

## Answers to written questions submitted prior to the Annual Shareholders Meeting

Management has received 11 written questions from two shareholders and answers them below.

### Environment

#### Questions submitted by the French Sustainable Investment Forum

- a) In the context of the Paris Agreement, how does each of your initiatives to reduce your direct and indirect GHG emissions contribute to your decarbonization objective across all scopes (e.g., percent emissions reduction attributable to the initiative)? What proportion of your decarbonization targets do you aim to meet through negative emissions?**

**b) Could you give an estimate of the amount you need to invest in each direct or indirect emissions reduction initiative as part of your decarbonization strategy?**

#### Answer:

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.

#### 2022 Inventory of Scope 1, 2 and 3 CO<sub>2</sub> emissions:

- Scope 1: CO<sub>2</sub> emissions from the boiler houses at production and R&D sites represent 1.8 millions of tonnes of CO<sub>2</sub> in 2022,
- Scope 2: CO<sub>2</sub> emissions from generating the electricity and steam used by the production and R&D sites represent 1.13 millions of tonnes of CO<sub>2</sub> in 2022,
- Scope 3 required: CO<sub>2</sub> emissions from the relevant activity categories corresponding to the Group's value chain represent 16 millions of tonnes of CO<sub>2</sub> in 2022,
- Scope 3 Optional : Indirect CO<sub>2</sub> emissions from sold tires in use represent 130 millions of tonnes of CO<sub>2</sub> in 2022.

*Scopes 1 and 2.* In 2022, total CO<sub>2</sub> emissions from the Group's production plants were down 21% compared with 2019 (a nearly 41% reduction since 2010). This improvement was driven by a two-pronged strategy designed to: i) reduce energy use; and ii) 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 year-on-year, led by:

- the more than 5% decline in output;
- a 0.72% improvement in energy efficiency, thanks to the application of best practices in such processes as curing, compounding and air management in buildings;
- 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.

Scope 3. Purchased goods and services account for the majority of Scope 3 emissions, excluding the in-use phase. Raw materials production accounts for the bulk (about 85%) of emissions from purchased goods and services. Michelin has implemented a supplier engagement policy since 2018, targeting raw material suppliers as a priority. Accordingly, Michelin joined the CDP's Supply Chain Program that year, encouraging its leading suppliers to measure and disclose their greenhouse gas emissions and to develop strategies to reduce them.

Of the 103 raw material suppliers asked to submit data in 2022, 85% responded. Together, they represented roughly 70% of greenhouse gas emissions from the Group's purchased goods and services.

At the same time, Michelin is committed to ensuring that its suppliers have science-based targets (SBT) for reducing their emissions. By the end of 2022, 30% of the CO<sub>2</sub> emissions from purchased goods and services (Scope 3, category 1) will correspond to suppliers with SBT objectives.

**c) Which climate scenario(s) is your decarbonization strategy based on? Is it aligned with a 1.5°C scenario?**

Initially, in 2020, Michelin's CO<sub>2</sub> reduction targets for Scopes 1, 2 and 3 were deemed by the SBTi to be aligned with a pathway to 2°C.

Since, the Group reinforced its objective to be "Well Below 2°C": in 2021, the Group committed to the "Business Ambition for 1.5°C – Race to Zero" initiative, which meant:

- first, updating our medium-term SBTi targets for Scopes 1 and 2 to achieve a minimum annual reduction rate of 2.5% per year. ⇨ These targets were submitted and approved by the SBTi on January 13, 2023;
- second, setting a long-term target to achieve net zero emissions for Scopes 1, 2 and 3 by 2050. These targets, already set internally, will be officially set with the SBTi in the coming months.

At the same time, Michelin is exploring every opportunity to make further progress towards alignment with a 1.5°C scenario by 2027 at the latest, in line with the SBTi's recommendation that companies' targets be revised every five years.

**2. a) Have you recently carried out an assessment of the impacts and dependency (both direct and indirect) of your operations on biodiversity?**

Yes, Michelin has tested the first two stages – 1. Assess and 2. Interpret and Prioritize – 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 map them geographically to define appropriate priority actions aligned with local issues. A compilation of feedback, including that of Michelin, was published (in French) by the Natural Capital Lab in 2022 (<https://lab-capital-naturel.fr/media/integrer-l-entreprises-dans-les-limites-planetaires.pdf>)

**b) If not, why not? If yes, has your estimate of the direct and indirect dependency) of your operations on biodiversity (expressed as a percentage of sales) changed compared to last year?**

Based on our assessment, the dependency of the Group's operations on biodiversity has not changed since last year. We estimate that more than 90% of the Group's revenue is dependent on biodiversity, given that renewable raw materials such as natural rubber are essential for the manufacture of its products (tires and conveyor belts). As a leading user of this raw material, the Group is deeply committed to ensuring that rubber tree farming is managed responsibly and sustainably (see the 2022 *Universal Registration Document*, pages 185 and 250); <https://natural-rubber.michelin.com/>)

**c) Based on your assessment, how much do you spend on supporting biodiversity and in what categories (protection, restoration etc.)?**

The Group invests several million euros every year to support biodiversity. This amount covers research and development in materials, products and services, landscape design around manufacturing facilities

to preserve and promote greater biodiversity at the local level, and projects to improve the environmental and social practices of natural rubber supply chains.

