined benefit obligation (DBO)	85	(78)
Salary increase rate on the aggregate of current service cost and interest cost on the obligation	8	(7)
Healthcare cost trend rate on the healthcare defined benefit obligation	6	(5)
Healthcare cost trend rate on the aggregate of the current service cost and interest cost on the healthcare plan obligation	-	-
Interest rates on the fair market value of plan assets	(260)	279

The asset allocation of fully and partly funded pension plans is as follows:

	December 31, 2022					December 31, 2021				
	Canada	United States	United Kingdom	Other	Total	Canada	United States	United Kingdom	Other	Total
Equities	4%	6%	0%	0%	**3%**	8%	11%	1%	0%	**6%**
Government bonds	64%	34%	32%	19%	**38%**	67%	25%	32%	14%	**35%**
Investment-grade corporate bonds	12%	41%	24%	0%	**28%**	13%	43%	19%	0%	**26%**
Other bonds, credit and cash	11%	5%	24%	2%	**13%**	8%	4%	29%	2%	**15%**
Funds managed by insurance companies	0%	0%	0%	79%	**3%**	0%	0%	0%	84%	**2%**
Real assets	7%	8%	5%	0%	**7%**	2%	8%	5%	0%	**6%**
Alternatives	2%	6%	15%	0%	**8%**	2%	9%	14%	0%	**10%**
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Duration in years of bonds and cash	**11.6**	**11.7**	**15.9**	**10.1**	**13.3**	**13.7**	**13.3**	**19.8**	**11.2**	**16.4**

In the above allocation, "Equities" may include local and global listed equities and private equities; "Alternatives" may include hedge funds, mezzanine and distressed private debts; "Government bonds" may include government-like bonds as well as derivatives used to hedge interest rates and/or inflation; "Investment grade corporate bonds" correspond solely to those corporate bonds also used to hedge interest rates; "Other bonds, credit and cash" includes all other bonds such as high yield, senior private debt, etc. and cash; "Real assets" may include equity investments in real estate or infrastructure; "Funds managed by insurance companies" may include multi-employer funds. Each manager's assets are assigned in their entirety to one of the available categories which represents its main investment/mandate.

An internal group of experts, composed of the chairs or Chief Investment Officers of the main investment committees and Group specialists, has issued investment guidelines for the local investment committees presenting investment best practices. In particular, the guidelines state that direct investments should not be made in Michelin securities or properties used by the Group. Fund managers are not subject to such restrictions. The Group has not invested material amounts in its own securities. Michelin does not occupy or use any of the real estate assets included in the various portfolios. The Group is not in possession of comprehensive information on the underlying assets held in insurance funds or alternative investments.

In most countries, assets are managed by local independent boards, in accordance with local pension laws. The boards are required by their bylaws as well as by law to act in the best interest of the fund and all relevant stakeholders, i.e., current and future beneficiaries as well as employers.

Asset allocation analyses are performed periodically, generally every three to five years, by an independent fiduciary body (Investment Board, Board of Trustees) based on recommendations made by independent advisors (actuaries, consultants, banks or investment management firms). The asset allocation takes into account the structure of employee-related liabilities and their terms. In the event of a sharp increase in the funding ratio, an asset allocation analysis should be performed to ensure the target allocation is still appropriate.

Government and investment-grade corporate bonds are used to hedge the interest rate risk as well as, in some cases, the credit spread and inflation risks. The larger plans also use completion managers to implement custom solutions in order to hedge key rates in accordance with the policy set by each pension fund. These assets are in the "Government bonds" category.

Foreign exchange risks may be hedged when the exposure to a foreign currency is considered to be non-negligible.

The liability-driven investment strategy used by the United Kingdom pension plans was disrupted by the interest rate volatility triggered by the publication of the Government's mini-budget in September, leading the Michelin Pensions Trust Ltd to temporarily scale back its interest rate hedging program for a few weeks. The situation returned to normal in early December. The actuarial loss recorded in "Other comprehensive income" was limited.

Group contributions to pension plans and benefit payments made by these plans in 2022 and to be made over the following ten years are as follows:

(in € millions)	Pension plans			Other plans			Group total
	United Kingdom (UK)	Europe excluding UK	North America and Others*	United Kingdom (UK)	Europe excluding UK	North America and Others*	
CONTRIBUTIONS PAID AND BENEFITS PAID DIRECTLY BY THE GROUP							
2022	6	41	4	-	10	60	121
ESTIMATES OF CONTRIBUTIONS TO BE PAID AND BENEFITS TO BE PAID DIRECTLY BY THE GROUP							
2023	3	53	3	-	15	49	123
2024	3	54	3	-	9	49	118
2025	3	67	2	-	20	51	143
2026	3	76	19	-	27	49	174
2027	3	82	64	-	49	50	248
2028-2032	15	380	307	1	238	226	1,167

* *Payments for "Other" are insignificant.*

27.2 Defined contribution plans

Some companies support their employees in building up retirement savings through defined contribution plans.

In 2022, the contributions paid to defined contribution plans and expensed amounted to €253 million (2021: €218 million).

These plans are mainly found in the United States, Canada, the United Kingdom and France.

United States

The defined contribution plans in the United States include the Michelin Retirement Account Plan (MRAP) and various 401(k) plans. The 401(k) plans are voluntary and are funded by employee contributions with employer matching contributions.

Canada

The defined contribution plans in Canada include the Defined Contribution Plan for the Employees of Michelin North America (Canada) Inc. as well as a registered retirement savings plan (RRSP). The defined contribution plan is funded by employer contributions and optional employee contributions with employer matching.

United Kingdom

The main defined contribution pension plan in the United Kingdom is the *Michelin Pension and Life Assurance Plan, DC section*.

The plan is funded by employee and employer contributions. Employees may also make optional contributions to the plan, which will be partly matched by the Group.

France

There are two defined contribution pension schemes in France for the majority of employees: PERO (former Article 83) and PERCOL (former PERCO). The PERO is a mandatory retirement savings plan that is funded by contributions from employees and the employer. The PERCOL is a voluntary retirement savings plan. Employee contributions to the plan are matched by capped employer contributions.

NOTE 28 SHARE-BASED PAYMENTS

28.1 Share grants and performance share plans

Changes in the number of share grants and performance share rights are as follows:

	2022	2021[1]
	Number of share grants or performance share rights outstanding	Number of share grants or performance share rights outstanding
At January 1	**5,214,472**	**5,093,600**
Granted	1,899,470	1,278,488
Forfeited	(714,388)	(433,712)
Shares delivered	(450,060)	(723,904)
AT DECEMBER 31	**5,949,494**	**5,214,472**

(1) Data have been restated to reflect the four-for-one stock split as of June 16, 2022.

Excellence Plan

In November 2022, 1,899,470 rights to performance shares were granted to Group employees and the Managers. The rights are subject to a four-year vesting period ending in November 2026 without any lock-up period. The shares will vest at the end of this period if the performance objectives are met (stock market performance, environmental performance of manufacturing operations, employee engagement rate, sales growth and ROCE). The fair value of each performance share right is estimated at €16.14. This fair value is based on the share price at the grant date, less the present value of expected dividends that will not be received by grantees during the vesting period. The estimated value of the stock market performance condition is deducted from the grant-date fair value of the performance share rights based on the probability of this condition being met. The €23 million estimated total cost of the 2022 Excellence plan will be recognized over the vesting period.

The share grants and performance share plans have the following characteristics:

	Vesting date		Fair value at grant date[1]		December 31, 2022	December 31, 2021[1]
Grant date	France	Other countries	France	Other countries	Number of share grants or performance share rights outstanding	Number of share grants or performance share rights outstanding
2018	2022	2022	11.98	11.98	-	155,284
2019	2023	2023	15.50	15.50	852,764	1,479,212
2020	2024	2024	18.91	18.91	1,939,884	1,983,712
2020	2022	N/A	25.39	N/A	-	319,952
2021	2025	2025	27.40	27.40	1,257,376	1,276,312
2022	2026	2026	16.14	16.14	1,899,470	-
NUMBER OF SHARE GRANTS OR PERFORMANCE SHARE RIGHTS OUTSTANDING					**5,949,494**	**5,214,472**

(1) Data have been restated to reflect the four-for-one stock split as of June 16, 2022.

The expense recognized in 2022 for performance share plans amounts to €20 million (2021: €21 million). It is included in "Segment other income and expenses".

France Plan

In November 2022, the November 2020 France plan expired; 300,784 shares were allocated to employees of the Group's French companies.

28.2 Employee share ownership plans

In 2022, the Group launched a share offer for all its employees located in countries where the legal and tax requirements were met. This share ownership plan (Bib'Action), carried out under the Company savings plan (*Plan d'Épargne Groupe*), is a standard plan allowing employees to invest in Michelin shares at a discounted price. The shares acquired by the employees participating in the plan cannot be sold or transferred during a five-year period. The purchase price was set at €19.96 per share, representing a 20% discount on the reference price of €24.96 corresponding to the average of the opening prices for Michelin shares over the 20 trading days preceding the pricing date. The employee's purchase was supplemented by a company contribution, increasing the number of shares received, capped at 22 shares out of the first 50 purchased by the employee. 3,872,090 shares were purchased during this share offer. The total expense recognized in the income statement by the Group in relation to this plan amounted to €21 million, after deducting the effect of the five-year lock-up. The main features of the plan and the assumptions used to determine the final cost were as follows:

Life of the plan	5 years
Number of shares purchased	3,872,090
Reference price *(in €)*	24.96
Purchase price for employees *(in €)*	19.96
Five-year risk-free interest rate(1)	3.42%
Five-year market participant rate(2)	5.38%
Recognized cost *(in € per share)*	5.88

(1) The risk-free interest rate is based on the yield on French government bonds with an equivalent maturity.
(2) The market participant rate is based on the cost for market participants of 0 to 5-year loans published by the European Central Bank.

NOTE 29 PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Provisions and other non-current liabilities amount to €695 million (2021: €759 million) and include provisions for reorganizations and adaptation of activities, provisions for claims and litigation, warranties and other contingencies, and contract liabilities as described in note 3.8 "Revenue recognition".

29.1 Changes in provisions (current and non-current)

Changes in provisions during the period are presented below:

(in € millions)	Reorganizations and adaptation of activities	Litigation, warranties and other provisions	Total
At January 1, 2022	**302**	**398**	**700**
Additional provisions	193	176	369
Provisions utilized during the period	(174)	(95)	(269)
Unused provisions reversed during the year	(3)	(26)	(29)
Translation adjustments	(2)	6	4
Other effects	(2)	(15)	(17)
AT DECEMBER 31, 2022	**314**	**444**	**758**
Of which short-term portion (note 30)	196	126	322

29.2 Reorganizations and adaptation of activities

At December 31, the remaining provisions for reorganizations and adaptation of activities relate to the following countries:

(in € millions)	December 31, 2022	December 31, 2021
France(1)	231	198
Germany	27	57
United Kingdom	32	27
Other countries	24	20
TOTAL	**314**	**302**

(1) The total includes the provision set aside in 2022 for phase 3 of the simplification and competitiveness plan (note 9.2), as well as the balance of provisions set aside in 2021 for phases 1 and 2.

29.3 Provisions for claims and litigation, warranties and other provisions

Provisions at December 31 concern the following risks:

(in € millions)	December 31, 2022	December 31, 2021
Provisions for claims and litigation	87	102
Provisions for product warranties (note 3.8)	76	69
Provisions for product liability claims	68	74
Other provisions for contingencies	213	153
TOTAL	**444**	**398**

Provisions for claims and litigation mainly concern litigation with URSSAF dating back several years for €27 million (2021: €50 million).

The increase in "Other provisions for contingencies" was mainly due to the suspension of the Group's manufacturing operations in Russia (note 2.5).

NOTE 30 PROVISIONS AND OTHER CURRENT LIABILITIES

The carrying amount of other current liabilities is presented in the table below:

(in € millions)	December 31, 2022	December 31, 2021
Customers – Deferred rebates and other liabilities[1]	763	835
Employee benefit obligations	752	871
Payroll tax liabilities	339	349
Provisions for reorganizations and adaptation of activities	196	193
Income tax payable	195	238
Other taxes	265	245
Other	458	429
PROVISIONS AND OTHER CURRENT LIABILITIES	**2,968**	**3,160**

(1) The figures at December 31, 2021 have been restated for comparison purposes (note 2.7).

NOTE 31 NOTES TO THE STATEMENT OF CASH FLOWS

Cash flows are presented in detail in the table below:

(in € millions)	2022	2021
Investment grants recognized in profit or loss	(12)	(12)
Change in employee benefit obligations	(28)	(42)
Change in litigation and other provisions	(13)	29
Restructuring costs	(181)	(214)
Other	-	38
Other operating income and expenses (cash) and changes in provisions	**(234)**	**(201)**
Interest and other financial expenses paid	(378)	(227)
Interest and other financial income received	37	7
Dividends received	18	13
Interest and other financial income and expenses received and paid, net	**(323)**	**(207)**
Change in inventories	(1,055)	(1,106)
Change in trade receivables and advances	(746)	(370)
Change in trade payables and advances	48	527
Change in trade payables under reverse factoring agreements	(39)	120
Change in other receivables and payables	(285)	5
Change in working capital, net of impairment	**(2,077)**	**(824)**
Purchases of intangible assets (note 13)	(222)	(211)
Purchases of PP&E (note 14)	(1,919)	(1,494)
Government grants received	6	9
Change in capital expenditure payables	94	217
Purchases of intangible assets and PP&E	**(2,041)**	**(1,479)**
Increase in other non-current financial assets	(26)	(48)
Decrease in other non-current financial assets	14	79
Net cash flows from cash management financial assets	150	(150)
Net cash flows from borrowing collaterals	17	(51)
Net cash flows from other current financial assets	(15)	(33)
Cash flows relating to other financial assets	**140**	**(203)**
Increase in non-current financial liabilities	67	44
Decrease in non-current financial liabilities	(168)	(774)
Repayment of lease liabilities	(268)	(244)
Net cash flows from current financial liabilities	(575)	(90)
Derivatives	(7)	21
Cash flows relating to financial liabilities	**(951)**	**(1,043)**
Details of non-cash transactions:		
• New leases (note 14)	198	167
• New emission allowances granted	13	13
• Change in payment commitments for non-consolidated equity investments	28	-

NOTE 32 COMMITMENTS AND CONTINGENCIES

32.1 Commitments

32.1.1 Capital expenditure commitments

Capital expenditure on the main projects which were contracted but not delivered before December 31, 2022 amounts to €381 million (of which €304 million is likely to be delivered in 2023).

32.1.2 Other commitments

The Group has many purchase commitments for goods and services. These commitments are in line with the level of activity expected in the first half of 2023. They are entered into on arm's length terms in the normal course of business.

32.2 Contingencies

32.2.1 Michelin Pension Trust Ltd UK

Following adoption of the Pensions Act 2004 in the United Kingdom, a multi-annual plan of contributions to the UK pension fund (the “Recovery Plan”) was established between the Group's UK companies and their pension funds. In order to limit the amount of contributions, the Group issued guarantees to the pension funds to cover the contributions to be made by its subsidiaries. Michelin Pensions Trust Ltd has also received an additional guarantee covering the possible insolvency of the participating entities. The risk is considered unlikely and the guarantee is capped at £100 million.

The last Recovery Plan calculations were performed on March 31, 2020 and the next ones will be performed on March 31, 2023. The actuarial assumptions used to measure the Recovery Plan liability are generally more conservative than the ones used to measure defined benefit obligations under IAS 19.

The amount of the Group's guarantee is equal to the difference, if positive, between the present value of future contributions and the amount of the provision booked in the accounts. At December 31, 2022, the present value of future contributions was less than the provision booked in the accounts. Consequently, the amount of the guarantees given to the Michelin Pensions Trust Ltd UK and the Fenner Pension Scheme Trustee Limited was equal to zero at that date.

For the Michelin Pension Trust Ltd, contributions are payable to the plan if the plan is underfunded. If the plan is overfunded, the contributions are deposited in an escrow account up to a certain level of overfunding, after which a contributions holiday is granted. When the amount in escrow exceeds a certain level, the local entity may apply for a refund (note 15).

For Fenner UK Pension Scheme Trustee Limited, a contributions holiday is granted once a certain funding level is met.

32.2.2 Other contingencies

In the normal course of business, the Group companies may be involved in administrative proceedings, litigation and claims. Although provisions have been recognized when the risks are established and an outflow of financial resources is probable, there exist uncertainties concerning some of these administrative proceedings, litigation and claims.

In the opinion of Group management, there are no other governmental, judicial or arbitration proceedings likely to have a material impact on the Group's financial position or cash position.

32.3 Assets pledged as collateral

32.3.1 Property, plant and equipment

Property, plant and equipment pledged as collateral for debt amounted to €33 million (2021: €33 million).

32.3.2 Financial assets

The €116 million held in an escrow account linked to the pension plan in the United Kingdom (2021: €184 million) is pledged to the plan and is therefore not freely available (note 15.2).

Loans and deposits amounting to €57 million (2021: €74 million) are pledged as collateral for debt (note 16 "Derivative instruments").

32.3.3 Trade receivables

The Group runs two separate programs whereby certain European and North American subsidiaries have transferred ownership interests in portfolios of eligible trade receivables. The maximum financing that can be raised from these programs amounts to €488 million (2021: €477 million). Since the Group has retained substantially all the risks and rewards of ownership, the ownership interests in the trade receivable portfolios sold by the European and North American subsidiaries have not been derecognized and the financing received from the financial institutions, amounting to €15 million at December 31, 2022 (2021: €15 million), has been accounted for as secured debt (note 26.2 "Loans from financial institutions and other").

NOTE 33 FINANCIAL RISK MANAGEMENT

33.1 Financial risk management policy

33.1.1 Organization of financial risk management

The Corporate Financing Department controls, measures and supervises financial risks for each company and region, as well as at Group level. The Corporate Financing Department reports directly to the Group Finance Department.

One of the Corporate Financing Department's ongoing missions is the formulation of financial risk management policies, monitored on the basis of a full array of internal standards, procedures and authoritative literature. Regional finance managers oversee the implementation of the Group's financial risk management policies by the regional treasury centers. Compliance with financial risk policies is assessed through internal audit reviews to evaluate risk control efficiency and identify areas of improvement.

All strategic decisions regarding Group financial risk hedging policy are made by the Group Finance Department. As a general rule, the Group strictly limits the use of derivatives to the sole purpose of hedging clearly identified exposures.

A Financial Risks Committee is responsible for establishing and validating financial risk management policies, identifying and measuring these risks and validating and monitoring hedging programs. The Financial Risks Committee, which is chaired by a Manager, meets on a monthly basis and includes members of the Group Finance Department and the Corporate Financing Department.

33.1.2 Liquidity risk

33.1.2.1 Risk factors

Liquidity is defined as the ability to repay borrowings when they fall due and to find new stable sources of financing so that there is always sufficient money to cover expenses. In the course of its business, the Group is exposed to the risk of having insufficient liquid resources to finance its operations and make the investments needed to drive its growth. It must therefore manage its cash reserves and confirmed lines of credit on a continuous basis.

33.1.2.2 Risk management response

The Corporate Financing Department is responsible for ensuring that the Group has access to adequate financing and liquidity at the lowest cost. The Group raises financing through long-term debt issues (bonds) on the capital markets, as well as through bank facilities (loans and credit lines), commercial paper programs and receivables securitization programs. The Group has also negotiated confirmed back-up credit lines and maintains cash reserves that are calibrated in order to ensure the refinancing of short-term debt. Long-term financing and confirmed back-up credit lines are essentially concentrated at the level of the Group financial holding companies.

Except in the case of particular restrictions or opportunities due to the specific features of local financial markets, the Group companies are financed in accordance with the following model:

- cash pooling with the Group for the management of day-to-day liquidity requirements;
- intercompany credit lines and loans to meet medium- and long-term requirements.

For subsidiaries that do not participate in the cash pool, short-term financing is the responsibility of the local treasurer.

The management of liquidity risk is supported by a system that forecasts short-, medium- and long-term financing requirements based on business forecasts and the strategic plans of the operating entities.

As a matter of prudent financial policy, the Group guards against the inclusion in its financial contracts of hard covenants or material adverse change clauses that could affect its ability to draw down credit lines or the facilities' term. At the reporting date, none of the Group's loan agreements included any clauses of this type. Concerning default and acceleration clauses included in the Group's loan agreements, the probability of trigger events occurring is low and the possible impact on the Group's financial position would not be material.

33.1.3 Currency risk

33.1.3.1 Risk factors

Currency risk is defined as the impact on financial indicators of fluctuations in the exchange rates of foreign currencies used in the normal course of business. The Group is exposed to currency risks on its foreign currency transactions (transaction risk) and also on the translation of its net investment in foreign subsidiaries (translation risk).

Foreign currency transaction risk arises from the monetary assets and liabilities of the company and its subsidiaries (mainly cash and cash equivalents, receivables, payables and borrowings) that are denominated in foreign currencies. It corresponds to the risk of a change in the exchange rate between the date when these monetary assets and liabilities are recorded in the accounts and the date when they are recovered or settled.

Foreign currency translation risk arises from the Group's net investment in foreign subsidiaries. It corresponds to the risk of a change in the exchange rate used to translate the net investment in the foreign subsidiary into euros during the consolidation process.

During certain operations, the Group may face foreign exchange exposures not recognized in the accounts but which can have a significant impact on the cash flow of the Group. These are future transactions such as the payment of internal Group dividends and internal Group capital increases, or company acquisitions. In this case, the Group may put in place hedging of its economic foreign exchange risk.

33.1.3.2 Risk management response

Foreign currency transaction risk

Foreign currency transaction risk is monitored locally by the Company and its subsidiaries and at Group level by the Corporate Financing Department.

Each Group company continually calculates its accounting exposure in relation to its functional currency and hedges it systematically. Temporary exemptions can, however, be approved by the Group Finance Department when it is not possible to hedge a currency on the market or when an exemption is justified due to exceptional market conditions.

Foreign currency payables and receivables of the same type and with equivalent maturities are netted off and only the net exposure is hedged. This is normally carried out through Compagnie Financière Michelin Suisse SA, or, alternatively, through a bank. Compagnie Financière Michelin Suisse SA in turn assesses its own resulting net exposure and hedges it with its banking partners. The main hedging instruments used are forward currency contracts. The structural exposure is hedged using long-term instruments (with a life of up to five years) and the operational exposure is hedged using short-term instruments (generally expiring within three months). Currency risk monitoring and hedging is based on Group internal standards and procedures. A system to closely monitor foreign currency transaction risk is implemented throughout the Group under the responsibility of the Corporate Financing Department. Gains and losses on foreign currency transactions are tracked on a monthly basis in a detailed management report.

Currency translation risk

The Group does not use hedging instruments to actively manage this risk.

Investments in foreign subsidiaries are booked in the functional currency of the parent company and are not included in the latter's foreign exchange position.

Foreign currency economic risk

The risk is hedged as soon as the transaction is highly probable and is above certain thresholds determined by the Group risk management policy, approved by the Financial Risks Committee. The instruments used are mainly currency options.

33.1.4 Interest rate risk

33.1.4.1 Risk factors

The Group's income statement may be affected by interest rate risk. An unfavorable change in interest rates may adversely affect future finance costs and cash flows. The Group is in a net debt position and is exposed to the risk of an increase in interest rates on the portion of its debt that is at variable rates. It may also be exposed to an opportunity risk in the case of a fall in interest rates, if too great a proportion of debt is at fixed rates, as well as on financial investments, depending on their interest terms.

33.1.4.2 Risk management response

The objective of interest rate management is to minimize financing costs whilst protecting future cash flows against unfavorable movements in interest rates. For this purpose, the Group uses various derivative instruments available in the market, but restricts itself to the use of "plain vanilla" instruments (interest rate swaps, mainly).

Interest rate exposure is analyzed and monitored by the Financial Risks Committee using monthly performance indicators and management reports.

The interest rate position is centralized by currency by the Corporate Financing Department, which is the only department permitted to undertake hedging operations. Interest rate hedging is concentrated on the main currencies. The Financial Risks Committee sets hedging limits by currency, taking into consideration the Group's gearing as hedging needs change in line with this ratio.

33.1.5 Equity risk

33.1.5.1 Risk factors

The Group holds non-controlling interests in companies whose share price fluctuates, among other things, in line with changes in the global stock markets, the multiples applied by the markets to the industries in which these companies operate and their specific economic and financial metrics. Equity investments are made for strategic rather than trading purposes. Equities are held under a medium- or long-term strategy, and not for short-term trading portfolio management.

Equity investments are made for strategic rather than trading purposes. Equities are held under a medium- or long-term strategy, and not for short-term trading portfolio management.

33.1.5.2 Risk management response

The Group Investments Committee, which comprises representatives from the Finance, Legal Affairs, Mergers & Acquisitions and Strategy Departments, is responsible for ensuring that investment management and monitoring rules are properly applied for its non-controlling interests. To this end, it reviews investments at annual intervals to assess the risk level and actual results compared to defined targets.

33.1.6 Counterparty risk

33.1.6.1 Risk factors

Counterparty risk is the risk of a debtor refusing or being unable to fulfill all or part of its obligations. The Group is exposed to counterparty risk on its contracts and financial instruments. Counterparty risk may lead to an impairment loss or a loss of liquidity. The Group is exposed to the risk of impairment losses arising from the investment of available cash in money market instruments and other marketable securities, as well as on finance receivables, derivative instruments and third-party guarantees. It is exposed to the risk of a loss of liquidity on its undrawn confirmed lines of credit.

33.1.6.2 Risk management response

The Group chooses its banks extremely carefully, particularly when it comes to the management of its cash investments. As it would be inappropriate to add financial risk to the other risks that are associated with its operations, the Group gives priority to the security and the liquidity of its cash investments. Cash investments consist of (i) financial instruments that are subject to no risk or an insignificant risk of changes in value purchased from a sufficiently diversified group of leading banks, and (ii) unrestricted units in diversified money market funds or short-term bond funds.

The Group is also exposed to counterparty risk on derivative instruments used for hedging purposes that have a positive fair value. These hedging instruments and the level of concentration by bank are tracked weekly by Group Treasury and monitored monthly by the Financial Risks Committee.

In order to mitigate counterparty risk on its derivative instruments, the Group exchanges collateral with its main banks.

33.1.7 Credit risk

33.1.7.1 Risk factors

Credit risks may arise when the Group grants credit to its customers. If a customer becomes insolvent or files for bankruptcy, it may default on the receivables held by the Group and this may have a negative impact on the Group's earnings and cash flows.

33.1.7.2 Risk management response

The Credit Department, which is part of the Group Financial Department, sets the maximum payment terms and customer credit limits to be applied by the operating companies. It manages and controls credit activity, risk and results, and is also responsible for managing and collecting trade receivables. The main policies and procedures are defined at Group level and are monitored and controlled at both regional and Group level.

33.2 Financial risk data

33.2.1 Liquidity risk

At December 31, 2022, the debt repayment schedule (principal and interest) and the maturities of undrawn confirmed credit lines are as follows:

(in € millions)	2023	2024	2025	2026	2027	2028	2029 and beyond
Bonds	622	68	812	59	354	552	3,465
Commercial paper	658	-	-	-	-	-	-
Loans from financial institutions and other	536	45	25	24	5	-	6
Lease liabilities	260	216	163	124	72	45	170
Derivative instruments	(53)	2	(21)	(13)	(9)	-	-
DEBT REPAYMENT SCHEDULE	**2,023**	**331**	**979**	**194**	**422**	**597**	**3,641**
LONG-TERM UNDRAWN CONFIRMED CREDIT LINES					**2,500**		

This table analyzes principal and interest payments on debt by payment date, as projected using available market data at the reporting date (interest is calculated in each currency on the basis of market rates, and converted into euros at period-end rates). The amounts shown are not discounted.

On May 23, 2022, the agreement for the €2,500 million syndicated credit lines was amended. The participating banks are unchanged, but the new agreement provides for a new five-year maturity (2027) with two one-year extension options at the lenders' discretion.

The Group considers that at December 31, 2022 its sources of financing were sufficient to meet the needs of the business:

- cash and cash equivalents for €2,584 million;
- cash management financial assets for €285 million;
- a €2,500 million NEU CP commercial paper program, of which €580 million had been utilized at December 31, 2022;
- a $700 million (€659 million) US CP commercial paper program, of which $75 million (€71 million) had been utilized at December 31, 2022;
- two €488 million receivables securitization programs that are utilized based on the availability of sufficient receivables of the required quality, with securitization debt at December 31, 2022 amounting to €15 million;
- €2,500 million in confirmed, undrawn lines of credit.

33.2.2 Currency risk

Foreign currency transaction risk

Net currency hedging positions are presented in the table below:

	December 31, 2022					December 31, 2021				
(in € millions)	EUR	CNY	USD	MXN	Other	EUR	CNY	USD	MXN	Other
Hedges	329	(119)	(2,160)	(1,049)	(1,360)	552	(208)	490	(571)	(1,222)

The other currencies mainly include currency hedges in GBP, THB and AUD.

A 1% unfavorable change in exchange rates for the above currencies would not have a material adverse effect on the consolidated income statement. This relatively low sensitivity to foreign currency transaction risk is consistent with the objective described in section 33.1.3 "Currency risk".

Because of the low volume of cash flow hedges (note 16 "Derivative instruments"), the sensitivity of equity to currency risk is not material.