The Group is also investing in projects to protect, restore and conserve 3,900 hectares of Atlantic forest in the Michelin Ecological Reserve (REM) in Bahia, Brazil, and approximately 9,000 hectares of forest operated by its RLU subsidiary in Indonesia.

**3. a) At a time of inflation, geopolitical crises, global warming and biodiversity loss, how do you assess the financial and economic impact on your business models of the depletion of – or difficulties in sourcing – your strategic natural resources?**

Answer: The impacts are due to a wide array of factors, in varying degrees. The most strategic natural resource for us is natural rubber. The price of natural rubber fluctuates based on supply and demand primarily. Factors influencing short-term supply are related, for example, to seasonality (wintering of rubber trees) and labor (more limited during religious holidays). Demand is essentially determined by manufacturers' purchases. Financial speculation can have an impact, but there has been no such speculation on the Shanghai stock exchange since 2020. Climate change is not expected to have an impact on natural rubber supply in the short/medium term (5-10 years). However, other factors could financially and economically impact supply and demand, such as European regulations on imported deforestation, leaf disease or labor shortages.

As regards other natural resources (e.g. vegetable oils), our strategy of diversified sourcing and our ambition to strengthen local sourcing enables us to ensure availability.

**b) Have you estimated the increase in costs caused by these difficulties (specify the change in costs in percentage or in value)?**

Answer: Overall, and not just for natural resources, Michelin faced €3.9 billion in cost inflation over 2021 and 2022 due to the many crises occurring during that period. For 2023, the Group is expecting to see additional cost inflation of between €400 million and €900 million.

**c) What measures have you taken to reduce your consumption and circularize your business model (specify the part of the company's activities concerned by these solutions)?**

Answer: 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.

In addition to setting performance objectives for new tires, Michelin is 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 tend 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 significantly reduce raw material consumption.

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 addition, the Group is committed to ensuring that all of the materials used in tires are bio-based or recycled by 2050. Michelin has committed to the circular economy through its "4R" approach: Reduce, Reuse, Recycle and Renew.

Historically, in addition to its product offering, the Group has developed services and solutions for fleets and business customers that leverage Michelin's "All sustainable" approach to tires.

They are provided as part of a product-service system. For example, Michelin offers truck and bus fleets worldwide a comprehensive tire maintenance package that, combined with digital tools, enables customers to optimize the use of their tires throughout the products' life (with mounting and maintenance advice, solutions for optimizing driving practices, retreading, changing tires at just the right time, etc.) and to minimize resource consumption while limiting environmental impacts.

Under such contracts, Michelin also handles end-of-life tire collection and recycling, making life easier for customers and guaranteeing the best possible end-of-life tire recovery conditions.

In this way, safety and sustainability are embedded in the relationship between Michelin and its customers. This type of service offering also exists for all of our customers in the aircraft sector, as well as certain customers in the mining sector, where Michelin manages the tire fleet and invoices the customer on a per-use basis (based on kilometers traveled, landings, tonnes transported, etc.).

There are several concrete examples of Michelin's commitment to building a circular economy. We can cite:

- Investment in the development of innovative technologies through partnerships with startups such as:
  - Enviro: a Swedish company that uses a pyrolysis technology to recycle end-of-life tires;
  - Pyrowave: a Canadian company that recycles plastic waste, notably polystyrene.
- Participation in and coordination of research programs like BlackCycle, which aims to create secondary raw materials from end-of-life tires.
- Joint call to action issued by Michelin and Bridgestone 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.

More recently, in March 2023, Enviro and Infrastructure Partners created a joint venture with Michelin's support. This joint venture will become the world's first large-scale tire recycling group and thus accelerate the tire industry's shift to a circular economy.

## Social

---

**4. a) Could you explain how the environmental and social (E&S) performance criteria included in the short- and long-term variable compensation policies (if applicable) of your executives reflect the most material E&S issues your company is facing?**

Answer: The objective of the Michelin in Motion strategy is based on the 3Ps (People, Planet and Profit):

- Looking at the “People” component, Michelin aims, by 2030, to:
  - o Set the global standard for employee engagement
  - o Set the global standard for workplace safety
  - o Set the standard for employee diversity and inclusion
  - o Lead the industry in creating customer value
  
- For the “Planet” component, Michelin aims to:
  - o Achieve net zero emissions in manufacturing operations and energy use by 2050
  - o Help achieve net zero emissions for products in use
  - o Set the global standard for the environmental footprint of its manufacturing facilities
  - o Achieve full circularity in its products by 2050

To help meet these objectives, key performance indicators have been defined to directly measure the performance impacting the Managers’ short- and long-term compensation.

In 2022, short-term variable compensation for the Managers is subject to qualitative, among other, criteria. These include the Total Case Incident Rate (TCIR), an indicator for measuring and monitoring occupational accidents that accounts for 5% of the target, the percentage of women employees (with a special focus on senior management) for another 5%, and the level of CO2 emissions (Scopes 1, 2 and 3) also for 5%. The weighting of this last criterion will be increased to 10% for the purposes of determining variable compensation for 2023.

The total weighting of the E&S performance criteria in the long-term variable compensation for the Managers (as for all Group employees eligible for long-term variable compensation) represents 40% of the target variable component, based on two priorities of the Michelin in Motion strategy:

- Employee engagement, through the Moving Forward Together survey
- The environmental footprint of our manufacturing facilities, through the industrial-Michelin Environmental Performance (i-MEP) indicator. The i-MEP makes environmental impacts easier to understand by focusing on five priority areas (energy use, CO<sub>2</sub> emissions, organic solvent use, water withdrawals and stress, and waste production).

**b) How does the Board ensure that the E&S objectives are achieved and, in particular, what quantitative criteria are used for that purpose? Are the requirements systematically reassessed when achievement rates are high?**

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

Regarding how we assess achievement of the performance criteria:

- 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.

The E&S objectives are all subject to clear, quantifiable criteria, with achievement evaluated between a trigger point and target. As such, the Total Case Incident Rate (TCIR), CO<sub>2</sub> emissions level and i-MEP are internal indicators that are quantified and continuously monitored. Employee engagement is also measured Group-wide using the annual Moving Forward Together: Your Voice for Action survey. The target of 85% by 2030 is in line with the highest levels of satisfaction observed in the market. This means that achievement of the E&S objectives is based on facts, and serves as a basis for discussion and recommendations that help to define the following year's targets.

All information relating to the compensation of corporate officers is provided in Michelin's 2022 Universal Registration Document available at [www.michelin.com](http://www.michelin.com)

**c) Can you describe how the environmental and social (E&S) performance criteria are included in the compensation (bonuses, long-term compensation, profit-sharing, other) of your employees (excluding executives)? Please specify the number of employees concerned and describe in as much detail as possible the E&S performance criteria and their weighting in employees' compensation**

The Michelin Group has introduced a "Group Bonus" for all employees, regardless of their role, country, status, etc. The Bonus is already available<sup>1</sup> Group-wide and is currently being rolled out to newly acquired companies. The program is a novelty compared to traditional market practices, especially for production operators, and demonstrates Michelin's deep commitment to sharing value among all of its employees and involving them in its 3P (People, Profit, Planet) strategy. The Group Bonus is in addition to the individual performance bonuses and profit-sharing mechanisms in place in the various countries.

The performance criteria for the Group Bonus are based on the same qualitative indicators as the Managers' short-term variable compensation, namely the Total Case Incident Rate (TCIR), an indicator for measuring and monitoring work-related accidents), and the level of CO<sub>2</sub> emissions (Scopes 1 and 2).

In addition, the performance criteria under the long-term variable compensation plans for the Managers and other Group employees are also aligned, with the total weighting of E&S performance criteria representing 40% of the target variable component.

Several of the Group employee compensation plans (excluding executives) include E&S performance criteria:

- A Bonus is defined at Group level, for which two in four objectives are related to E&S performance criteria:
  - an "employee" criterion on the safety of people: the Total Case Incident Rate,
  - an "environmental" criterion measuring the Group's progress on CO<sub>2</sub> emissions.

At least 80% of employees received a Group Bonus in April 2023 in respect of 2022 results.

- Free share plans are also based on two environmental and social performance criteria (out of five objectives):
  - a criterion relating to progress on the Group's environmental footprint (i-MEP),
  - an employee engagement rate criterion based on the annual Moving Forward Together survey.