Currency translation risk

A breakdown of equity by currency is provided in the following table:

(in € millions)	December 31, 2022	December 31, 2021
EUR	7,754	5,117
USD	4,369	5,085
GBP	1,082	1,509
CNY	1,056	923
BRL	1,011	850
THB	704	684
CAD	484	398
MXN	99	119
Other	557	286
TOTAL	**17,116**	**14,971**

33.2.3 Interest rate risk

Net debt at December 31, 2022 breaks down as follows by type of hedge and by currency:

	Net debt before hedging			Currency hedging	Net debt after currency hedging but before interest rate hedging			Interest rate hedging		Net debt after hedging		
(in € millions)	Fixed	Variable	Total		Fixed	Variable	Total	Fixed	Variable	Fixed	Variable	Total
USD	791	220	**1,011**	1,488	226	2,273	**2,499**	1,198	(1,198)	1,424	1,075	**2,499**
MXN	3	(5)	**(2)**	961	3	956	**959**	484	(484)	487	472	**959**
THB	46	182	**228**	356	46	538	**584**	324	(324)	370	214	**584**
GBP	46	(19)	**27**	348	46	329	**375**	188	(188)	234	141	**375**
AUD	30	(23)	**7**	326	30	303	**333**	155	(155)	185	148	**333**
EUR	4,931	(1,651)	**3,280**	(4,110)	5,496	(6,326)	**(830)**	(65)	65	5,431	(6,261)	**(830)**
Other currencies	120	(257)	**(137)**	631	120	374	**494**	337	(337)	457	37	**494**
Total before derivatives	**5,967**	**(1,553)**	**4,414**	**-**	**5,967**	**(1,553)**	**4,414**	**2,621**	**(2,621)**	**8,588**	**(4,174)**	**4,414**
Fair value of derivatives included in net debt			**(94)**				**(94)**					**(94)**
NET DEBT (NOTE 26)			**4,320**				**4,320**					**4,320**

The main reference rates to which the Group is exposed are Euribor and SOFR.

Financial instruments that are backed by a benchmark rate subject to the Libor reform have no significant impact on the Group's consolidated financial statements.

A 1-point parallel shift in the yield curves applied to the net debt components would have the following impact at December 31, 2022:

		Fair value impact			
(in € millions)	Annualized cash impact recognized in the income statement	Recognized in the income statement[(1)]	Recognized in other comprehensive income[(2)]	Not recognized[(3)]	Total
1-point downward shift	**(42)**	(45)	1	(318)	**(362)**
1-point increase	**42**	43	(1)	318	**360**

(1) The Group's interest rate management policy aims at hedging perfectly identified future cash flows. However, some derivative instruments do not qualify for hedge accounting under IFRS and are measured at fair value through profit or loss.
(2) For derivatives qualifying for hedge accounting (cash flow hedges).
(3) Some fair value impacts are not accounted for because the underlying net debt component is not measured at fair value but at amortized cost.

33.2.4 Equity risk

Equity risk is the risk of a 10% unfavorable change in the price of equities held by the Group.

(in € millions)	December 31, 2022	December 31, 2021
Carrying amount (note 15.1)	387	279
IMPACT ON EQUITY OF A 10% UNFAVORABLE CHANGE IN THE PRICE OF EQUITIES HELD BY THE GROUP	**(31)**	**(22)**

33.2.5 Counterparty risk

At December 31, 2022, 39% of cash and cash equivalents (including cash management financial assets and borrowing collateral) was invested in money market or short-term bond funds to allow for a maximum diversification of counterparty risk. The balance is invested directly with international banks that meet the counterparty risk management criteria defined by the Group.

Furthermore, most derivatives are contracted with the same banks.

33.2.6 Credit risk

At December 31, 2022, net receivable balances from the ten largest customers amounted to €548 million (2021: €496 million). Out of these, seven were located in North America, two in Europe and one in the Africa, India, Middle East region. At the same date, 84 customers (2021: 69) had been granted credit limits in excess of €10 million. Out of these, 36 were located in Europe, 32 in North America, six in Asia, four in South America, four in the Africa, India, Middle East region and two in Central America. No material collateral has been received to limit the related credit risk. In 2022, credit losses represented 0.10% of sales (2021: 0.07%).

33.2.7 Commodities derivatives

In 2022, the Group did not have any significant hedges of commodities purchases (note 16.3 “Derivative contractual amounts”).

33.3 Capital risk management

The Group's objectives when managing its capital are to protect its ability to continue as a going concern and to ensure its development, so that it can provide returns for shareholders and benefits for other stakeholders.

The main indicator used for capital management purposes is gearing. Gearing corresponds to the ratio of net debt to equity.

(in € millions)	December 31, 2022	December 31, 2021
Net debt (note 26)	4,320	2,789
Total equity	17,116	14,971
GEARING	**0.25**	**0.19**

33.4 Classification of financial assets

Group financial assets break down as follows between the categories "at fair value through profit or loss (FVTPL)", "at fair value through other comprehensive income (FVOCI)" and "at amortized cost" at December 31, 2022:

(in € millions)	FVTPL	FVOCI	Amortized cost	Total 2022
Trade receivables	-	-	4,205	4,205
Current financial assets	92	118	442	652
Cash and cash equivalents	1,593	-	991	2,584
Non-current financial assets	428	387	346	1,161
TOTAL FINANCIAL ASSETS	**2,113**	**505**	**5,984**	**8,602**

Non-current financial assets at fair value through profit or loss consist mainly of the Solesis preferred shares (note 4.2.2) and the escrow account related to UK pension plans (note 27).

Investments in non-consolidated companies are measured at fair value through other comprehensive income (note 15).

33.5 Fair value measurement hierarchy

The following tables present Group assets and liabilities measured at fair value at December 31, 2022 and 2021 by level in the fair value measurement hierarchy:

(in € millions)	Level 1	Level 2	Level 3	Total 2022
Cash and cash equivalents	1,593	-	-	1,593
Current financial assets (including derivatives)	57	153	-	210
Non-current financial assets (including derivatives)	145	303	367	815
TOTAL ASSETS	**1,795**	**456**	**367**	**2,618**
Derivative instruments (note 16.2)	-	114	-	114
TOTAL LIABILITIES	**-**	**114**	**-**	**114**

(in € millions)	Level 1	Level 2	Level 3	Total 2021
Cash and cash equivalents	3,698	-	-	3,698
Current financial assets (including derivatives)	74	97	-	171
Non-current financial assets (including derivatives)	218	372	256	846
TOTAL ASSETS	**3,990**	**469**	**256**	**4,715**
Derivative instruments (note 16.2)	-	185	-	185
TOTAL LIABILITIES	**-**	**185**	**-**	**185**

There has been no significant transfer during these two years between level 1 and level 2.

The following table presents the changes in level 3 instruments for the year ended December 31, 2022:

(in € millions)	
At January 1, 2022	**256**
Acquisitions	46
Disposals	-
Gains or losses for the year recognized in other comprehensive income	60
Other	5
AT DECEMBER 31, 2022	**367**

NOTE 34 RELATED-PARTY TRANSACTIONS

Management and Supervisory Bodies

Florent Menegaux, Managing Chairman and Managing General Partner of Compagnie Générale des Établissements Michelin, received a statutory distribution in 2022 based on 2021 net income of €2.6 million (2021 based on 2020 net income: €0.8 million). He was also awarded compensation of €1.4 million (payroll taxes included) as Chairman of Manufacture Française des Pneumatiques Michelin (2021: €1.2 million). The benefits that vested during the period in respect of a post-employment defined benefit plan amounted to €0.3 million (2021: €0.4 million). In addition, an expense of €0.5 million (2021: €0.3 million) was recognized in the Company's 2022 financial statements, corresponding to performance shares granted to Florent Menegaux in respect of years after 2019.

Yves Chapot received compensation of €2.2 million (payroll taxes included) in 2022 as General Manager of Compagnie Générale des Établissements Michelin (2021: €1.7 million). The benefits that vested during the period in respect of a post-employment defined benefit plan amounted to €0.4 million (2021: €0.4 million). A provision of €0.6 million (including payroll taxes) was recognized at December 31, 2022 based on vested rights under the annual variable compensation plan. In addition, an expense of €0.3 million (2021: €0.2 million) was recognized in the Company's 2022 financial statements, corresponding to performance shares granted to Yves Chapot in respect of years after 2019.

At December 31, 2022, the Group Executive Committee had nine members (2021: nine members). Employee benefits costs for members of the Group Executive Committee break down as follows:

(in € millions)	**2022**	**2021**
Short-term and termination benefits	10.3	9.9
Post-employment benefits	1.2	1.6
Other long-term benefits	-	-
Share-based payments	1.9	2.3
COMPENSATION GRANTED TO MEMBERS OF THE GROUP EXECUTIVE COMMITTEE	**13.4**	**13.8**

The compensation paid in 2022 to the Supervisory Board members for 2021 was €0.7 million (2021 for 2020: €0.7 million).

NOTE 35 EVENTS AFTER THE REPORTING DATE

No material events occurred between the reporting date and the date when the consolidated financial statements were authorized for issue by the Managing Chairman.

NOTE 36 LIST OF CONSOLIDATED COMPANIES

Countries are presented based on the Michelin geographical regions and are listed within each region according to the alphabetical order of the French names.

Companies	Consolidation method	Registered office	Type	% interest
EUROPE				
GERMANY				
Michelin Reifenwerke AG & Co. Kommanditgesellschaft auf Aktien	Full consolidation method	Karlsruhe	Manufacturing & commercial	100.00
Euromaster GmbH	Full consolidation method	Mannheim	Commercial	100.00
Euromaster Reifenservice Deutschland GmbH	Full consolidation method	Mannheim	Commercial	100.00
Euromaster Immobilien GmbH	Full consolidation method	Mannheim	Commercial	100.00
Advantico GmbH	Full consolidation method	Mannheim	Commercial	60.00
Michelin Deutschland GmbH	Full consolidation method	Karlsruhe	Financial	100.00
PTG Reifendruckregelsysteme GmbH	Full consolidation method	Neuss	Commercial	100.00
Michelin Finanz Gesellschaft für Beteiligungen AG & Co. OHG	Full consolidation method	Karlsruhe	Financial	100.00
Ihle Tires GmbH	Full consolidation method	Muggensturm	Commercial	100.00
Tirecorp GmbH	Full consolidation method	Muggensturm	Commercial	100.00
Ihle International GmbH	Full consolidation method	Muggensturm	Commercial	100.00
ProServ Produktionsservice und Personaldienste GmbH	Equity method	Karlsruhe	Miscellaneous	35.00
Dichtelemente Hallite GmbH	Full consolidation method	Hamburg	Manufacturing & commercial	100.00
Camso Deutschland GmbH	Full consolidation method	Duisbourg	Commercial	100.00
Masternaut GmbH	Full consolidation method	Munich	Commercial	100.00
TyresNParts GmbH	Full consolidation method	Frankfurt	Commercial	100.00
AUSTRIA				
Michelin Reifenverkaufsgesellschaft m.b.H.	Full consolidation method	Vienna	Miscellaneous	100.00
Euromaster Reifenservice GmbH	Full consolidation method	Vienna	Commercial	100.00
Camso Austria GmbH	Full consolidation method	Korneubourg	Commercial	100.00
BELGIUM				
Michelin Belux S.A.	Full consolidation method	Zellik	Commercial	100.00
Camsotech European R&D Centre NV	Full consolidation method	Ghent	Financial	100.00
Eurowheel BVBA	Full consolidation method	Herenthout	Manufacturing	100.00
ITC International Tire NV	Full consolidation method	Wommelgem	Commercial	85.00
Industrial International Tire Company NV	Full consolidation method	Wommelgem	Commercial	85.00
BULGARIA				
Michelin Bulgaria EOOD	Full consolidation method	Sofia	Miscellaneous	100.00
CROATIA				
Michelin Hrvatska d.o.o.	Full consolidation method	Zagreb	Commercial	100.00
DENMARK				
Euromaster Danmark A/S	Full consolidation method	Skanderborg	Commercial	100.00
Michelin Gummi Compagni A/S	Full consolidation method	Frederiksberg	Miscellaneous	100.00
Euromaster Ejendomme A/S	Full consolidation method	Skanderborg	Commercial	100.00
Viborg Direct A/S	Full consolidation method	Skanderborg	Commercial	100.00
Ihle Skandinavien ApS	Full consolidation method	Copenhagen	Commercial	100.00
SPAIN				
Michelin España Portugal, S.A.	Full consolidation method	Tres Cantos	Manufacturing & commercial	99.81
Euromaster Automoción y Servicios, S.A.	Full consolidation method	Madrid	Commercial	100.00
Nex Tyres, S.L.	Full consolidation method	Lleida	Commercial	50.00
Lehigh Spain, S.L.	Full consolidation method	Barcelona	Miscellaneous	100.00

Companies	Consolidation method	Registered office	Type	% interest
Servicios y Asistencia OK24, S.L.	Full consolidation method	Madrid	Commercial	51.00
Fundación Michelin España Portugal	Full consolidation method	Valladolid	Miscellaneous	99.81
Rodi Metro, S.L.	Equity method	Lleida	Miscellaneous	20.00
Fenner Dunlop, S.L.	Full consolidation method	Esparreguera	Manufacturing & commercial	100.00
Camso Spain, S.L.	Full consolidation method	Saragossa	Commercial	100.00
Masternaut Iberica, S.L.	Full consolidation method	Madrid	Commercial	100.00
ESTONIA				
Michelin Rehvide OÜ	Full consolidation method	Tallinn	Miscellaneous	100.00
Technobalt Eesti OÜ	Full consolidation method	Peetri	Manufacturing & commercial	100.00
FINLAND				
Oy Suomen Michelin Ab	Full consolidation method	Espoo	Miscellaneous	100.00
Suomen Euromaster Oy	Full consolidation method	Pori	Commercial	100.00
FRANCE				
Compagnie Générale des Établissements Michelin	Full consolidation method	Clermont-Ferrand	Parent	-
Compagnie Financière Michelin	Full consolidation method	Clermont-Ferrand	Financial	100.00
Manufacture Française des Pneumatiques Michelin	Full consolidation method	Clermont-Ferrand	Manufacturing & commercial	100.00
Pneu Laurent	Full consolidation method	Avallon	Manufacturing & commercial	100.00
Simorep et Cie – Société du Caoutchouc Synthétique Michelin	Full consolidation method	Bassens	Manufacturing	100.00
Euromaster France	Full consolidation method	Montbonnot-Saint-Martin	Commercial	100.00
Michelin Aircraft Tyre	Full consolidation method	Clermont-Ferrand	Commercial	100.00
Transityre France	Full consolidation method	Clermont-Ferrand	Commercial	100.00
Alliance Réseaux	Full consolidation method	Saint-Jean-de-Maurienne	Commercial	100.00
Spika	Full consolidation method	Clermont-Ferrand	Financial	100.00
Michelin Air Services	Full consolidation method	Clermont-Ferrand	Miscellaneous	100.00
Tyredating	Full consolidation method	Lyon	Commercial	100.00
Ihle France	Full consolidation method	Schiltigheim	Commercial	100.00
Euromaster Services et Management	Full consolidation method	Clermont-Ferrand	Commercial	100.00
GIE Michelin Placements	Full consolidation method	Clermont-Ferrand	Financial	100.00
Simp	Full consolidation method	Clermont-Ferrand	Financial	51.00
Société d'Investissements et de Mécanique	Full consolidation method	Montagny	Miscellaneous	100.00
Michelin Ventures SAS	Full consolidation method	Clermont-Ferrand	Financial	100.00
Oxymore	Full consolidation method	Montbonnot-Saint-Martin	Commercial	95.00
Teleflow SAS	Full consolidation method	Mably	Miscellaneous	100.00
Michelin Middle East	Full consolidation method	Clermont-Ferrand	Financial	100.00
Michelin Europe (EEIG)	Full consolidation method	Clermont-Ferrand	Miscellaneous	99.95
AddUp	Equity method	Cébazat	Manufacturing	56.49
MMM !	Full consolidation method	Paris	Miscellaneous	100.00
Allopneus	Full consolidation method	Aix-en-Provence	Commercial	100.00
Call For You	Full consolidation method	Aix-en-Provence	Commercial	100.00
Log For You	Full consolidation method	Aix-en-Provence	Commercial	100.00
Rautor	Full consolidation method	Aix-en-Provence	Commercial	100.00
Watèa SAS	Full consolidation method	Clermont-Ferrand	Commercial	100.00
Société Internationale de Plantations d'Hévéas	Equity method	Courbevoie	Miscellaneous	41.97
Symbio	Equity method	Fontaine	Miscellaneous	50.00
Taquipneu	Equity method	Montauban	Miscellaneous	22.92

Companies	Consolidation method	Registered office	Type	% interest
Hympulsion	Equity method	Lyon	Manufacturing & commercial	22.78
Fenner Dunlop SARL	Full consolidation method	Elancourt	Manufacturing & commercial	100.00
Camso France SAS	Full consolidation method	Le Malesherbois	Commercial	100.00
Masternaut SAS	Full consolidation method	Puteaux (Paris)	Commercial	100.00
Masternaut International SAS	Full consolidation method	Louviers	Financial	100.00
Runa	Equity method	Lyon	Miscellaneous	48.99
Resicare	Full consolidation method	Clermont-Ferrand	Manufacturing	100.00
Aircaptif SAS	Full consolidation method	Trappes	Miscellaneous	100.00
Wanikou Technologie SAS	Full consolidation method	Trappes	Miscellaneous	100.00
Michelin Editions SAS	Equity method	Paris	Miscellaneous	40.00
S.A.S Foncière Le Pic	Full consolidation method	Clermont-Ferrand	Miscellaneous	100.00
GREECE				
Elastika Michelin Single Member S.A.	Full consolidation method	Halandri	Commercial	100.00
HUNGARY				
Michelin Hungaria Tyre Manufacture Ltd.	Full consolidation method	Nyíregyháza	Manufacturing & commercial	100.00
Ihle Magyarország Kft.	Full consolidation method	Komárom	Commercial	100.00
Camso Manufacturing Hungary Kft.	Full consolidation method	Budapest	Financial	100.00
IRELAND				
Miripro Insurance Company DAC	Full consolidation method	Dublin	Miscellaneous	100.00
Async Technologies Limited	Equity method	Ennis	Miscellaneous	25.00
ITALY				
Società per Azioni Michelin Italiana	Full consolidation method	Turin	Manufacturing & commercial	100.00
Fondazione Michelin Sviluppo	Full consolidation method	Turin	Miscellaneous	100.00
Euromaster Italia S.r.l.	Full consolidation method	Milan	Commercial	100.00
MAV S.p.A.	Full consolidation method	Bosentino	Manufacturing & commercial	100.00
Hallite Italia S.r.l.	Full consolidation method	Collesalvetti	Manufacturing & commercial	100.00
Fenner Dunlop Italia S.r.l.	Full consolidation method	Milan	Manufacturing & commercial	100.00
Camso Manufacturing Italy S.r.l.	Full consolidation method	Milan	Manufacturing	100.00
Camso Italy S.p.A.	Full consolidation method	Ozzero	Commercial	100.00
Webraska Italia S.r.l.	Full consolidation method	Milan	Miscellaneous	100.00
LATVIA				
TB Industry SIA	Full consolidation method	Riga	Manufacturing & commercial	100.00
LITHUANIA				
UAB Michelin Padangos	Full consolidation method	Vilnius	Miscellaneous	100.00
Technobalta UAB	Full consolidation method	Vilnius	Manufacturing & commercial	100.00
LUXEMBOURG				
Camso International S.à.r.l.	Full consolidation method	Luxembourg	Financial	100.00
Camso Holding S.à.r.l.	Full consolidation method	Luxembourg	Financial	100.00
NORWAY				
Norsk Michelin Gummi AS	Full consolidation method	Oslo	Miscellaneous	100.00
Fenner Mandals AS	Full consolidation method	Mandal	Manufacturing & commercial	100.00
NETHERLANDS				
Euromaster Bandenservice B.V.	Full consolidation method	Deventer	Commercial	100.00
Michelin Nederland N.V.	Full consolidation method	Drunen	Commercial	100.00
Transityre B.V.	Full consolidation method	Breda	Commercial	100.00
Michelin Distribution B.V.	Full consolidation method	Breda	Commercial	100.00
Actor B.V.	Full consolidation method	Deventer	Commercial	100.00

Companies	Consolidation method	Registered office	Type	% interest
Euromaster Vastgoed B.V.	Full consolidation method	Deventer	Commercial	100.00
MC Projects B.V.	Equity method	Maastricht	Miscellaneous	50.00
Dunlop Service B.V.	Full consolidation method	Klazienaveen	Manufacturing & commercial	100.00
Fenner Dunlop B.V.	Full consolidation method	Drachten	Manufacturing & commercial	100.00
De Bruin & Berends B.V.	Full consolidation method	Drachten	Financial	100.00
Dunlop Assets B.V.	Full consolidation method	Klazienaveen	Financial	100.00
Dunlop Enerka Netherlands B.V.	Full consolidation method	Drachten	Financial	100.00
Dunlop Enerka Netherlands Holding B.V.	Full consolidation method	Klazienaveen	Financial	100.00
Dunlop Manufacturing Holdings B.V.	Full consolidation method	Drachten	Financial	100.00
Dunlop Service International B.V.	Full consolidation method	Drachten	Financial	100.00
Dunlop Conveyor Belting International B.V.	Full consolidation method	Drachten	Financial	100.00
Dunlop Sales & Marketing B.V.	Full consolidation method	Klazienaveen	Financial	100.00
Fenner Dunlop Steelcord B.V.	Full consolidation method	Drachten	Financial	100.00
Camso Nederland B.V.	Full consolidation method	Nieuwegein	Commercial	100.00
Masternaut B.V.	Full consolidation method	Breda	Commercial	100.00
POLAND				
Michelin Polska sp. z o.o.	Full consolidation method	Olsztyn	Manufacturing & commercial	100.00
Euromaster Polska sp. z.o.o.	Full consolidation method	Olsztyn	Commercial	100.00
Michelin Development Foundation (Fundacja Rozwoju Michelin)	Full consolidation method	Olsztyn	Miscellaneous	100.00
Dunlop Conveyor Belting Polska sp. z.o.o.	Full consolidation method	Mikołów	Manufacturing & commercial	100.00
Camso Polska S.A.	Full consolidation method	Warsaw	Commercial	100.00
Michelin Speciality Materials Recovery Poland sp. z o.o.	Full consolidation method	Olsztyn	Manufacturing & commercial	100.00
PORTUGAL				
Michelin-Companhia Luso-Pneu, Limitada	Full consolidation method	Lisbon	Miscellaneous	100.00
Euromaster Portugal - Sociedade Unipessoal, LDA	Full consolidation method	Lisbon	Commercial	100.00
CZECH REPUBLIC				
Euromaster Česká republika s.r.o. (Euromaster Ceska republika s.r.o.)	Full consolidation method	Prague	Commercial	100.00
Michelin Česká republika s.r.o. (Michelin Ceska republika s.r.o.)	Full consolidation method	Prague	Miscellaneous	100.00
Ihle Czech, s.r.o.	Full consolidation method	Plzen	Commercial	100.00
Cemat trading spol s.r.o.	Full consolidation method	Bohumín	Commercial	100.00
ROMANIA				
Michelin Romania S.A.	Full consolidation method	Voluntari	Manufacturing & commercial	99.86
Euromaster Tyre & Services Romania S.A.	Full consolidation method	Voluntari	Commercial	100.00
Ihle Anvelope SRL	Full consolidation method	Pitesti	Commercial	100.00
UNITED KINGDOM				
Michelin Tyre Public Limited Company	Full consolidation method	Stoke-on-Trent	Manufacturing & commercial	100.00
ATS Euromaster Limited	Full consolidation method	Birmingham	Commercial	100.00
Associated Tyre Specialists (Investment) Limited	Full consolidation method	Birmingham	Commercial	100.00
ATS Property and Real Estate Limited	Full consolidation method	Birmingham	Commercial	100.00
Blackcircles.com Limited	Full consolidation method	Edinburgh	Commercial	100.00
Michelin Finance (U.K.) Limited	Full consolidation method	London	Financial	100.00
Michelin Lifestyle Limited	Full consolidation method	Stoke-on-Trent	Commercial	100.00
Michelin Development Limited	Full consolidation method	Stoke-on-Trent	Miscellaneous	100.00
TFM Holdings Limited	Full consolidation method	Eastleigh	Commercial	100.00
Michelin Travel Partner UK Limited	Full consolidation method	Stoke-on-Trent	Commercial	100.00

Companies	Consolidation method	Registered office	Type	% interest
Fenner Group Holdings Limited	Full consolidation method	Stoke-on-Trent	Financial	100.00
Fenner International Limited	Full consolidation method	Stoke-on-Trent	Financial	100.00
J.H. Fenner & Co. Limited	Full consolidation method	Stoke-on-Trent	Manufacturing & commercial	100.00
Hallite Seals International Limited	Full consolidation method	Stoke-on-Trent	Manufacturing & commercial	100.00
James Dawson & Son Limited	Full consolidation method	Stoke-on-Trent	Manufacturing & commercial	100.00
Dunlop Conveyor Belting Investments Limited	Full consolidation method	Stoke-on-Trent	Financial	100.00
Fenner N.A. Limited	Full consolidation method	Stoke-on-Trent	Financial	100.00
Hall & Hall Limited	Full consolidation method	Stoke-on-Trent	Financial	100.00
J.H. Fenner & Co (Advanced Engineering Products) Limited	Full consolidation method	Stoke-on-Trent	Financial	100.00
J.H. Fenner & Co. (India) Limited	Full consolidation method	Stoke-on-Trent	Financial	100.00
James Dawson (China) Limited	Full consolidation method	Stoke-on-Trent	Financial	100.00
Fenner International Australia Limited	Full consolidation method	Stoke-on-Trent	Financial	100.00
Fenner Advanced Sealing Investments Limited	Full consolidation method	Hull	Financial	100.00
Fenner Advanced Sealing Technologies Limited	Full consolidation method	Hull	Financial	100.00
Fenner Drives Limited	Full consolidation method	Hull	Financial	100.00
Fenner Dunlop Limited	Full consolidation method	Hull	Financial	100.00
Hallite Limited	Full consolidation method	Hull	Financial	100.00
Hallite Polytek Limited	Full consolidation method	Hull	Financial	100.00
Indico (Europe) Limited	Full consolidation method	Hull	Financial	100.00
J.H. Fenner & Co. (Special Belting) Limited	Full consolidation method	Hull	Financial	100.00
Norwegian Seals UK Limited	Full consolidation method	Hull	Financial	100.00
Turner Belting Limited	Full consolidation method	Hull	Financial	100.00
Vulcanisers International Limited	Full consolidation method	Hull	Financial	100.00
Camso UK Limited	Full consolidation method	Cowbridge	Commercial	100.00
Masternaut Group Holdings Limited	Full consolidation method	Marlow	Financial	100.00
Masternaut Limited	Full consolidation method	Aberford	Commercial	100.00
Masternaut Bidco Limited	Full consolidation method	London	Financial	100.00
Masternaut Holdings Limited	Full consolidation method	Marlow	Commercial	100.00
Masternaut Risk Solutions Limited	Full consolidation method	Marlow	Commercial	100.00
Old World Limited	Full consolidation method	London	Miscellaneous	100.00
SERBIA				
Tigar Tyres d.o.o.	Full consolidation method	Pirot	Manufacturing & commercial	100.00
SLOVAKIA				
Michelin Slovensko, s.r.o.	Full consolidation method	Bratislava	Miscellaneous	100.00
Ihle Slovakia s.r.o.	Full consolidation method	Bratislava	Commercial	100.00
Ihle Slovakia Logistic a Servis s.r.o.	Full consolidation method	Bratislava	Commercial	100.00
CEMAT s.r.o. Slovakia	Full consolidation method	Martin-Priekopa	Commercial	100.00
SLOVENIA				
Michelin Slovenija, pnevmatike, d.o.o.	Full consolidation method	Ljubljana	Miscellaneous	100.00
Ihle pnevmatike, d.o.o.	Full consolidation method	Maribor	Commercial	100.00
SWEDEN				
Euromaster AB	Full consolidation method	Varberg	Commercial	100.00
Michelin Nordic AB	Full consolidation method	Stockholm	Commercial	100.00
Masternaut AB	Full consolidation method	Stockholm	Commercial	100.00
Scandinavian Enviro Systems AB	Equity method	Gothenburg	Manufacturing & commercial	20.00

Companies	Consolidation method	Registered office	Type	% interest
SWITZERLAND				
Euromaster (Suisse) S.A.	Full consolidation method	Givisiez	Commercial	100.00
Nitor S.A.	Full consolidation method	Granges-Paccot	Financial	100.00
Michelin Suisse S.A.	Full consolidation method	Givisiez	Commercial	100.00
Compagnie Financière Michelin Suisse S.A.	Full consolidation method	Granges-Paccot	Financial	100.00
Michelin Recherche et Technique S.A.	Full consolidation method	Granges-Paccot	Miscellaneous	100.00
Michelin Mexico Properties Sàrl	Full consolidation method	Granges-Paccot	Financial	100.00
Michelin Finanz Gesellschaft für Beteiligungen S.A.	Full consolidation method	Granges-Paccot	Financial	100.00
Michelin Invest S.A.	Full consolidation method	Granges-Paccot	Financial	100.00
Ihle Service & Logistik Schweiz AG	Full consolidation method	Bülach	Commercial	100.00
Michelin Global Mobility S.A.	Full consolidation method	Granges-Paccot	Miscellaneous	100.00
Camso Schweiz AG	Full consolidation method	Schaffhouse	Commercial	100.00
TURKEY				
Michelin Lastikleri Ticaret A.S.	Full consolidation method	Istanbul	Commercial	100.00
Euromaster Lastik Ve Servis Limited Sirketi	Full consolidation method	Istanbul	Commercial	100.00
Camso Lastik Ticaret Limited Sirketi	Full consolidation method	Istanbul	Commercial	100.00
AFRICA/INDIA/MIDDLE EAST				
SOUTH AFRICA				
Michelin Tyre Company South Africa Proprietary Limited	Full consolidation method	Boksburg	Commercial	100.00
Fenner (South Africa) (Pty) Limited	Full consolidation method	Isando	Financial	100.00
Fenner Conveyor Belting (South Africa) (Pty) Limited	Full consolidation method	Isando	Manufacturing & commercial	100.00
Michelin Connected Fleet South Africa (Pty) Limited	Full consolidation method	Boksburg	Miscellaneous	100.00
ALGERIA				
Société d'Applications Techniques Industrielles	Full consolidation method	Algiers	Commercial	100.00
SAUDI ARABIA				
E.A. Juffali & Brothers for Tyres	Equity method	Jeddah	Commercial	50.00
CDI Products Arabia Industrial LLC	Full consolidation method	Al Khobar	Manufacturing & commercial	50.00
CAMEROON				
Société Moderne du Pneumatique Camerounais	Full consolidation method	Douala	Commercial	100.00
IVORY COAST				
Société Africaine de Plantations d'Hévéas	Equity method	Abidjan	Miscellaneous	18.00
UNITED ARAB EMIRATES				
Michelin AIM FZCO	Full consolidation method	Dubai	Miscellaneous	100.00
GHANA				
Dunlop Conveyor Belting Ghana Limited	Full consolidation method	Accra	Manufacturing & commercial	100.00
INDIA				
Michelin India Private Limited	Full consolidation method	Chennai	Manufacturing	100.00
Michelin India Technology Center Private Limited	Full consolidation method	Gurgaon	Miscellaneous	100.00
Fenner Conveyor Belting Private Limited	Full consolidation method	Madurai	Manufacturing & commercial	100.00
Hallite Sealing Solutions India Private Limited	Full consolidation method	Bangalore	Manufacturing & commercial	100.00
Camso India LLP	Full consolidation method	Gurgaon	Commercial	100.00
KENYA				
Tyre Distribution Africa Limited	Equity method	Nairobi	Miscellaneous	49.00
MOROCCO				
Fenner Dunlop Maroc SARL	Full consolidation method	Casablanca	Manufacturing & commercial	100.00
Michelin Maroc SARL	Full consolidation method	Casablanca	Commercial	100.00