Concerning performance shares under the 2022 plan, 1,658 beneficiaries out of 124,900 FTEs (2022 URD, page 219) and 132,213 employees on payroll (2022 URD, page 225) received performance share rights at the end of 2022, meaning that 1.33% of FTEs or 1.25% of employees on payroll were granted

---

<sup>1</sup> Excluding newly acquired companies, all Michelin Group employees are eligible for the Group bonus in 2023, except for production operators in Mexico where a local value-sharing plan is in place.

performance shares subject to criteria in 2022. In 2023, if shareholders give their approval at the Annual Meeting, we will significantly increase the number of performance share beneficiaries.

In 2023, we are changing the process for defining targets for all Group employees through the People in Motion project. A catalog of shared objectives has been created: with 2,500 objectives defined by the Group Executive Committee, the Group Corporate Departments, the Business Line Departments and the Regional Departments. Each of these objectives has been categorized based on the three pillars of the Group's strategy: People/Planet/Profit. Each of the Group's employees will choose five objectives from this catalog, after discussing them with their manager. This is to ensure that all Group employees are committed to achieving objectives that are aligned with Michelin's 3P strategy.

Lastly, a new profit-sharing agreement has been signed in France for the 2023-2024 period. Each plant or office must define its incentive criteria around our 3Ps (People, Profit, Planet) in accordance with the guidelines provided.

**5. a) As part of your value-sharing policy, how much of your share buybacks have you allocated to your employees over the last five years (excluding performance shares)? What was the proportion of employees concerned in France and internationally?**

**b) Over the same period, to what purposes did you allocate your share buybacks (cancellation, employee shareholding, performance share grants, other beneficiaries, other allocations)?**

**c) More generally, do you have a policy defining how share buybacks should be allocated? Is this policy public? If so, can you describe it?**

Answer: The Michelin share is diluted automatically as new shares are created each year, due to:

- Employee share ownership plans – BIB'Action.
- Free share awards.

In order to offset their dilutive effects, the Group buys back shares on the market. The shares purchased in this way are "canceled", meaning they are removed from the stock exchange. The Michelin Group's objective in implementing these share buyback programs is not to support or increase its share price, but simply to safeguard the unit value of the stock for its shareholders. The Michelin Group is a manufacturing group that does not speculate on the financial markets. Share buybacks in 2022 amounted to €120 million.

The corresponding buyback process must be carried out:

- Under the terms and conditions of a resolution approved by shareholders in Annual Meeting, specifying the authorizations granted to the Group in terms of volume, duration (12 months minimum and, in general, 18 months) and maximum price
- Further to a decision signed by the Managers
- Meeting:
  - Regulatory publication obligations (press releases)
  - And requirements for weekly and monthly disclosures to the AMF

Over the 2020 to 2022 period, the number of Michelin shares making up the capital was virtually stable, as share buybacks offset the dilutive impact of free share awards and employee share ownership plans.

Employee share ownership is a strong indicator of employee confidence in the Group's future and strategy, and a practical illustration of how it shares value-added. More than half of employees worldwide are currently Michelin shareholders, owning an aggregate 2.2% of the Group's issued capital. The goal is to double the proportion of employee shareholders in the Group's capital and to encourage production operators in particular to take up shares.

The year 2022 marked a major turning point for Michelin employee share ownership. Several levers were activated to enhance attractiveness and accessibility, most notably the four-for-one stock split. The stock split provided an opportunity to rethink the share ownership plan, while ensuring that each shareholder could still express his or her opinion on the Group's management at the Annual Meeting and directly receive their dividend per share.

**6. a) What specific measures have you put in place to ensure that all your employees and those of your suppliers receive a decent wage (specialized initiatives, studies to determine the decent wage level for each country, inclusion of the criterion in your supplier charters, due diligence of suppliers, etc.)?**

**b) Have you set minimum wage levels in all your host countries for your employees and those of your suppliers and how do they compare with local minimum wages? If so, do you conduct audits to ensure that these levels are met and keep pace with the cost of living?**

**c) Have you considered and mapped the systemic risks that are likely to impede the payment of a decent wage to your employees and those of your suppliers (such as violation of freedom of association)?**

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

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

In addition, since 2020, Michelin has partnered with the Fair Wage Network, an international organization with recognized wage policy expertise, to develop a method for effectively determining whether Group employees receive sufficient overall fixed compensation to meet all their needs and those of their families (e.g., food, housing, children's education, healthcare), and to save for the future:

- In 2022, as in 2021, a review of Group compensation found that 98.5% of Group employees are paid at least the equivalent of the living wage benchmarks defined by the Fair Wage Network.
- In 2023, we will continue this process, with the intention of obtaining FairWage certification of our approach and results.

Moreover, in most host countries, national healthcare, insurance and pension systems are supplemented to ensure that employees enjoy competitive local benefits. In 2021, Michelin defined the Michelin One Care Program, a set of basic social protection benefits to which every employee is entitled in addition to public benefit plans where necessary. 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 France's Compensation and Employee Benefits Observatory (ORAS, a member of the RH&M Group).

**For suppliers**, every contract contains the Michelin Purchasing Principles expressing the Group's standards and expectations, which are applied identically in every country around the world. While suppliers are naturally expected to abide by prevailing legislation and regulations, they are encouraged to exceed legal compliance, particularly as regards working hours, the right to time off and compensation.

In the specific case of natural rubber farmers, the Group's Sustainable Natural Rubber Policy describes its commitment to supporting their livelihoods and economic resilience through a wide variety of initiatives. In the process of mapping the natural rubber supply chain using the Rubberway® application, Michelin incorporates several questions relating to compensation, allowing it to assess the level of risk on this subject. Regarding suppliers and minimum wage levels for their employees, every contract contains the Michelin Purchasing Principles setting out the Group's standards and expectations, which are applied identically in every country around the world. While suppliers are naturally expected to abide by prevailing legislation and regulations, they are encouraged to exceed legal compliance, particularly as regards working hours, the right to time off and compensation. The main suppliers are subject to

third-party CSR assessments. These assessments cover the full range of social and human rights issues and include questions about working conditions, including compensation practices, as well as factors relating to social dialogue.

Lastly, Michelin has implemented several projects that aim to improve the working conditions and/or livelihoods of village smallholders and their families while improving environmental and social practices (for more information see the subsection “Frontline initiatives” in section 4.1.4.2 c) A dedicated approach for natural rubber” of the 2022 Universal Registration Document).

**7. a) France scope: apart from investments in your company’s shares, what proportion of your employee savings funds have been certified as socially responsible (according to France’s SRI, Greenfin, CIES or Finansol standards or other non-French standards)? Please state the name of the funds that have been certified, the percentage of assets under management and the percentage of funds, excluding employee share ownership funds, that have been certified, the percentage of Group employees concerned and the change compared to last year.**

**b) If applicable, please explain why not all of your employee savings funds are certified. If some are not certified but incorporate ESG criteria, explain how these criteria attest to a robust and selective ESG approach.**

Answer: A project was conducted in 2022/2023 jointly with the employee representatives and representatives of the supervisory boards of the employee savings funds in order to shift the fund offering towards a range that is more committed to the ecological transition and sustainable development.

To date, asset transfers are still in progress, so it is still too early to know how assets will be distributed across the new range. The new range of funds is common to the three plans available to employees (PEE, PERCOL and PERO) with the exception of certain funds that are restricted to a single product (PERO traditional savings funds, PEE employee share ownership funds). Managed components (PERCOL, PERO) are based on funds with asset allocation options. The range is made up of three multi-company funds (traditional savings fund, Natixis ES Monétaire and Avenir Patrimonial), an employee share ownership fund (BIB Primauté) and six dedicated funds. There is also the DNCA Actions Euro PME Selection fund for the managed components.

The six dedicated funds are funds of funds:

- BIB ISR Diversifié Solidaire
- BIB ISR Equilibre
- BIB ISR Equilibre Planète
- BIB ISR Dynamique Euro
- BIB ISR Dynamique Monde
- BIB ISR Dynamique Climat

In order to ensure a robust approach to responsible financing, the six dedicated funds have been put together with the following principles in mind:

- All funds are screened for SRI criteria.
- The proportion of SRI-certified underlyings (Finansol, Greenfin, Relance) is between 15% and 25%.
- In addition, 5% to 60% of assets are invested in funds that are aligned with the objectives of the Paris Agreement (PAB index).
- The underlyings are exclusively Article 8 or Article 9. Depending on the fund, the proportion of assets corresponding to Article 9 underlyings ranges from 47.5% to 100%.

Among the six dedicated funds, two (BIB ISR Equilibre Planète and BIB ISR Dynamique Climat) were created based on themes emerging out of a Group initiative that involved all employees. Each dedicated fund will provide its supervisory board with an ESG report. Over time, the board will ensure that the range of investment solutions is ever more aligned with the goal of financing the ecological transition and sustainable development.

**c) In your other host countries: What employee savings plans, excluding employee share ownership, have been set up for your employees outside France? Do they incorporate robust ESG criteria? If so, what are they? If not, why not?**

**d) How do you involve your employees in selecting funds and monitoring their engagement in responsible practices?**

Answer: Most Group employees are offered opportunities to invest in savings or retirement plans. We expect our fund managers to diligently assess ESG risks when making investment decisions. For plans managed by insurance companies, the vast majority of our insurers have deployed solid ESG strategies. For example, in the United Kingdom, the default fund, which accounts for nearly two-thirds of the assets of all defined contribution plans, is an ESG fund. In many countries where we offer self-managed or brokerage options, ESG or ethical funds are available. A little over 90% of our large US and UK plan managers are UNPRI signatories, but due to the wide choice of investment and brokerage options in some countries, coverage is not 100%.