Companies	Consolidation method	Registered office	Type	% interest
NIGERIA				
Michelin Tyre Services Company Ltd.	Full consolidation method	Lagos	Commercial	95.83
SRI LANKA				
Michelin Lanka (Private) Limited	Full consolidation method	Ja-Ela	Manufacturing	100.00
Camso Trading (Private) Limited	Full consolidation method	Ja-Ela	Commercial	100.00
Camso Global Business Services (Private) Limited	Full consolidation method	Colombo	Financial	100.00
NORTH AMERICA				
CANADA				
Michelin North America (Canada) Inc.	Full consolidation method	Laval	Manufacturing & commercial	100.00
Michelin Retread Technologies (Canada) Inc.	Full consolidation method	New Glasgow	Commercial	100.00
Michelin Development (Canada) Inc.	Full consolidation method	New Glasgow	Miscellaneous	100.00
Oliver Rubber Canada Limited	Full consolidation method	Granton, Nova Scotia	Commercial	100.00
Fenner Dunlop (Bracebridge), Inc.	Full consolidation method	Bracebridge	Manufacturing & commercial	100.00
Hallite Seals (Canada) Ltd	Full consolidation method	Mississauga	Manufacturing & commercial	100.00
Camso Inc.	Full consolidation method	Magog	Financial	100.00
Camso Distribution Canada Inc.	Full consolidation method	Mississauga	Commercial	100.00
Klinge Tire Management Consultants CA Ltd	Full consolidation method	Toronto	Miscellaneous	100.00
UNITED STATES OF AMERICA				
Michelin North America, Inc.	Full consolidation method	New York	Manufacturing & commercial	100.00
Michelin Retread Technologies, Inc.	Full consolidation method	Wilmington	Commercial	100.00
CR Funding Corporation	Full consolidation method	Wilmington	Financial	100.00
Michelin Corporation	Full consolidation method	New York	Financial	100.00
Oliver Rubber Company, LLC	Full consolidation method	Wilmington	Manufacturing	100.00
NexTraq, LLC	Full consolidation method	Wilmington	Commercial	100.00
Tire Centers West, LLC	Full consolidation method	Wilmington	Commercial	100.00
Lehigh Technologies, Inc.	Full consolidation method	Wilmington	Commercial	100.00
TBC Corporation	Equity method	Palm Beach Gardens	Commercial	50.00
T & W Tire, LLC	Equity method	Oklahoma City	Commercial	25.00
Snider Tire, Inc.	Equity method	Greensboro	Commercial	25.00
Fenner America, Inc.	Full consolidation method	Wilmington	Financial	100.00
Fenner Advanced Sealing Technologies, LLC	Full consolidation method	Wilmington	Financial	100.00
Fenner U.S., Inc.	Full consolidation method	Wilmington	Financial	100.00
American Industrial Plastics, LLC	Full consolidation method	Plantation	Manufacturing & commercial	100.00
CDI Energy Products, LLC	Full consolidation method	Dallas	Manufacturing & commercial	100.00
Hallite Seals Americas, LLC	Full consolidation method	Plymouth	Manufacturing & commercial	100.00
Solesis, Inc.	Full consolidation method	Harrisburg	Financial	100.00
Fenner Dunlop Conveyor Systems and Services, LLC	Full consolidation method	Harrisburg	Manufacturing & commercial	100.00
Fenner Dunlop Americas, LLC	Full consolidation method	Harrisburg	Manufacturing & commercial	100.00
Fenner Dunlop (Port Clinton), LLC	Full consolidation method	Columbus	Manufacturing & commercial	100.00
Fenner Dunlop (Toledo), LLC	Full consolidation method	Columbus	Manufacturing & commercial	100.00
Mandals US, LLC	Full consolidation method	Dallas	Manufacturing & commercial	100.00
Solesis Holdings, LLC	Equity method	Charlotte	Miscellaneous	49.00
Camso Holding USA, LLC	Full consolidation method	Wilmington	Financial	100.00
Camso Manufacturing USA, Ltd.	Full consolidation method	Wilmington	Manufacturing	100.00
Camso USA Inc.	Full consolidation method	Tallahassee	Commercial	100.00
Industrial Tire/DFW, LLC	Full consolidation method	Irving	Commercial	67.00
Blacksmith OTR, LLC	Equity method	Rome	Miscellaneous	50.00
Airflash, Inc.	Full consolidation method	Saratoga	Miscellaneous	100.00

Companies	Consolidation method	Registered office	Type	% interest
Achilles Tires USA, Inc.	Full consolidation method	Los Angeles	Commercial	99.64
The Wine Advocate, Inc.	Full consolidation method	Parkton	Miscellaneous	100.00
Tablet, LLC	Full consolidation method	Wilmington	Miscellaneous	100.00
Klinge Tire Management Consultants, Inc.	Full consolidation method	Carson City	Miscellaneous	100.00
RoadBotics, Inc. (a Delaware corporation)	Full consolidation method	Pittsburgh	Miscellaneous	100.00
MEXICO				
Industrias Michelin, S.A. de C.V.	Full consolidation method	Querétaro	Manufacturing & commercial	100.00
Michelin Sascar Mexico S.A. de C.V.	Full consolidation method	Querétaro	Commercial	100.00
Michelin Mexico Services, S.A. de C.V.	Full consolidation method	Querétaro	Miscellaneous	100.00
Camso Distribución México, S.A. de C.V.	Full consolidation method	Tultitlan	Commercial	100.00
PANAMA				
Michelin Panama Corp.	Full consolidation method	Panama	Miscellaneous	100.00
SOUTH AMERICA				
ARGENTINA				
Michelin Argentina Sociedad Anónima, Industrial, Comercial y Financiera	Full consolidation method	Buenos Aires	Commercial	100.00
Rodaco Argentina S.A.U.	Full consolidation method	Buenos Aires	Commercial	100.00
BRAZIL				
Sociedade Michelin de Participações, Indústria e Comércio Ltda.	Full consolidation method	Rio de Janeiro	Manufacturing & commercial	100.00
Sociedade Tyreplus Brasil Ltda.	Full consolidation method	Rio de Janeiro	Commercial	100.00
Plantações Michelin da Bahia Ltda.	Full consolidation method	Rio de Janeiro	Miscellaneous	100.00
Plantações E. Michelin Ltda.	Full consolidation method	Rio de Janeiro	Miscellaneous	100.00
Sascar Tecnologia e Segurança Automotiva S.A.	Full consolidation method	Barueri	Miscellaneous	100.00
Seva Engenharia Eletrônica S.A.	Full consolidation method	Contagem	Miscellaneous	100.00
CVB Produtos Industriais Ltda.	Full consolidation method	São Paulo	Manufacturing	100.00
Camso Holding Brasil Ltda.	Full consolidation method	São Paulo	Financial	100.00
Camso Indústria de Produtos de Borracha Ltda.	Full consolidation method	Alvorada	Commercial	100.00
CHILE				
Michelin Chile Ltda.	Full consolidation method	Santiago	Commercial	100.00
Conveyor Services S.A.	Full consolidation method	Antofagasta	Manufacturing & commercial	100.00
Fenner International Chile Limitada	Full consolidation method	Las Condes	Financial	100.00
Michelin Specialty Materials Recovery SpA	Full consolidation method	Santiago	Manufacturing & commercial	100.00
CPS Conveyors Spa	Full consolidation method	Santiago	Commercial	100.00
COLOMBIA				
Industria Colombiana de Llantas S.A.	Full consolidation method	Bogotá	Commercial	99.96
ECUADOR				
Michelin del Ecuador S.A.	Full consolidation method	Quito	Commercial	100.00
PERU				
Michelin del Perú S.A.	Full consolidation method	Lima	Commercial	100.00
Conveyor Pulleys & Solutions S.A.C	Full consolidation method	Lima	Commercial	100.00
VENEZUELA				
Michelin Venezuela, S.A.	Equity method	Valencia	Commercial	100.00
SOUTHEAST ASIA/AUSTRALIA				
AUSTRALIA				
Michelin Australia Pty Ltd	Full consolidation method	Melbourne	Commercial	100.00
Klinge Holdings Pty Ltd	Full consolidation method	Brisbane	Miscellaneous	100.00
Hallite Seals Australia Pty Limited	Full consolidation method	Wetherill Park	Manufacturing & commercial	100.00

Companies	Consolidation method	Registered office	Type	% interest
Fenner Dunlop Australia Pty Limited	Full consolidation method	West Footscray	Manufacturing & commercial	100.00
Fenner (Pacific) Pty Limited	Full consolidation method	West Footscray	Financial	100.00
Fenner Australia Financing Pty Limited	Full consolidation method	West Footscray	Financial	100.00
Australian Conveyor Engineering Pty Limited	Full consolidation method	West Footscray	Manufacturing & commercial	100.00
Agile Maintenance Services Pty Limited	Full consolidation method	West Footscray	Financial	100.00
Fenner Investments Australia Limited Partnership	Full consolidation method	West Footscray	Financial	100.00
BBV Partnership	Full consolidation method	West Footscray	Manufacturing & commercial	100.00
Belle Banne Conveyor Services Pty Limited	Full consolidation method	West Footscray	Manufacturing & commercial	100.00
Bearcat Tyres Pty Ltd	Full consolidation method	Girraween	Commercial	100.00
Conveyor Products & Solutions Pty Ltd	Full consolidation method	Victoria	Manufacturing & commercial	100.00
Conveyor Pulleys & Solutions Pty Ltd	Full consolidation method	Victoria	Manufacturing & commercial	100.00
Wilvic Australia Pty Ltd	Full consolidation method	Victoria	Manufacturing & commercial	50.00
INDONESIA				
PT Michelin Indonesia	Full consolidation method	Jakarta	Commercial	100.00
PT Synthetic Rubber Indonesia	Full consolidation method	Jakarta	Manufacturing	55.00
PT Royal Lestari Utama	Full consolidation method	Jakarta	Miscellaneous	100.00
PT Lestari Asri Jaya	Full consolidation method	Jakarta	Miscellaneous	100.00
PT Multi Kusuma Cemerlang	Full consolidation method	Jakarta	Miscellaneous	100.00
PT Wanamukti Wisasa	Full consolidation method	Jakarta	Miscellaneous	100.00
PT Multistrada Arah Sarana Tbk	Full consolidation method	Bekasi	Manufacturing & commercial	99.64
PT Kawasan Industri Multistrada	Full consolidation method	Bekasi	Miscellaneous	99.63
PT Penta Artha Impressi	Equity method	Jakarta	Commercial	19.93
MALAYSIA				
Michelin Malaysia Sdn. Bhd.	Full consolidation method	Petaling Jaya	Commercial	100.00
Michelin Services (S.E.A.) Sdn. Bhd.	Full consolidation method	Petaling Jaya	Miscellaneous	100.00
NEW ZEALAND				
Tyreline Distributors Limited	Equity method	Hamilton	Commercial	25.00
Beau Ideal Limited	Equity method	Te Awamutu	Commercial	25.01
Camso New Zealand Limited	Full consolidation method	Auckland	Commercial	100.00
SINGAPORE				
Michelin Asia (Singapore) Co. Pte. Ltd.	Full consolidation method	Singapore	Commercial	100.00
Michelin Asia-Pacific Pte. Ltd.	Full consolidation method	Singapore	Miscellaneous	100.00
Michelin Asia-Pacific Import (SG) Pte. Ltd.	Full consolidation method	Singapore	Miscellaneous	100.00
Michelin Asia-Pacific Export (SG) Pte. Ltd.	Full consolidation method	Singapore	Miscellaneous	100.00
Michelin Asia-Pacific Import-Export (SG) Pte. Ltd.	Full consolidation method	Singapore	Miscellaneous	100.00
Société des Matières Premières Tropicales Pte. Ltd.	Full consolidation method	Singapore	Miscellaneous	100.00
Wine Advocate Pte. Ltd.	Full consolidation method	Singapore	Miscellaneous	100.00
Fenner Singapore Pte. Ltd.	Full consolidation method	Singapore	Financial	100.00
CDI Energy Products Pte. Ltd.	Full consolidation method	Singapore	Manufacturing & commercial	100.00
THAILAND				
Michelin Siam Company Limited	Full consolidation method	Bangkok	Manufacturing & commercial	100.00
Michelin Experience (E2A) Co., Ltd.	Full consolidation method	Bangkok	Commercial	49.00
Michelin Roh Co., Ltd.	Full consolidation method	Bangkok	Miscellaneous	100.00
NTeq Polymer Co., Ltd.	Equity method	Surat Thani	Miscellaneous	45.00
VIETNAM				
Michelin Vietnam Company Limited	Full consolidation method	Ho Chi Minh City	Commercial	100.00
Camso Vietnam Co., Ltd	Full consolidation method	Tan Uyen	Manufacturing	100.00

Companies	Consolidation method	Registered office	Type	% interest
CHINA				
CHINA				
Michelin Shenyang Tire Co., Ltd.	Full consolidation method	Shenyang	Manufacturing	100.00
Shanghai Michelin Tire Co., Ltd.	Full consolidation method	Shanghai	Manufacturing	100.00
Michelin Asia (Hong Kong) Limited	Full consolidation method	Hong Kong	Commercial	100.00
Michelin (China) Investment Co., Ltd.	Full consolidation method	Shanghai	Commercial	100.00
Shanghai Suisheng Information Technology Co., Ltd.	Full consolidation method	Shanghai	Commercial	100.00
Michelin Tire Research and Development Center (Shanghai) Co., Ltd.	Full consolidation method	Shanghai	Miscellaneous	100.00
Tyre Plus (Shanghai) Auto Accessories Trading Co., Ltd.	Full consolidation method	Shanghai	Commercial	100.00
Michelin (Shanghai) Aircraft Tires Trading Co., Ltd.	Full consolidation method	Shanghai	Commercial	100.00
DT Asia Holding Co., Limited	Equity method	Hong Kong	Commercial	40.00
Dawson Polymer Products (Shanghai) Company Limited	Full consolidation method	Shanghai	Manufacturing & commercial	100.00
Hallite Shanghai Company Limited	Full consolidation method	Shanghai	Manufacturing & commercial	100.00
Shanghai Fenner Conveyor Belting Company Limited	Full consolidation method	Shanghai	Manufacturing & commercial	92.46
Fenner Management (Shanghai) Company Limited	Full consolidation method	Shanghai	Manufacturing & commercial	100.00
Camso Rubber Products (Qingdao) Co., Ltd.	Full consolidation method	Qingdao	Manufacturing	100.00
Camso Enterprise Management (China) Co., Ltd.	Full consolidation method	Shanghai	Commercial	100.00
Wine Advocate (HK) Ltd.	Full consolidation method	Hong Kong	Miscellaneous	100.00
TAIWAN				
Michelin Tire Taiwan Co., Ltd.	Full consolidation method	Taipei	Commercial	100.00
EASTERN EUROPE				
RUSSIA				
Michelin Russian Tyre Manufacturing Company LLC	Full consolidation method	Davydovo	Manufacturing & commercial	100.00
Camso CIS LLC	Full consolidation method	Moscow	Commercial	100.00
UKRAINE				
Michelin Ukraine LLC	Full consolidation method	Kyiv	Commercial	100.00
JAPAN/KOREA				
JAPAN				
Nihon Michelin Tire Co., Ltd.	Full consolidation method	Tokyo	Commercial	100.00
Camso Japan Co., Ltd.	Full consolidation method	Yokohama	Commercial	100.00
SOUTH KOREA				
Michelin Korea Co., Ltd.	Full consolidation method	Seoul	Commercial	100.00

NOTE 37 STATUTORY AUDITORS' FEES

	Deloitte				PricewaterhouseCoopers			
	Statutory Auditor (Deloitte & Associés)		Network		Statutory Auditor (PricewaterhouseCoopers Audit)		Network	
(in € thousands)	Amount	%	Amount	%	Amount	%	Amount	%
STATUTORY AUDIT AND HALF-YEAR REVIEW OF THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS								
• Issuer	537	33%	-	-	527	32%	-	-
• Fully consolidated subsidiaries	1,091	67%	3,757	100%	1,135	68%	4,165	100%
Sub-total	**1,628**	**100%**	**3,757**	**100%**	**1,662**	**100%**	**4,165**	**100%**
NON-AUDIT SERVICES								
• Issuer[(1)]	15	100%	-	-	146	86%	-	-
• Fully consolidated subsidiaries[(2)]	-	0%	1,320	100%	23	14%	435	100%
Sub-total	**15**	**100%**	**1,320**	**100%**	**169**	**100%**	**435**	**100%**
TOTAL	**1,643**		**5,077**		**1,831**		**4,600**	

(1) These services consist mainly of an independent third-party body engagement by PricewaterhouseCoopers Audit.

(2) These services correspond for the most part to procedures performed in connection with acquisitions or planned acquisitions, diagnostic reviews, tax compliance reviews and certifications issued at the request of the audited companies.

5.2.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(For the year ended December 31, 2022)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Compagnie Générale des Etablissements Michelin

23 place des Carmes-Déchaux

63000 Clermont-Ferrand, France

To the Shareholders,

5.2.2.1 Opinion

In compliance with the engagement entrusted to us by your Annual Shareholders Meeting, we have audited the accompanying consolidated financial statements of Compagnie Générale des Etablissements Michelin for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

5.2.2.2 Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2022 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

5.2.2.3 Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of goodwill allocated to sensitive CGUs

Risk identified

At December 31, 2022, the net value of goodwill totaled €2,430 million for total assets of €35,346 million.

For the purpose of impairment testing in accordance with IAS 36, goodwill is allocated to cashgenerating units (CGUs) or to groups of CGUs. Notes- 2.8.1 and 3.17 to the consolidated financial statements describe the methods used by the Group to ensure that the carrying amount of non-current non-financial assets (including goodwill) allocated to CGUs does not exceed their recoverable amount. Note 2.6 specifies how climate risk is recognized in impairment tests.

For the majority of the assets, the recoverable amount corresponding to the value in use is assessed based on future discounted cash flows, using the forecasts set out in the Group's five-year business plan. For the Distribution CGUs, the recoverable amount is measured based on the fair value of land and buildings, which represent most of their assets, less costs of disposal.

We considered the measurement of goodwill allocated to sensitive CGUs with a risk of impairment to be a key audit matter due to its materiality in the Group's consolidated statement of financial position and because the determination of its recoverable amount requires judgment, notably for the cash flow projections.

How our audit addressed this risk

With the assistance of our valuation experts, we performed the following procedures with respect to impairment tests:

- examined the compliance of the method applied by the Group with the provisions of IAS 36 "Impairment of Assets";
- reconciled the value of goodwill subject to the impairment tests with the consolidated financial statements to ensure that the CGUs cover all of the Group's assets;
- verified that the cash flow projections used are consistent with the budget forecasts validated by management and the governance bodies;
- assessed the reasonableness of the forecasts with respect to revenue, EBITDA and investments in renewals – which are the main assumptions underlying the future cash flow amounts – with the finance managers of the relevant businesses, in particular with respect to past performance and by performing sensitivity analyses on the various inputs;
- corroborated, for the sensitive CGUs with a risk of impairment, the EBITDA multiple determined on the basis of future cash flow projections in relation to comparable companies;
- assessed the reasonableness of the discount rates and long-term growth rates used to perform the impairment tests, based on comparable market data;
- verified the appropriateness of the disclosures provided in Notes 2.6, 2.8.1, 3.17 and 13.1 to the consolidated financial statements.

Measurement of the employee benefit obligations under defined benefit plans

Risk identified

The Group has set up several post-employment defined benefit plans, mainly pension and health insurance plans and end-of service benefits. A significant portion is comprised of defined benefit plans for which the Group undertakes to pay the agreed benefits to current or retired employees, mainly in North America and in certain European countries (mainly the United Kingdom, Germany and France).

The actuarial value of the Group's cumulative employee benefit obligations amounted to €7,640 million at December 31, 2022. Given that some of these liabilities are covered by dedicated assets (plan assets) with a fair value (after the application of the asset ceiling) of €5,394 million, mainly in North America and the United Kingdom. Taking into account other non-material components, the net obligation recognized in the consolidated statement of financial position at December 31, 2022 amounted to €2,330 million.

In order to measure the Group's obligations under the defined benefit plans and the expense to be recognized during the period, management must exercise significant judgment to determine, for each of the relevant countries and plans, the appropriate assumptions to be used, the main ones being the discount and inflation rates and demographic assumptions such as the long-term rate of change in salaries and mortality tables. These components are described in Note 3.24.1 to the consolidated financial statements.

Changes in any of the key assumptions underlying the measurements can have a material impact on the measurement of the recognized net liability and on the Group's total comprehensive income. Management calls upon external actuaries to assist in determining these assumptions.

We considered the measurement of the employee benefit obligations under defined benefit plans to be a key audit matter given their amounts, the related judgment to determine the main actuarial or demographic assumptions.

How our audit addressed this risk

We made inquiries about the process implemented by management to measure the Group's obligations under post-employment defined benefit plans for the main plans in North America, the United Kingdom, Germany and France.

With the assistance of our experts, our procedures first consisted in assessing the reasonableness of the main assumptions used, in particular the discount and inflation rates, with regard to market conditions and the consistency of the assumptions relating to changes in salaries and demographic data (mortality tables, inflation rates for medical costs.) with the details of the plans.

Our other procedures consisted in:

- assessing the impact of the main amendments made to certain plans and verifying their correct recognition;
- regarding plan assets, making inquiries about the process implemented by management to document the existence and measurement of these assets and, using sampling techniques, verifying their existence and the consistency of their measurement with the confirmations from third parties;
- using sampling techniques, confirming that individual data and the actuarial and demographic assumptions used by management have been correctly transcribed by the external actuaries in their calculation of the Group's benefit obligations;
- verifying the appropriateness of the disclosures presented in Note 27 to the consolidated financial statements.

5.2.2.4 Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the Managing Chairman's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the information pertaining to the Group presented in the management report includes the consolidated non-financial information statement required under Article L. 225-102-1 of the French Commercial Code. However, in accordance with Article L. 823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

5.2.2.5 Other legal and regulatory verifications or information

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Managing Chairman, complies with the single electronic format defined in the European Delegated Regulation No. 2019/815 of December 17, 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent in the macro-tagging of the consolidated financial statements in accordance with the European single electronic reporting format, the content of certain tags in the notes to the financial statements may not be rendered identically to the consolidated financial statements attached to this report.

In addition, it is not our responsibility to ensure that the consolidated financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Compagnie Générale des Etablissements Michelin by the Annual Shareholders Meeting of May 14, 2004 for PricewaterhouseCoopers Audit and May 7, 2010 for Deloitte & Associés.

At December 31, 2022, PricewaterhouseCoopers Audit and Deloitte & Associés were in the nineteenth and thirteenth consecutive year of their engagement, respectively.

5.2.2.6 Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Managing Chairman.

5.2.2.7 Statutory Auditors' responsibilities for the audit of the consolidated financial statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris La Défense, February 17, 2023

The Statutory Auditors

PricewaterhouseCoopers	AuditDeloitte & Associés
Jean-Christophe Georghiou	Frédéric Gourd

5.3 FINANCIAL STATEMENTS

5.3.1 REVIEW OF THE FINANCIAL STATEMENTS OF COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN

Compagnie Générale des Établissements Michelin (CGEM) is the Group's parent company, which directly or indirectly owns all of its subsidiaries and affiliates. Its two main subsidiaries are:

- Manufacture Française des Pneumatiques Michelin (MFPM), a wholly-owned subsidiary that coordinates all of the Group's manufacturing, sales and research operations in France;
- Compagnie Financière Michelin (CFM), a wholly-owned subsidiary that owns most of the Group's manufacturing, sales and research companies outside of France and coordinates their operations.

Services provided by CGEM and CFM to the operating companies are governed by contractual agreements.

A portion of these services are delivered by MFPM, which bills the operating companies on a cost-plus basis.

Intra-group transactions involve sizable volumes in such areas as intangible assets, a wide array of services, equipment and facilities, raw materials and semi-finished and finished products. The corresponding fees or prices are set using methods that vary by type of transaction. However, all of the methods are based on the arm's length principle as defined in the OECD's Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations.

5.3.1.1 Income statement

CGEM reported net income of €544 million in 2022, versus €584 million in 2021.

5.3.1.1.1 Net operating income

Net operating income amounted to €406 million in 2022, compared with €374 million in 2021. Royalty revenue increased by €51 million. Operating expenses increased by €72 million to €683 million, versus €611 million in 2021.

5.3.1.1.2 Net financial income

Net financial income amounted to €90 million in 2022, compared with €230 million the previous year, reflecting a decrease in dividend income.

5.3.1.2 Balance sheet

Equity amounted to €7,808 million at December 31, 2022, versus €8,116 million a year earlier, a €308 million decrease. The year-on-year change chiefly reflects the recognition of net income for the year of €544 million and premiums on shares issued under the BIB'Action employee share ownership plan for €74 million, offset by the cancellation of treasury shares for €118 million and the payment of dividends and the General Partners' profit share for €808 million.

5.3.2 FINANCIAL STATEMENTS OF COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN (PARENT)

Balance sheet

Assets *(in € thousands)*	Note	December 31, 2022 Cost	December 31, 2022 Depreciation, amortization & provisions	December 31, 2022 Net	December 31, 2021 Net
Intangible assets	5	427,758	(263,396)	164,362	209,206
Investments	6	12,673,824	(29,566)	12,644,258	13,534,476
Non-current assets		**13,101,582**	**(292,962)**	**12,808,620**	**13,743,682**
Receivables	7	941,680	-	941,680	885,566
Marketable securities	7		-		149,944
Derivative instruments	8.1	166,199	(42,906)	123,293	108,134
Cash		1,431,773	-	1,431,773	3,622,869
Prepaid expenses		7,015	-	7,015	4,953
Current assets		**2,546,667**	**(42,906)**	**2,503,761**	**4,771,466**
Deferred charges and bond call premiums		37,615	(8,478)	29,138	37,831
Conversion losses			-		1,713
TOTAL ASSETS		**15,685,864**	**(344,346)**	**15,341,519**	**18,554,692**

Equity and liabilities *(in € thousands)*	Note	December 31, 2022	December 31, 2021
Share capital	9	357,059	357,061
Paid-in capital in excess of par	9	2,701,903	2,746,083
Revaluation reserve	10	624,772	624,772
Other reserves	10	1,282,993	1,283,218
Retained earnings	10	2,235,529	2,459,216
Net income	10	544,575	584,192
Untaxed reserves	10	61,598	61,598
Equity		**7,808,429**	**8,116,140**
Convertible bonds	8.1	565,238	1,053,600
Ordinary bonds and other borrowings	8.2	5,287,294	5,197,372
Other financial liabilities	11	1,278,405	3,736,923
Accrued taxes and payroll costs	11	27,995	31,366
Other liabilities	11	370,254	411,110
Derivative instruments		-	4,254
Liabilities		**7,529,186**	**10,434,625**
Conversion gains		3,904	3,927
TOTAL EQUITY AND LIABILITIES		**15,341,519**	**18,554,692**

Income statement

(in € thousands)	Note	2022	2021
Royalties	13	1,010,962	959,769
Other revenue		3,812	1,064
Exchange gains		73,921	23,532
Revenue		**1,088,695**	**984,365**
External charges	14	(556,109)	(532,750)
Taxes other than on income		(3,578)	(3,625)
Payroll costs		(2,603)	(3,190)
Depreciation and amortization	5	(46,480)	(46,493)
Other expenses		(932)	(649)
Exchange losses		(73,077)	(23,841)
Operating expenses		**(682,779)**	**(610,548)**
NET OPERATING INCOME		**405,916**	**373,817**
Dividends from subsidiaries and affiliates	20	342	232,323
Interest income		49,389	72,152
Provision reversals	6	161,971	41,325
Exchange gains		1,704	366
Financial income		**213,406**	**346,166**
Amortization and provision expense		(45,207)	(26,962)
Interest expense		(73,202)	(89,455)
Exchange losses		(4,574)	(248)
Financial expense		**(122,983)**	**(116,665)**
NET FINANCIAL INCOME		**90,423**	**229,501**
INCOME BEFORE NON-RECURRING ITEMS AND TAX		**496,339**	**603,318**
Non-recurring income		**0**	**13,203**
Non-recurring expenses		**0**	**(13,518)**
NET NON-RECURRING INCOME/(EXPENSE)		**0**	**(315)**
Income tax	15	48,236	(18,811)
NET INCOME		**544,575**	**584,192**

NOTES TO THE FINANCIAL STATEMENTS

DETAILED SUMMARY OF THE NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

The financial year of Compagnie Générale des Établissements Michelin (the Company) covers the 12 months from January 1 to December 31.

The following notes and tables form an integral part of the financial statements.

The financial statements were approved for publication by the Managing Chairman on February 10, 2023 after being reviewed by the Supervisory Board.

Unless otherwise specified, all amounts are presented in thousands of euros.

NOTE 2 SIGNIFICANT EVENTS OF THE YEAR

2.1 The 2017-2022 convertible bonds were redeemed in January for an amount of €523 million (note 8.1).

2.2 In March 2022, an agreement was signed with an investment services provider under which the Company undertook to buy back up to €120 million worth of Michelin shares before November 24, 2022. A total of 4,326,536 shares were finally bought back under the program at an average price per share of €27.74, representing a total investment of €120 million. All of the shares bought back under the agreement were canceled before the end of 2022.

2.3 In April 2022, the Company underwrote a €130 million share issue by its subsidiary Spika (note 6).

2.4 The 2015-2022 convertible bonds were redeemed in May for an amount of €300 million (note 8.2).

2.5 Pursuant to the Annual Shareholders Meeting of May 13, 2022, for each existing share with a par value of €2.00 held on June 16, 2022, shareholders received four new shares with a par value of €0.50 in exchange, and the total number of shares making up the capital was multiplied by four. On June 16, 2022, the 178,530,462 outstanding shares were delisted and 714,121,848 new shares were created and listed on Euronext. The 2021 dividend paid in 2022 amounted to €1.125 as recalculated following the four-for-one stock split. The dividend was paid in full in cash for a net amount of €803 million (2021: €410 million).

2.6 In November 2022, 3,872,090 shares were issued in connection with the Michelin Group 2020 employee share ownership plan (notes 9 and 16).

2.7 During 2022, a €162 million impairment charge for Spika shares was reversed and a €30 million impairment charge for Masternaut Bidco Limited shares was recognized, mainly due to a change in the discount rate used to value the company by the discounted cash flow method (note 6).

2.8 The portfolio of marketable securities included in current assets was increased by €392 million during the year.

NOTE 3 BASIS OF PREPARATION

The financial statements of Compagnie Générale des Établissements Michelin have been prepared and presented in accordance with French generally accepted accounting principles, including regulation ANC 2016-07 dated November 4, 2016 and the guidance and recommendations issued since that date by the French Accounting Standards Board (ANC). These principles have been applied consistently in all periods presented unless otherwise specified.

NOTE 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Intangible assets

"Brands, patents and other rights" are stated at historical cost. Brands have an indefinite life and are not amortized. Patents and other rights are amortized on a straight-line basis over seven years. If there is any indication that the value of brands, patents or other rights may be impaired, a provision for impairment is recorded. Expenses incurred for the creation and protection of brands are recognized as expenses for the year.

4.2 Investments

4.2.1 Shares in subsidiaries and affiliates

Shares in subsidiaries and affiliates are stated at historical cost, except for investments held at the time of the 1976/1978 legal revaluation, which are stated at valuation.

At each annual closing, the fair value of shares in subsidiaries and affiliates is estimated based on the investee's net assets (stated at valuation if applicable), profitability and outlook, and its fair value for the investor company. In the event of a lasting decline in fair value to below the carrying amount, an impairment loss is recognized.

Investment acquisition costs are recorded as an expense on the transaction date.

4.2.2 Loans and advances to subsidiaries and affiliates

Loans and advances to subsidiaries and affiliates are stated at nominal value and a provision for impairment is recognized to cover any risk of non-recovery.

4.3 Receivables

Accounts receivable are stated at nominal value and a provision for impairment is recognized to cover any risk of non-recovery.

4.4 Paid-in capital in excess of par

This item corresponds to premiums on shares issued for cash or on conversion of bonds, after deducting issuance costs net of tax. When shares are cancelled, the difference between their purchase cost and par value is recorded as a deduction from paid-in capital in excess of par.

4.5 Untaxed reserves

Substantially all untaxed reserves correspond to reinvested capital gains qualifying for rollover relief under the former Article 40 of the French General Tax Code (*Code général des impôts*).

4.6 Conversion of foreign currencies

Revenues and expenses in foreign currencies are converted at the transaction date exchange rate.

Foreign currency receivables and payables are converted at the year-end exchange rate.

In accordance with regulation ANC 2015-05 dated July 2, 2015, separate accounting treatments are applied to commercial transactions in foreign currencies and financial transactions in foreign currencies:

- exchange gains and losses on commercial transactions are included in operating income and expenses;
- exchange gains and losses on financial transactions are included in financial income and expenses.

4.7 Derivative instruments

4.7.1 Currency derivatives at fair value through profit or loss

Forward foreign exchange contracts that are outstanding at the balance sheet date are marked to market in the balance sheet.

4.7.2 Currency derivatives qualifying for hedge accounting

Losses and gains arising from remeasurement at fair value of currency derivatives qualified as hedges are recorded in the balance sheet under conversion losses or conversion gains, to offset the gain or loss on the hedged item.

4.7.3 Options on treasury stock qualifying for hedge accounting

The Company has purchased cash-settled call options to hedge its economic exposure to the potential exercise of the conversion rights embedded in non-dilutive cash-settled convertible bonds.

Pursuant to regulation ANC 2015-05, Article 628-12, the premium on the purchased options was initially recorded in the balance sheet and is being amortized through financial expense over the hedging period (five years).

4.8 Income tax

Income tax in the income statement includes current taxes due by the tax group, tax credits and the fiscal integration gains.

4.9 Other financial liabilities

Other financial liabilities are stated at their nominal value.

Debt issuance costs are recorded in deferred charges.

NOTE 5 INTANGIBLE ASSETS

(in € thousands)	December 31, 2021	Additions/increases	Disposals/decreases	December 31, 2022
Brands, patents and other rights	427,758	0	-	427,758
Total cost	**427,758**	**0**	**-**	**427,758**
Brands, patents and other rights	(218,552)	(44,844)	-	(263,396)
Amortization	**(218,552)**	**(44,844)**	**-**	**(263,396)**
TOTAL	**209,206**	**(44,844)**	**-**	**164,362**

In the income statement, the total depreciation and amortization expense of €44,844 thousand mainly corresponds to amortization of brands, patents and other rights.

NOTE 6 INVESTMENTS

(in € thousands)	December 31, 2021	Additions/increases	Disposals/decreases	December 31, 2022
Shares in subsidiaries and affiliates (note 20)	9,138,720	130,000		9,268,720
Loans and advances to subsidiaries and affiliates (note 7)	337,293	6,069	(93,295)	250,066
Other loans (note 7)	4,213,235	600,323	(1,668,627)	3,144,931
Other equity interests	7,199	2,907		10,107
Total cost	**13,696,447**	**739,299**	**(1,761,922)**	**12,673,824**
Shares in subsidiaries and affiliates (note 20)	(162,062)	(29,566)	162,062	(29,566)
Other loans (note 7)	-	-		-
Impairment	**(162,062)**	**(29,566)**	**162,062**	**(29,566)**
TOTAL	**13,534,385**	**709,733**	**(1,599,860)**	**12,644,258**

See note 2 – Significant events of the year.

NOTE 7 MATURITIES OF LOANS AND RECEIVABLES

(in € thousands)	Due within one year	Due in more than one year	Cost	Impairment	Net
NON-CURRENT ASSETS (NOTE 6)					
Loans and advances to subsidiaries and affiliates	250,066	-	250,066	-	250,066
Other loans	2,029,168	1,115,763	3,144,932	-	3,144,932
CURRENT ASSETS					
Receivables	941,680	-	941,680	-	941,680
TOTAL AT DECEMBER 31, 2022	**3,220,914**	**1,115,763**	**4,336,678**	**-**	**4,336,678**

NOTE 8 BONDS

8.1 Convertible bonds

(in € thousands)	December 31, 2022	December 31, 2021
CONVERTIBLE BONDS (NOTE 11)		
2017-2022 convertible bond issue	-	523,353
2018-2023 convertible bond issue	565,238	530,247
TOTAL	**565,238**	**1,053,600**

See note 2 – Significant events of the year.

(in € thousands)	Cost	Amortization	Net
DERIVATIVE INSTRUMENTS (ASSETS)			
Conversion risk hedges (options) – 2018-2023 bonds	42,905	(42,905)	0
Forward foreign exchange contracts – 2018-2023 bonds	121,021	-	121,021
Forward foreign exchange contracts – 2017-2022 bonds	2,272		2,272
TOTAL AT DECEMBER 31, 2022	**166,198**	**(42,905)**	**123,293**

8.2 Ordinary bonds and other borrowings

(in € thousands)	Annual interest	December 31, 2022	December 31, 2021
ORDINARY BONDS AND OTHER BORROWINGS (NOTE 11)			
2018-2025 bond issue	0.875%	750,000	750,000
2018-2030 bond issue	1.750%	1,000,000	1,000,000
2018-2038 bond issue	2.500%	750,000	750,000
2015-2022 bond issue	1.125%		300,000
2015-2027 bond issue	1.750%	300,000	300,000
2015/16-2045 bond issue	3.250%	316,826	317,451
2020-2028 bond issue	0.000%	500,000	500,000
2020-2032 bond issue	0.250%	500,000	500,000
2020-2040 bond issue	0.625%	500,000	500,000
Accrued interest on ordinary bonds and other borrowings		20,436	22,452
Negotiable European Commercial Paper (NEU CP)		580,000	236,000
US Commercial Paper (US CP)		70,656	22,094
TOTAL		**5,287,294**	**5,197,372**

The Negotiable European Commercial Paper program totals €2.5 billion, and the US Commercial Paper program amounts to USD 700 million. See note 2 – Significant events of the year.

NOTE 9 SHARE CAPITAL AND PAID-IN CAPITAL IN EXCESS OF PAR

Share capital and paid-in capital in excess of par break down as follows:

(in € thousands)	Share capital	Share premiums	Total
At January 1, 2022: 178,530,450 shares	**357,061**	**2,746,083**	**3,103,144**
Performance shares: 12 shares			
On June 16, 2022: 4-for-1 stock split (714,121,848 shares)	**357,061**	**2,746,083**	**3,103,144**
Cancellation of 4,326,536 shares	(2,163)	(118,197)	(120,360)
Deductions from paid-in capital in excess of par	0		0
BIB'Action employee share issue: 3,872,090 shares	1,936	74,017	75,953
Performance shares: 450,012 shares	225	-	225
AT DECEMBER 31, 2022: 714,117,414 SHARES	**357,059**	**2,701,903**	**3,058,962**

The shares have a par value of €0.50.

All outstanding shares are registered and fully paid.

NOTE 10 OTHER EQUITY

(in € thousands)	Revaluation reserve	Other reserves	Retained earnings	Net income	Untaxed reserves	Total
At January 1, 2022	**624,772**	**1,283,218**	**2,459,216**	**584,192**	**61,598**	**5,012,996**
Appropriation of 2021 net income	-	-	(223,687)	(584,192)	-	(807,878)
Deduction for performance share issuance	-	(225)	-	-	-	(225)
2022 net income	-	-	-	544,575	-	544,575
AT DECEMBER 31, 2022	**624,772**	**1,282,993**	**2,235,529**	**544,575**	**61,598**	**4,749,468**
The revaluation reserve concerns:						
• Land	32					
• Shares in subsidiaries and affiliates	624,740					
Other reserves break down as follows:						
• Legal reserve, including €26,943 thousand corresponding to long-term capital gains		37,158				
• Special long-term capital gains reserve		881,256				
• Other reserves		364,579				

At the 2022 Annual Shareholders Meeting, shareholders approved the payment of a dividend of €4.50 per share (before the four-for-one stock-split approved at the same Meeting), representing a total payout of €802 million after deducting the €5 million profit share allocated to the General Partners in accordance with the Bylaws.

NOTE 11 MATURITIES OF PAYABLES AND LONG- AND SHORT-TERM DEBT

(in € thousands)	Total	Due within one year	Due in one to five years	Due in more than five years
Convertible bonds (note 8.1)	565,238	565,238	-	-
Ordinary bonds and other borrowings (note 8.2)	5,287,294	671,092	750,000	3,866,202
Other financial liabilities	1,278,405	1,278,405	-	-
Accrued taxes and payroll costs	27,995	27,995	-	-
Other liabilities	370,254	370,254	-	-
TOTAL AT DECEMBER 31, 2022	**7,529,186**	**2,912,984**	**750,000**	**3,866,202**

NOTE 12 RELATED PARTIES

12.1 Related-party assets and liabilities

(in € thousands)	Note	Related parties	Third parties	Total in the balance sheet (net book value)
Shares in subsidiaries and affiliates	6	9,268,720	-	9,268,720
Loans and advances to subsidiaries and affiliates	6	250,066	-	250,066
Other loans	6	3,144,932	-	3,144,932
Other equity interests	6		10,107	10,107
Receivables	7	673,276	268,403	941,680
Other financial liabilities	11	1,278,405	-	1,278,405
Other liabilities	11	367,254	3,000	370,254

12.2 Related-party transactions

All related-party transactions are on arm's length terms.

NOTE 13 REVENUE

Revenue consists entirely of royalties received from related companies, as follows:

(in € thousands)	2022	2021
Companies in France	60,835	54,709
Companies outside France	950,127	905,060
TOTAL	**1,010,962**	**959,769**

NOTE 14 EXTERNAL CHARGES

(in € thousands)	2022	2021
Outsourcing expenses	(155,403)	(156,677)
Research and development expenses	(357,991)	(306,634)
Miscellaneous	(42,715)	(69,439)
TOTAL	**(556,109)**	**(532,750)**

NOTE 15 INCOME TAX

Compagnie Générale des Établissements Michelin is the parent company of a tax group that also comprises 20 French subsidiaries that are at least 95%-owned directly or indirectly.

Under the terms of the group relief agreement, each subsidiary in the tax group continues to record the income tax expense that it would have paid if it had been taxed on a stand-alone basis and any group relief is recorded at the level of Compagnie Générale des Établissements Michelin.

Income tax recognized in the Company's financial statements comprises the following:

(in € thousands)	2022	2021
Current tax due by the Company on a stand-alone basis	(31,777)	(37,285)
Group relief	74,545	14,382
Other	5,468	4,092
TOTAL	**48,236**	**(18,811)**

NOTE 16 SHARE-BASED PAYMENTS

Share grants and performance share plans

Changes in the number of share grants and performance share rights are as follows:

	2022	2021(1)
At January 1	**5,214,472**	**5,093,600**
Granted	1,899,470	1,278,488
Forfeited	**(714,388)**	(433,712)
Exercised	**(450,060)**	(723,904)
AT DECEMBER 31	**5,949,494**	**5,214,472**

(1) Data for 2021 have been restated to reflect the four-for-one stock split on June 16, 2022.

Excellence Plan

In November 2022, 1,899,470 rights to performance shares were granted to Group employees and the Managers. The rights are subject to a four-year vesting period ending in November 2026 without any lock-up period. The shares will vest at the end of this period if the performance objectives are met (stock market performance, environmental performance of manufacturing operations, employee engagement rate, sales growth and ROCE).

The share grants and performance share plans have the following characteristics:

	Vesting date		Lock-up period		Number of share grants or performance share rights outstanding December 31, 2022	Number of share grants or performance share rights outstanding December 31, 2021(1)
Grant date	**France**	**Other countries**	**France**	**Other countries**		
2018	**2022**	**2022**	**None**	**None**	**-**	**155,284**
2019	2023	2023	None	None	**852,764**	1,479,212
2020	2024	2024	None	None	**1,939,884**	1,983,712
2020	2022		None		**-**	319,952
2021	2025	2025	None	None	**1,257,376**	1,276,312
2022	2026	2026	None	None	**1,899,470**	-
NUMBER OF SHARE GRANTS OR PERFORMANCE SHARE RIGHTS OUTSTANDING					**5,949,494**	**5,214,472**

(1) Data for 2021 have been restated to reflect the four-for-one stock split on June 16, 2022.

France plan

In November 2022, the November 2020 France plan expired; 300,784 shares were allocated to employees of the Group's French companies.

Employee share ownership plans

In 2022, the Group launched a share offer for all its employees located in countries where the legal and tax requirements were met. This share ownership plan (Bib'Action), carried out under the Company savings plan (*Plan d'Épargne Groupe*), is a standard plan allowing employees to invest in Michelin shares at a discounted price. The shares acquired by the employees participating in the plan cannot be sold or transferred during a five-year period. The purchase price was set at €19.96 per share, representing a 20% discount on the reference price of €24.96 corresponding to the average of the opening prices for Michelin shares over the 20 trading days preceding the pricing date. The employee's purchase was supplemented by a company contribution, increasing the number of shares received, capped at 22 shares out of the first 50 purchased by the employee. 3,872,090 shares were purchased during this share offer.

NOTE 17 MARKET RISKS AND DERIVATIVE FINANCIAL INSTRUMENTS

17.1 Interest rate risk

The Company does not hold any interest rate instruments.

17.2 Currency risk

At December 31, 2022, the Company had receivables corresponding to royalties with a net book value of €308 million. These receivables have been converted into euros at the year-end exchange rate. The policy is to hedge currency risk through forward foreign currency contracts. The forwards are measured at fair value through profit or loss.

The Company holds convertible bonds denominated in US dollars (note 8.1). The related currency risk is fully hedged by means of forward purchases of foreign currency with the same maturity as the bonds. Currency derivatives qualify for hedge accounting.

17.3 Equity risk

The Company holds shares in subsidiaries and affiliates and other equity interests that are measured at value in use.

The Company is exposed to the risk of a change in value of its own shares, in connection with its non-dilutive cash-settled convertible bond issues. This risk has been fully hedged through the purchase of options (note 8.1).

NOTE 18 MANAGEMENT COMPENSATION

As per its Bylaws, the Company is administered by one or several Managers.

Managers who are General Partners are entitled to a share of the income distributed among all the General Partners in accordance with the provisions of the Bylaws.

The General Manager is paid fixed and variable compensation and may also receive a long-term incentive (LTI) bonus.

The statutory share of 2021 profit allocated in 2022 to Florent Menegaux, Managing General Partner since May 18, 2018 and Managing Chairman since May 17, 2019, amounted to €2,649 thousand (2021 for 2020: €761 thousand).

The total compensation (2022 fixed compensation, 2021 variable compensation payable in 2022 and long-term incentive bonus granted in 2019) paid by the Company to Yves Chapot, General Manager, amounted to €2,241 thousand (including payroll taxes) in 2022 (2021: €1,655 thousand). In addition, a €620 thousand accrual (including payroll taxes) was recorded at December 31, 2022 to cover his 2022 bonus payable in 2023 and his conditional entitlement to a long-term incentive bonus payable in 2023 after the Annual Shareholders Meetings. Benefits in kind amounted to €8 thousand.

NOTE 19 FEES PAID TO THE STATUTORY AUDITORS

(in € thousands)	Deloitte & Associés	PricewaterhouseCoopers Audit
Audit services	537	527
Non-audit services(1)	15	146

(1) These services consist mainly of an independent third-party body engagement by PricewaterhouseCoopers Audit.

NOTE 20 LIST OF SUBSIDIARIES AND AFFILIATES

(in € thousands unless otherwise specified)	Share capital(1)(2)	Other equity excl. income(1)(2)	% interest	Book value of shares: Cost	Book value of shares: Net	Outstanding loans and advances	Guarantees given by the Company	Last published revenue(1)(2)	Last published profit/(loss)(1)(2)	Dividends received during the year
A. SUBSIDIARIES (OVER 50%-OWNED)										
Camso Inc. Magog (Canada)	351,000 *(USD)*	43,718 (USD)	100.0%	307,702	307,702	-		49,703 *(USD)*	2,884 *(USD)*	-
Camso International S.à r.l. Luxemburg (Luxembourg)	33,700 *(USD)*	52,073 *(USD)*	100.0%	223,620	223,620	-		6,454 *(USD)*	38,363 *(USD)*	
Camso Vietnam Co., Ltd Tan Uyen (Vietnam)	29,930 *(USD)*	(2,592) *(USD)*	100.0%	29,840	29,840	-		41,263 *(USD)*	222 *(USD)*	-
Compagnie Financière Michelin Clermont-Ferrand (France)	2,298,311	9,196,038	100.0%	4,325,679	4,325,679	-		-	597,378	-
Fenner Group Holdings Limited Stoke-on-Trent (United Kingdom)	48,751 *(GBP)*	6,050 *(GBP)*	100.0%	1,365,554	1,365,554	-		-	20,221 *(GBP)*	
Masternaut Bidco Limited London (United Kingdom)	85,236	26,150	100.0%	85,975	56,409	-		-	24	-
Rodaco Argentina S.A.U. Buenos Aires (Argentina)	170,873 *(USD)*	264,765 *(USD)*	100.0%	4,104	4,104	-		940,863 *(USD)*	207,719 *(USD)*	-
Spika Clermont-Ferrand (France)	477,000	(58,365)	100.0%	785,915	785,915	210,968			17,608	-
Michelin Ventures SAS Clermont-Ferrand (France)	45,025	1,046	100.0%	45,025	45,025	39,097		-	(687)	-
Manufacture Française des Pneumatiques Michelin Clermont-Ferrand (France)	504,000	1,072,077	100.0%	1,614,309	1,614,309	-		5,205,981	(189,699)	-
PT Multistrada Arah Sarana Tbk Bekasi (Indonesia)	137,343 *(USD)*	79,813 *(USD)(3)*	99.64%	481,051	481,051	-		463,205 *(USD)(3)*	61,083 *(USD)(3)*	-
B. OTHER SUBSIDIARIES AND AFFILIATES										
1. Subsidiaries not listed under A										
• Foreign companies		-	-	128	37	-		-	-	-
2. Affiliates not listed under A										
• French companies		-	-	10,014	10,014	-		-	-	342
TOTAL SHARES IN SUBSIDIARIES AND AFFILIATES AND OTHER EQUITY INTERESTS				**9,278,916**	**9,249,259**	**250,065**	**0**			**342**

(1) In thousands of local currency units.
(2) Most recent fiscal year.
(3) Last published consolidated financial statements.

Guarantees given by the Company to subsidiaries and affiliates: please refer to note 21.3.

NOTE 21 FINANCIAL COMMITMENTS

21.1 Forward currency exchange contracts

At December 31, 2022, the value in euros of the forward foreign exchange contracts was as follows:

- currency to be received €764 million;
- currency to be delivered €632 million.

21.2 Commitments given: Guarantees

- The Company has issued a guarantee to the Fenner Pension Scheme Trustee Limited covering the future pension contributions to be paid by its subsidiary Fenner Group Holdings Limited. The contingent liability had been extinguished at December 31, 2022 (December 31, 2021: €7 million).
- In its role as holding company, the Company may give a commitment to support certain controlled subsidiaries should the need arise.
- The Company is committed to paying €8 million to Siparex Associés over the period to 2025, corresponding to the payment in installments of the nominal amount of Siparex bonds redeemable for shares.

21.3 Commitments received:

On May 23, 2022, the agreement for the €2,500 million syndicated credit lines was amended. The participating banks are unchanged, but the new agreement provides for a new five-year maturity (2027) with two one-year extension options at the lenders' discretion.

NOTE 22 EVENTS AFTER THE REPORTING DATE

No material events occurred between the reporting date and the publication date of the financial statements.

5.3.3 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

For the year ended December 31, 2022

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

5.3.3.1 Opinion

In compliance with the engagement entrusted to us by your Annual Shareholders Meeting, we have audited the accompanying financial statements of Compagnie Générale des Etablissements Michelin for the year ended December 31, 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

5.3.3.2 Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2022 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

5.3.3.3 Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These assessments were made as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Valuation of shares in subsidiaries and affiliates

Risk identified

At December 31, 2022, the carrying amount of shares in subsidiaries and affiliates was €9,239 million (gross value of €9,269 million), representing 60% of total assets on the balance sheet. The securities are recognized at historical cost, increased by the impact of value adjustments made in accordance with the law where applicable.

At the end of each reporting year, the Company estimates the value in use of shares in subsidiaries and affiliates. This value in use is based either on the net assets (adjusted if necessary) or on the profitability and outlook of the investee as well as its usefulness for the investor company. In the event of a lasting decline in value in use to below the carrying amount, an impairment loss is recognized.

To estimate the value in use of the securities, management exercises judgment when choosing the items to be taken into consideration, depending on the relevant subsidiary or affiliate.

Accordingly, we deemed the measurement of the value in use of shares in subsidiaries and affiliates to be a key audit matter due to the materiality of these assets in the balance sheet, the degree of judgment required by management and the uncertainties inherent in determining the cash flow assumptions particularly as regards the probability of achieving the forecasts used by management.

Note 4.2.1 to the annual financial statements describes the methods used to measure shares in subsidiaries and affiliates.

How our audit addressed this risk

Concerning shares with a material value or which carry a specific risk of impairment, our audit work consisted in:

- for valuations based on historical data: verifying that the net asset figures used are consistent with the relevant entities' financial statements and that any adjustments made were based on probative documentation;

- for valuations based on forecast data: obtaining the cash flow from operations projections prepared by management for the relevant entities' operations and assessing the consistency of the assumptions with business trends (mainly net sales, margin rates and general expenses).

Our work also consisted in assessing, with the help of our financial valuation experts, the reasonableness of the perpetual growth rates and discount rates used by management.

5.3.3.4 Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the annual financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report prepared by the Managing Chairman and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in Article D. 441-6 of the French Commercial Code.

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code relating to compensation and benefits paid or awarded to corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by the Company from controlled companies within its scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L. 22-10-11 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

5.3.3.5 Other legal and regulatory verifications or information

Format of the presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the Statutory Auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Managing Chairman, complies with the single electronic format defined in the European Delegated Regulation No. 2019/815 of December 17, 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Compagnie Générale des Établissements Michelin by the Annual Shareholders Meetings of May 14, 2004 for PricewaterhouseCoopers Audit and May 7, 2010 for Deloitte & Associés.

At December 31, 2022, PricewaterhouseCoopers Audit and Deloitte & Associés were in the nineteenth and thirteenth consecutive year of their engagement, respectively.

5.3.3.6 Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Managing Chairman.

5.3.3.7 Statutory Auditors' responsibilities for the audit of the financial statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the annual financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the annual financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluate the overall presentation of the annual financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris La Défense, February 17, 2023

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Jean-Christophe Georghiou	Frédéric GOURD

5.3.4 STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

Annual Shareholders Meeting held to approve the financial statements for the year ended December 31, 2022

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Compagnie Générale des Etablissements Michelin

23 place des Carmes-Déchaux

63000 Clermont-Ferrand, France

To the Shareholders,

In our capacity as Statutory Auditors of Compagnie Générale des Établissements Michelin, we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R. 226-2 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R. 226-2 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Annual Shareholders Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements.

5.3.4.1 Agreements to be submitted for the approval of the Annual Shareholders Meeting

We were not informed of any agreements authorized and entered into during the year to be submitted for the approval of the Annual Shareholders Meeting pursuant to the provisions of Article L. 22610 of the French Commercial Code.-

5.3.4.2 Agreements already approved by the Annual Shareholders Meeting

We were not informed of any agreement already approved by the Annual Shareholders Meeting which remained in force during the year.

Neuilly-sur-Seine and Paris La Défense, February 17, 2023

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Jean-Christophe Georghiou	Frédéric GOURD

5.3.5 STATEMENT OF CHANGES IN EQUITY

(in € thousands and € per share)	2022	2021
NET INCOME		
Accounting profit		
Total: Net income/(loss)	544,575	584,192
Per share: Net income/(loss)	0.76	0.82
RECOMMENDED TOTAL DIVIDEND PAYOUT	**892,547[(1)]**	**803,387**
Recommended dividend per share	1.25[(1)]	1.125

(1) *Subject to approval by shareholders at the Annual Meeting on May 12, 2023.*

STATEMENT OF CHANGES IN EQUITY

(in € thousands)	2022	2021
A) 1. Equity at prior year-end before dividends	**8,116,140**	**7,945,622**
2. Dividend approved by the Annual Shareholders Meeting	(807,879)	(413,935)
B) Equity at January 1, 2022 after dividends	**7,308,261**	**7,531,687**
C) Movements for the year:		
1. Change in capital	(2)	381
2. Change in paid-in capital in excess of par	(44,180)	241
3. Change in reserves and retained earnings[(1)]	(225)	(361)
4. Net income	544,575	584,192
D) Equity at December 31, 2022 before dividends	**7,808,429**	**8,116,140**
E) TOTAL CHANGES IN EQUITY DURING THE YEAR	**500,168**	**584,453**
F) of which changes due to changes in Group structure	0	0
G) TOTAL CHANGES IN EQUITY DURING THE YEAR EXCLUDING CHANGES IN GROUP STRUCTURE	**500,168**	**584,453**
Notes: C3 Dividends on treasury shares credited to retained earnings	808	

(1) *Excluding appropriation of 2021 net income.*

5.3.6 APPROPRIATION OF 2022 NET INCOME

(in € thousands)		
AMOUNT TO BE APPROPRIATED		
Retained earnings brought forward from prior year		2,235,529
Net income		544,575
RECOMMENDED APPROPRIATIONS		
Dividend	892,647[(1)]	
Statutory share of income attributed to the General Partners	1,811	
Retained earnings	1,885,646	
AVAILABLE AT DECEMBER 31	**2,780,104**	**2,780,104**

(1) *Subject to approval by shareholders at the Annual Meeting on May 12, 2023.*

5.3.7 FIVE-YEAR FINANCIAL SUMMARY

(in € thousands and in € per share, unless otherwise specified)	2018	2019	2020	2021	2022
I. CAPITAL AT DECEMBER 31					
a) Share capital	359,695	357,255	356,680	357,061	357,059
b) Number of common shares outstanding	719,390,528	714,510,220	713,360,344	714,121,800	714,117,414
II. RESULTS OF OPERATIONS					
a) Net revenue	895,113	1,034,805	797,951	959,769	1,010,962
b) Earnings before tax, depreciation, amortization and provisions (EBTDA)	1,028,453	817,567	1,072,009	635,133	426,055
c) Income tax	47,930	30,603	(9,773)	18,811	(48,236)
d) Net income	813,150	672,105	1,010,644	584,192	544,575
III. PER-SHARE DATA					
a) Earnings per share after tax, before depreciation, amortization and provision expenses (EBDA)	1.36	1.10	1.52	0.86	0.66
b) Basic earnings per share	1.13	0.94	1.42	0.82	0.76
c) Dividend per share	0.93	0.50	0.58	1.13	1.25
IV. EMPLOYEE DATA					
a) Average number of employees	-	-	1	2	2
b) Total payroll	877	1,123	2,280	3,190	2,603
c) Total benefits	369	(76)	645	838	765

(1) Subject to approval by shareholders at the Annual Meeting on May 12, 2023.