The supervisory boards or investment committees that manage the assets are independent of the company, have a fiduciary responsibility, and are bound to act in the best financial interests of the members, such that the company cannot impose ESG rules. In the main countries where we operate, members have access to ESG funds. In most countries, we cannot be involved in employees' investment decisions because this would be considered to be financial advice which we are not allowed to give.

## Governance

---

**8. a) Do you publish a document detailing your commitments in terms of tax responsibility? How does it fit into your social responsibility policy, or go beyond basic compliance? Is it reviewed and approved by the Board? (Please attach a link or specify where this document can be found, in addition to a detailed explanation). Do you specify the tax practices that you consider unacceptable?**

**b) Do you make your country-by-country tax reporting public? If not, how are you preparing for the European directive scheduled for 2024, which will involve country-by-country reporting for EU member countries? Do you plan to publish country-by-country reports that exceed the requirements under the directive?**

Answer: Our tax policy is reviewed and approved by the Managers and the Deputy Chief Financial Officer. This document has also been presented to the Audit Committee of the Supervisory Board.

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.

Michelin's tax responsibility is consistent with the Group's core values. 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.

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. 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.

We support the European initiative to make country-by-country reports public by 2026 and we are working to publish them sooner. At present, our CbC report is sent to the French tax authorities on an annual basis and can also be shared with the local tax authorities in other countries on request. We are currently working to make this document public, naturally according to the regulatory timeline, but if possible in advance.

To exceed the directive's requirements, we plan to produce a "tax transparency report" in 2024 based on our 2023 financial statements. The purpose of this document will be to explain our tax responsibility policy on top of Michelin's commitments to responsible taxation already covered in the 2022 Universal Registration Document in chapter 4.1.4.1 e) on page 243.

**9. a) What public decisions have you targeted with your lobbying activities? Please detail them for the last two years, focusing on lobbying related to human rights (including basic labor rights), climate and governance, for the main jurisdictions in which you lobby (including the EU, US, emerging markets and other regions).**

**b) How do you monitor and ensure alignment between your ESG objectives and the positions of the trade associations in which you are a member, as well as any potential divergence from your own positions? Do you publish a report detailing how your company's and trade associations' positions are aligned, but also where they may differ from each other?**

**c) What human and financial resources do you allocate to your lobbying activities across all your markets worldwide?**

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

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

Michelin engages in lobbying across many issues and public decisions, depending on the Group's operations, whether in tires, tire-related services and solutions or “beyond” tires in such areas as high-tech materials. Lobbying can be carried out directly or indirectly through associations in which Michelin is a member in the various countries where we operate.

Public decision-makers can impact all areas of company life, including the environment, public aid and subsidies, finance, labor relations, taxation, international trade, manufacturing, technical regulations, sustainable development, governance, road safety, etc. Given the Group's geographical footprint (with sales operations in 170 countries and production facilities in 26 countries) and the diversity of its businesses in, around and beyond tires, it is impossible to list here all relevant lobbying matters, many of which often have a local or national dimension.

However, Michelin's lobbying activities are focused on five priority areas: market access; the environment, health and sustainable mobility; products and materials; competitiveness; and supporting the Group's ambitions “beyond” tires.

These priority areas are naturally addressed in line with the Group's “Everything Sustainable” strategy. In this respect, when positions need to be developed/taken, they are defined by the various internal stakeholders concerned (business units, operational departments, etc.) before being taken up by public affairs.

For example, in 2021 and 2022, the Group's lobbying efforts will focus on:

- trying to resolve barriers to trade set up by a number of countries, whether technical or non-technical, in compliance with international trade rules;
- adapting standards and regulations to new products such as the “airless tire” (UPTIS) in the United States;
- defending the specificity of the rubber farming value chain further to the European Union's inclusion of natural rubber in the draft regulation to fight imported deforestation – a decision that Michelin supports;
- enriching the debate on sustainable finance and governance issues, such as the green taxonomy in Europe, non-financial reporting standards, and the implementation of a European duty of care;
- supporting, in partnership with the local authorities concerned, revitalization of the areas affected by the closure of the Dundee (Scotland), Bamberg (Bavaria) and La Roche s/Yon (France) plants;
- promoting, in cooperation with a broad coalition of stakeholders, the need for automotive-specific regulation to facilitate access to vehicle data, following on from the European Data Act;
- defending manufacturing competitiveness in Europe, which is a source of jobs, at a time of high cost inflation (energy, raw materials, logistics, etc.) resulting from the successive crises experienced since 2020 (Covid, Ukraine, etc.).

Michelin is a member of various professional associations, both in France and in Brussels, as well as in the main countries where the Group operates. These can be tire industry associations (such as ETRMA – European Tyre and Rubber Manufacturers' Association in Brussels, USTMA – US Tire Manufacturers Association in Washington, ANIP in Brazil, TATMA in Thailand, Elanova in France, etc.) or cross-industry associations such as AFEP and PFA in France, Business Europe and ERT (the European Round Table for Industry) in Brussels or OFII (Organization for International Investment) in the United States.

Each association has its own rules and operating procedures, but in general operates by consensus. It should also be noted that the influence Michelin can have on the decisions of an association depends not only on the association's operating rules but also on the type of association, depending on whether it brings together a very large number of players and other national associations (such as Business Europe) or whether it is more specialized in areas in which Michelin is a major player (such as ETRMA). However, if an association were to defend positions contrary to those defended by Michelin, the Group reserves the right to exercise a veto – when the bylaws so permit – or to make its disagreement public. Michelin does not publish a report detailing its lobbying positions and any differences it may have with the associations of which the Group is a member.

In terms of lobbying, Michelin employs some 20 full-time or part-time equivalent staff in the main countries where it operates, especially in manufacturing: in Europe (France, Germany, Italy, Spain, Poland, Romania, the Nordic countries and the United Kingdom); in Brussels; in Africa, the Middle East and India (South Africa, the United Arab Emirates, India and Sri Lanka); in Asia (Thailand, Indonesia, Japan, China and Australia); and in the Americas (United States, Canada, Mexico and Brazil). These "local correspondents" act to promote and defend the interests of the Group and/or its local entities. The central Group-level team plays a functional role in Michelin's main markets, by providing the public affairs correspondents in its main markets with expertise on certain issues and ensuring that Group positions are consistent.

The public affairs department ensures compliance with the Group's strict ethical guidelines, including neutrality and non-participation in political campaigns, which are clearly documented in the Group's Code of Ethics. They also ensure strict compliance with local regulations. Public affairs teams around the world have been trained and educated on these guidelines. Also, Michelin's public affairs team reports regularly to the Chairman and the Executive Committee on issues of major importance. Certain Group positions on specific topics are subject to an internal approval process that may be relayed to the Executive Committee and the Chairman, where appropriate.

The amounts spent on lobbying are made public in the registers in force in the various countries where they are required.

The data below summarizes the main items reported for the year 2022. It should be noted, however, that reporting rules vary from country to country in terms of content, which makes these figures difficult to compare.

**United States of America** (source: <http://lobbyingdisclosure.house.gov> – <http://senate.gov/lobby>)

*Lobbying expenditure reported for 2022: USD 370,000*

*(includes salaries on a time spent basis and external consultant fees, but does not include membership dues)*

Topic: Innovation and technology issues related to tires; non-pneumatic wireless technology and advanced mobility; removal of regulatory barriers; NHTSA rulemaking 2127-AL96; Michelin Petition related to Federal Motor Vehicle Safety Standards for tires; issues related to Fixing Americas Surface Transportation (FAST) Act (Public law n°114-94); issues related to motor vehicle and road safety, retreading and recycling; issues related to transportation and infrastructure proposals; intelligent transportation in general.

**European Union** (source: <https://ec.europa.eu/transparencyregister>)

*Lobbying expenditure reported for 2022: €1,000,000 to €1,249,999 (including salaries, membership dues, and all expenses related to activities)*

Topic: “Fit for 55” and climate policy: Alternative Fuels Infrastructure Regulation proposal (Deployment of alternative fuels infrastructure), Revision of CO2 emissions standards; Trade policy: Free trade agreement negotiations, Barriers to trade and market access, Proposal for deforestation free products; Digital policies: Data Act, Access to in-vehicle data; Tire regulations and policies including: Euro VII, Tyre labelling implementation (Regulation EU 2020/740), Microplastics pollution – measures to reduce its impact on the environment; Circular economy: Ecodesign Sustainable Product Regulation, End of Waste criteria; REACH, Chemical strategy for sustainability; Research and innovation policies, including Horizon Europe; Sustainable finance and governance: Taxonomy regulation, Corporate Sustainable Reporting Directive, Corporate Sustainability Due Diligence Directive.