The number of shares making up the Company's capital increased fourfold in 2022, to 714,117,414 shares with a par value of €0.50. As a result of this change, items for the years 2018 through 2021 have been restated to improve the table's readability and consistency.

5.4 ADDITIONAL INFORMATION

5.4.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Person responsible for the Universal Registration Document and the Annual Financial Report

Florent Menegaux, Managing Chairman

Statement by the person responsible for the Universal Registration Document and the Annual Financial Report

I hereby declare that the information contained in the Universal Registration Document is in accordance with the facts and no information has been omitted that would be likely to affect its import.

I further declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation, and that the information included in this Universal Registration Document within the Report of the Managers and listed in the table of concordance in section 8.4 of this Universal Registration Document gives a true and fair view of the business, profit and financial position of the Company and the undertakings included in the consolidation, as well as a description of the main risks and uncertainties they face.

Clermont-Ferrand, April 7, 2023

Florent Menegaux,

Managing Chairman

5.4.2 STATUTORY AUDITORS

5.4.2.1 Statutory Auditors

Under French law, the accounts of listed companies are required to be audited by two independent Statutory Auditors. The purpose of this requirement is to provide assurance that the financial statements have been properly prepared and comply with the true and fair view principle.

The Statutory Auditors are appointed by the Annual Shareholders Meeting for a six-year term, based on a recommendation made by the Supervisory Board following a selection process overseen by the Audit Committee. They may be re-appointed for successive terms. They test the fairness of financial statements and carry out all of the statutory audit work required by law. Michelin does not ask them to perform any other engagements that might impair their independence.

The Statutory Auditors of Compagnie Générale des Établissements Michelin, Michelin's holding Company are:

PricewaterhouseCoopers Audit

Registered member of the *Compagnie régionale des Commissaires aux Comptes de Versailles*

63, rue de Villiers

92208 Neuilly-sur-Seine

Represented by Jean-Christophe Georghiou, Partner

Deloitte & Associés

Registered member of the *Compagnie régionale des Commissaires aux Comptes de Versailles*

6, place de la Pyramide

92908 Paris-La Défense

Represented by Frédéric Gourd, Partner

6, place de la Pyramide

92908 Paris-La Défense

There are no legal or financial ties of any sort between the two firms or the lead partners.

5.4.2.2 Fees paid to the Statutory Auditors of Compagnie Générale des Établissements Michelin (CGEM)

The following table sets out the details of the fees charged by the Statutory Auditors in respect of 2022:

	Deloitte				PricewaterhouseCoopers			
	Statutory Auditor (Deloitte & Associés)		Network		Statutory Auditor (PricewaterhouseCoopers Audit)		Network	
(in € thousands)	Amount	%	Amount	%	Amount	%	Amount	%
STATUTORY AUDIT AND HALF-YEAR REVIEW OF THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS								
• Issuer	537	33%	-	-	527	32%	-	-
• Fully consolidated subsidiaries	1,091	67%	3,757	100%	1,135	68%	4,165	100%
Sub-total	**1,628**	**100%**	**3,757**	**100%**	**1,662**	**100%**	**4,165**	**100%**
NON-AUDIT SERVICES								
• Issuer(1)	15	100%	-	-	146	86%	-	-
• Fully consolidated subsidiaries(2)	-	0%	1,320	100%	23	14%	435	100%
Sub-total	**15**	**100%**	**1,320**	**100%**	**169**	**100%**	**435**	**100%**
TOTAL	**1,643**		**5,077**		**1,831**		**4,600**	

(1) *Corresponding mainly to an independent third-party body engagement performed by PricewaterhouseCoopers Audit.*
(2) *Corresponding chiefly to procedures performed in connection with acquisitions or planned acquisitions, diagnostic reviews, tax compliance reviews and certifications issued at the request of the audited companies.*

5.4.3 STATEMENTS INCORPORATED BY REFERENCE

In accordance with Article 19 of Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of June 17, 2017, this Universal Registration Document incorporates by reference the following information to which readers are invited to refer:

- the management report, the consolidated financial statements and the parent company financial statements for the year ended December 31, 2021, as well as the relevant Statutory Auditors' reports, presented in the Universal Registration Document filed with the AMF on April 8, 2022 under number D. 22-0265;
- the management report, the consolidated financial statements and the parent company financial statements for the year ended December 31, 2020, as well as the relevant Statutory Auditors' reports, presented in the Universal Registration Document filed with the AMF on April 9, 2021 under number D. 21-0285;
- the management report, the consolidated financial statements and the parent company financial statements for the year ended December 31, 2019, as well as the relevant Statutory Auditors' reports, presented in the Universal Registration Document filed with the AMF on April 17, 2020 under number D. 20-0306;

The information included in said Universal Registration Documents, other than the items cited above, are superseded or updated by the information included in the 2022 Universal Registration Document. Said Universal Registration Documents are available for consultation at the Company's registered office or on its website www.michelin.com.

6

INVESTOR RELATIONS

6. INVESTOR RELATIONS

6.1 INFORMATION ABOUT THE COMPANY[1]

Legal and commercial name of the Company

- Compagnie Générale des Établissements Michelin.

Place of registration and registration number

- The Company is registered in the Clermont-Ferrand Trade and Companies Register under number 855 200 887.
- LEI code: 549300SOSI58J6VIW052.

Date of incorporation and term

- The Company was incorporated on July 15, 1863. Its term will end on December 31, 2050, unless it is wound up before that date or its term is extended.

Registered office

- The Company's registered office is located at 23, place des Carmes-Déchaux – Clermont-Ferrand (Puy-de-Dôme), France.
- Phone: +33 (0)4 73 32 20 00.
- Corporate website: www.michelin.com

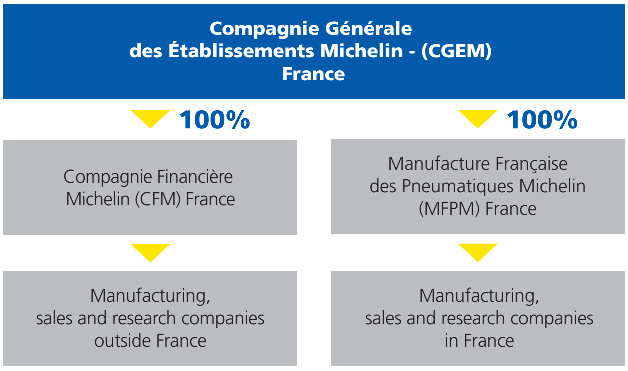
Legal form and governing law

- The Company is a partnership limited by shares (*société en commandite par actions*) governed by Articles L. 226-1 to L. 226-14 of the French Commercial Code (*Code de commerce*).

Main business

- Managing subsidiaries and other interests held in any and all countries.

Summary organization chart



The Group's parent company is Compagnie Générale des Établissements Michelin (CGEM), which directly or indirectly owns all of its subsidiaries and associates. Its two main subsidiaries are:

- Manufacture Française des Pneumatiques Michelin (MFPM), a wholly-owned subsidiary that coordinates all of the Group's manufacturing, sales and research operations in France;
- Compagnie Financière Michelin (CFM), a wholly-owned subsidiary (the holding company for companies carrying out these activities outside France).

Services provided by CGEM and CFM to the operating companies are governed by contractual agreements.

A portion of these services are delivered by MFPM, which bills the operating companies on a cost-plus basis.

Intra-group transactions involve sizeable volumes in such areas as intangible assets, a wide array of services, equipment, raw materials and semi-finished and finished products. The corresponding fees or prices are set using methods that vary by type of transaction. However, all of the methods are based on the arm's length principle as defined in the OECD's Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations.

(1) See also section 3 for information on the Company's Bylaws.

6.2 SHARE INFORMATION

6.2.1 THE MICHELIN SHARE

Stock split

At the Annual Shareholders Meeting of May 13, 2022, shareholders approved a four-for-one split in the par value of the Michelin share. On May 16, 2022, the Managers decided to carry out the split effective June 16, 2022. As a result, for each existing share with a par value of €2.00 held on that date, shareholders received four new shares with a par value of €0.50 in exchange, and the total number of shares making up the capital was multiplied by four.

Traded on the Euronext Paris stock exchange

- Compartment A;
- Eligible for the SRD deferred settlement system;
- ISIN: FR001400AJ45;
- Par value: €0.50;
- Traded in units of: 1.

Indices

The Michelin share is included in two leading stock market indices:

- CAC 40: 1.26% of the index at December 31, 2022;
- Euronext 100: 0.52% of the index at December 31, 2022.

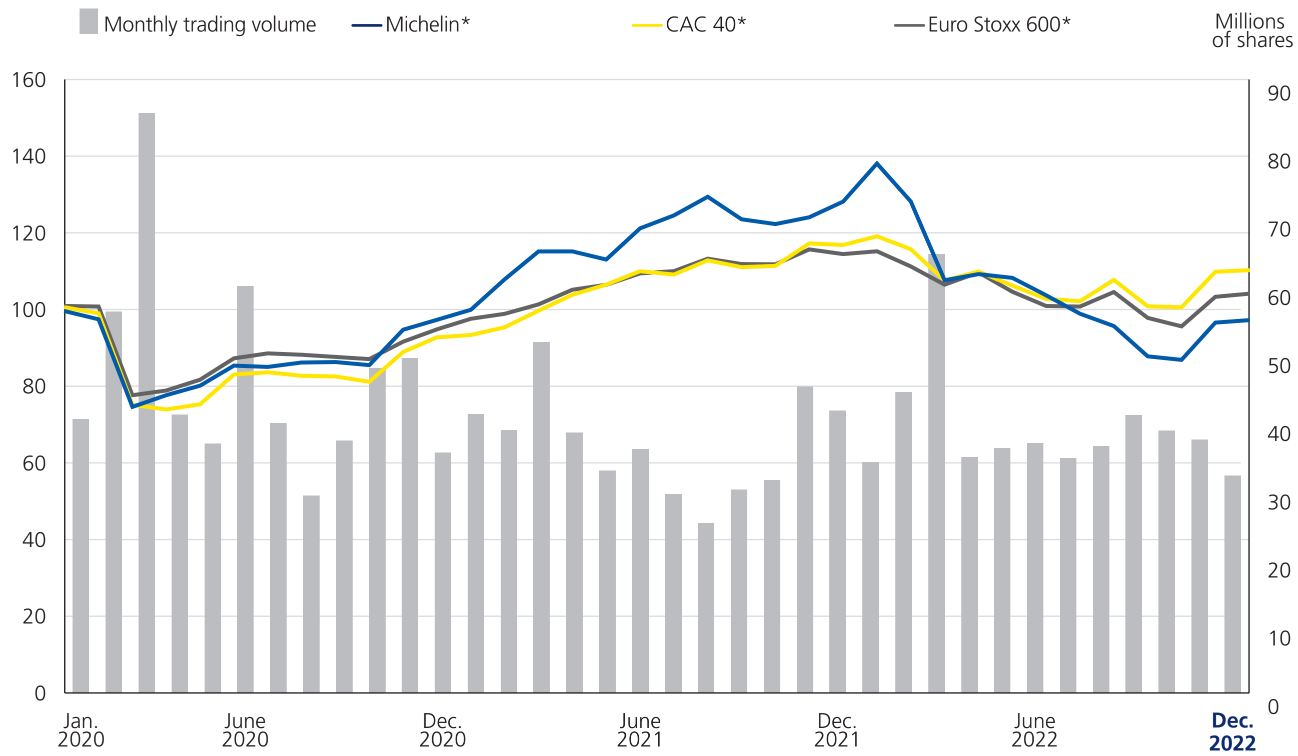
Michelin is also included in the main Socially Responsible Investing (SRI) indices *(non-exhaustive list)*:

- Ethibel Excellence Europe and Global, Euronext VigeoEiris France 20, Europe 120, Eurozone 120, World 120, FTSE4Good, CAC 40 ESG.

MICHELIN SHARE PERFORMANCE AND TRADING VOLUMES

According to statistical data collected by Euronext Paris.

Historical trading volume data have been restated to reflect the four-for-one stock split on June 16, 2022.



* *Standardized monthly averages (base 100 = January 1, 2020).*

6.2.2 SHARE DATA

According to statistical data collected by Euronext Paris.

Only the 2021 share data have been restated ("2021 restated") to reflect the four-for-one stock split on June 16, 2022.

Share price *(in €)*	**2022**	**2021 (restated)**	**2021 (reported)**	**2020**	**2019**	**2018**
Session high	38.93	36.50	146.00	112.80	119.50	130.85
Session low	21.99	25.83	103.30	68.00	83.74	82.68
High/low ratio	1.77	1.41	1.41	1.66	1.43	1.58
Closing price, end of period	25.99	36.04	144.15	104.95	109.10	86.70
Average closing price over the period	28.53	32.44	129.75	95.49	104.36	109.40
Change in the Michelin share price over the period	-27.89%	37.35%	37.35%	-3.80%	25.84%	-27.48%
Change in the CAC 40 index over the period	*-9.50%*	*28.85%*	*28.85%*	*-7.14%*	*26.37%*	*-10.95%*
Change in the Stoxx Europe 600 index over the period	*-12.90%*	*22.25%*	*22.25%*	*-4.04%*	-	-
Market capitalization *(at end of the period, in € billions)*	**18.56**	**25.74**	**25.74**	**18.72**	**19.49**	**15.59**
Average daily trading volume over the period[1]	1,844,574	1,743,820	435,955	548,883	577,545	649,347
Average number of shares outstanding	713,400,033	713,512,772	178,378,193	178,497,159	179,669,608	179,384,513
Volume of shares traded over the period	475,900,118	449,905,428	112,476,357	141,062,953	147,273,882	165,583,378

(1) Volumes traded on the Euronext platform.

6.2.3 PER-SHARE DATA

(in € per share, except ratios)	**2022**	**2021 (restated)**	**2021 (reported)**	**2020**	**2019**	**2018**
Net asset value per share	24.0	20.9	83.9	70.8	74.1	67.8
Basic earnings per share	2.81	2.58	10.31	3.52	9.69	9.30
Diluted earnings per share[1]	2.79	2.56	10.24	3.51	9.66	9.25
Price-earnings ratio	**9.3**	**14.0**	**14.0**	**29.8**	**11.3**	**9.3**
Dividend per share[2]	1.25	1.125	4.50	2.30	2.00	3.70
Payout ratio	44%	44%	44%	65%	21%	40%
Yield[3]	4.8%	3.1%	3.1%	2.2%	1.8%	4.3%

(1) Earnings per share adjusted for the impact on net income and on average shares outstanding of the exercise of outstanding dilutive instruments.

(2) Subject to approval by the Annual Shareholders Meeting on May 12, 2023. Only the 2021 share data have been restated ("2021 restated") to reflect the four-for-one stock split on June 16, 2022.

(3) Dividend/share price at December 31.

6.2.4 CAPITAL AND OWNERSHIP STRUCTURE

At December 31, 2022, Michelin's share capital amounted to €357,058,707. 2020 and 2021 data for shares and voting rights outstanding have been restated to reflect the four-for-one stock split on June 16, 2022.

	At December 31, 2022			At December 31, 2021			At December 31, 2020		
	Number of shareholders	Shares outstanding	Voting rights outstanding	Number of shareholders	Shares outstanding	Voting rights outstanding	Number of shareholders	Shares outstanding	Voting rights outstanding
French institutional investors		22.8%	25.7%		23.6%	27.3%		27.1%	29.3%
Non-resident institutional investors	4,509	64.7%	59.7%	4,123	65.5%	59.2%	3,938	61.8%	57.1%
Individual shareholders	156,694	10.3%	12.1%	139,099	9.2%	11.5%	136,935	9.1%	11.4%
Employee share ownership plan	77,557	2.2%	2.5%	62,118	1.7%	2.0%	69,378	2.0%	2.3%
TOTAL	**238,760**	**714,117,414 SHARES(1)**	**978,544,459 VOTING RIGHTS**	**205,340**	**714,121,800 SHARES**	**952,588,184 VOTING RIGHTS**	**210,251**	**713,360,344 SHARES**	**974,338,392 VOTING RIGHTS**

(1) All fully paid up.

Shares held in the same name for at least four years carry double voting rights.

As of December 31, 2022, theoretical voting rights outstanding were equal to exercisable voting rights outstanding, and to the company's knowledge, no material portion of its issued capital has been pledged.

6.3 INVESTOR RELATIONS

Every shareholder has access to clear, comprehensive, transparent information, tailored to his or her individual needs.

In particular, extensive information about our business operations, strategy and financial performance may be found in a wide variety of regulatory filings, such as press releases, the Universal Registration Document, the Interim Financial Report and the Company Bylaws. All of these publications are readily available in French and English at www.michelin.com in the Finance section and on request from the Investor Relations Department.

More than 1,800 institutional investors and financial analysts were contacted during the year.

At the same time, Michelin reached out to individual shareholders at shareholder meetings, convened its Shareholders' Committee and added new contact points with newsletters issued on the release of financial information and other occasions.

Each year, all shareholders and proxy solicitors are notified of the date of the Annual Shareholders Meeting and of the voting procedures.

In accordance with the Company Bylaws, shares held in the same name for at least four years carry double voting rights.

6.4 DOCUMENTS ON DISPLAY

Historical financial information, Universal Registration Documents (Registration Documents), Notices and Minutes of Shareholders Meetings, the Company Bylaws, and all of the regulatory filings within the meaning of Article 221-1 of the AMF General Regulations (particularly press releases, quarterly reports and the Interim and Annual Reports), may be viewed in French or English at www.michelin.com. They are also available on the French website of record (www.info-financiere.fr) and, if necessary, at the Company's registered office.

6.5 ADDITIONAL SHARE INFORMATION

6.5.1 CHANGES IN SHARE CAPITAL

		Change in capital		
Year	Transaction	Number of shares	Capital *(in €)*	Share premium *(in €)*
	At December 31, 2016	**180,066,121**	**360,132,242**	
2017	Exercise of stock options	308,979	617,958	16,376,110
	Vesting of performance shares	39,084	78,168	0
	Cancellation of shares	(893,197)	(1,786,394)	(98,790,498)
	At December 31, 2017	**179,520,987**	**359,041,974**	
2018	Employee share issue	578,639	1,157,278	46,470,498
	Exercise of stock options	201,946	403,892	10,245,710
	Vesting of performance shares	194,291	388,582	0
	Cancellation of shares	(648,231)	(1,296,462)	(73,928,476)
	At December 31, 2018	**179,847,632**	**359,695,264**	
2019	Exercise of stock options	64,178	128,356	3,594,008
	Vesting of performance shares	61,566	123,132	0
	Cancellation of shares	(1,345,821)	(2,691,642)	(137,856,194)
	At December 31, 2019	**178,627,555**	**357,255,110**	
2020	Vesting of performance shares	81,518	163,036	0
	Exercise of stock options	14,570	29,140	904,670
	Employee share issue	713,983	1,427,966	52,416,948
	Cancellation of shares	(1,097,540)	(2,195,080)	(96,689,419)
	At December 31, 2020	**178,340,086**	**356,680,172**	
2021	Vesting of performance shares	180,976	361,952	0
	Exercise of stock options	9,388	18,776	461,514
	AT DECEMBER 31, 2021	**178,530,450**	**357,060,900**	
2022	Vesting of performance shares	12	24	-
	Adjusted for the four-for-one stock split	*714,121,848*	*357,060,924*	
	Vesting of performance shares	450,012	225,006	0
	Employee share issue	3,872,090	1,936,045	74,017,026
	Cancellation of shares	(4,326,536)	(2,163,268)	(118,196,732)
	AT DECEMBER 31, 2022	**714,117,414**	**357,058,707**	

6.5.2 POTENTIAL SHARES

6.5.2 a) Outstanding securities convertible, exchangeable, redeemable or otherwise exercisable for shares

Options to purchase new shares of common stock

Please refer to the detailed information in section 6.5.3.

Performance shares

Please refer to the detailed information in section 6.5.4.

6.5.2 b) Estimated maximum number of potential new shares at December 31, 2022

	Capital *(in €)*
ISSUED CAPITAL AT DECEMBER 31, 2022	**357,058,707**

Stock options outstanding as of December 31, 2022

The last plan launched in 2012 expired in 2021 and no exercisable stock options remain.

Performance shares outstanding at December 31, 2022

Performance share rights have been restated to reflect the four-for-one stock split on June 16, 2022.

Grant date	Vesting period ends	Performance shares outstanding	Capital
November 15, 2019 *(Excellence)*	November 15, 2023	852,764	
November 13, 2020 *(Excellence, Managers)*	November 13, 2024	1,939,884*	
November 17, 2021 *(Excellence, Managers)*	November 17, 2025	1,257,376*	
November 17, 2022 *(Excellence, Managers)*	November 17, 2026	1,899,470*	
TOTAL PERFORMANCE SHARES OUTSTANDING		**5,949,494**	**2,974,747**

MAXIMUM POTENTIAL SHARES AS OF DECEMBER 31, 2023 (REPRESENTING A 0.83% INCREASE IN ISSUED CAPITAL)	**360,033,454**

* *Before applying the rate of achievement of the performance conditions.*

6.5.3 STOCK OPTIONS

6.5.3 a) Stock option plans in effect at December 31, 2022 (Table 8 of the AFEP/MEDEF Corporate Governance Code)

The corporate officers did not receive any stock options in respect of their positions under one of the plans adopted by the Company which, since December 31, 2021, had all expired.

6.5.3 b) Stock options granted and exercised during the year

Stock options granted by CGEM[(1)] to the ten grantees other than Managers who received the greatest number of options and options exercised by the ten grantees other than Managers who exercised the greatest number of options	Number of options granted/exercised	Exercise price *(in €)*	End of exercise period	Date granted by the Managers
Options granted	0	-	-	-
Options exercised (new shares issued)	0	-	-	-

(1) No options have been granted by any qualifying company apart from CGEM. The last plan launched in 2012 expired in 2021 and no exercisable stock options remain.

6.5.3 c) Special report of the Managing Chairman

No stock options were granted during the year.

No Manager holds non-exercisable stock options.

Clermont-Ferrand, February 10, 2023

Florent Menegaux

Managing Chairman

6.5.4 SHARE GRANTS AND PERFORMANCE SHARES

6.5.4 a) Performance share plans in effect at December 31, 2022 (Table 9 of the AFEP/MEDEF Corporate Governance Code)

The number of shares and performance share rights have been restated to reflect the four-for-one stock split on June 16, 2022.

VESTED PLAN AND PLANS IN EFFECT IN 2022

	Plan 9 (Excellence Management)	Plan 10 (Excellence)	Plan 11 (Excellence)
Date of the shareholder authorization	May 13, 2016	May 17, 2019	June 23, 2020
Date granted by the Managers	November 22, 2018	November 15, 2019	November 13, 2020
Number of rights granted	517,080	1,509,168	1,944,864
O/w to:			
• Florent Menegaux[1] (Managing Chairman)	-	-	-
• Yves Chapot[1] (General Manager)	-	-	-
Vesting date (in years)	November 22, 2022 (4 years)	November 15, 2023 (4 years)	November 13, 2024 (4 years)
End of lock-up period (in years)	N/A	N/A	N/A
Performance conditions[2] (period over which criteria are applied: 3 years)	• Michelin share price that outperforms the CAC 40 by at least 15 points, comparing the average closing price between the second half of 2017 and the second half of 2020 • Corporate social responsibility objective: - average MEF[3] of 51 or less over the 2018-2020 period - average employee engagement rate of at least 80% over the 2018-2020 period • Average annual growth in consolidated operating income of €150 million over the 2018-2020 period	• Michelin share price that outperforms the CAC 40 by at least 15 points, comparing the average closing price between the second half of 2018 and the second half of 2021 • Corporate social responsibility objective: - average change in MEF[3] of less than -1.5 points over the 2019-2021 period - average change in employee engagement rate of more than 1.5 points over the 2019-2021 period • Average segment operating margin of at least 12% over the 2019-2021 period[4]	• Michelin share price outperforms the Euro Stoxx 600 index by at least 15 points, comparing the average closing price in 2019 and in 2022 • Corporate social responsibility objective: - average change in MEF[3] of less than -1.5 points over the 2020-2022 period - average change in employee engagement rate of more than 1.5 points over the 2020-2022 period • Average annual growth in revenue (excluding tires and distribution) of at least 8% over the 2019-2021 and 2021-2022 periods[5] • Return on capital employed (ROCE) of at least 11% in 2022
Number of vested shares at December 31, 2022	149,164	1,300	1,636
Number of canceled or voided share rights	367,916	655,104	83,424
NUMBER OF PERFORMANCE SHARES OUTSTANDING AT DECEMBER 31, 2022	**0**	**852,764**	**1,859,804** **(before applying the rate of achievement of the performance conditions)**
Performance conditions: achievement rate	30 %	59%	50%

(1) Granted in his capacity as Manager.
(2) On a like-for-like consolidated basis, excluding changes in exchange rates for the financial criteria.

Plan 12 (Managers)	Plan 13	Plan 14 (Excellence)	Plan 15 (Managers)
June 23, 2020	June 23, 2020	June 23, 2020	June 23, 2020
November 13, 2020	November 16, 2020	November 17, 2021	November 17, 2021
80,080	331,136	1,222,508	55,980
48,048	0	-	33,588
32,032	0 (Yves Chapot waived his 16 share rights)	-	22,392
November 13, 2024 (4 years)	November 16, 2022 (2 years)	November 17, 2025 (4 years)	November 17, 2025 (4 years)
N/A	N/A	N/A	N/A
• Michelin share price outperforms the Euro Stoxx 600 index by at least 15 points, comparing the average closing price in 2019 and in 2022 • Corporate social responsibility objective: - average change in MEF[(3)] of less than -1.5 points over the 2020-2022 period - average change in employee engagement rate of more than 1.5 points over the 2020-2022 period • Average annual growth in revenue (excluding tires and distribution) of at least 8% over the 2019-2020, 2020-2021 and 2021-2022 periods • Return on capital employed (ROCE) of at least 11% in 2022	N/A	• Michelin share price outperforms the Euro Stoxx 600 index by at least 5 points, comparing the average closing price in 2020 and in 2023 • Corporate social responsibility objective: - i-MEP below 88 points in 2023 - average change in employee engagement rate of more than 1 point over the 2021-2023 period • Average annual growth in revenue (excluding tires and distribution) of at least 8% over the 2020-2021, 2021-2022 and 2022-2023 periods • Return on capital employed (ROCE) of at least 11% in 2023	• Michelin share price outperforms the Euro Stoxx 600 index by at least 5 points, comparing the average closing price in 2020 and in 2023 • Corporate social responsibility objective: - i-MEP below 88 points in 2023 - average change in employee engagement rate of more than 1 point over the 2021-2023 period • Average annual growth in revenue (excluding tires and distribution) of at least 8% over the 2020-2021, 2021-2022 and 2022-2023 periods • Return on capital employed (ROCE) of at least 11% in 2023
0	301,040	0	0
0	30,096	21,112	0
80,080 **(before applying the rate of achievement of the performance conditions)**	**0**	**1,201,396**	**55,980**
50%	-	-	-

(3) Michelin Environmental Footprint (MEF) indicator: energy use, water withdrawals, CO_2 emissions, volatile organic compound emissions, amount of waste produced and amount of waste landfilled.

(4) Replaces the condition of reporting average consolidated operating income of more than €200 million a year over the 2019-2021 period, which is no longer feasible given the 2020 business environment.

(5) Given the impact of Covid-19 on the business environment, the 2020 result has been factored out of this indicator so that it remains attainable.

	Plan 16 (Excellence)	Plan 17 (Managers)
Date of the shareholder authorization	June 23, 2020	June 23, 2020
Date granted by the Managers	November 17, 2022	November 17, 2022
Number of rights granted	1,791,414	108,056
O/w to:		
• Florent Menegaux[1] (Managing Chairman)	-	67,983
• Yves Chapot[1] (General Manager)	-	40,073
Vesting date (in years)	November 17, 2026 (4 years)	November 17, 2026 (4 years)
End of lock-up period (in years)	N/A	N/A
Performance conditions[2] (period over which criteria are applied: 3 years)	• Michelin share price outperforms the Euro Stoxx 600 index by at least 5 points, comparing the average closing price in 2021 and in 2024 • Corporate social responsibility objective: - i-MEP below 83 points in 2024 - average change in employee engagement rate of more than 1 point over the 2022-2024 period • Average annual growth in revenue (excluding tires and distribution) of more than 10% over the 2021-2022, 2022-2023 and 2023-2024 periods • Return on capital employed (ROCE) strictly above 11% in 2024	• Michelin share price outperforms the Euro Stoxx 600 index by at least 5 points, comparing the average closing price in 2021 and in 2024 • Corporate social responsibility objective: - i-MEP below 83 points in 2024 - average change in employee engagement rate of more than 1 point over the 2022-2024 period • Average annual growth in revenue (excluding tires and distribution) of more than 10% over the 2021-2022, 2022-2023 and 2023-2024 periods • Return on capital employed (ROCE) strictly above 11% in 2024
Number of vested shares at December 31, 2022	0	0
Number of canceled or voided share rights	0	0
NUMBER OF SHARE GRANTS OR PERFORMANCE SHARES OUTSTANDING AT DECEMBER 31, 2022	**1,791,414**	**108,056**
Performance conditions: achievement rate	-	-

(1) Granted in his capacity as Manager.
(2) On a like-for-like consolidated basis, excluding changes in exchange rates for the financial criteria.

6.5.4 b) Performance shares granted during the year

Rights to 1,899,470 performance shares were granted during the year.

	Number of shares granted	Date granted by the Managers
Performance shares granted by CGEM to the ten grantees other than Managers who received the greatest number of shares	180,469	November 17, 2022

6.5.4 c) Special report of the Managing Chairman

November 17, 2022 Plan (Excellence)

The Annual Shareholders Meeting of June 23, 2020 authorized the grant of shares without consideration to employees of the Company (including the Managers and the Chairman of the Supervisory Board) and of related companies within the meaning of Articles L. 225-197-1 *et seq.* of the French Commercial Code, with the number of shares that may be granted limited to 0.9% of issued capital.

This authorization was used in 2022 to grant 1,899,470 rights to one new share of common stock to 1,657 grantees.

Performance shares will vest based on the fulfillment of performance criteria set out under the Michelin Performance and Responsibility Ambitions for 2020.

As specified in the report presenting the related resolution of the June 23, 2020 Shareholders Meeting[1], adopted as announced on page 425 of the 2020 Universal Registration Document, all grantees must fulfill three performance conditions, as follows:

- **Michelin's share performance compared with the Stoxx Europe 600 index**: the difference between average closing prices of the Michelin share for 2021 and for 2024 must exceed or be equal to the difference between the closing Stoxx Europe 600 indexes for these same years by at least 5 points. *Result calculated on a straight-line basis between the threshold of 0 and the targeted 5 points.*
- **Corporate social responsibility objective: employee engagement and the environmental performance of manufacturing operations.** This criterion is based on two indicators: the environmental footprint of Michelin's manufacturing operations and the level of employee engagement:
  - Since 2021, ***the industrial – Michelin Environmental Performance indicator (i-MEP)*** has replaced the previous MEF indicator, which enabled Michelin to manage and demonstrate the steady reduction in its environmental impact from 2005 to 2020. The change was prompted by the progress made over that period. The i-MEP indicator tracks the environmental impact of the Group's manufacturing operations until 2030. The i-MEP makes these easier to understand by focusing on five priority areas: energy use, CO_2 emissions, organic solvent use, water withdrawals and stress, and waste production. The i-MEP must be below 83 points in 2024. *Result calculated on a straight-line basis between the threshold of 87 and the targeted 83 points.*
  - since 2013, the annual "Moving Forward Together: Your Voice for Action" survey has measured the employee engagement rate. The change in the average engagement rate over three years (2022-2024 period) must exceed 1 point. *Result calculated on a straight-line basis between the threshold of 0.0 and the targeted 1.0 point.*
- **operating performance: growth in revenue (excluding tires and distribution) and return on capital employed (ROCE). This criterion is based on two indicators: revenue growth excluding tires and distribution, and total consolidated ROCE** (i.e., including acquisitions and companies accounted for by the equity method):
  - the growth in the new business revenue indicator (like-for-like growth excluding tires and distribution) measures the Group's ability to grow its new businesses (as opposed to its historical core business). The average growth in new business revenue from 2021 to 2022, from 2022 to 2023 and from 2023 to 2024 must exceed 10%. *Result calculated on a straight-line basis between the threshold of 5% and the targeted 10%.*
  - total consolidated ROCE (including acquisitions, related goodwill and equity-accounted companies) measures the robustness of the Group's performance. It must exceed 11% in 2024. *Result calculated on a straight-line basis between the threshold of 10% and the targeted 11%.*

Provided that the grantee is still employed by the Group at the end of the vesting period (or qualifies for an exemption from this requirement under French law or in exceptional cases at the discretion of the Managers), if the achievement rate for all of the above criteria is 100% then 100% of the performance shares will vest, **with the first criterion accounting for 30%, the second criterion for 40% (20% per indicator) and the third criterion for 30% (15% per indicator).**

(1) Please refer to pages 395 to 398 of the 2019 Universal Registration Document.

Fulfillment of performance conditions under the performance share plan that vested in 2022

FULFILLMENT OF PERFORMANCE CONDITIONS UNDER THE NOVEMBER 22, 2018 PERFORMANCE SHARE PLAN

Criteria		*Weighting*	Results 2020 *vs.* 2017				Achievement rate
Share price performance	Michelin share price outperforms the CAC 40 by **at least 15 points** for the 2017-2020 period (average closing price for the second half of the two years)	*35%*	**-15.7 points**				**0%**
			2018	**2019**	**2020**	**Average**	
Corporate social responsibility performance	Michelin Environmental Footprint – **MEF** (indicator: energy use, water withdrawals, CO_2 emissions, volatile organic compound emissions, amount of waste produced and amount of waste landfilled) average over three years (2018-2020 period) must be **less than 51**	*15%*	49	49	49	**49**	**15%**
	Average **employee engagement rate**: must be **at least 80%** a year on a like-for-like consolidated basis over the 2018-2020 period	*15%*	80%	81%	83%	**81%**	**15%**
Growth in operating income	**Like-for-like growth in consolidated operating income from recurring activities**[(1)], of **€150 million** a year over the 2018-2020 period	*35%*	265	111	(1,002)	**(209)**	0%
TOTAL							**30%**

(1) Indicator replacing operating income before non-recurring income and expenses.

Given that only one of the performance conditions was met, no more than 30% of the performance shares vested.

Note that the vesting period ended in November 2022 (with no lock-up period) for all grantees.

Fulfillment of performance conditions under performance share plans in effect in 2022

FULFILLMENT OF PERFORMANCE CONDITIONS UNDER THE NOVEMBER 15, 2019 PERFORMANCE SHARE PLAN

In view of the challenging business environment in 2020, the Managing Chairman decided to replace the growth in segment operating income condition by the segment operating margin. The change is intended to attenuate the impact of the 2020 performance on the overall achievement rate of the conditions over the three-year period from 2019 to 2021. This change does not concern the Managers, for whom none of the performance criteria have been adjusted.

Criteria		*Weighting*	Results				Achievement rate
				2021 *vs.* 2018			
Share price performance	**Michelin share price** must **outperform the CAC 40 by at least 15 points** for the 2018-2021 period (average closing price for the second half of the two years)	*35%*		**+9.0 points**			**21%**
			2019	**2020**	**2021**	**Average**	
Corporate social responsibility performance	Average change in the Michelin Environmental Footprint – **MEF** (energy use, water withdrawals, CO_2 emissions, volatile organic compound emissions, amount of waste produced and amount of waste landfilled) over three years (2019-2021 period) must be **less than -1.5 points**	*15%*	-0.5 points	+0.1 point	-2.5 points	**-1.0 point**	**10%**
	Change in average employee engagement rate must exceed 1.5 points a year on a like-for-like consolidated basis over the 2019-2021 period	*15%*	+1.0 points	+2.0 points	-2.0 points	**0.3 points**	**3%**
Operating margin	**Segment operating margin**, at current scope of consolidation, constant accounting methods and current exchange rates, of an average 12% a year over the 2019-2021 period	*35%*	12.5%	9.2%	12.5%	**11.4%**	**25%**
TOTAL							**59%**

Given that the performance conditions were partially met, no more than 59% of the performance shares will vest.

Note that the vesting period will end in November 2023 (with no lock-up period) for all grantees.

FULFILLMENT OF PERFORMANCE CONDITIONS UNDER THE NOVEMBER 13, 2020 PERFORMANCE SHARE PLAN FOR EMPLOYEES

Criteria		*Weighting*	Results 2022 *vs.* 2019				Achievement rate
Share price performance	• **Michelin share price** must outperform the Stoxx Europe 600 index by **at least 15 points**, comparing the average closing price in 2019 and in 2022 • Result calculated on a straight-line basis between the threshold of 0 and the targeted 15 points	*30%*	-1.7 points				**0%**
			2020	**2021**	**2022**	**Average**	
Corporate social responsibility performance	• Average change in the Michelin Environmental Footprint – **MEF** (energy use, water withdrawals, CO_2 emissions, volatile organic compound emissions, amount of waste produced and amount of waste landfilled) over three years (2020-2022 period) must be **less than -1.5 points** • Result calculated on a straight-line basis between the threshold of 0.5 and the targeted 1.5 points	*15%*	+0.1 point	-2.5 points	-1.3 points	**-1.2 points**	**11%**
	• Change in average **employee engagement rate** must **exceed 1.5 points** a year on a like-for-like consolidated basis over the 2020-2022 period • Result calculated on a straight-line basis between the threshold of 0.1 and the targeted 1.5 points	*15%*	+2.0 points	-2.0 points	+3.0 points	**+1.0 point**	**10%**
Operating performance	• Average annual **growth in revenue**, excluding tires and distribution, must be **at least 8%** over the 2019-2021 and 2021-2022 periods(1) • Result calculated on a straight-line basis between the threshold of 3% and the targeted 8%	*13%(1)*	factored out	-4.0%	+22.0%	**+9%**	**13%**
	• **Total consolidated** ROCE (including acquisitions, related goodwill and equity-accounted companies) must be **at least 11% in 2022** • Result calculated on a straight-line basis between the threshold of 10% and the targeted 11%	*20%*	6.0%	10.3%	10.8%	**10.8%**	**16%**
TOTAL							**50%**

(1) Given the impact of Covid-19 on the business environment, the 2020 result has been factored out of this indicator so that it remains attainable. As a result, the indicator's achievement rate has been capped at 13%, instead of 20%, to reflect its assessment over two-thirds of the period.

Given that the performance conditions were partially met, no more than 50% of the performance shares will vest.

Note that the vesting period will end in November 2024 (with no lock-up period) for all grantees.

FULFILLMENT OF PERFORMANCE CONDITIONS UNDER THE NOVEMBER 13, 2020 PERFORMANCE SHARE PLAN FOR THE MANAGERS

Criteria		*Weighting*	Results 2022 *vs.* 2019				Achievement rate
Share price performance	• **Michelin share price** must outperform the Stoxx Europe 600 index by **at least 15 points**, comparing the average closing price in 2019 and in 2022 • Result calculated on a straight-line basis between the threshold of 0 and the targeted 15 points	*30%*	-1.7 points				**0%**
			2020	**2021**	**2022**	**Average**	
Corporate social responsibility performance	• Average change in the Michelin Environmental Footprint – **MEF** (energy use, water withdrawals, CO_2 emissions, volatile organic compound emissions, amount of waste produced and amount of waste landfilled) over three years (2020-2022 period) must be **less than -1.5 points** • Result calculated on a straight-line basis between the threshold of 0.5 and the targeted 1.5 points	*15%*	+0.1 point	-2.5 points	-1.3 points	**-1.2 points**	**11%**
	• Change in average **employee engagement rate** must **exceed 1.5 points** a year on a like-for-like consolidated basis over the 2020-2022 period • Result calculated on a straight-line basis between the threshold of 0.1 and the targeted 1.5 points	*15%*	+2.0 points	-2.0 points	+3.0 points	**+1.0 point**	**10%**
Operating performance	• Average annual **growth in revenue**, excluding tires and distribution, must be **at least 8%** over the 2019-2020, 2020-2021 and 2021-2022 periods • Result calculated on a straight-line basis between the threshold of 3% and the targeted 8%	*20%*	-10.8%	+7.7%	+22.0%	**+6.3%**	**13%**
	• **Total consolidated ROCE** (including acquisitions, related goodwill and equity-accounted companies) must be **at least 11% in 2022** • Result calculated on a straight-line basis between the threshold of 10% and the targeted 11%	*20%*	6.0%	10.3%	10.8%	**10.8%**	**16%**
TOTAL							**50%**

Given that the performance conditions were partially met, no more than 50% of the performance shares will vest.

Note that the vesting period will end in November 2024 (with no lock-up period) for all grantees.

INTERIM FULFILLMENT OF PERFORMANCE CONDITIONS UNDER THE NOVEMBER 17, 2021 PERFORMANCE SHARE PLAN FOR EMPLOYEES AND THE MANAGERS

Criteria		*Weighting*	Interim results 2022 *vs.* 2020		
Share price performance	• **Michelin share price** must outperform the Stoxx Europe 600 index by **at least 5 points**, comparing the average closing price in 2020 and in 2023 • Result calculated on a straight-line basis between the threshold of 0 and the targeted 5 points	*30%*		+4.3 points	
			2021	**2022**	**2023**
Corporate social responsibility performance	• Industrial-Michelin Environmental Performance – **i-MEP**[1] must be below **88 points** in 2023 • Result calculated on a straight-line basis between the threshold of 92 and the targeted 88 points	*20%*	92.6 points	88.8 points	-
	• Change in average **employee engagement rate** must **exceed 1 point** a year on a like-for-like consolidated basis over the 2021-2023 period • Result calculated on a straight-line basis between the threshold of 0.0 and the targeted 1.0 point	*20%*	-2.0 points	+3.0 points	-
Operating performance	• Average annual **growth in revenue**, excluding tires and distribution, must be **at least 8%** over the 2020-2021, 2021-2022 and 2022-2023 periods • Result calculated on a straight-line basis between the threshold of 3% and the targeted 8%	*15%*	+7.7%	+22.0%	-
	• Total consolidated **ROCE** (including acquisitions, related goodwill and equity-accounted companies) must be **at least 11% in 2023** • Result calculated on a straight-line basis between the threshold of 10% and the targeted 11%	*15%*	10.3%	10.8%	-

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

INTERIM FULFILLMENT OF PERFORMANCE CONDITIONS UNDER THE NOVEMBER 17, 2022 PERFORMANCE SHARE PLAN FOR EMPLOYEES AND THE MANAGERS

Criteria		*Weighting*	Interim results 2022 *vs.* 2021		
Share price performance	• **Michelin share price** must **outperform the Stoxx Europe 600 index by at least 5 points**, comparing the average closing price in 2021 and in 2024 (average daily price for the two years) • Result calculated on a straight-line basis between the threshold of 0 and the targeted 5 points	*30%*	-4.5 points		
			2022	**2023**	**2024**
Corporate social responsibility performance	• Industrial-Michelin Environmental Performance – **i-MEP**(1) must be below **83 points** in 2024 • Result calculated on a straight-line basis between the threshold of 87 and the targeted 83 points	*20%*	88.8 points	-	-
	• Change in average **employee engagement rate** must **exceed 1 points** a year on a like-for-like consolidated basis over the 2022-2024 period • Result calculated on a straight-line basis between the threshold of 0.0 and the targeted 1.0 point	*20%*	+3.0 points	-	-
Operating performance	• **Average annual growth in revenue**, excluding tires and distribution, **must exceed 10%** over the 2021-2022, 2022-2023 and 2023-2024 periods • Result calculated on a straight-line basis between the threshold of 5% and the targeted 10%	*15%*	+22.0%	-	-
	• **Total consolidated ROCE** (including acquisitions, related goodwill and equity-accounted companies) **must exceed 11% in 2024** • Result calculated on a straight-line basis between the threshold of 10% and the targeted 11%	*15%*	10.8%	-	-

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

Performance shares vested and delivered

Note that during 2022:

- the two Managers received 108,056 performance share rights (one received 67,983 and the other received 40,073);
- the two Managers did not receive any fully vested shares;
- the ten employees other than Managers who were granted the greatest number of share rights:
  - received 180,469 performance share rights;
  - received 43,832 fully vested performance shares.

Clermont-Ferrand, February 10, 2023

Florent Menegaux

Managing Chairman

6.5.5 EMPLOYEE SHARE OWNERSHIP

Michelin regularly offers employees opportunities to purchase shares of Company stock on preferential terms through recurring employee share ownership plans.

Employee share ownership is a strong indicator of employee confidence in the Group's future and strategy. By becoming shareholders, employees enjoy the unique position of both contributing to and sharing in the value their Company creates. This is a real-world illustration of the "I am Michelin" transformation program, one goal of which is to enhance employee buy-in and sense of co-destiny with their Company.

2022 was a turning point for Michelin's employee share ownership process, with a number of developments designed to incentivize employees and improve access:

- annualization of the global BIB'Action employee share ownership plan;
- a shareholder-approved four-for-one stock split, which made the investment more affordable;
- a redesigned offer with preferential terms, including a 20% discount on the reference price and a graduated matching contribution in free shares.

Despite the uncertain economic environment, the results were very positive: 47 country organizations participated in the employee share ownership plan, with more than half of all employees taking up the offer, with a higher average subscription investment than in previous plans.

As of year-end, around 77,500 active employees worldwide were Michelin shareholders, representing an aggregate 2.2% of the Group's issued capital and nearly 60% of employees.

6.5.6 INFORMATION CONCERNING A SHARE BUYBACK PROGRAM CURRENTLY IN EFFECT

The following information includes the disclosures reported in the Managing Chairman's Report in compliance with Article L. 225-211 of the French Commercial Code.

6.5.6 a) Authorizations granted to the Managers

At the Annual Shareholders Meeting of May 21, 2021, shareholders granted the Managers an 18-month authorization to buy or sell shares of Company stock, as part of a new share buyback program. The Company was authorized to buy back up to 10% of the total shares outstanding, at a maximum purchase price of €180 per share, with the requirement that it not hold more than 10% of its own share capital at any time.

The authorization was used in 2021 (please refer to section 6.5.6 b) of the 2021 Universal Registration Document).

In addition, at the May 13, 2022 Annual Shareholders Meeting, shareholders granted the Managers a new authorization, valid for 18 months or until replaced, to buy or sell shares of Company stock, under the same terms and conditions as the previous authorization, at a maximum purchase price of €220 (equivalent to €55 after the four-for-one stock split on June 16, 2022). From its entry into force this authorization has superseded the previous authorization.

The Company signed a share buyback agreement with Natixis to take effect between March 2022 and July 2022.

At the Annual Shareholders Meeting on May 12, 2023, shareholders will be asked to authorize the Managers to buy or sell shares of Company stock as part of a new buyback program, the terms and conditions of which are described below in section 6.5.7 "Description of the share buyback program submitted for shareholder approval at the Annual Shareholders Meeting of May 12, 2023".

6.5.6 b) Transactions in the Company's shares in 2022

The following transactions were carried out under the share buyback programs authorized by shareholders at the May 21, 2021 and May 13, 2022 Annual Shareholders Meetings, for 718,060 and 3,608,476 shares respectively.

The Company no longer held any shares in treasury at December 31, 2022, as was the case at January 1, 2022. A total of 4,326,536 shares were bought back by the Company during the year, all of which were purchased for cancellation.

The shares were bought back at a unit price of €27.74, compared with an average daily closing price of €28.53 for 2022.

6.5.6 c) Purpose of shares held in treasury at December 31, 2022

The Company held no shares in treasury at December 31, 2022.

6.5.6 d) Market value of treasury shares at December 31, 2022

No shares were held at December 31, 2022.

	Treasury shares bought back and sold during the year	
	Buybacks	Sales/transfer
Number of shares	4,326,536	-
Average transaction price per share *(in €)*	27.74	0
Average exercise price	N/A	N/A
Total cost of transactions *(in €)*	119,999,937	0

Derivative instruments were not used to buy back shares. The Company did not have any open buy or open sell positions in its own stock at December 31, 2022.

6.5.7 DESCRIPTION OF THE SHARE BUYBACK PROGRAM SUBMITTED FOR SHAREHOLDER APPROVAL AT THE ANNUAL SHAREHOLDERS MEETING OF MAY 12, 2023

The following description has been prepared in accordance with Articles 241-1 et seq. *of the General Regulations of the French securities regulator (AMF) and with European Commission regulations.*

Date of the Annual Shareholders Meeting at which the share buyback program is submitted for approval

May 12, 2023.

Purposes of the new share buyback program

The objectives of the share buyback program are as follows:

- to purchase shares for sale or allocation to employees of Group companies in accordance with the conditions set down by law, including (i) on exercise of stock options, (ii) under performance share plans and (iii) by way of transfer and/or employer matching contributions, directly or indirectly, in connection with employee rights issues;
- to maintain a liquid market for the Company's shares through a liquidity contract with an independent investment services provider, using the market practices authorized by the AMF on July 2, 2018;
- to purchase shares for allocation on exercise of rights attached to securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company;
- to purchase shares to be held and subsequently sold, exchanged or otherwise transferred in connection with external growth transactions. The maximum number of shares purchased for the purpose of being held and subsequently sold or exchanged in connection with a merger, de-merger or asset contribution shall not exceed 5% (five percent) of the Company's share capital;
- to implement any other market practices that may be authorized in the future;
- to acquire shares for cancellation under a shareholder-approved capital reduction.

Maximum percentage of issued capital, maximum number and characteristics of the shares the Company proposes to buy back and maximum purchase price

The Company would be authorized to buy back up to 10% of the total shares outstanding, i.e., 71,411,741 shares at the date of this report. Based on the maximum purchase price of €55.00 per share, this would correspond to a maximum theoretical amount of €3,927,645,755.

In accordance with the law, when shares are bought back for the second purpose listed above, the number of shares used to calculate the 10% limit is the number bought back less the number sold during the course of the program.

Pursuant to Article L. 22-10-62 *et seq.* and L. 225-210 *et seq.* of the French Commercial Code, the total value of shares held in treasury may not exceed the amount of available reserves (other than the legal reserve) recorded in the Company's balance sheet at December 31, 2022.

Duration of the share buyback program

Subject to shareholder approval, the shares may be bought back at any time during the 18 months from the May 12, 2023 Annual Shareholders Meeting, i.e., until the close of trading on November 12, 2024.

Effective as from the Annual Shareholders Meeting of May 12, 2023, this authorization would replace the similar authorization granted by shareholders at the Annual Shareholders Meeting of May 13, 2022.

7

ANNUAL SHAREHOLDERS MEETING OF MAY 12, 2023

7. ANNUAL SHAREHOLDERS MEETING OF MAY 12, 2023

7.1 REPORT OF THE MANAGING CHAIRMAN AND PROPOSED RESOLUTIONS

Ongoing dialogue between shareholders and issuers, both before and after Annual Shareholders Meetings, is essential to enable shareholders to effectively exercise their role, and for companies to enhance their communications.

One of the ways that companies can ensure the effectiveness of such dialogue is by making efforts to clearly communicate the content, rationale and import of the resolutions submitted for shareholder approval.

The resolutions set in blue type below are the resolutions proposed by the Company that will be included in the Notice of Meeting published in the *Bulletin des annonces légales obligatoires.* Each shareholder will also be sent a copy of the Notice of Meeting within the period prescribed by law.

7.1.1 ORDINARY RESOLUTIONS (1ST TO 13TH RESOLUTIONS)

1st and 2nd resolutions

Approval of the Company's financial statements for the year ended December 31, 2022

Appropriation of net income for the year ended December 31, 2022 and approval of the recommended dividend

The 1st and 2nd resolutions concern the approval of the Company's 2022 financial statements and appropriation of net income for the year.

Shareholders are invited to approve the transactions reflected in the Company's income statement and balance sheet, as presented, and to appropriate net income for the year which amounts to €544,574,766.86.

After deducting €1,811,488.86 attributable to the General Partners in accordance with the Bylaws, the balance of €542,763,278.00 plus €2,235,528,978.10 in retained earnings brought forward from prior years represents a total of €2,778,292,256.10 available for distribution to shareholders.

We are recommending paying a dividend of €1.25 per share in respect of 2022.

In order to qualify for the dividend payment, beneficiaries must be shareholders of record at midnight (CEST) on May 18, 2023 *(the record date).*

The ex-dividend date will be May 17, 2023.

The dividend will be paid as from May 19, 2023.

If the ninth resolution *(Approval of the components of the compensation paid or awarded to Florent Menegaux for the year ended December 31, 2022)* is not approved by this Shareholders Meeting, the amount attributable to the General Partners referred to above shall be added to the amount available for distribution, as provided for in Article 12.1 of the Bylaws, and shall be appropriated to retained earnings, which will be increased to €1,887,456,977.46.

If the Company holds any of its own shares on the dividend payment date, the distributable profit corresponding to the unpaid dividend on said shares shall be appropriated to retained earnings.

First resolution

(Approval of the Company's financial statements for the year ended December 31, 2022)

Having considered the reports of the Managing Chairman, the Statutory Auditors and the Supervisory Board, the Ordinary Shareholders Meeting approves the Company's financial statements for the year ended December 31, 2022 which show net income for the period of €544,574,766.86.

The Ordinary Shareholders Meeting also approves the transactions reflected in these financial statements and referred to in these reports, including those relating to the various provision accounts.

Second resolution

(Appropriation of net income for the year ended December 31, 2022 and approval of the recommended dividend)

On the recommendation of the Managing Chairman (as approved by the Supervisory Board), the Ordinary Shareholders Meeting notes that the total amount available for distribution is as follows:

- net income for the year: €544,574,766.86;
- share of profits attributed to the General Partners in accordance with the Bylaws: €1,811,488.86;
- balance: €542,763,278.00;
- plus retained earnings brought forward from prior years: €2,235,528,978.10;
- represents a distributable amount of: €2,778,292,256.10.

And resolves:

- to pay an aggregate dividend of: €892,646,767.50;
- representing: €1.25 per share;
- to appropriate the balance of to retained earnings. €1,885,645,488.60

The dividend will be paid as from May 19, 2023.

If the ninth resolution *(Approval of the components of the compensation paid or awarded to Florent Menegaux for the year ended December 31, 2022)* is not approved by this Shareholders Meeting, the amount attributable to the General Partners referred to above shall be added to the amount available for distribution, as provided for in Article 12.1 of the Bylaws, and shall be appropriated to retained earnings, which will be increased to €1,887,456,977.46.

If the Company holds any of its own shares on the dividend payment date, the distributable profit corresponding to the unpaid dividend on said shares shall be appropriated to retained earnings.

For individual shareholders domiciled in France for tax purposes, the tax treatment of the dividend will be as follows:

- in application of Article 200-A of the French General Tax Code (*Code général des impôts*), dividends paid to individual shareholders domiciled in France for tax purposes are subject to a 30% (thirty percent) flat tax comprising 12.8% (twelve point eight percent) for income tax and 17.2% (seventeen point two percent) for social security contributions. This flat tax does not discharge the individual from other tax liabilities;
- the 12.8% flat tax will be applied automatically unless the taxpayer makes an irrevocable election to pay income tax at the graduated rate on all dividend income. The election must be made each year, when the taxpayer's personal income tax return is filed;
- the two-step method of paying tax on dividends is maintained.

In accordance with Article 119 *bis* of the French General Tax Code, dividends paid to shareholders not domiciled in France for tax purposes are subject to withholding tax at the rate applicable to the country in which the shareholder is domiciled.

As required under Article 243 *bis* of the French General Tax Code, shareholders note that dividends paid for the past three years were as follows:

Year	Total dividend payout *(in €)*	Dividend per share *(in €)*(1)(2)
2019	357,255,110.00	2.00
2020	410,182,197.80	2.30
2021	803,387,025.00	4.50

(1) *Paid on shares with a par value of €2, before the four-for-one stock-split in June 2022.*

(2) *The full amount of the dividend was eligible for the 40% tax allowance provided for in Article 158-3-2° of the French General Tax Code.*

3rd resolution

Approval of the consolidated financial statements for the year ended December 31, 2022

The purpose of the 3rd resolution is to approve the consolidated financial statements for the year ended December 31, 2022, which show net income for the period of €2,008,883 thousand.

The 2022 Universal Registration Document, which can be downloaded from Michelin's website (www.michelin.com), contains an analysis of the consolidated financial statements and year-on-year changes.

Third resolution

(Approval of the consolidated financial statements for the year ended December 31, 2022)

Having considered the reports of the Managing Chairman, the Statutory Auditors and the Supervisory Board, the Ordinary Shareholders Meeting approves the consolidated financial statements for the year ended December 31, 2022, which show net income for the period of €2,008,883 thousand.

4th resolution

Related-party agreements

As no related-party agreements were entered into during 2022, shareholders are invited to place on record that there are no such agreements to approve.

In addition, no related-party agreements approved into in previous years remained in force during 2022.

Fourth resolution

(Related-party agreements)

Having considered the Statutory Auditors' special report on related-party agreements governed by Article L. 226-10 of the French Commercial Code (*Code de commerce*), the Ordinary Shareholders Meeting approves said report and places on record that no such agreements requiring shareholder approval were entered into or were in force in 2022.

5th resolution

Authorization for the Managers to put in place a share buyback program, except during a public offer period, based on a maximum purchase price per share of €55

In the 5th resolution, shareholders are invited to renew the authorization granted to the Company to buy back its own shares over a period of 18 months. The maximum purchase price per share under this authorization would be €55 and the maximum number of shares purchased would not exceed 10% of the total shares outstanding at the time of the transaction(s).

This authorization follows on from the authorization given by the Shareholders Meeting of May 13, 2022, with an adjusted maximum purchase price per share to take into account the four-for-one stock-split decided in 2022.

During 2022, the Company used the previous authorization to buy back 4,326,536 shares. For details of the buybacks, see section 6.5.6.2 of the 2022 Universal Registration Document.

The proposed authorization could not be used during a public offer period.

Fifth resolution

(Authorization for the Managers or either of them to put in place a share buyback program, except during a public offer period, based on a maximum purchase price per share of €55)

Having considered the reports of the Managing Chairman and the Supervisory Board, as well as the description of the share buyback program drawn up in accordance with the requirements of the General Regulations of the French securities regulator (*Autorité des marchés financiers* – AMF), the Ordinary Shareholders Meeting authorizes the Managers or either of them, in accordance with Articles L. 22-10-62 *et seq.* and L. 225-210 *et seq.* of the French Commercial Code, to put in place a program for the Company to buy back its own shares at a maximum purchase price per share of €55 (fifty-five euros).

In the event of any corporate actions, such as a bonus share issue paid up by capitalizing reserves or a stock split or reverse stock split, the above maximum purchase price will be adjusted accordingly.