**Germany** (source: [www.lobbyregister.bundestag.de](http://www.lobbyregister.bundestag.de))

*Lobbying expenditure reported for 2022: €160,000*

Topic: Renewable energies; Emissions control; Climate protection; Sustainability and conservation of resources; Environment; Road traffic.

**France** (source: [www.HATVP.fr](http://www.HATVP.fr))

*Lobbying expenditure reported for 2022: between €200,000 and €300,000 (salaries, expenses, contributions)*

Topic: Clermont-Ferrand’s rail and air links, connected mobility, Euro VII, energy, imported deforestation; carbon adjustment at borders, net zero land artificialization, Parc Cataroux; delay in the market watch survey; understanding the sanction rules relative to European certification; reviewing Extended Producer Responsibility (EPR) specifications. Tires; production of recycled material no longer classified as waste; Guarantee fund for electric vehicle rental/purchasing.

**10. a) What measures are you taking to anticipate the short- and medium-term impact of the ecological transition on jobs and skill requirements in your group, but also in your value chain (among subcontractors, suppliers, franchisees, etc.)?**

A process is in place to anticipate changing skill requirements and, where relevant, emerging professions in the broader field of Corporate Social Responsibility (CSR). To do this, we set up working groups with experts on topics such as climate, biodiversity, water, etc. and global competency managers to detect and codify these new skills. Once defined, the emerging skillsets and professions are presented and approved by a governance body led by a member of the Executive Committee. This body helps to speed the pace of change (what we call Transformations, in particular with regard to the environment).

To meet the upskilling/reskilling needs associated with the Group's major transitions, Michelin has created a talent campus called "La Manufacture des Talents", which offers development and service solutions worldwide ranging from career guidance to instructional design to continuous skills development. The objective is boost people's employability in support of their development and our companies' performance.

We also regularly engage in discussions with our value chain stakeholders about today's evolving carbon emissions reduction commitments and the transition from raw material sourcing to recycled or renewable material sourcing, particularly among our suppliers. Lastly, we are working with some of our franchisees on programs such as the Climate Fresk to raise awareness about ecological transition issues, with the aim of developing practical solutions for consumers and society.

**b) How are environmental issue addressed with employee representatives? At what level (local, national, European, global) and within what frameworks? Can you also indicate whether your interactions are based on information sharing, consultations or negotiations? Please be specific about the different situations that may arise.**

Environmental issues are first addressed at the local production plant (i-MEP) and country level. At the European and international level, we regularly address environmental issues at our committee meetings (twice a year for the European Committee and once for the World Committee). The purpose is to share information and engage in discussion as we did at the last European Committee meeting in March where members shared their thoughts on the four frontiers shaping our "Dream".

**c) What resources do you provide to employee representatives to involve them in your Group's environmental policy (training, specific committees, etc.)?**

They can get involved locally within their scope of activity. At the European and international level, it is through our exchanges and discussions that they are informed and heard by the leaders involved in the environmental aspects of our business.

**d) Have the environmental prerogatives explicitly attributed to the Social and Economic Council (SEC) by the French Labor Code ("Climate and Resilience" law) led to new practices in this area in your company?**

All the topics and projects discussed at the Social and Economic Council (SEC) meetings are based on the 3Ps (People, Profit, Planet). In this respect, the environmental impact of each of the projects mentioned is highlighted, with a valued estimate of the impact over a time horizon.

---

Question from an individual shareholder

**11. I would like to understand why you have chosen to distribute profits in two ways, via both share buybacks and dividends, rather than just via dividends. In other words, why are you buying back so many shares and how are share buybacks beneficial to you? Could you also explain how profits have been allocated between share buybacks and dividends?**

Our capital allocation policy is designed to strike the right balance between reinvesting some of the Group's cash flow in financing growth, maintaining a reasonable amount of debt and sharing value with our stakeholders.

At this year's Annual Meeting, the Group is recommending that shareholders approve a dividend of €1.25 per share for 2022, an 11% increase, representing a payout ratio of 44%, in line with our goal to gradually raise the payout to 50%. The 2022 dividend to be paid in 2023 would represent €893 million compared with the 2021 dividend of €803 million paid in 2022.

The share price is automatically diluted when the Group issues new shares through employee share ownership plans and free share awards. In order to offset their dilutive effects, the Group buys back shares on the market. The shares purchased in this way are "canceled", meaning they are removed from the stock exchange. Michelin's objective in implementing these share buyback programs is not to support or increase its share price, but simply to safeguard the unit value of the stock for its shareholders. Share buybacks in 2022 amounted to €120 million.

Information on cash flows for 2022 is provided in the 2022 Universal Registration Document on page 324, available at [www.michelin.com](http://www.michelin.com).