The number of shares that may be bought back under this authorization may not represent more than 10% (ten percent) of the total shares outstanding at the time of each transaction. The total number of shares that may be purchased for the purpose of maintaining a liquid market, as set out below, will be calculated after deducting the number of shares sold over the duration of the share buyback program. In addition, the Company may not hold more than 10% (ten percent) of its own share capital at any time.

Based on the share capital at December 31, 2022, the maximum amount invested in the program would not exceed €3,927,645,755 (three billion, nine hundred and twenty-seven million, six hundred and forty-five thousand, seven hundred and fifty-five euros), corresponding to 10% (ten percent) of the Company's share capital, or 71,411,741 (seventy-one million, four hundred and eleven thousand, seven hundred and forty-one) shares purchased at the maximum price of €55 (fifty-five euros) per share.

The objectives of the share buyback program are as follows:

- to purchase shares for sale or allocation to employees of Group companies in accordance with the conditions set down by law, including (i) on exercise of stock options, (ii) under performance share plans and (iii) by way of transfer and/or employer matching contributions, directly or indirectly, in connection with employee rights issues;
- to maintain a liquid market for the Company's shares through a liquidity contract with an independent investment services provider, using the market practices authorized by the AMF on June 22, 2021;
- to purchase shares for allocation on exercise of rights attached to securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company;
- to purchase shares to be held and subsequently sold, exchanged or otherwise transferred in connection with external growth transactions. The maximum number of shares purchased for the purpose of being held and subsequently sold or exchanged in connection with a merger, de-merger or asset contribution shall not exceed 5% (five percent) of the Company's share capital;
- to implement any other market practices that may be authorized in the future;
- to acquire shares for cancellation under a shareholder-approved capital reduction.

The purchase, sale or transfer of shares may be effected at any time, except during a public offer period, and by any method, on the basis and within the limits prescribed by the laws and regulations in force on the transaction date(s), via regulated markets, multilateral trading facilities, systematic internalizers or over-the-counter, including through (i) block purchases or sales, (ii) public offers of purchase or exchange, (iii) the use of options or other forward financial instruments traded via regulated markets, multilateral trading facilities, systematic internalizers or over-the-counter, or (iv) the allocation of shares on conversion, redemption, exchange or exercise of securities carrying rights to the Company's shares or by any other means, either directly or via an investment services provider. The entire buyback program may be implemented through a block trade.

The Managers, or either of them, shall have full powers – which may be delegated – to (i) place buy and sell orders, (ii) enter into any and all agreements, (iii) make any and all filings, (iv) carry out all other formalities, (v) allocate or reallocate the purchased shares to any of the various purposes of the program and (vi) generally, do everything necessary to carry out the share buyback program.

This authorization shall be valid for a period of 18 months from the date of this Meeting.

6th and 7th resolutions

Compensation Policy for the Managers and the Supervisory Board members

Since 2014, the compensation awarded to the Managers and the Chair of the Supervisory Board has been submitted to the shareholders at the Annual Meeting and, since 2020, according to 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 Annual Shareholders Meeting of May 12, 2023 to approve the 2023 Compensation Policy applicable to (i) the Managers and (ii) the Supervisory Board.

The 2023 Compensation Policy is described in the Corporate Governance Report presented in section 3.3 of the 2022 Universal Registration Document.

The Compensation Policy applicable to the Managers and the Supervisory Board is determined and revised in accordance with the relevant laws and regulations.

Sixth 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, as presented in the Corporate Governance Report set out in sections 3.3.1 and 3.3.2 of the Company's 2022 Universal Registration Document.

Seventh 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 2022 Universal Registration Document.

8th to 11th resolutions

Information about the compensation packages of the corporate officers and about the individual compensation paid or awarded to the Managers, the Chairman and the Chair of the Supervisory Board in 2022

In accordance with the applicable laws and regulations, at the Annual Shareholders Meeting, the General Partners and the Supervisory Board are submitting to the Ordinary Shareholders Meeting the required disclosures concerning the compensation paid or awarded in 2022 to the Managers and the Supervisory Board.

In 2023, the General Partners and the Supervisory Board are submitting to the Annual Shareholders Meeting for approval:

- information about the components of the compensation paid or awarded to the corporate officers for 2022 (8th resolution);
- components of the individual compensation paid or awarded to the Managers and the Chairman of the Supervisory Board in 2022, in respect of their service during the year, i.e., to:
  - Florent Menegaux, General Partner and Managing Chairman (9th resolution),
  - Yves Chapot, General Manager (10th resolution),
  - Barbara Dalibard, Chair of the Supervisory Board (11th resolution).

These compensation components have been determined in accordance with the principles described in the Compensation Policy presented in 2022 for that year in the Corporate Governance Report set out in section 3.3 of the 2021 Universal Registration Document.

Eighth resolution

(Approval of the disclosures concerning the compensation packages of the corporate officers)

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. 22-10-77 I of the French Commercial Code, approves the disclosures mentioned in Article L. 22-10-9 I of the Code, as presented in the Corporate Governance Report set out in sections 3.4.1 to 3.4.5 of the Company's 2022 Universal Registration Document.

Ninth resolution

(Approval of the components of the compensation paid or awarded to Florent Menegaux for the year ended December 31, 2022)

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. 22-10-77 II of the French Commercial Code, approves the fixed, variable and exceptional compensation making up the total compensation and fringe benefits paid during the year ended December 31, 2022 or awarded in respect of that year to Florent Menegaux, Managing General Partner and Managing Chairman, as presented in the Corporate Governance Report set out in section 3.5.2 of the Company's 2022 Universal Registration Document.

Tenth resolution

(Approval of the components of the compensation paid or awarded to Yves Chapot for the year ended December 31, 2022)

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. 22-10-77 II of the French Commercial Code, approves the fixed, variable and exceptional compensation making up the total compensation and fringe benefits paid during the year ended December 31, 2022 or awarded in respect of that year to Yves Chapot, General Manager, as set out in section 3.5.3 of the Company's 2022 Universal Registration Document.

Eleventh resolution

(Approval of the components of the compensation paid or awarded to Barbara Dalibard for the year ended December 31, 2022)

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. 22-10-77 II of the French Commercial Code, approves the fixed, variable and exceptional compensation making up the total compensation and fringe benefits paid during the year ended December 31, 2022 or awarded in respect of that year to Barbara Dalibard, Chair of the Supervisory Board, as set out in section 3.5.1 of the Company's 2022 Universal Registration Document.

12th and 13th resolutions

Terms of office of Supervisory Board members

The 12th and 13th resolutions concern the re-election of Supervisory Board members.

Michelin's Supervisory Board plays a vital role for the Group

The current members of Michelin's Supervisory Board are Barbara Dalibard, Anne-Sophie de La Bigne, Aruna Jayanthi, Monique Leroux, Delphine Roussy, Jean-Pierre Duprieu, Patrick de La Chevardière, Jean-Christophe Laourde, Thierry Le Hénaff, Wolf-Henning Scheider and Jean-Michel Severino.

The members elected by the Annual Shareholders Meeting all have very solid business experience acquired through working with leading corporations, as well as a good knowledge of the Michelin Group.

The members of the Supervisory Board actively participate in and contribute to the work of both the Board and its Committees, as illustrated by the 98% overall attendance rate for meetings held in 2022.

The Supervisory Board members perform their duties with total freedom of judgment.

A summary of the work carried out by the Supervisory Board in 2022 is included in section 3.2 of the Corporate Governance Report presented in the 2022 Universal Registration Document.

Michelin's General Partners do not take part in the election or re-election of Supervisory Board members

Compagnie Générale des Établissements Michelin is a *société en commandite par actions* (partnership limited by shares) and as such its Supervisory Board is entirely made up of non-executive members (89% of whom are independent) who represent the shareholders.

With a view to clearly separating management and supervisory powers, no General Partner may play a role in the nomination process – neither the Managing General Partner (who serves in an executive capacity), nor the Non-Managing General Partner, SAGES (which is responsible for ensuring the Company's continuity of leadership).

The General Partners may not be involved in decisions to recommend candidates for election to the Supervisory Board at Shareholders Meetings.

Likewise, in accordance with the law and the Company's Bylaws, the General Partners may not take part in any votes cast at Shareholders Meetings concerning the election or re-election of Supervisory Board members and their shares are not included in the quorum for the related resolutions.

The Supervisory Board is recommending that shareholders re-elect two Supervisory Board members

The Supervisory Board unanimously decided (with the interested parties abstaining) to recommend, and to ask the Managing Chairman to propose, to the Shareholders Meeting the re-election of Barbara Dalibard and Aruna Jayanthi (12th and 13th resolutions respectively).

The candidate review and selection process, the criteria applied by the Compensation and Appointments Committee and a presentation of the candidates are set out in the report of the Supervisory Board on the proposed resolutions (see the Notice of Meeting for the May 12, 2023 Annual Shareholders Meeting and section 7.2.1 of the 2022 Universal Registration Document).

Twelfth resolution

(Re-election of Barbara Dalibard as a member of the Supervisory Board)

Having considered the reports of the Managing Chairman and the Supervisory Board, the Ordinary Shareholders Meeting re-elects Barbara Dalibard as a member of the Supervisory Board for a four-year term expiring at the close of the Annual Shareholders Meeting to be called to approve the financial statements for the year ending December 31, 2026.

Thirteenth resolution

(Re-election of Aruna Jayanthi as a member of the Supervisory Board)

Having considered the reports of the Managing Chairman and the Supervisory Board, the Ordinary Shareholders Meeting re-elects Aruna Jayanthi as a member of the Supervisory Board for a four-year term expiring at the close of the Annual Shareholders Meeting to be called to approve the financial statements for the year ending December 31, 2026.

7.1.2 EXTRAORDINARY RESOLUTIONS (14TH TO 16TH RESOLUTIONS)

14th resolution

Authorization to grant new or existing shares without consideration to the employees and Managers of the Company and the employees of Group subsidiaries, without pre-emptive subscription rights for existing shareholders

The 25th resolution presented to the Annual Shareholders Meeting of June 23, 2020, which was adopted by a majority of 97.02% of the votes cast, was used to launch four performance share and/or bonus share plans over the period 2020-2022. For details of the plans' characteristics and their intermediate achievement rates for the performance criteria, see section 6.5.4 of this Universal Registration Document.

Following on from the resolution approved in 2020, the purpose of this year's resolution would be to:

- adjust the performance criteria to take into account the change in Michelin's business and the Michelin in Motion strategy;
- grant up to 250 shares without performance conditions to more of the Group's production operators, technicians and middle managers, subject only to their continued presence within the Group on the vesting date, in order to continue increasing their engagement and give them a stake in the Group's results. For any grant of more than 250 shares, the performance condition would be retained and would apply to all the shares.

This resolution would allow bonus or performance shares (new or existing shares) to be granted to the employees and Managers of the Company and the employees of other French and foreign Group companies.

Concerning bonus or performance share grants to employees, the Managing Chairman would draw up the list of recipients, the number of shares and the grant criteria, based on the favorable opinion of the Supervisory Board on the recommendation of the Compensation and Appointments Committee.

The bonus or performance shares would be subject to a vesting period of four years and, for performance shares, fulfillment of performance objectives measured over three years.

The performance criteria would be structured in a similar manner to those in the 2020 authorization and would be based on three objectives reflecting different aspects of the Group's Michelin in Motion strategy, as follows:

- a financial performance objective: growth in the Michelin share price;
- a corporate social responsibility objective: improvements in the environmental performance of manufacturing operations and employee engagement rates;
- an operating performance objective: growth in revenue from non-tire and distribution activities and total return on capital employed (ROCE).

These criteria are presented in detail below.

The total number of bonus and/or performance shares granted under this authorization would not exceed 1.5% of the Company's capital on the date of the Shareholders Meeting that approved the related resolution (10,711,761 shares based on the capital at December 31, 2022). This increase in the cap on the number of shares that may be granted is being proposed in recognition of the sharp rise in the number of production operators, technicians and middle managers who would be eligible to receive up to 250 shares.

In line with Company practice, any share issues that may be required upon delivery of bonus or performance shares to employees would not have a dilutive impact on the capital because the issues would be offset by the implementation of programs to buy back and subsequently cancel a number of shares at least equal to the number of shares delivered to employees.

As for the previous authorization, this authorization would be given for a period of 38 months.

In application of the 2023 Compensation Policy, performance share awards to the Managers would be subject to the principles described above, as well as the following specific rules:

- the awards are decided annually by the Managing Chairman on the recommendation of the General Partners, after the performance conditions and criteria have been determined by the Supervisory Board;
- the total performance share rights awarded during the period of validity of the above resolution remain capped at 0.1% of the Company's share capital and included in the 1.5% cap referred to above;
- in addition, the value of each annual award would be capped at a percentage of the Manager's annual fixed compensation for the award year, set at 140% for the Managing Chairman and 120% for the General Manager;
- the Managers would be required to hold 40% of the vested shares for as long as they remained in office;
- concerning the Managing Chairman and General Partner:
  - the vested performance shares would be delivered to him only if Profit Shares were distributed in respect of the year preceding the one in which the shares are issued,
  - the consolidated net income used to determine the directors' fees will include, over the vesting period, the accounting expense related to this allocation of AGAs;
- if a Manager ceases to hold this position:
  - following his resignation or removal from office due to mismanagement, all the performance share rights will be forfeited,
  - for any other reason, such as the expiration of his term before the end of the vesting period, he would retain a number of performance share rights initially awarded to him prorated to the time served in office during the vesting period, and the reference three-year period would continue to run, during and beyond the end of his term(1).

(1) In the event of disability or death, the total number of rights would be awarded and the reference period would not apply.

First criterion (financial performance): growth in the Michelin share price

This criterion concerns Michelin's share performance compared with that of the Stoxx Europe 600 index.

It is part of the *Profit* component of the *Michelin in Motion* strategy for ambitious, profitable and sustainable growth, and has a 30% weighting.

The Stoxx Europe 600 is an international index that is more representative of the market performance of manufacturing and service stocks than the CAC 40. It has been chosen due to the breakdown of the Group's operations between various product families (Truck tires, Passenger car and Light truck tires, Specialty businesses, High Technology Materials) and related services. These operations expose the Group to changes in consumer goods markets (around 42% of the Group's business), economic growth rates and industrial markets (around 26%), and raw materials markets (around 22%), versus around 10% for the automotive market.

- If the gain in Michelin's share price was at least 5 points more than the gain in the Stoxx Europe 600, the criterion would be achieved in full and the maximum 30% of the performance share rights would vest.
- If the gain in Michelin's share price was less than 5 points more than the gain in the Stoxx Europe 600, the shares would vest proportionately to the difference between the two gains.
- If the gain in Michelin's share price was less than the gain in the Stoxx Europe 600, the achievement rate would be 0%.

This criterion would be assessed by comparing the annual average share price and index for the year preceding the reference three-year period and the same average for the last year of the three-year period (closing prices quoted on Euronext Paris for Michelin shares and on the Stoxx Europe 600). For example, for a performance share plan launched in 2023 with a three-year vesting period from 2023 to 2025, gains in the Michelin share price and the Stoxx Europe 600 would be calculated by comparing the average prices/indices for 2022 and for 2025.

Second criterion (corporate social responsibility): improvements in the environmental performance of manufacturing operations and employee engagement rates

This criterion is based on two indicators: the environmental footprint of Michelin's manufacturing operations and the level of employee engagement.

As each of these indicators would have a 20% weighting, the criterion's total weighting would be 40%.

The first indicator is part of the *Planet* component of the *Michelin in Motion* strategy, which aims to set the global standard for the environmental footprint of manufacturing facilities.

Since 2005, Michelin has measured and disclosed the key impacts from its manufacturing operations. Since 2021, the i-MEP indicator has been used to manage the environmental impact of the Group's manufacturing operations. It makes these easier to understand by focusing on five priority areas: energy use, CO_2 emissions, organic solvent use, water withdrawals and stress, and waste production. The aim is to reduce the i-MEP by one third by 2030 vs. 2019.

The action taken and gains made are presented in section 4.1.1.4 of the 2022 Universal Registration Document. It stands at 88.8 for the year 2022.

The employee engagement indicator covers the Group's current business scope[1]. It would have a weighting of 20% and would be taken into account as follows:

- if the final i-MEP was less than 80, the criterion would be achieved in full and the maximum 20% of the performance share rights would vest;
- if the final i-MEP was between 86 and 80, the performance share rights for this criterion would vest proportionately to the achievement rate;
- if the final i-MEP was more than 86, the achievement rate would be 0%.

For example, for a free share plan launched in 2023 with a three-year vesting period from 2023 to 2025, the final i-MEP would be the i-MEP for 2025.

The second indicator, employee engagement, remains more than ever an important driver of operational excellence and the achievement of the Company's performance objectives under the *People* component of the *Michelin in Motion* strategy covering the strategy's social and societal dimensions. 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. Since 2013, the annual "Moving Forward Together: Your Voice for Action" survey has measured employees' engagement rate and opinions about their work, including employees of newly acquired companies four years after joining the Group.

The action taken, gains made to date and the detailed employee engagement calculation method are presented in sections 4.1.2.2. a) and 4.1.2.3 e) of the 2022 Universal Registration Document. It stands at 83% for the year 2022.

The environmental performance of the manufacturing indicator covers the Group's current business scope[1]. It has a weighting of 20% and would be taken into account as follows:

- if the final engagement rate was less than 83%, the achievement rate would be 0%;
- if the final engagement rate was greater than 83% and less than 84%, the shares for this criterion would vest proportionately up to 80% of the achievement rate, i.e., an achievement rate of 16%;
- if the final engagement rate was greater than 84% and less than 84.5%, the shares for this criterion would vest proportionately up to 100% of the achievement rate, i.e., an achievement rate of 20%;
- if the final engagement rate exceeded 84.5%, the criterion would be achieved in full and the maximum 20% of the potential performance shares would vest.

For example, for a performance share plan launched in 2023 with a three-year vesting period from 2023 to 2025, the final engagement rate would be that for 2025.

Third criterion (operating performance): growth in revenue from non-tire and distribution activities and total return on capital employed (ROCE)

This criterion is based on two indicators: growth in revenue from non-tire and distribution activities and total consolidated ROCE.

As each of these indicators would have a 15% weighting, the criterion's total weighting would be 30%. The two indicators are part of the *Profit* component of the *Michelin in Motion* strategy for ambitious, profitable and sustainable growth.

(1) The companies acquired by Michelin would be taken into account in the indicators' rate of progression as from the fourth year in which they are included in the consolidated financial statements.

The non-tire and distribution activities indicator measures the Group's ability to grow its new businesses (as opposed to its historical core business). This indicator has a weighting of 15% and would be taken into account as follows:

- if average annual new business revenue growth exceeded 12%, the criterion would be achieved in full and the maximum 15% of the maximum potential performance shares would vest;
- if average annual new business revenue growth was between 7% and 12%, the performance shares for this criterion would vest proportionately to the achievement rate;
- if average annual new business revenue growth was less than 7%, the achievement rate would be 0% and none of the related performance shares would vest.

This criterion would be assessed as the average for a rolling three-year period starting from the year in which the plan was launched. For example, for a performance share plan launched in 2023 with a three-year vesting period from 2023 to 2025, the average would be calculated based on the annual growth rate between the years 2022/2023, 2023/2024 and 2024/2025.

The second indicator concerns total consolidated **ROCE** (including acquisitions, related goodwill, and companies accounted for by the equity method) for the last year of the three-year period ("final ROCE"). This indicator measures the robustness of the Group's performance. It stands at 10.8% for the year 2022. The indicator has a weighting of 15% and would be taken into account as follows:

- if the final ROCE exceeded 12%, the achievement rate would be 100% and the maximum 15% of the potential performance shares would vest;
- if the final ROCE was between 10% and 12%, the performance shares for this criterion would vest proportionately to the achievement rate;
- if the final ROCE was less than 10%, the achievement rate would be 0% and none of the related performance shares would vest.

For example, for a free share plan launched in 2023 with a three-year vesting period from 2023 to 2025, the final ROCE would be the ROCE for 2025.

Fourteenth resolution

(Authorization to grant new or existing shares without consideration to the employees and Managers of the Company and the employees of Group subsidiaries, without pre-emptive subscription rights for existing shareholders)

Having considered the report of the Managing Chairman, the Statutory Auditors' special report and the report of the Supervisory Board, and having noted the approval of the General Partners, the Extraordinary Shareholders Meeting resolves:

- to authorize the Managers or either of them, in accordance with Articles L. 225-197-1 *et seq.* of the French Commercial Code, to grant new or existing shares without consideration to the Managers and selected employees of the Company and selected employees of related entities within the meaning of Article L. 225-197-2 of said Code, on the basis defined below;
- that any share grants to the Managers must be authorized by the Supervisory Board;
- that for share grants to employees, the Managers, or either of them, shall draw up the list of grantees and determine the number of shares to be granted and the grant conditions and criteria provided that (i) annual grants of more than two hundred and fifty (250) shares to any single grantee shall be subject in their entirety to performance conditions determined with the favorable opinion of the Company's Supervisory Board and (ii) annual grants of up to two hundred and fifty (250) shares to any single grantee shall not be subject to performance conditions;
- that the shares shall be subject to a vesting period set by the Managers, or either of them, which shall be at least three years and may be followed by a lock-up period set by the Managers, or either of them, for certain grantees;
- that the shares shall vest before the end of the above vesting period and that all restrictions on their sale shall be lifted in the event of the grantee's death or if the grantee is affected by a category 2 or 3 disability as defined in Article L. 341-4 of the French Social Security Code (*Code de la sécurité sociale*);
- that, if the decision is made to deliver new shares to grantees, the successive share issues carried out when the shares vest shall be paid up by capitalizing reserves, income or additional paid-in capital, and that existing shareholders shall waive their pre-emptive right to subscribe for said new shares;
- that:
  - the shares granted pursuant to this authorization shall not represent more than 1.5% (one point five percent) of the Company's capital at December 31, 2022,
  - the shares granted to the Managers pursuant to this authorization shall not represent more than 0.1% (zero point one percent) of said capital and shall be included in the 1.5% ceiling referred to above;
- that the Managers, or either of them, shall have the broadest powers, within the above-defined limits and the limits resulting from the law, to:
  - provide for the possibility of temporarily suspending the bonus and/or performance share rights on the basis prescribed by the applicable laws and regulations,
  - place on record the dates on which the shares vest and the dates on which the restrictions on their sale are lifted, in accordance with this resolution and taking into account the legal restrictions,
  - record the shares in a registered share account in the grantee's name,
  - provide for the possibility of adjusting the number of bonus and/or performance shares during the vesting period in order to protect the rights of grantees following any corporate actions carried out by the Company,
  - generally, do everything useful or necessary to implement this authorization, carry out any and all filing and other formalities, place on record the resulting capital increases and amend the Bylaws to reflect the new capital.

This authorization is granted to Managers for a period of 38 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

15th resolution

Authorization for the Managers to reduce the Company's capital by canceling shares

In the 15th resolution, shareholders are invited to authorize the Managers, or either of them, for a period of 24 months, to reduce the Company's capital by canceling shares purchased under shareholder-approved buyback programs.

This authorization would replace the authorization granted for the same purpose at the Annual Shareholders Meeting of May 13, 2022 (28th resolution). During 2022, the Company used the previous authorization to buy back and cancel 4,326,536 shares, resulting in a corresponding capital reduction. For details of the buybacks, see section 6.5.6 b) of the 2022 Universal Registration Document.

Fifteenth resolution

(Authorization for the Managers or either of them to reduce the Company's capital by canceling shares)

Having considered the report of the Managing Chairman, the Statutory Auditors' special report and the report of the Supervisory Board, and having noted the approval of the General Partners, the Extraordinary Shareholders Meeting resolves:

- to authorize the Managers or any one of them to:
  - cancel, at their sole discretion, on one or more occasions, all or some of the shares purchased under shareholder-approved buyback programs, provided that the number of shares canceled does not exceed 10% (ten percent) of the Company's capital,
  - charge the difference between the cost of the canceled shares and their par value against any available premium or reserve account;
- to grant the Managers, or any one of them, full powers – which may be delegated in accordance with the law – to (i) carry out the capital reduction(s) following the cancellation(s) of shares authorized under this resolution, (ii) make the corresponding accounting entries, (iii) amend the Bylaws to reflect the new capital and (iv) generally, carry out all necessary formalities.

This authorization shall be valid for a period of 24 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

16th resolution

Powers

The purpose of the 16th resolution is to give powers to carry out the formalities related to the Annual Shareholders Meeting.

Sixteenth resolution

(Powers to carry out formalities)

The shareholders give full powers to the bearer of an original, copy or extract of the minutes of this Ordinary and Extraordinary Shareholders Meeting to carry out all legal and administrative formalities and to make all filings and publish all notices required by the applicable laws.

SUMMARY OF FINANCIAL AUTHORIZATIONS SUBMITTED FOR SHAREHOLDER APPROVAL

Corporate action	Applicable ceilings *(nominal amount)*	Duration *(expiration date)*
Capital reduction by canceling shares (15th resolution)	10% of the issued capital	24 months *(May 2025)*
Share buyback program (5th resolution)	71.4 million shares at a maximum price of €55 per share	18 months *(November 2024)*

7.2 REPORT OF THE SUPERVISORY BOARD: RECOMMENDATIONS CONCERNING THE VOTES ON THE PROPOSED RESOLUTIONS

7.2.1 RE-ELECTION OF SUPERVISORY BOARD MEMBERS (12TH AND 13TH RESOLUTIONS)

Compagnie Générale des Établissements Michelin is a *société en commandite par actions* (partnership limited by shares) and as such its Supervisory Board is entirely made up of non-executive members (89% of whom are independent) who represent the shareholders.

With a view to clearly separating management and supervisory powers, no General Partner may play a role in the nomination process – neither Florent Menegaux, Managing Chairman, nor SAGES, the Non-Managing General Partner, which is responsible for ensuring the Company's continuity of leadership.

The General Partners may not be involved in decisions to recommend candidates for election to the Supervisory Board at Shareholders Meetings.

In addition, French law and the Company's Bylaws prohibit the General Partners from taking part in the vote at Shareholders Meetings to elect members of the Supervisory Board and their shares are not included in the quorum for the related resolutions.

Barbara Dalibard and Aruna Jayanthi have informed the other Supervisory Board members that they wish to stand for re-election, which is the purpose of the 12th and 13th resolutions.

Barbara Dalibard

Michelin

112, avenue Kléber, 75016 Paris

A French national born in 1958, Barbara Dalibard was Chief Executive Officer of SITA, the world's leading specialist in air transport communications and information technology, from 2016 to 2021.

She is a graduate of École Normale Supérieure, where she qualified to lecture in mathematics, a graduate of École Nationale Supérieure des Télécommunications (ENST) and an honorary Corps des Mines engineer.

She has held varying roles in numerous companies in the field of new technologies. After beginning her career at France Télécom group, Ms. Dalibard became the chair of Alcanet International, a subsidiary of the Alcatel group, in 1998. She was then responsible for the France division of the Alcatel CIT group, where she contributed to the development of ADSL and 3G. At Orange, she played a key role in implementing RENATER, the first network based on Internet technology. In 2003, she joined the group's Executive Committee and was the Chief Executive Officer of Orange Business Services, a subsidiary located in 220 countries and regions. Ms. Dalibard joined SNCF in 2010 and was appointed Chief Executive Officer of SNCF Voyageurs (the TGV, Eurostar, Thalys businesses, etc.), then SNCF Voyageurs, which includes all of the group's passenger activities, long-distance travel, TER, Transilien and train stations. She contributed to the development of electronic ticketing, new passenger information applications and the "door-to-door" business. She launched OUIGO, the first low-cost TGV, and the Ouibus long-distance coach subsidiary. She also served as a member of the Board of Directors of Société Générale and as a member of the Supervisory Board of Wolters Kluwer.

She recently became a member of the Board of Directors of Rexel. Ms. Dalibard is an Officer of the Légion d'honneur, Officer of the Ordre du mérite, member of the Académie des Technologies and Doctor Honoris Causa of École Polytechnique de Montreal.

Barbara Dalibard owned 2,740 Michelin shares as of December 31, 2022.

Ms. Dalibard has been a member of Michelin's Supervisory Board since 2008 and Chair of the Board since May 2021. She was most recently re-elected at the Annual Shareholders Meeting of May 17, 2019 by a majority of 94.32% of the votes cast. She was Chair of the Compensation and Appointments Committee between 2015 and 2020, Senior Independent Member between 2017 and 2020, and member of the Audit Committee between 2020 and 2021.

Ms. Dalibard:

- does not have any family ties with either the Managers or any other member of the Supervisory Board;
- is not currently and never has been an employee of Michelin or any of its subsidiaries;
- is not an executive officer of a company in which Michelin, directly or indirectly, has a seat on the Board, or in which an executive officer of Michelin has a seat on the Board;
- has not been an auditor of Michelin in any of the past five years;
- is not a shareholder or an executive officer of SAGES, one of Michelin's General Partners;
- is not a customer, supplier or banker that is material for Michelin or that derives a significant portion of its business from Michelin.

As stated following the last annual review of Board members' independence[1], the Compensation and Appointments Committee noted Barbara Dalibard's independent mindset, skills and conspicuous participation in the work of the Board and the Committees of which she is a member, all of which were decisive factors in the members' unanimous decision to appoint her to chair the Board in May 2021. The Committee confirmed its previous analysis, but expressed the opinion that since Barbara Dalibard had served on the Board for an uninterrupted period of 12 years as of end-May 2020, she could no longer be considered as independent for this reason alone.

(1) See section 3.2.6 of the 2022 Universal Registration Document.

The Compensation and Appointments Committee, which does not include Ms. Dalibard among its members, examined her proposed re-election for a new four-year term, considering:

- her excellent understanding of the challenges facing the Group;
- the skills and experience she brings to the Board; in particular, the Committee considered that Ms. Dalibard will continue to provide the Group with the following expertise, presented according to the classification established by the Supervisory Board in its detailed expertise matrix[1]:
  - International management: former CEO of Orange Business Services and SITA, companies present in 170 countries,
  - Automotive and Mobility sector: wide-ranging experience in people mobility (train, bus, car/carpooling and aviation), including environmental issues,
  - IT, Digital and Cyber Security: 35 years' experience in new technologies: networks, IT services, software production, digital consumer software delivery. Member of the Académie des Technologies;
- her grasp of the Group's specific governance structure and its expectations in terms of governance and management performance;
- her commitment to coordinating and leading the work of the Board, especially in light of the Board's wide-ranging responsibilities under the Company's Bylaws;
- her excellent understanding of the challenges facing the Group;
- her regular attendance and availability at Board and Committee meetings: Barbara Dalibard's attendance rate at meetings of the Supervisory Board and the Committees of which she was a member during the last three years (the period used by the Board to assess the attendance rate of incumbent Board members) was 100%;
- the appropriateness of her re-election, considering:
  - her short period of service as Chair of the Supervisory Board (2 years),
  - the need for stable leadership of the governance body representing the shareholders;
- the absence of any conflicts of interest with the Company and members of management: her qualification as a non-independent member results solely from the fact that she has served on the Board for more than 12 years, but:
  - during only a limited period alongside the current Managers (4 years), and
  - during only a very limited period as Chair of the Board alongside the current Managers (2 years).

In addition, all the other members of the Supervisory Board consider that she has made a critical contribution as Chair of the Supervisory Board, devoting most of her time to actively participating in the Group's governance, in particular:

- through continuous contact and regular meetings with the Managers, as well as with the Non-Managing General Partner (SAGES) and its representatives, to ensure seamless governance and to contribute *inter alia* to the smooth implementation of the Managers' succession plan;
- by regularly proposing and implementing better interactions, drawing on her experience and the proposals resulting from periodic assessments of Supervisory Board practices;
- by talking directly to investors about the characteristics of Michelin's governance during governance roadshows.

In conclusion, on the recommendation of the Compensation and Appointments Committee, the Supervisory Board decided to recommend that Barbara Dalibard be re-elected for a further four-year term. Barbara Dalibard did not take part in the Board's discussion or vote.

Aruna Jayanthi

Michelin

112, avenue Kléber, 75016 Paris

Aruna Jayanthi was born in 1962 in Visakhapatnam (India) and is an Indian national. She speaks French fluently.

Since 2022, she has served as Head of Capgemini Latin America and Canada as well as Sales Director for the entire Americas region. She is a member of the Group Executive Committee. Previously, she was Managing Director of Capgemini's Asia Pacific and Latin America operations from 2018, leading a Business Services Unit (including ITOPS and BPO - Capgemini & IGATE). From 2011 until the end of 2015, Aruna Jayanthi was Chief Executive Officer of Capgemini India, responsible for overseeing all of the Capgemini group's operations in India, covering Consulting, Technology and Outsourcing Services provided by some 50,000 employees. In 2016, she was appointed to lead a new Business Services Unit. In 2018, she was appointed to lead the Group's operations in the Asia-Pacific and Latin America regions, before becoming Managing Director of these Business Units. After obtaining a Master's degree in finance management from the Narsee Monjee Institute of Management Studies in Mumbai, and before joining Capgemini in 2000, Aruna Jayanthi held several IT services positions between 1984 and 2000 (including at clients' offices in Europe and the United States), with Tata Consulting Services, Aptech and other companies.

Aruna Jayanthi owned 1,600 Michelin shares as of December 31, 2022.

She was originally appointed to Michelin's Supervisory Board in 2015 and was most recently re-elected at the Annual Shareholders Meeting of May 17, 2019 by a majority of 97.66% of the votes cast. She was a member of Michelin's Compensation and Appointments Committee from 2015 to 2021, and has been a member of the Audit Committee since 2021.

Ms. Jayanthi:

- does not have any family ties with either the Managers or any other member of the Supervisory Board;
- is not currently and never has been an employee of Michelin or any of its subsidiaries;
- is not an executive officer of a company in which Michelin, directly or indirectly, has a seat on the Board, or in which an executive officer of Michelin has a seat on the Board;
- has not been an auditor of Michelin in any of the past five years;
- is not a shareholder or an executive officer of SAGES, one of Michelin's General Partners;
- is not a customer, supplier or banker that is material for Michelin or that derives a significant portion of its business from Michelin.

(1) *See section 3.1.3.3 of the Supervisory Board's Corporate Governance Report, presented in chapter 3 of the 2022 Universal Registration Document.*

In its most recent review, carried out in 2022, the Supervisory Board considered that Ms. Jayanthi was an independent member[(1)], the Compensation and Appointments Committee having noted that transactions between the Capgemini group and Michelin for IT consulting services represent only a very small proportion of Michelin's purchases[(2)], and their contribution to the Capgemini group's revenue is not material.

The Board examined Aruna Jayanthi's candidature for re-election for a four-year term, taking into account:

- the appropriateness of her re-election;
- her broad international experience and exposure to global cultures;
- her excellent understanding of the challenges facing the Group;
- the skills and experience she brings to the Board; in particular, the Committee considered that Ms. Jayanthi will continue to provide the Group with the following expertise, presented according to the classification established by the Supervisory Board in its detailed expertise matrix[(3)]:
  - International Management: numerous international business management positions in the Capgemini group, in India, the Asia-Pacific region, Latin America and Canada,
  - Social Environment, Human Resources and Governance: Member of the CSR committee of Capgemini India (involved in various social projects in India), former Chair of the Board of Directors of a national engineering college in India (NIT Calicut) and former member of the Executive Board of NASSCOM, the national association of software vendors in India,
  - IT, Digital and Cyber Security: 38 years' experience in IT services companies including Tata Consulting and APtech, management of the Capgemini software factory in India (50,000 employees);
- her attendance, availability and involvement in Board and Committee meetings; Aruna Jayanthi's attendance rate at meetings of the Supervisory Board and the Committees of which she was a member during the last three years (the period used by the Board to assess the attendance rate of incumbent Board members) was 96.67%;
- the fact that she is an independent member of the Board and has no conflicts of interest.

In conclusion, on the recommendation of the Compensation and Appointments Committee, the Supervisory Board decided to recommend that Aruna Jayanthi be re-elected for a further four-year term. Aruna Jayanthi did not take part in the Board's discussion or vote.

Expiration Dates of Supervisory Board members' terms of office

After the Annual Shareholders Meeting, assuming the shareholders elect the members standing for election and re-election, the expiration dates of the Supervisory Board members' terms of office will be effectively staggered, as follows:

	2023 AGM	2024 AGM	2025 AGM	2026 AGM
Barbara Dalibard	•			
Jean-Pierre Duprieu		•		
Aruna Jayanthi	•			
Patrick de La Chevardière		•		
Anne-Sophie de La Bigne		•		
Jean-Christophe Laourde		• (1)		
Thierry Le Hénaff				•
Monique Leroux				•
Delphine Roussy		• (1)		
Wolf-Henning Scheider			•	
Jean-Michel Severino				•
NUMBER OF RE-ELECTIONS PER AGM	**2**	**5**	**1**	**3**

(1) Appointed pursuant to the Bylaws and not elected by the shareholders.

(1) See section 3.2.6 of the 2022 Universal Registration Document.

(2) The choice of IT consultants is systematically based on a competitive bidding process, organized at regular intervals and managed collegially by several Michelin entities.

(3) See section 3.1.3.3 of the Supervisory Board's Corporate Governance Report, presented in chapter 3 of the 2022 Universal Registration Document.

7.2.2 APPROVAL OF THE COMPENSATION OF THE CORPORATE OFFICERS (6TH TO 11TH RESOLUTIONS)

The policy and the components of the corporate officer compensation packages were presented to the corresponding Annual Shareholders Meetings by the Chair of the Compensation and Appointments Committee.

In 2023, the General Partners and the Supervisory Board are submitting to the Ordinary Shareholders Meeting for approval:

- the 2023 Compensation Policy applicable to (i) the Managers (6th resolution) and (ii) the Supervisory Board (7th resolution)[1];
- the information about the compensation of the Managers and the Chair(man) of the Supervisory Board (8th resolution) and the individual compensation paid or awarded to them (9th to 11th resolutions) for 2022[2].

7.2.3 APPROVAL OF THE FINANCIAL STATEMENTS, RELATED-PARTY AGREEMENTS AND FINANCIAL AUTHORIZATIONS (1ST TO 5TH AND 14TH TO 15TH RESOLUTIONS)

Concerning the other ordinary resolutions, the accounting and financial information communicated to shareholders and the Managing Chairman's report present the Group's operations and results for 2022 (for the purposes of the 1st, 2nd and 3rd ordinary resolutions).

We have no comments on the Statutory Auditors' reports on the financial statements.

As no new related-party agreements requiring shareholder approval were entered into in 2022, you are asked to place on record that there are no such agreements to approve (4th resolution).

Before asking shareholders to approve the financial statements of the Company, the consolidated financial statements and the proposed appropriation of net income, we would like to highlight the quality of the Group's management which has been maintained in an enduring and extremely turbulent environment.

These good performances lead us to reaffirm our confidence in the Managers.

They also lead us to support the Managing Chairman's recommendation to set the dividend at €1.25 per share (2nd resolution).

The Company wishes to renew its share buyback program on similar terms as for the previous program (5th resolution).

An authorization to cancel shares bought back under the program is also being sought to replace the authorization granted at the 2021 Meeting (15th extraordinary resolution).

A resolution is also being proposed to grant bonus shares or performance shares to employees of Group subsidiaries and to the Company's Managers (14th resolution). These grants would be made:

- to the Managers, on the recommendation of the General Partners, after the performance conditions and criteria have been determined by the Supervisory Board;
- to employees, by decision of one of the Managers, based on the favorable opinion of the Supervisory Board on the recommendation of the Compensation and Appointments Committee.

We recommend that shareholders adopt the proposals submitted by the Managing Chairman for their approval by voting in favor of the corresponding ordinary and extraordinary resolutions.

February 10, 2023

The Supervisory Board

(1) *Detailed policy described in the Supervisory Board's Corporate Governance Report; see section 3.3 of the 2022 Universal Registration Document.*

(2) *Detailed disclosures in the Supervisory Board's Corporate Governance Report; see sections 3.4 and 3.5 of the 2022 Universal Registration Document.*

7.3 STATUTORY AUDITORS' REPORTS

7.3.1 STATUTORY AUDITORS' REPORT ON THE CAPITAL REDUCTION

Combined Shareholders' meeting of May 12th, 2023 - 15th resolution

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Compagnie Générale des Etablissements Michelin

23 place des Carmes-Déchaux

63000 Clermont-Ferrand, France

To the Shareholders' meeting,

In our capacity as Statutory Auditors of your Company and pursuant to Article L. 22-10-62 of the French Commercial Code *(Code de commerce)* concerning capital reductions carried out by canceling bought-back shares, we hereby present our report on our assessment of the reasons for and terms of the proposed capital reduction(s).

Your Managing Chairman has proposed that you delegate to the Managing Partners, or to one of them, for a period of 24 months from the date of this meeting, the authority to cancel the bought-back shares of your company up to 10% of the share capital, by period of 24 months, as authorized under the aforementioned article.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*), for this type of engagement. Those procedures consisted of examining the fairness of the reasons for and whether the terms of the proposed capital reduction(s), which do not undermine shareholders' equality, were compliant.

We have nothing to report concerning the reasons for and the terms of the proposed capital reduction(s).

Neuilly-sur-Seine and Paris La Défense, March 8th, 2023

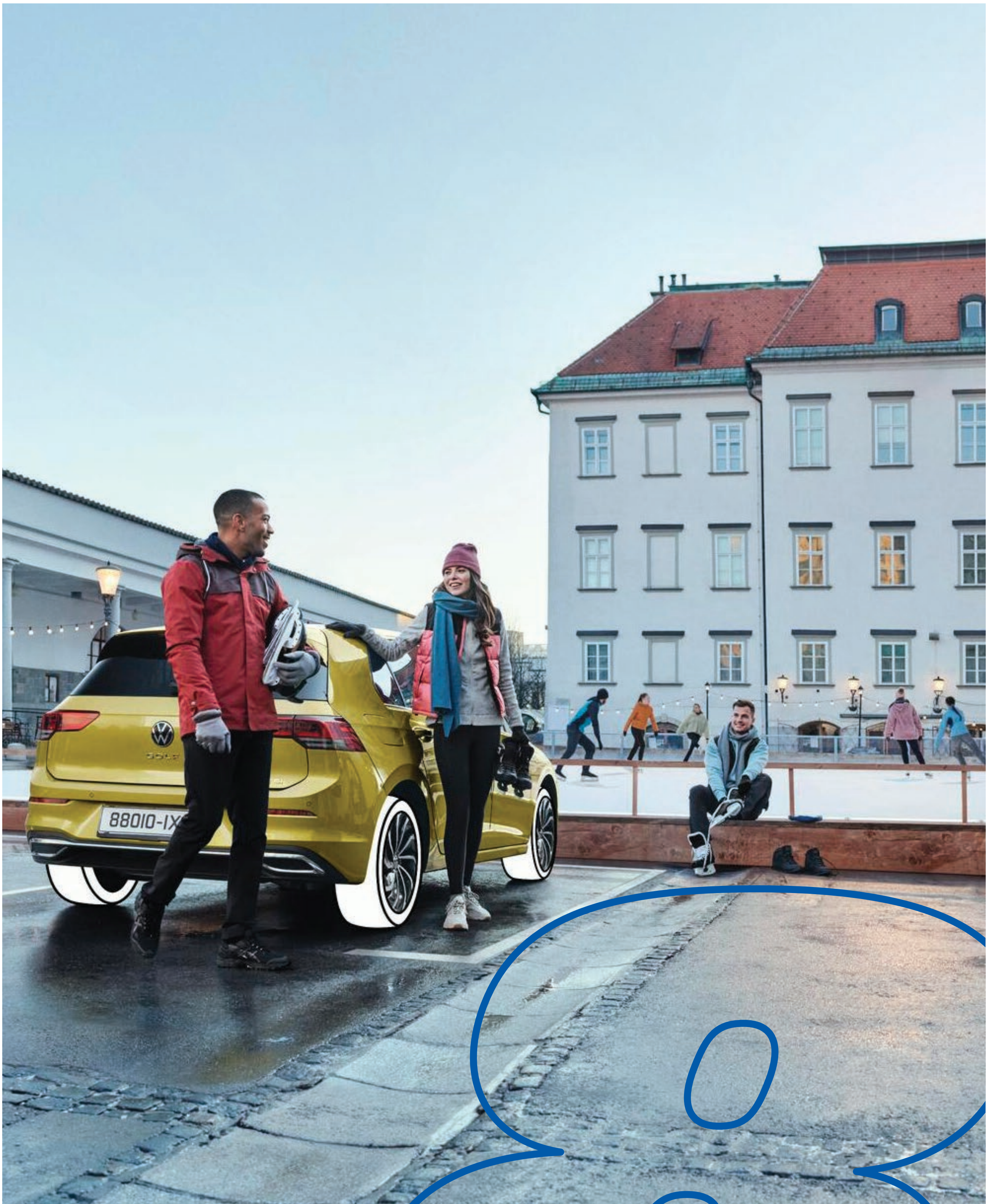
The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Jean-Christophe Georghiou	Frédéric Gourd

7.3.2 OTHER STATUTORY AUDITORS' REPORTS

The Statutory Auditors' reports to the Annual Shareholders Meeting of May 12, 2023 that are not presented below can be found in the following sections of this Universal Registration Document:

- Report on the Company financial statements: in section 5.3.3;
- Special report on related-party agreements and commitments: in section 5.3.4;
- Report on the consolidated financial statements: in section 5.2.1;
- Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated environmental, labor and social information presented in the management report: in section 4.2.4.



TABLES OF CONCORDANCE

8

8. TABLES OF CONCORDANCE

8.1 TABLE OF CONCORDANCE FOR THE UNIVERSAL REGISTRATION DOCUMENT

In order to make the Universal Registration Document easier to navigate, the following table cross-references the key information required under Annex 1 of European Regulation No. 2019/980 supplementing European Regulation No. 2017/1129.

Section headings provided under Annex 1 of Commission Delegated Regulation (EU) No. 2019/980	Pages
17. Related party transactions	5.2 (note 34)
18.1. Historical financial information	5.1.14; 5.2; 5.3
18.2. Interim and other financial information	N/A
18.3. Auditing of historical financial information	5.2.2; 5.3.3
18.4. Pro forma financial information	5.2; 5.3
18.5. Dividend policy	6.2.3
18.6. Legal and arbitration proceedings	5.2 (note 32.2.2)
18.7. Significant change in the issuer's financial position	5.1.11
19.1. Share capital	6.5
19.1.1. Issued capital and authorized capital	6.5
19.1.2. Shares not representing capital	N/A
19.1.3. Shares held by the issuer or its subsidiaries	6.5.6; 6.5.7
19.1.4. Convertible securities, exchangeable securities or securities with warrants	6.5.3
19.1.5. Acquisition rights and/or obligations attached to authorized but unissued capital, or any undertaking to increase the capital	6.5
19.1.6. Options on the capital relating to members of the Group	6.5.3
19.1.7. A history of share capital	6.5.1
19.2. Articles of incorporation and bylaws	3.10; 6.1
19.2.1. Register and corporate purpose	3.10
19.2.2. Rights, preferences and restrictions attached to shares	3.10
19.2.3. Previsions that could delay, defer or prevent a change in control	N/A
20. Material contracts	5.1.9
21. Documents available	6.4

8.2 Table of concordance for the Annual Financial Report

In order to make the Annual Financial Report easier to navigate, the following table cross-references the key information required by Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and Article 222-3 of the AMF General Regulations.

Section headings provided under Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF General Regulations	Pages
1. 2020 annual financial statements	5.3
2. 2020 consolidated financial statements	5.2
3. 2020 Report of the Managers	8.4
4. Statement by the person responsible for the 2020 Annual Financial Report	5.4.1
5. Statutory Auditors' report on the 2020 Annual Financial Statements	5.3.3
6. Statutory Auditors' Report on the 2020 consolidated financial statements	5.2.2
7. Fees paid to the Statutory Auditors	5.2 (note 37)

8.3 Table of concordance with the AMF tables on corporate officer compensation

The following cross-reference table has been drawn up in order to put information on compensation into perspective with regard to the breakdown of such information in the 11 tables recommended by the AMF in its guide for the preparation of Universal Registration Documents (see also the AFEP-MEDEF Code).

Remuneration tables in the AMF recommendations	3.6.1
Table 1 Summary of compensation, options and shares granted to each executive officer	3.6.1.1
Table 2 Summary of compensation paid to each executive officer	3.6.1.2; 3
Table 3 Directors' fees and other compensation received by the non-executive officers	3.6.1.4
Table 4 Stock options granted during the year to executive officers by the issuer and any other Group company	3.6.1.5
Table 5 Stock options exercised during the year by the executive officers	3.6.1.6
Table 6 Performance shares granted to the executive officers	3.6.1.7
Table 7 Performance shares that became available to each corporate officer	3.6.1.8
Table 8 History of stock option grants	3.6.1.9; 6.5.3 a)
Table 9 Stock options granted to and exercised by the ten employees other than executive officers who received the greatest number of options	3.6.1.10; 6.5.4 a)
Table 10 Past awards of free shares	3.6.1.11; 3.6.2
Table 11 Commitments related to the termination of the duties of an executive officer	3.6.1.12

8.4 Table of concordance for the Management Report

To make the Management Report easier to navigate, the following table cross-references the key information required by Articles L. 225-100 *et seq.*, L. 22-10-35 and L. 22-10-36, L. 232-1 and R. 225-102 *et seq.* of the French Commercial Code, as well as the specific section of the Management Report dedicated to corporate governance, pursuant to sub-paragraph 6 of Article L. 225-37 *et seq.* and Article L. 22-10-8 *et seq.* of the French Commercial Code.

Section headings of the 2022 Management Report	Reference text	Section/Page(s)
Position and activity of the Group in 2022		
Position of the Company over the year and objective and comprehensive analysis of the changes in business, results and financial position of the Company and the Group, in particular its debt situation, in relation to the volume and complexity of its business	L. 225-100-1, I-1°, L. 232-1, II, L. 233-6 and L. 233-26 of the French Commercial Code	5.1
Key financial performance indicators	L. 225-100-1, I-2 of the French Commercial Code	1; 5.1
Key non-financial performance indicators relating to the Company's and the Group's specific operations	L. 225-100-1, I-2 of the French Commercial Code	1; 5.1.12
Material events arising since the beginning of the business period 2021	L. 232-1, II and L. 233-26 of the French Commercial Code	5.1.7
Foreseeable change in the situation of the Company and the Group and future prospects	L. 232-1, II and L. 233-26 of the French Commercial Code	5.1.7
Names of the major shareholders and holders of voting rights at Shareholders Meetings, and changes during the year	L. 233-13 of the French Commercial Code	3.11; 6.2.4; 6.5
Existing branches	L. 232-1, II of the French Commercial Code	5.2 (note 36); 6.1
Significant shareholdings in companies with their registered office in France	Article L. 233-6 paragraph 1 of the French Commercial Code	5.2 (note 36)
Disposals of cross-shareholdings	Articles L. 233-29, L. 233-30 and R. 233-19 of the French Commercial Code	N/A
Research and development activity	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	5.1.3 c)
Table of the Company's financial results over each of the last five years	Article R. 225-102 of the French Commercial Code	5.1.14
Information on payment deadlines for suppliers and clients	Article D. 441-4 of the French Commercial Code	5.1.10
Amount of inter-company loans granted and the Statutory Auditor's statement	Articles L. 511-6 and R. 511-2-1-3 of the French Monetary and Financial Code (*Code monétaire et financier*)	N/A
Internal control and risk management		
Description of the main risks and contingencies to which the Company is exposed	L. 225-100-1, I-3 and 4 of the French Commercial Code	2.1
Information on financial risks linked to climate change and measures taken to reduce them by implementing a low-carbon strategy throughout all components of the business	L. 22-10-35, 1 of the French Commercial Code	2.1 (Risk 1); 5.2 (note 2.6)
Main internal control and risk management procedures put in place by the Company and by the Group, in particular those relating to the preparation and processing of accounting and financial information	L. 22-10-35, 2 of the French Commercial Code	2.3
Information on the objectives and policy regarding the hedging of each major category of transactions and the exposure to price, credit, liquidity and cash risks, including the use of financial instruments	Article L. 225-100-1., 4 of the French Commercial Code	5.2 (notes 3.5, 16, 20, 23, 33)
Anti-bribery and corruption system	French Act no. 2016-1691 of 9 December 2016 ("Sapin II")	2.2.3; 4.1.4.1 b)
Duty of care plan and report on its effective implementation	Article L. 225-102-4 of the French Commercial Code	5.1.13

Section headings of the 2022 Management Report	Reference text	Section/Page(s)
Corporate governance		
Information on remuneration		
Remuneration policy for corporate officers	Article L. 22-10-8, I., paragraph 2 of the French Commercial Code	3.3.1
Remuneration and benefits in kind paid during the financial year or granted in respect of the financial year to each corporate officer	Article L. 22-10-9, I., 1 of the French Commercial Code	3.4
Relative proportion of fixed and variable remuneration	Article L. 22-10-9, I., 2 of the French Commercial Code	3.4.3; 3.4.4
Possibility to request repayment of variable remuneration	Article L. 22-10-9, I., 3 of the French Commercial Code	N/A
Commitments of any kind entered into by the Company for the benefit of its corporate officers concerning the remuneration, compensation and benefits that would be due or potentially due at the time of or following their appointment, loss of office or change in position	Article L. 22-10-9, I., 4 of the French Commercial Code	3.6.1.12
Remuneration paid or allocated by a company included in the scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code	Article L. 22-10-9, I., 5 of the French Commercial Code	3.4
Ratios between the level of remuneration of each executive corporate officer and the average and median remuneration of company employees	Article L. 22-10-9, I., 6 of the French Commercial Code	3.4.5
Annual changes in remuneration, Company performance, average remuneration of Company employees and the above ratios over the last five years	Article L. 22-10-9, I., 7 of the French Commercial Code	3.4.5
How total remuneration complies with the adopted remuneration policy, including how it contributes to the long-term performance of the Company and how the performance criteria have been applied	Article L. 22-10-9, I., 8 of the French Commercial Code	3.3.1
Procedure for taking into account the vote of the last ordinary Shareholders Meeting provided for in paragraph I of Article L. 22-10-34 of the French Commercial Code	Article L. 22-10-9, I., 9 of the French Commercial Code	3.3.1
Non-compliance with the procedure for implementing the remuneration policy and any deviation from the procedure	Article L. 22-10-9, I., 10 of the French Commercial Code	N/A
Application of the provisions of paragraph 2 of Article L. 225-45 of the French Commercial Code (suspension of payment of directors' remuneration in the event of lack of gender diversity on the Board)	Article L. 22-10-9, I., 11 of the French Commercial Code	N/A
Stock options granted to and held by corporate officers	Article L. 225-185 of the French Commercial Code	N/A
Free shares granted to and held by executive corporate officers	Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code	3.4.3.3; 3.4.4.3; 6.5.4
Information of governance		
List of positions held and duties performed by each corporate officer in all companies during the reporting period	Article L. 225-37-4, 1 of the French Commercial Code	3.1.2; 3.1.3
Agreements entered into between a corporate officer or a significant shareholder and a subsidiary	Article L. 225-37-4, 2 of the French Commercial Code	N/A
Summary table showing delegations granted by the Shareholders Meeting to increase the share capital currently in force	Article L. 225-37-4, 3 of the French Commercial Code	3.12
General management procedures	Article L. 225-37-4, 4 of the French Commercial Code	3.1
Composition, preparation and organization of the work of the Board	Article L. 22-10-10, 1 of the French Commercial Code	3.2
Description of the diversity policy, objectives and results, including Supervisory Board gender balance	Article L. 22-10-10, 2 of the French Commercial Code	3.1.3.3
Limitations placed by the Board on the powers of the Managing General Partner	Article L. 22-10-10, 3 of the French Commercial Code	3.1.3.2; 3.2.8
Reference to the AFEP/MEDEF Code and application of the "comply or explain" principle	Article L. 22-10-10, 4 of the French Commercial Code	3.2.8
Specific conditions for shareholder participation in the Shareholders Meeting	Article L. 22-10-10, 5 of the French Commercial Code	3.10.6

Section headings of the 2022 Management Report	Reference text	Section/Page(s)
Procedure for evaluating current agreements – Implementation	Article L. 22-10-10, 6 of the French Commercial Code	3.9
Items likely to have an impact in the event of a takeover bid or exchange offer Shareholders' agreements relating to the Company's capital	Article L. 22-10-11 of the French Commercial Code	3.13
Shareholdings and capital		
Structure, changes in the Company's capital and threshold crossings	Article L. 233-13 of the French Commercial Code	3.11; 6.5.1
Purchase and sale of treasury stock	Article L. 225-211 of the French Commercial Code	6.5.6
Employee share ownership at the period end (proportion of share capital represented)	Article L. 225-102, paragraph 1 of the French Commercial Code	6.5.5
Any adjustments made to securities giving rights to share capital in the event of share buybacks or financial transactions	Articles R. 228-90 and R. 228-91 of the French Commercial Code	6.5
Information on transactions by executive corporate officers and related persons in the Company's shares	Article L. 621-18-2 of the French Monetary and Financial Code	3.8; 6.5.4
Dividends paid during the last three financial years	Article 243 *bis* of the French General Tax Code (*Code général des impôts*)	5.1.14; 6.2.3; 7.1.1
Non-financial information statement (NFPS)	See the concordance table for the Non-Financial Statement 4.2.2	
Additional information		
Additional tax information	Articles 223 *quater* and 223 *quinquies* of the French General Tax Code	N/A
Injunctions or penalties for anti-competitive practices	Article L. 464-2 of the French Commercial Code	N/A

Design and production: côtécorp.

Editorial advice and copywriting: Franck Chimot – Sō different.

Photo credits: Annie Armitage;
Colin Anderson/Blend Images LLC; C Berger;
Ludovic Combe; Cyrus Cornut; C. Cosmao; Florent Giffard; Getty images; Iakov Kalinin; Piotr Krzeslak/Shutterstock;
F. Lanoe; Bruno Mazodier; J.Pachy sr.; UNIKYLUCKK/Shutterstock;
epicstockmedia/123RFVanina de Turckheim/StudioRaymondVelin;
Wlad Simitch/REA; Tassigny.

COMPAGNIE GÉNÉRALE
DES ÉTABLISSEMENTS MICHELIN
+33 (0) 4 73 32 20 00
23, Place des Carmes-Déchaux – 63000 Clermont-Ferrand – France
www.michelin.com

INVESTOR RELATIONS
GUILLAUME JULLIENNE
PIERRE HASSAÏRI
FLAVIEN HUET
Business Center Paris Trocadero
112 avenue Kléber – 75116 Paris – France
23, Place des Carmes-Déchaux – 63000 Clermont-Ferrand – France
investor-relations@michelin.com

INDIVIDUAL SHAREHOLDER RELATIONS
GUILLAUME JULLIENNE
CLÉMENCE RODRIGUEZ
MURIEL FLOC'HLAY
+33 (0) 4 73 32 23 05
23, Place des Carmes-Déchaux – 63000 Clermont-Ferrand – France
Toll-free calls in France: 0 800 716 161
actionnaires-individuels@michelin.com

SUSTAINABLE DEVELOPMENT AND MOBILITY
NICOLAS BEAUMONT
+33 (0)4 73 32 20 00
23, Place des Carmes-Déchaux – 63000 Clermont-Ferrand – France

COMMUNICATION AND BRANDS DEPARTMENT
MEDIA RELATIONS: PAUL-ALEXIS BOUQUET
+33 (0) 1 45 66 22 22
Business Center Paris Trocadero – 112, avenue Kléber – 75116 Paris – France